



# 9M 2020 FINANCIAL RESULTS

*Cavriago, 13 November 2020*



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# 9M results significantly affected by Covid-19, yet with a positive performance in Q3

## Landi Renzo Group

## SAFE&CEC

- **Revenues** down by 28,2% impacted by the reduction in H1 (-41,3%) with a recovery in Q3 (+9,1% vs. Q3 2019)
- **Adj.EBITDA** remains positive also thanks to a tight control over fixed costs
- **Investments in R&D** remain at the core of LRG strategy, to support new products development, specially for the Heavy Duty and Hydrogen segments
- **SAFE&CEC Value of production** keeps growing, with a **14,9% increase**, **positive Adj.EBITDA** and better capital management

|                             |                             |
|-----------------------------|-----------------------------|
| <b>Revenues</b><br>99,0M€   | <b>Investments</b><br>8,6M€ |
| <b>Adj. EBITDA</b><br>4,4M€ | <b>Liquidity</b><br>19,8M€  |
| <b>Net Income</b><br>-7,9M€ | <b>NFP (*)</b><br>80,5M€    |

|                                   |
|-----------------------------------|
| <b>Production value</b><br>53,9M€ |
| <b>Adj. EBITDA</b><br>3,1M€       |
| <b>NFP (*)</b><br>11,0M€          |

# Landi Renzo and SAFE&CEC are keeping control over strategic activities, being ready to capture the full benefits of recovering markets

## MARKET RECOVERY



- Q3 saw the **global automotive business** return **above Q1 levels**
- The-commercial initiatives undertaken allowed **Landi Renzo** to achieve **quarterly sales exceeding Q3 2019** in OEM, while AM is down 10,9% compared to Q3 2019
- Growing sales portfolio in Q4 vs. Q3
- A recovery in AM is expected by Q2 2021



## R&D



- **R&D projects** continued keeping the **focus on CNG/LNG and Hydrogen** applications
- **LNG pressure regulator for HD** has successfully passed the winter test for a major Chinese HD OEM
- The cooperation with Hydrogenics for the **developments of hydrogen components** is expanding to new projects
- Launched a New R&D stream on **hydrogen applications for Passenger Cars**

## PROFIT & LIQUIDITY



- LRG signed a six-year **21M loan** with a pool of banks (BPM, Intesa, Unicredit) covered by a 90% SACE guarantee, with two years of grace period
- **Costs containment and efficiency initiatives** (SG&A reduced by 3,9M€ vs. same period in 2019) have secured the economical and financial situation of the company

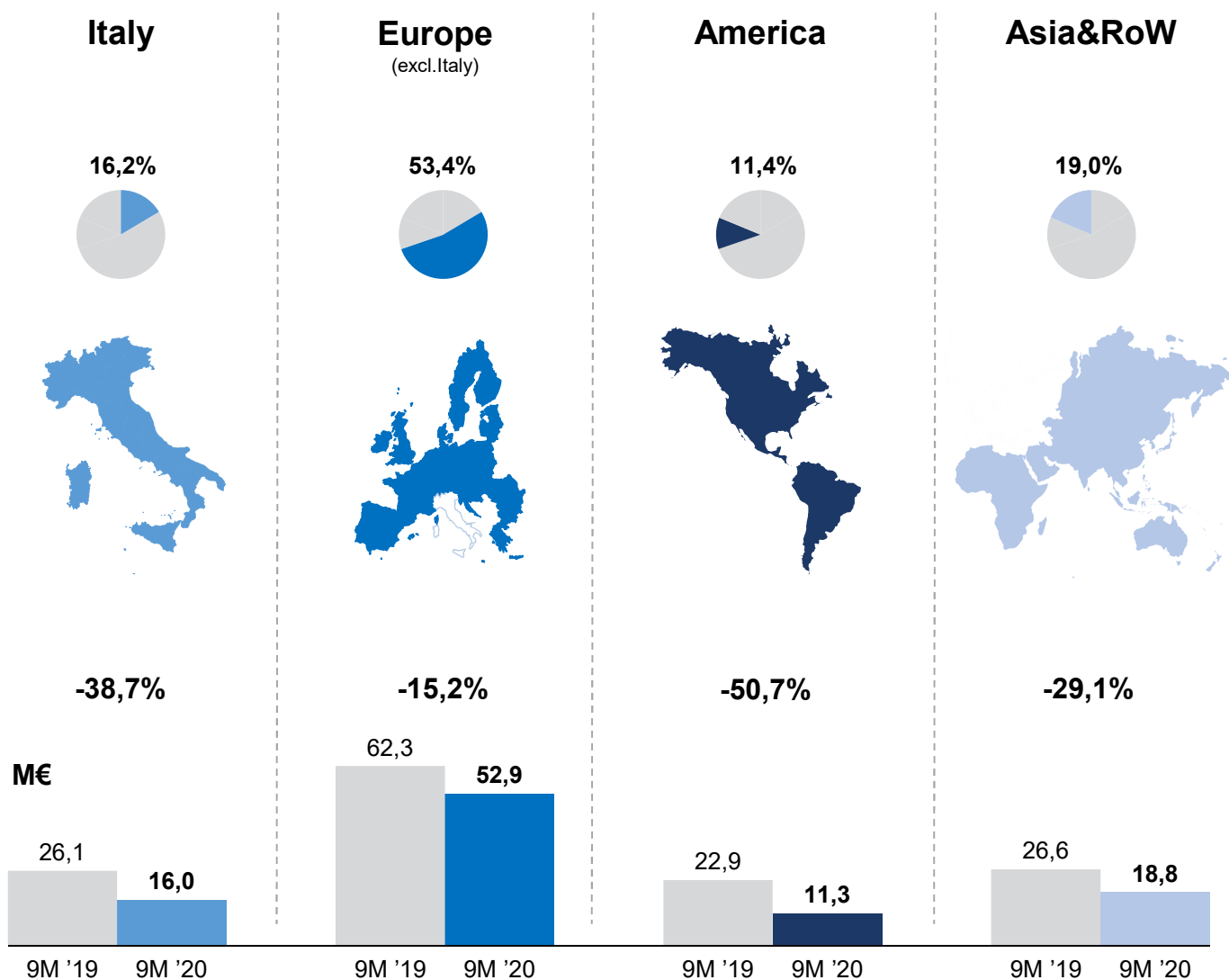
- **Good performance** also thanks to the **worldwide growing bio-methane market**
- **Highest portfolio and pipeline ever for the coming months**
- Very important order (1M\$) for RNG application in California

- The development of a **Hydrogen compressor** is progressing steadily with expected result in Q1 2021

- **Disciplined management** helped controlling all activities also during the lockdown period
- **Improvement of the NWC** thanks to actions on production and Supply Chain Management

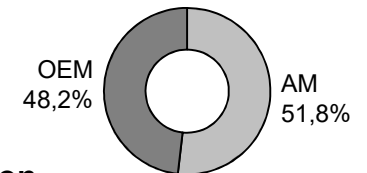


# Net Sales in Q3 up by 72,6% compared to Q2



## Sector

- Landi Renzo confirms its position as the top **OEM “tier-1” supplier in Europe**
- **OEM share** in up to 48,2%, compared to 38,5% in 2019
- AM still down compared to Q3 2019, mainly because of LatAm, while other markets grew by 15% vs Q3 2019



## Region

- **Europe and Italy** had a strong Q3, mostly driven by OEM sales
- **America** revenues still affected by local lockdowns and by the depreciation of local currencies
- **Asia&RoW** market resuming growth after H1 decline due to the pandemic

## 9M results show a positive EBITDA in difficult market conditions

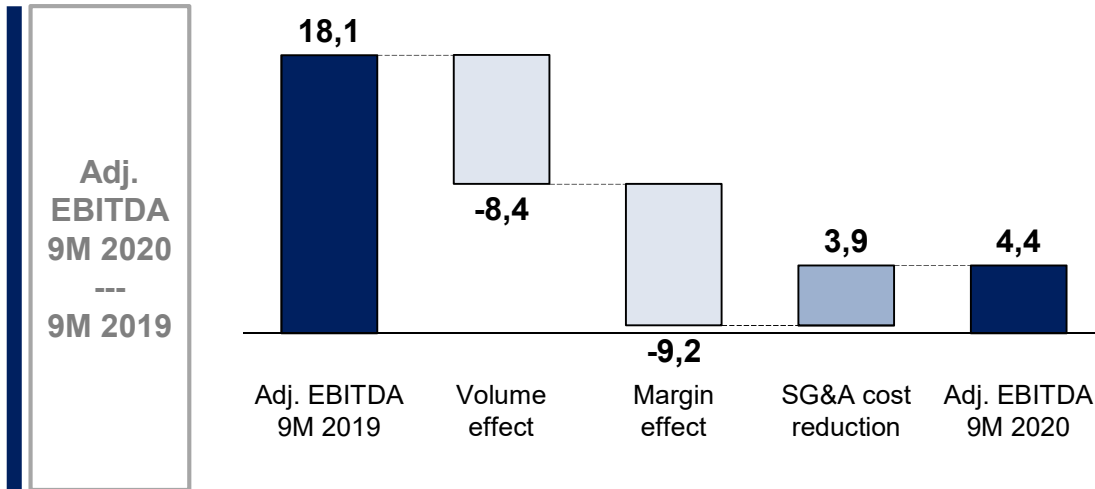
| M€; %              | 2020<br>9M   | 2019<br>9M   | delta | delta %     |
|--------------------|--------------|--------------|-------|-------------|
| <b>Revenues</b>    | <b>99,0</b>  | 137,9        | -38,9 | -28,2%      |
| <b>Adj. EBITDA</b> | <b>4,4</b>   | 18,1         | -13,7 | -75,7%      |
| <i>% on rev.</i>   | <i>4,4%</i>  | <i>13,1%</i> |       |             |
| <b>EBITDA</b>      | <b>3,5</b>   | 17,3         | -13,8 | -79,8%      |
| <i>% on rev.</i>   | <i>3,5%</i>  | <i>12,5%</i> |       |             |
| <b>EBIT</b>        | <b>-5,6</b>  | 8,2          | -13,8 | <i>n.a.</i> |
| <i>% on rev.</i>   | <i>-5,7%</i> | <i>6,0%</i>  |       |             |
| <b>EBT</b>         | <b>-9,5</b>  | 4,9          | -14,4 | <i>n.a.</i> |
| <i>% on rev.</i>   | <i>-9,6%</i> | <i>3,5%</i>  |       |             |
| <b>Net Result</b>  | <b>-7,9</b>  | 3,1          | -11,0 | <i>n.a.</i> |

### Highlights

- **Revenues** impacted by the Covid-19 pandemic, decreased by 28,2% YoY, affected by the decline of sales in H1 (-41,3% vs H1 2019), returning to a **positive growth in Q3** (+9,1% vs Q3 2019)
- **Adj.EBITDA** reduction due to the contraction in sales and a less favorable sales mix, partially offset by the control and reduction of fixed costs
- **EBITDA remains positive**, despite non-recurring expenses, also linked to the Covid-19 health and safety measures
- **EBT** benefits from a **reduction** of interest costs, (2,4€ vs 3,2M€ of 9M 2019) due to the improvement of financial conditions, still affected by higher foreign exchange unrealized losses due to depreciation of currencies mainly in Lat Am

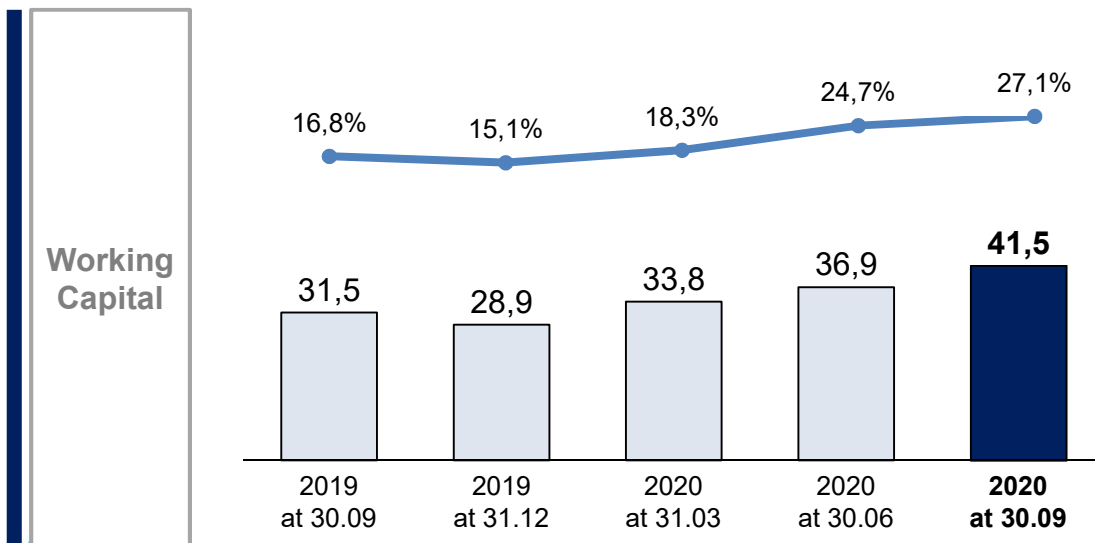
# Cost control initiatives mitigate the consequences of the shrinking business

M€



## Highlights

- **Adj. EBITDA** affected by reduced volumes and a change in sales mix, with an increase of OEM share over total sales and price pressure in the AM channel
- Positive effect of cost-control initiatives, linked to a tight control of non essential expenses and to the usage of payroll subsidies (“Cassa Integrazione”)

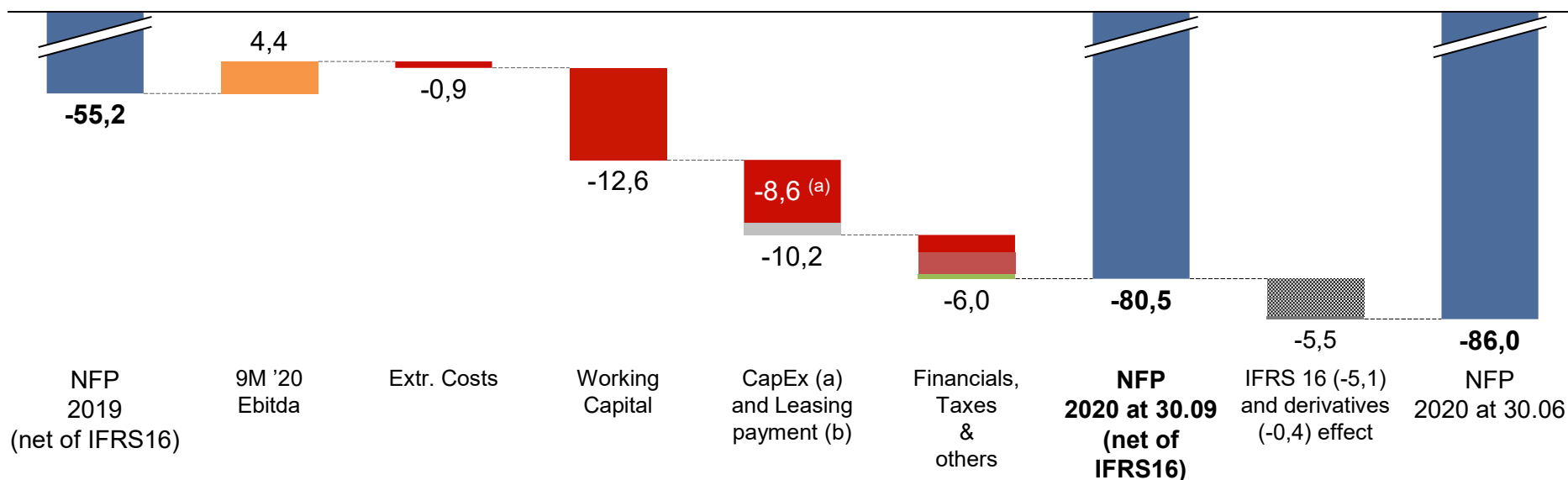


- **Working Capital**, typically higher at end of Q3, is expected to decrease by the end of the year, thanks to inventory reduction and credit collection

|             | 30.09 2019 | FY 2019 | 30.06 2020 |
|-------------|------------|---------|------------|
| <b>DSO</b>  | 66         | 77      | 94         |
| <b>DPO</b>  | 126        | 137     | 120        |
| <b>DIOH</b> | 84         | 76      | 99         |

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

M€



| 2019                 | NFP                          | 2020 9M              |
|----------------------|------------------------------|----------------------|
| 22,7                 | Cash liquidity (+)           | 19,8                 |
| 2,8                  | Current Financial Assets (+) | 2,8                  |
| -29,7 <sup>(2)</sup> | Short-term debts (-)         | -29,2 <sup>(2)</sup> |
| -51,0                | Long-term debts (-)          | -73,9                |
| <b>-55,2</b>         | <b>NFP net of IFRS 16</b>    | <b>-80,5</b>         |
| -6,6 <sup>(3)</sup>  | IFRS16 (-)                   | -5,1 <sup>(3)</sup>  |
|                      | Derivatives (-)              | -0,4                 |
| <b>-61,8</b>         | <b>NFP (1)</b>               | <b>-86,0</b>         |

## SAFE&CEC 9M 2020 shows a growth of the Value of Production (+14,9% YoY); with historically higher portfolio and pipeline for 2021

### Highlights

| M€; %                         | 2020<br>9M  | 2019<br>9M | delta | delta %     |
|-------------------------------|-------------|------------|-------|-------------|
| <b>Value of Production</b>    | <b>53,9</b> | 46,9       | 7,0   | 14,9%       |
| <b>Adj. EBITDA</b>            | <b>3,1</b>  | 3,8        | -0,7  | -18,8%      |
| <i>% on Value of Product.</i> | <i>5,8%</i> | 8,2%       |       |             |
| <b>Net Result</b>             | <b>-0,2</b> | 0,1        | -0,3  | <i>n.a.</i> |

|                               | 2020<br>9M   | FY 2019 |
|-------------------------------|--------------|---------|
| <b>Working Capital</b>        | <b>12,7</b>  | 15,2    |
| <i>% on Value of Product.</i> | <i>16,7%</i> | 20,7%   |

- **9M 2020 consolidated value of production** reached 53,9M€ confirming the growing trend of the Group
- **Adj. EBITDA** has been affected by the lockdown in H1, offset by a strong performance in Q3 (1,5M€). Adj Ebitda is negative, affected by performance in Colombia and Peru where service revenues went down because of Covid
- **Net Result** is substantially in line with 9M 2019
- **Working Capital** as of September 30, 2020 improves compared to Dec. 31, 2019 and represents 16,7% of rolling Value of Production, mainly due to the improved credit collection activity and controlled inventory management

# Landi Renzo Group and SAFE&CEC are very well positioned to play a leading role in the gas and hydrogen mobility

## *Market context*

- There is a constantly increasing request for clean fuel and energy, with CNG, RNG, LNG and hydrogen taking a major role in policies and projects

## *Execution*

- Maintained a disciplined management approach to ensure business continuity until the “new normal” situation is reached:
  - Protect workforce enforcing rigorous health and safety measures
  - Keep control over fixed costs
  - Carefully manage working capital
  - Keep focus on efficiency in production and supply chain processes

## *Long-term strategy*

- Continue to invest strategically to position our Group as leading player in clean and sustainable mobility:
  - LNG applications for Heavy Duty
  - Hydrogen applications for HD and Passenger Cars
  - Bio-methane generation
  - Hydrogen compression



**LRG kept executing its strategy on AM and OEM, focusing on starting new programs in HD, both for Natural Gas as well as H<sub>2</sub>**

**A “V turn” is expected in AM in many markets from Q1/Q2 2021**

**Return to pre-Covid levels is expected by 2021**



**SAFE&CEC managed to navigate through the Covid-19 crisis virtually unaffected**

**It is expected to maintain the growth trend that the company has been experiencing in the last three years**

# APPENDIX



# Landi Renzo - Company profile (13/11/2020)

## BOARD OF DIRECTORS

Stefano Landi – Chairman  
Giovannina Domenichini – Honorary Chairman  
Cristiano Musi - CEO  
Angelo Iori – Director  
Silvia Landi - Director  
Dario Melpignano – Independent Director  
Sara Fornasiero - Independent Director  
Vincenzo Russi – Independent Director  
Paolo Ferrero - Director

## TOP MANAGERS

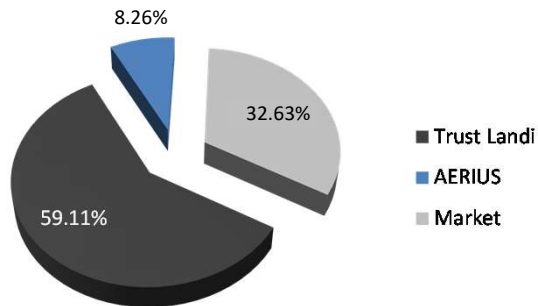


## INVESTOR RELATIONS

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## SHAREHOLDING



## SHARE INFORMATION

FTSE Italia STAR

N. of shares outstanding: 112.500.000

Price as of 12/11/2020 € 0.600

# CONSOLIDATED P&L

(thousands of Euro)

| CONSOLIDATED INCOME STATEMENT   | 30/09/2020     | 30/09/2019    |
|---|----------------|---------------|
| Revenues from sales and services  | 99,008         | 137,910       |
| Other revenue and income  | 89             | 315           |
| Cost of raw materials, consumables and goods and change in inventories    | -57,995        | -71,083       |
| Costs for services and use of third party assets                          | -19,972        | -27,965       |
| Personnel expenses  | -16,224        | -20,169       |
| Accruals, impairment losses and other operating expenses                  | -1,418         | -1,745        |
| <b>Gross Operating Profit</b>   | <b>3,488</b>   | <b>17,263</b> |
| Amortization, depreciation and impairment losses                          | -9,092         | -9,051        |
| <b>Net Operating Profit</b>   | <b>-5,604</b>  | <b>8,212</b>  |
| Financial income  | 221            | 75            |
| Financial expenses  | -2,367         | -3,178        |
| Exchange gains (losses)   | -1,718         | -531          |
| Gains (Losses) on joint venture valuate using the equity method           | -21            | 315           |
| <b>Profit (Loss) before tax</b>   | <b>-9,489</b>  | <b>4,893</b>  |
| Taxes   | 1,612          | -1,761        |
| <b>Net profit (loss) for the Group and minority interests, including:</b> | <b>-7,877</b>  | <b>3,132</b>  |
| Minority interests  | -163           | -53           |
| Net profit (loss) for the Group   | -7,714         | 3,185         |
| <b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b> | <b>-0.0686</b> | <b>0.0283</b> |
| <b>Diluted earnings (loss) per share</b>                                  | <b>-0.0686</b> | <b>0.0283</b> |

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

| ASSETS   | 30/09/2020     | 31/12/2019     |
|--|----------------|----------------|
| <b>Non-current assets</b>                              |                |                |
| Property, plant and equipment                          | 13,109         | 11,578         |
| Development expenditure                                | 8,976          | 8,228          |
| Goodwill   | 30,094         | 30,094         |
| Other intangible assets with finite useful lives       | 11,345         | 12,536         |
| Right-of-use assets                                    | 5,010          | 6,402          |
| Investments in associated companies and joint ventures | 22,338         | 23,530         |
| Other non-current financial assets                     | 921            | 334            |
| Other non-current assets                               | 2,850          | 3,420          |
| Deferred tax assets                                    | 10,561         | 8,704          |
| <b>Total non-current assets</b>                        | <b>105,204</b> | <b>104,826</b> |
| <b>Current assets</b>                                  |                |                |
| Trade receivables                                      | 39,592         | 40,545         |
| Inventories  | 41,525         | 39,774         |
| Other receivables and current assets                   | 7,167          | 7,337          |
| Current financial assets                               | 2,821          | 2,801          |
| Cash and cash equivalents                              | 19,821         | 22,650         |
| <b>Total current assets</b>                            | <b>110,926</b> | <b>113,107</b> |
| <b>TOTAL ASSETS</b>                                    | <b>216,130</b> | <b>217,933</b> |

# CONSOLIDATED BALANCE SHEET

(thousands of Euro)

| SHAREHOLDERS' EQUITY AND LIABILITIES              | 30/09/2020     | 31/12/2019     |
|---|----------------|----------------|
| <b>Shareholders' Equity</b>                       |                |                |
| Share capital                                     | 11,250         | 11,250         |
| Other reserves                                    | 52,870         | 49,367         |
| Profit (loss) of the period                       | -7,714         | 6,048          |
| <b>Total Shareholders' Equity of the Group</b>    | <b>56,406</b>  | <b>66,665</b>  |
| Minority interests                                | -454           | -332           |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>55,952</b>  | <b>66,333</b>  |
| <b>Non-current liabilities</b>                    |                |                |
| Non-current bank loans                            | 73,181         | 50,991         |
| Other non-current financial liabilities           | 770            | 0              |
| Non-current liabilities for right-of-use          | 3,227          | 4,535          |
| Provisions for risks and charges                  | 2,837          | 3,609          |
| Defined benefit plans for employees               | 1,543          | 1,630          |
| Deferred tax liabilities                          | 316            | 407            |
| Liabilities for derivative financial instruments  | 397            | 30             |
| <b>Total non-current liabilities</b>              | <b>82,271</b>  | <b>61,202</b>  |
| <b>Current liabilities</b>                        |                |                |
| Bank overdrafts and short-term loans              | 28,996         | 29,460         |
| Other current financial liabilities               | 210            | 210            |
| Current liabilities for right-of-use              | 1,916          | 1,992          |
| Trade payables                                    | 38,648         | 51,935         |
| Tax liabilities                                   | 2,654          | 2,134          |
| Other current liabilities                         | 5,483          | 4,667          |
| <b>Total current liabilities</b>                  | <b>77,907</b>  | <b>90,398</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>216,130</b> | <b>217,933</b> |