



LANDIRENZO
GROUP

12M 2020 Financial Results

Caviago, 16 March 2021



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Full year results significantly affected by Covid-19 global pandemic in the automotive business, whereas SAFE&CEC continues to grow

Landi Renzo Group

- **Revenues** down by 25,7% YoY impacted by the reduction in H1 (-41,3%) with a stronger H2
- **Adj. EBITDA** remains positive also thanks to a further reduction of fixed costs
- **Investments** increased to 11,6M€ especially to keep pursuing LRG strategic product development, mainly in Mid & Heavy Duty applications (CNG, LNG and Hydrogen). Reduction expected in 2021
- **SAFE&CEC** displays solid figures with the **value of production** grown by **8,3%**, **positive Adj. EBITDA** and improved capital management

Revenues
142,5M€

Investments
11,6M€

Adj. EBITDA
8,0M€

Liquidity
21,9M€

Net Income
-7,9M€

NFP (*)
67,4M€

SAFE&CEC

Production value
79,5M€

Adj. EBITDA
5,1M€

NFP (*)
9,8M€

Landi Renzo and SAFE&CEC profitability impacted by Covid, yet the Group continued investing for the future



MARKET CONTEXT

- Main market where LRG is present went down by more than 20%
- **Landi Renzo** commercial activity allowed to keep the revenue decline in line with the reduction of the key reference markets
- **2020 result strongly impacted by AM** revenues decline in historical markets such as LatAm and East Europe



R&D

- **Investments** in R&D were **maintained** to complete the launch of strategic projects and protect **long-term sustainability**
- Key projects in the **Heavy Duty** segment produced **positive results**



- **Increasing sales**, notwithstanding a reduction of contribution from Service & Sales Parts, also thanks to the worldwide growing bio-methane market (more than 14 plants served in the US)
- **Market recovered strongly after Q1**, with SAFE&CEC taking benefit from its leading positioning



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** were implemented, with overhead costs reduced by 4,8M€ vs. 2019, posing the base for an even leaner structure in the future
- EBITDA negatively affected by the temporary plant shut down and SCM problems in the pandemic peak, that impacted on profitability of some orders, and by the decline of sales of Service & Sales Parts
- **Initiatives to control fixed costs** were implemented, with savings of 1,3M€
- **Net Working Capital** was **reduced** during the year through better Supply Chain management

Full year results show a positive EBITDA despite difficult market conditions

M€; %	2020 FY	2019 FY	delta	delta %
Revenues	142,5	191,9	-49,4	-25,7%
Adj. EBITDA	8,0	26,3	-18,3	-69,5%
<i>% on rev.</i>	<i>5,6%</i>	13,7%		
EBITDA	6,7	24,7	-18,0	-73,1%
<i>% on rev.</i>	<i>4,7%</i>	12,9%		
EBIT	-5,5	12,9	-18,4	<i>n.a.</i>
<i>% on rev.</i>	<i>-3,9%</i>	6,7%		
EBT	-11,4	8,5	-19,9	<i>n.a.</i>
<i>% on rev.</i>	<i>-8,0%</i>	4,4%		
Net Result	-7,9	6,0	-13,9	<i>n.a.</i>

Highlights

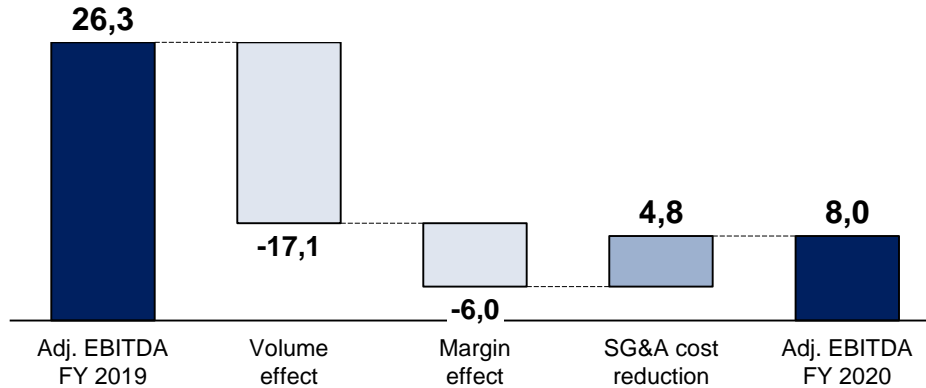
- **Revenues** impacted by the Covid-19 pandemic, decreased by 25,7% YoY, affected by the decline of sales in H1 (-41,3% vs H1 2019), with a stronger performance in H2
- **Adj. EBITDA** reduction due to the contraction in sales and a less favorable sales mix (especially AM), partially offset by the control and reduction of fixed costs
- **EBITDA remains positive**, despite non-recurring expenses including, among others, Covid-19 health and safety measures
- **EBIT** is negative by 5,5M€ after the amortization of 12,2 M€, mostly related to R&D activities

Cost control initiatives mitigate the consequences of the shrinking business

M€

Adj.
EBITDA
FY 2020

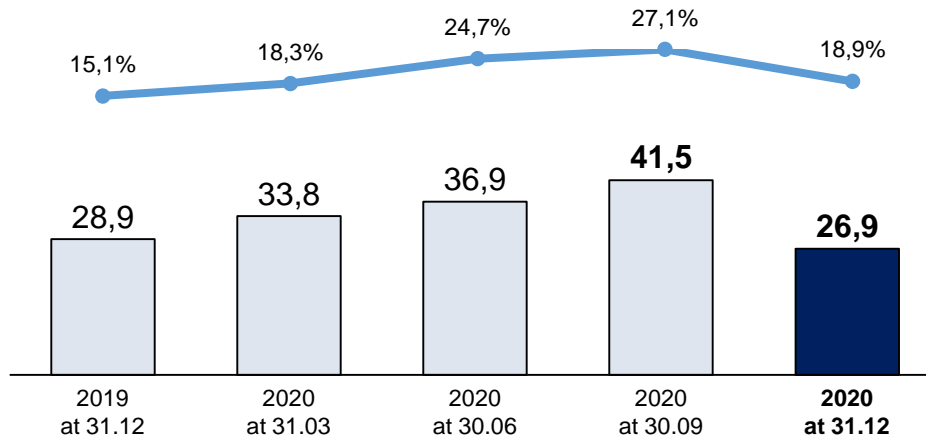
FY 2019



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 cost and a leaner organization

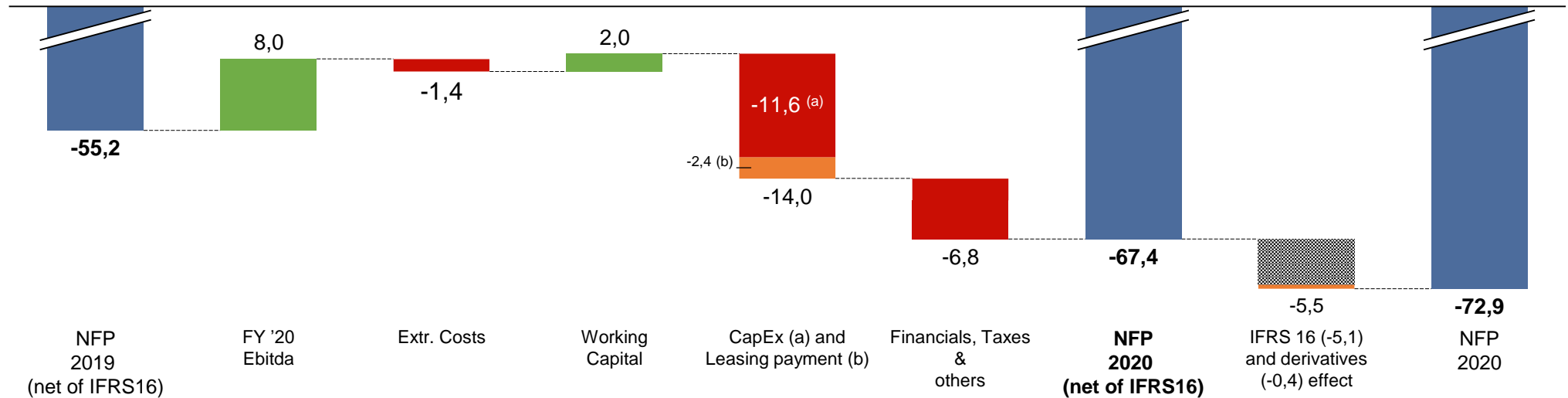
Working
Capital



- **Working Capital**, significantly decreased in Q4 2020, benefits from inventory reduction and credit collection
- The reduction of turnover in 2020 displayed its effect, which will be normalized during 2021

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

M€



2019	NFP	2020
22,7	Cash liquidity (+)	21,9
2,8	Current Financial Assets (+)	2,8
-29,7	Short-term debts (-) ⁽²⁾	-23,5
-51,0	Long-term debts (-)	-68,6
-55,2	NFP net of IFRS 16 and derivatives	-67,4
-6,6	Financial Lease (-)	-5,1
	Derivatives	-0,4
-61,8	NFP ⁽¹⁾	-72,9

⁽¹⁾ Short and long terms debt are inclusive of amortized cost effect

⁽²⁾ Accrued interests included

Full year results show a revenues growth and positive EBITDA despite difficult market conditions

M€, %	2020 FY	2019 FY	delta	delta %
Value of Production	79,5	73,4	6,1	8,3%
Adj. EBITDA	5,1	6,1	-1,0	-16,8%
<i>% on Value of Product.</i>	6,4%	8,3%		
Net Result	-0,2	0,2	-0,4	<i>n.a.</i>

	2020 FY	2019 FY
Working Capital	12,4	15,2
<i>% on Value of Product.</i>	15,6%	20,7%

Highlights

- **2020 consolidated value of production** reached 79,5M€ confirming the growing trend of the Group (8,3% YoY), mainly thanks to growth in the US and in North Africa, while Europe was stable and LatAm strongly declined
- **Adj. EBITDA** has been affected by the shutdown of activities due to the pandemic (that impacted on the profitability of some “jumbo-orders” in Italy) and by the decrease of sales of S&SP (lower use of compressors because of Covid)
- **Net Result** is just below break-even level as a consequence of the above
- **Working Capital** improves compared to Dec. 31, 2019 from 20,7% to 15,6% of rolling Value of Production, mainly due to the improved credit collection activity and controlled inventory management

As the world asks for more sustainable transportation, we provide clean energy solutions along the full value chain, from RNG and Hydrogen production to engine applications

Automotive



Infrastructure



M&HD

- Full portfolio of CNG&LNG components & solution and launch of new solution for H2
- Different agreements signed with as a basis for future development
- Continue & strengthen collaboration with leading OEMs
- **Market growing worldwide, start increasing revenues in 2021, exponential growth from 2022**

Passenger cars & light duty vehicles

- CNG as unique solution to reduce emission in many geography, from Russia, to India, LatAm and North Africa
- CNG&LPG as cost advantage solution, even more appreciated considering the economic situation and the need to use more cars
- **Double digit market recovery in 2021**

CNG

- Strengthen leading position in a market that is growing double digit
- New long term collaboration with big Oil&Gas companies entering transportation

Biomethane/RNG

- 10% of total revenues, with exponential growth in the US
- Awarded 1,1M€ order for one of the largest application in CA

Hydrogen

- New 700Bar compressor under testing, with solutions from production to distribution, and with advanced opportunities for M&A. High, growing demand
- **As of now SAFE&CEC has historically the highest order portfolio, with expectation for overall double digit market growth in the next years**

A well diversified international Group that provides fundamental solutions for the energy transition

Many achievements that will positively impact 2021 and display long term positive effect

Heavy Duty



- Our LNG pressure regulator successfully passed the winter test for a major Chinese HD OEM, starting sales expected by the end of 2021
- LRG was awarded the supply of a key CNG engine component by a major European Heavy Duty OEM
- LRG and Mahindra signed a MoU for the development of a CNG-powered tractor engine with further agreement expected asap
- Landi Renzo USA signed agreement with SolGas for the supply of CNG Mid Duty

Hydrogen

H₂

- Strengthened the relationship with Cummins-Hydrogenics on manifold and other components
- Started collaborating with Punch, AVL, IIA and TPER for the development of ICE H₂ bus, with LRG providing all the H₂ system
- Several ongoing negotiations with leading OEMs for new partnerships on both FCEV and H₂ ICE technologies

Automotive



- AM is already growing compared to Q1, with strong recovery expected on all markets, from LatAm to Russia. Forecast on OEMs is higher compared to 2020 on all technologies (LPG/CNG)
- Awarded an important tender in Egypt (as a Group result)
- Ongoing new negotiations in Russia for very strategic projects

Infrastructure

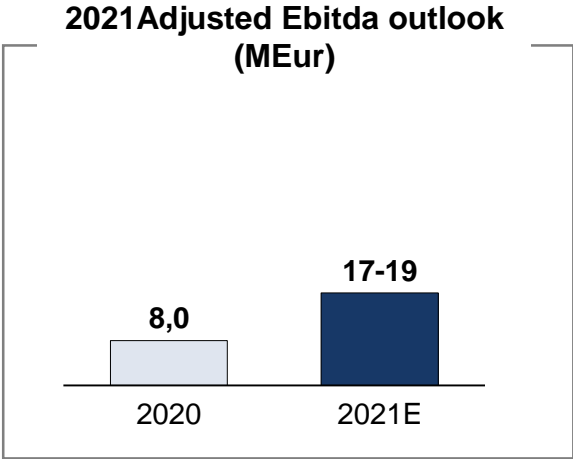
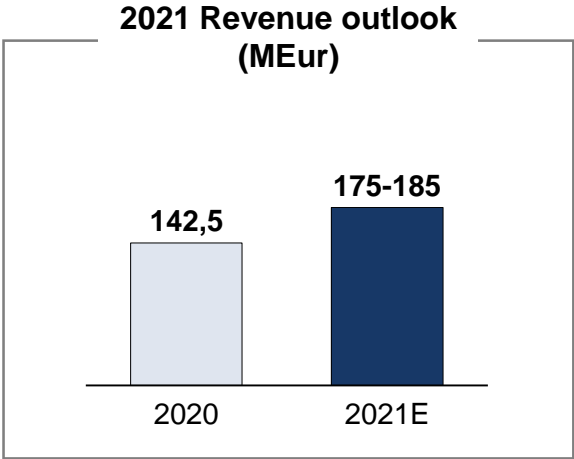


- Awarded very important tenders in Egypt and Russia
- Growing market in Biomethane/RNG both in Europe and in the US
- Largest ever order portfolio, with expected increase in the next months. Growing demand for H₂ applications

FY 2021 guidance

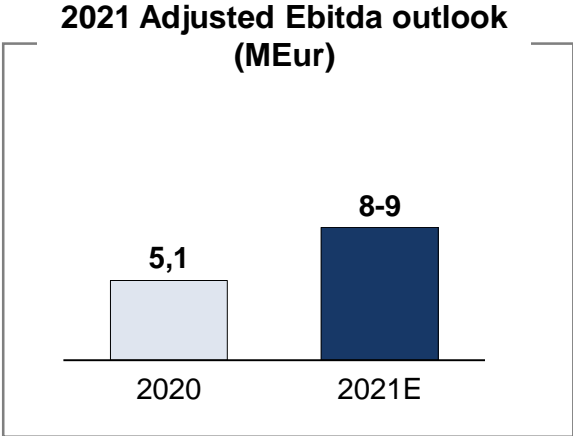
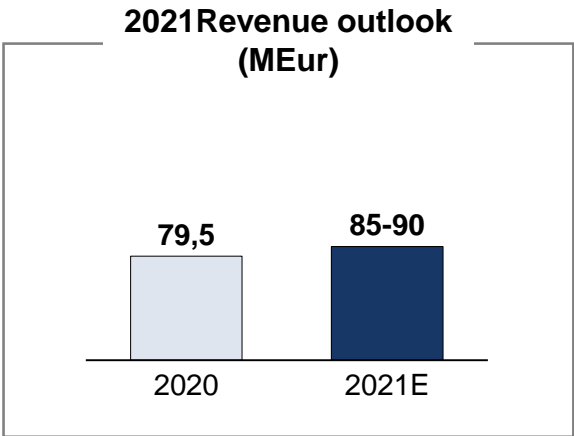
LRG

Automotive



SAFE&CEC

Infrastructure



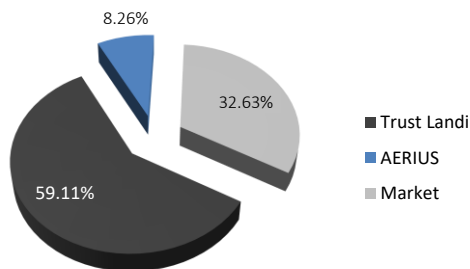


Landi Renzo - Company profile (15/03/2021)

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

SHAREHOLDING



TOP MANAGERS



INVESTOR RELATIONS

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SHARE INFORMATION

FTSE Italia STAR

N. of shares outstanding: 112.500.000

Price as of 15/03/2021 €1.135

CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/12/2020	31/12/2019
Revenues from sales and services	142.455	191.852
Other revenue and income	313	601
Cost of raw materials, consumables and goods and change in inventories	-84.212	-100.510
Costs for services and use of third party assets	-27.844	-38.049
Personnel expenses	-22.398	-26.898
Accruals, impairment losses and other operating expenses	-1.662	-2.288
Gross Operating Profit	6.652	24.708
Amortization, depreciation and impairment losses	-12.193	-11.766
Net Operating Profit	-5.541	12.942
Financial income	298	117
Financial expenses	-3.310	-4.112
Exchange gains (losses)	-2.827	-718
Gains (Losses) on joint venture valuate using the equity method	-11	285
Profit (Loss) before tax	-11.391	8.514
Taxes	3.541	-2.532
Net profit (loss) for the Group and minority interests, including:	-7.850	5.982
Minority interests	-188	-66
Net profit (loss) for the Group	-7.662	6.048
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0,0681	0,0538
Diluted earnings (loss) per share	-0,0681	0,0538

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	31/12/2020	31/12/2019
Non-current assets		
Property, plant and equipment	13.212	11.578
Development expenditure	9.506	8.228
Goodwill	30.094	30.094
Other intangible assets with finite useful lives	10.860	12.536
Right-of-use assets	4.975	6.402
Investments in associated companies and joint ventures	22.509	23.530
Other non-current financial assets	921	334
Other non-current assets	2.850	3.420
Deferred tax assets	12.201	8.704
Total non-current assets	107.128	104.826
Current assets		
Trade receivables	39.353	40.545
Inventories	42.009	39.774
Other receivables and current assets	6.712	7.337
Current financial assets	2.801	2.801
Cash and cash equivalents	21.914	22.650
Total current assets	112.789	113.107
TOTAL ASSETS	219.917	217.933

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/2020	31/12/2019
Shareholders' Equity		
Share capital	11.250	11.250
Other reserves	53.199	49.367
Profit (loss) of the period	-7.662	6.048
Total Shareholders' Equity of the Group	56.787	66.665
Minority interests	-473	-332
TOTAL SHAREHOLDERS' EQUITY	56.314	66.333
Non-current liabilities		
Non-current bank loans	68.181	50.991
Other non-current financial liabilities	408	0
Non-current liabilities for right-of-use	2.871	4.535
Provisions for risks and charges	2.897	3.609
Defined benefit plans for employees	1.556	1.630
Deferred tax liabilities	297	407
Liabilities for derivative financial instruments	458	30
Total non-current liabilities	76.668	61.202
Current liabilities		
Bank overdrafts and short-term loans	23.108	29.460
Other current financial liabilities	378	210
Current liabilities for right-of-use	2.228	1.992
Trade payables	53.509	51.935
Tax liabilities	2.677	2.134
Other current liabilities	5.035	4.667
Total current liabilities	86.935	90.398
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	219.917	217.933