



LRG
Investor presentation
Virtual STAR Conference

Milan, March 23rd 2023



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Agenda

- 1. Energy transition challenge and LRG positioning**
- 2. Market outlook**
- 3. LRG long-term strategy**
- 4. Financial results and 2023 outlook**

1. Energy transition challenge and LRG positioning



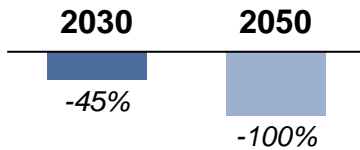
Landi Renzo Group's mission is to contribute to the world's energy transition, promoting decarbonization through an approach based on technological neutrality



Climate change centrality in world agenda and LRG positioning

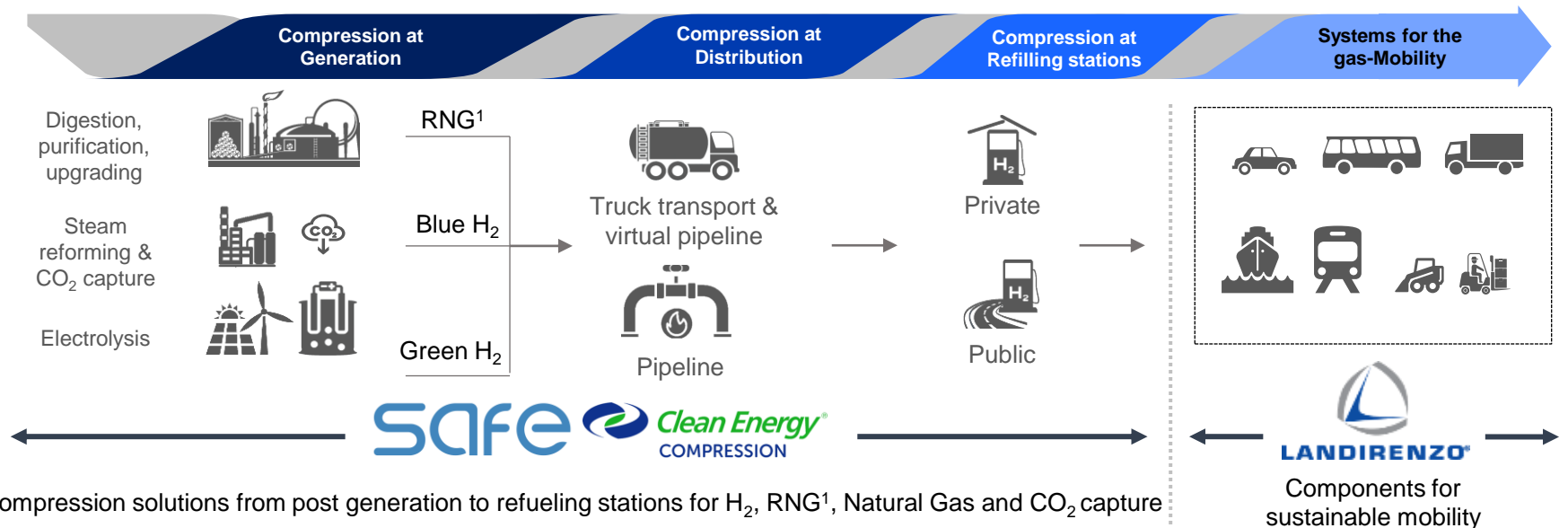
As for COP21 agreement, **CO₂ emissions** need to be **reduced** to limit global warming

CO₂ emission reduction targets



- As highlighted by **daily debate** worldwide, **emission reduction** is an **essential target** at a **global level**
- **All viable solutions** must be taken **into consideration** with a **scientific approach**, based on **technological neutrality** and the **optimal utilization of existing know-how/ capabilities**

Landi Renzo Group focuses on promoting the **energy transition**, through **innovation** based on **technological neutrality**, to reduce **CO₂ emissions**

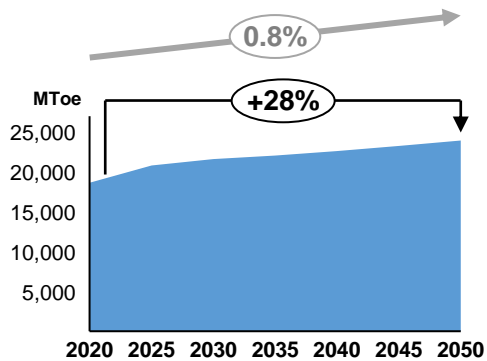


(1) Renewable Natural Gas (Biomethane)
Source: United Nation, Landi Renzo Group business plan

LRG products and applications are used to provide technical solutions, along the entire value chain, for the energy transition challenge

Energy outlook

- Despite **worldwide focus** on reduction of **GHG emissions**, **global energy demand is expected to grow** at a **0.8% CAGR** until **2050**, with a **28% increase** vs. 2020
- Hence, to **avoid an irreversible climate change**, it is crucial to adopt **all sustainable energy sources** (technological neutrality) and **improve consumption behavior**



1. Mix of different energy sources



Leverage on **multiple decarbonizing solutions**, with an **objective approach** based on **technological neutrality** and **well to wheel** evaluation

2. Concrete actions to reduce CO₂ emissions

- Update plant engineering
- Circular economy and bio-generation
- Promotion of “wise” behavior to reduce energy consumption
- Reduce vehicle’s emissions

Multiple energy sources to lower/ avoid CO₂ emissions



- **Biomethane** as a **clean source** for energy production



- **Hydrogen** as the main “vehicle” to **stock clean energy**



- **Green and Blue Hydrogen** to **deploy** in a **sustainable way** natural resources



New technologies enabling the reduction of CO₂ emissions related to energy consumption processes



- **CO₂ capture and storage**



- **Reduction of methane leakages** along the **value chain**



- **Use of (Bio)gas and hydrogen** in **industrial processes** to **replace fossil fuels**







- Utilization of **hydrogen** in the **mobility sectors** to **replace diesel and gasoline**






Our Group operates internationally through two Business Units, focusing on Automotive and Gas Infrastructure











































Green Transportation (Automotive)	Clean Tech Solutions (Infrastructure)
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Hydrogen and Renewable Natural Gas

OEM Heavy Duty and Off Road	OEM Passenger cars	Aftermarket – Clean Fuel Transformation	Infrastructure Equipment
			
<ul style="list-style-type: none"> • Components and full systems for Hydrogen and RNG/CNG/LNG¹ 	<ul style="list-style-type: none"> • RNG/CNG/LPG as efficient solutions to reduce emissions • H₂ on LCV (under development) 	<ul style="list-style-type: none"> • Fuel System to convert petrol-based light and mid duty into a CNG/LPG¹ bi-fuel vehicle 	<ul style="list-style-type: none"> • RNG and Hydrogen compression solutions from generation to refueling stations • CNG compression for gas recovery and refueling stations

 <p>Different projects on FCEV and H₂-Internal Combustion Engines Already active in the Hydrogen infrastructure market</p>	 <p>Market leadership position</p> <p>~30% MS – Green Transportation ~25% MS – Clean Tech Solutions</p>	 <p>Global presence</p> <p>~ 85% export – Green Transportation ~ 95% export – Clean Tech Solutions</p>
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Green Transportation's portfolio includes advanced components as well as systems for Medium & Heavy-Duty vehicles and Passenger Car applications

  	 	  
<p>M&HD¹ & Off-road</p>	<p>M&HD System integration</p>	<p>Passenger & Light Duty</p>
  <p>Injectors Pressure regulators</p>   <p>Control Units Valves</p>   	  <p>Feeding System Pressure regulators</p>    <p>FC Control unit Injection System Integrated manifold</p> 	   <p>Pressure regulators Electronic Control Units Injection systems</p>   <p>Valves Kit conversion systems</p>   
<ul style="list-style-type: none"> Landi Renzo Group supplies major HD OEMs with components for monofuel CNG / LNG engines, as well as hydrogen components used in both FCEV and H2 ICE applications 	<ul style="list-style-type: none"> Landi Renzo USA provides CARB and EPA certified natural gas systems 	<ul style="list-style-type: none"> CNG and LPG components for OEM applications, supporting fuel line integration into the original engine Full conversion kits, which can be applied to a broad range of models for retrofitting to clean fuel technology
    	 	     

Clean Tech Solutions supplies tailor made compression systems for CNG, RNG and Hydrogen applications along the entire value chain

RNG dedicated applications



- **Oil free Compression systems** able to work with all different biogas upgrading plants and performances

CNG/RNG/H₂ distribution



- **Solutions for refueling station and industrial use**
- Turn-key equipment for **mobile trailers**

Gas Treatment & Management



- **High-power compressors and PRMS** used in flare gas applications, gas treatment, gas recovery and gas management

Hydrogen Compression



- **Hydrogen technology** with management of **pressure up to 800bar**



From single compressor skid to a complete solution, including commissioning e aftersales

More than 6.000 installed compressors



amazon

GRUPE
ADF
SMART INDUSTRIAL SOLUTIONS

GRTgaz
Connecter les énergies d'avenir

snam

Air Liquide

Eni

TOTAL

gasNatural
fenosa

a2a

Shell

2. Market outlook



Regulators worldwide are committing to the development of biomethane and hydrogen networks through massive incentive plans

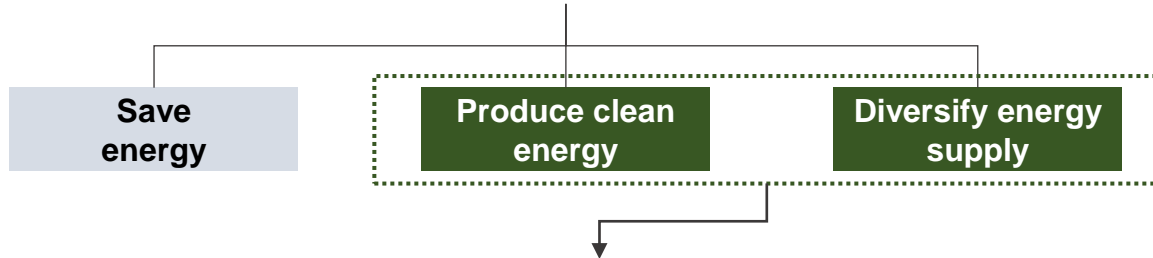
Europe – REPower EU



- Entered into force on 1st of March 2023



- Build the new energy infrastructure and system that Europe needs, through **3 pillars**:



Biomethane (RNG)



35 bcm¹

EU yearly production by 2030 (~10x vs. 2021 EU production)

Hydrogen



10+10 Mt¹

EU yearly production by 2030 + EU yearly imports by 2030



- Estimated **210 €Bn**, EU members can obtain funds by amending national recovery plans with a specific REPower EU chapter

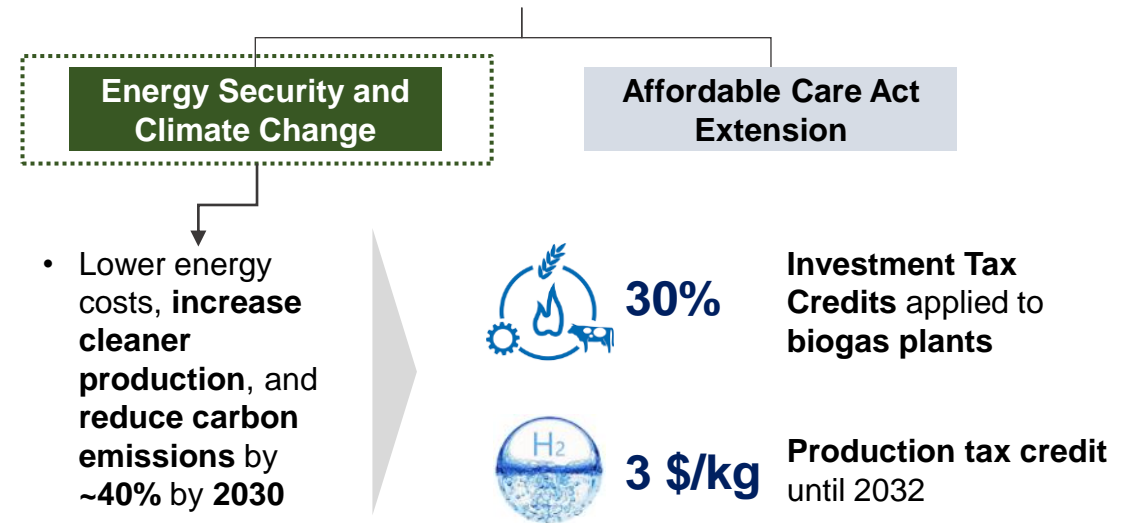
US – Inflation Reduction Act



- Signed by US President on 16th of August 2022



- Fight inflation through the reduction of public deficit, obtained from the difference of additional revenue coming from Corporates and Drugs taxation and investments in:



- Lower energy costs, increase cleaner production, and reduce carbon emissions by ~40% by 2030



30%

Investment Tax Credits applied to biogas plants



3 \$/kg

Production tax credit until 2032



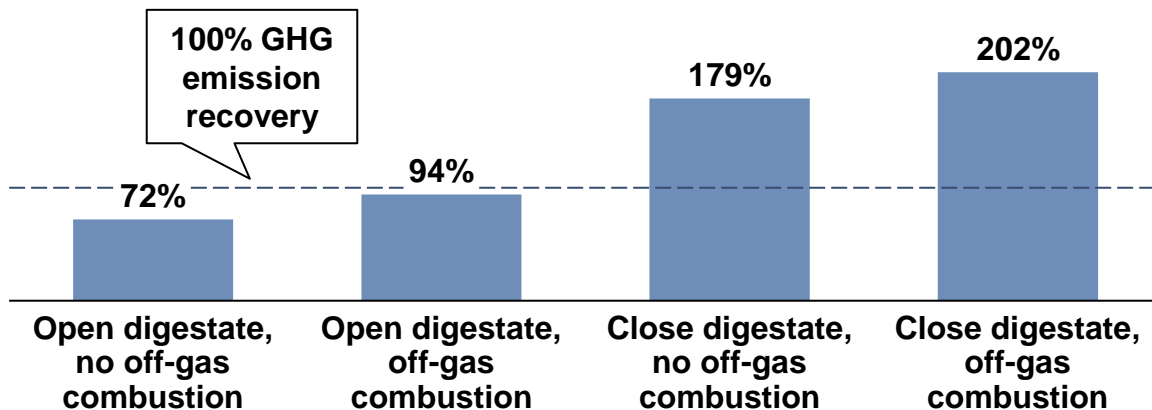
- 369 \$Bn** investments are allocated to Energy Security and Climate Change

Biomethane and hydrogen represent a ready-to-use and economically viable option to complement renewables, with first results already visible in the heavy-duty mobility sector...



Contribution of biomethane (RNG)

GHG emission savings through biomethane from wet manure
(GHG emission saving, %)

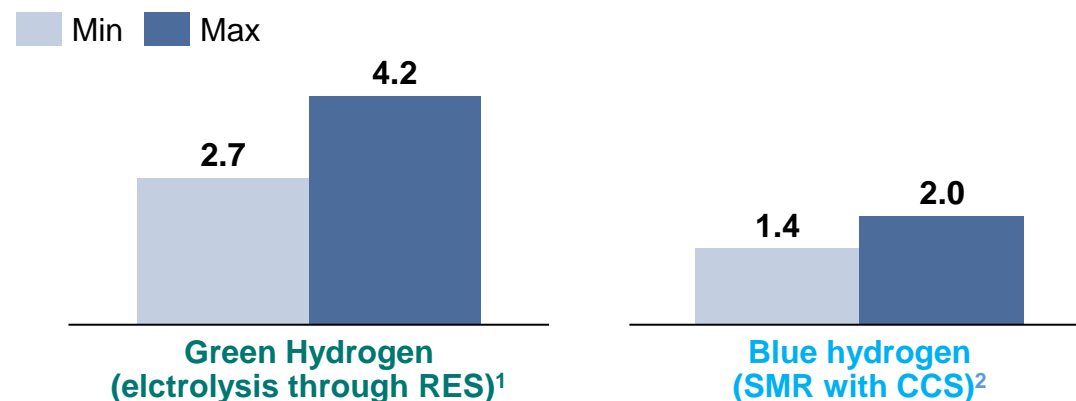


- Considering a **well to wheel approach**, **biomethane** can **offset GHG emissions, significantly contributing** to the **decarbonization** process



Hydrogen generation

Hydrogen cost based on production process
(€/ kg)

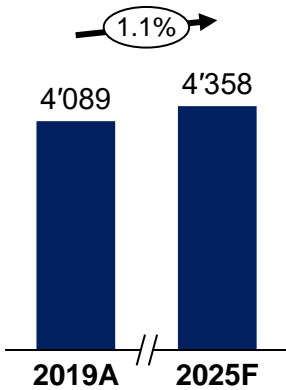


- Blue hydrogen** can already ensure **economic sustainability** in the **short-term**, with significant **cost reduction** for **green hydrogen** production expected in the **long-run**

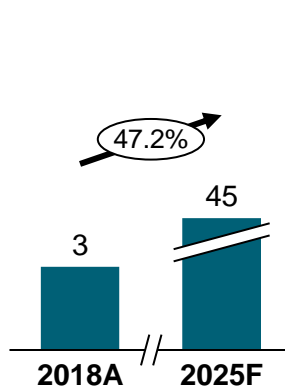
...and significant investments expected to develop the gas infrastructure value chain and the automotive refueling station network

Global fuel demand

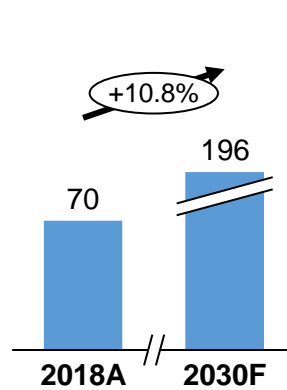
Natural gas (Bcm¹)



Biomethane (Mtoe)



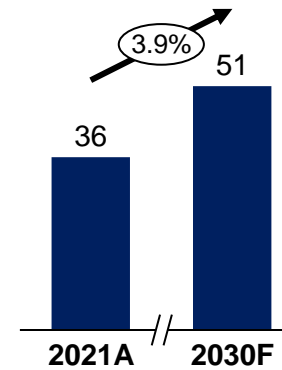
Hydrogen (MtH₂)



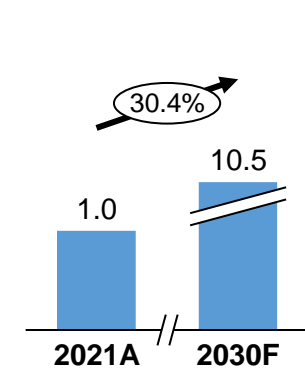
- The **demand** for **natural gas**, albeit in a mature market, is expected to **grow** further at **1.1% CAGR 19-25**, mainly driven by **emerging countries** (e.g., India, Russia, MEA and LatAm)
- **Double-digit growth** of **Biomethane** is mainly **driven** by **US**, where many States have implemented **government programs** for the **development** of the **gas network**
- Most of **hydrogen growth** is focused in **2025-2030 period**
- Both **RNG** and **Hydrogen** growth generate a **significant demand** for **compressors** used in **multiple phases** of the **value chain**

Worldwide refueling stations

Natural Gas refueling stations (#k)



Hydrogen refueling stations (#k)

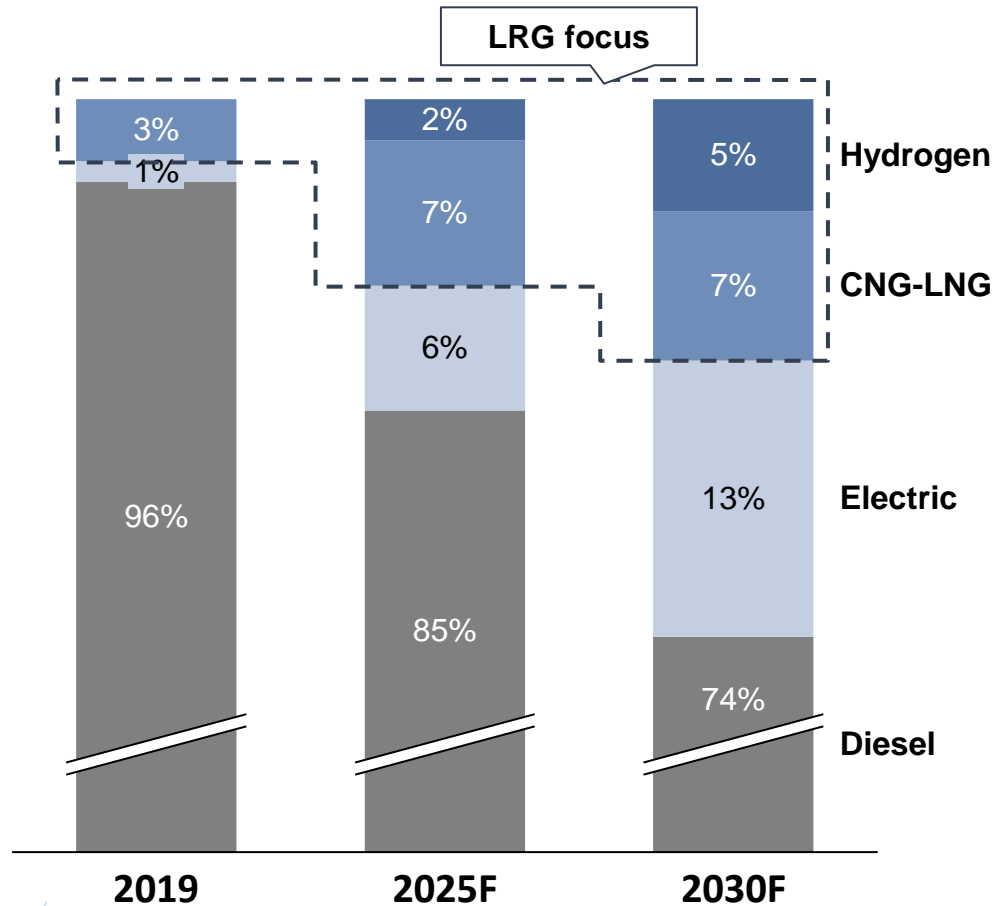


- Rising **natural gas refueling stations** are pushed by **growing automotive applications** in **emerging countries** (e.g., India) and increasing **adoption** of **RNG worldwide**
- **Hydrogen refueling station** deployment is expected to **accelerate** in the **short-medium term**, strongly **avored** by **current regulatory framework** (e.g., Nex Generation EU & REPower EU in Europe and Inflation Reduction Act in US)

(Renewable) Natural Gas and Hydrogen are expected to play an important role, already in the short-term, for the decarbonization of Medium and Heavy-Duty industry...

Medium and Heavy-Duty vehicle production by type of fuel

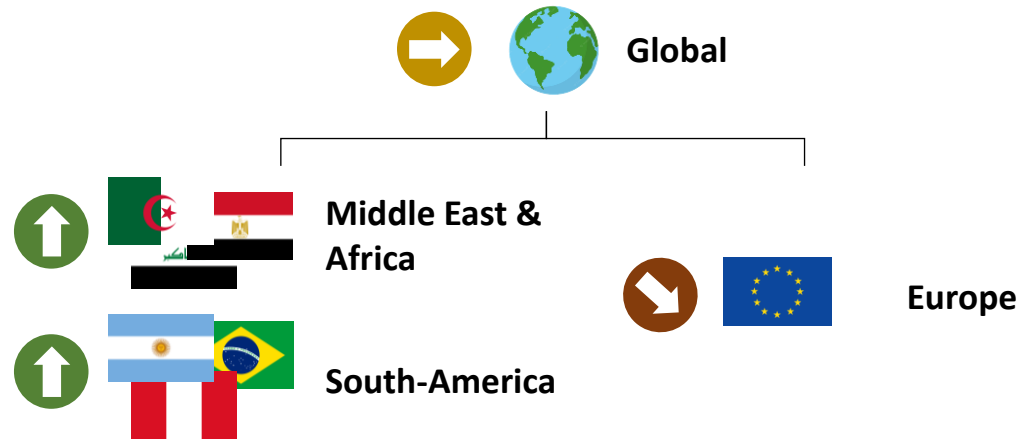
(Global, 2019-2029, estimated split by type of fuel, %)



- The **penetration of gas-mobility** is expected to **more than double** up to **2025**, to then **stabilize** up to **2030**, while **H₂** after a **start-up phase** up to 2025 will see **strong growth** reaching **5% of sales in 2030**
- All **medium and heavy vehicle** manufacturers are working on **FCEV solutions**, which are **already on the market** in **China and Japan** and are expected to **accelerate** in **Europe and US** between 2024 and 2025
- **Fast-growing CNG-LNG** sales are **pushed** by **increasing diffusion of Biomethane (RNG)**, with **strong momentum** especially in **North America**
- **Electric share** in the medium-long term will be **heavily affected** by **technical development**, with considerable **weight of batteries**, **limited range** and **recharging time** being **main obstacle** to **widespread adoption** for long-haul missions

Both Aftermarket and OEM-Light Vehicles are expected to remain stable, with growth opportunities relying on LRG leading positioning in both segments

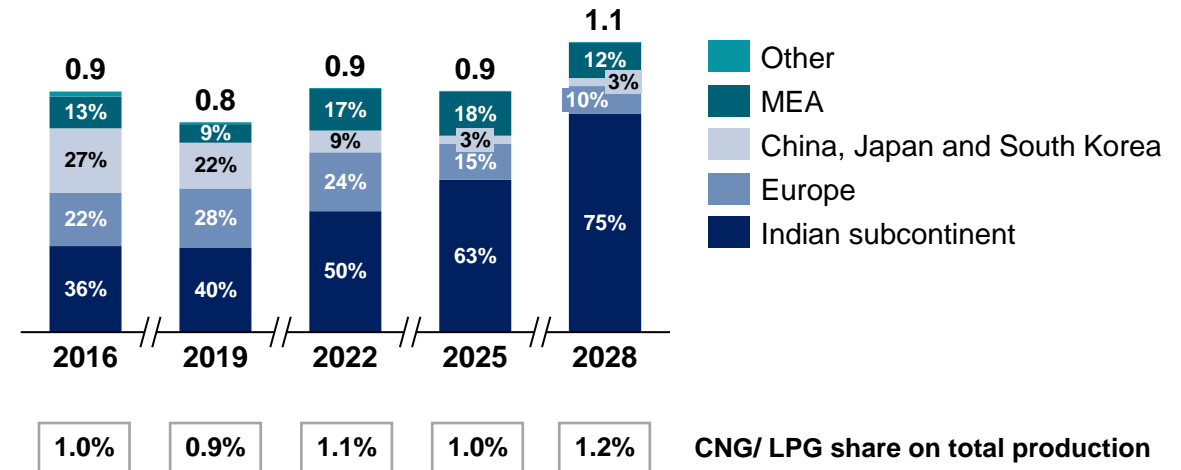
Aftermarket



- **Global demand for Aftermarket is expected to remain stable**, with **progressive substitution** of mature markets with **emerging economies**
- Adoption of **CNG/ LPG solutions** in **emerging economies** driven by **abundance of natural resources** (e.g., Africa) and **fuel price accessibility** for **local population**
- **Reducing volumes** in **Europe** dependent on speed of **adoption of electric vehicles**

OEM – Passenger Car

CNG/ LPG Passenger Car and Light-Duty vehicle production
(Global, 2019-2029, M vehicles)



- **Despite overall market drop** due to Covid-19 (~20%) **CNG/ LPG volumes** have remained **stable**, with **growing share** on **global production**
- **Decreasing volumes** in **Europe** and **China, Japan** and **South Korea** will be more than **offset** by strong **acceleration** expected in **India** (e.g., Maruti-Suzuki)

3. LRG long-term strategy



Our long-term strategy is to transform Landi Renzo Group into an innovative player contributing to the global energy transition...



Mission

«From company operating in the sector of **traditional alternative fuels**...
...to a **Group enabling sustainable energy transition**»



Product

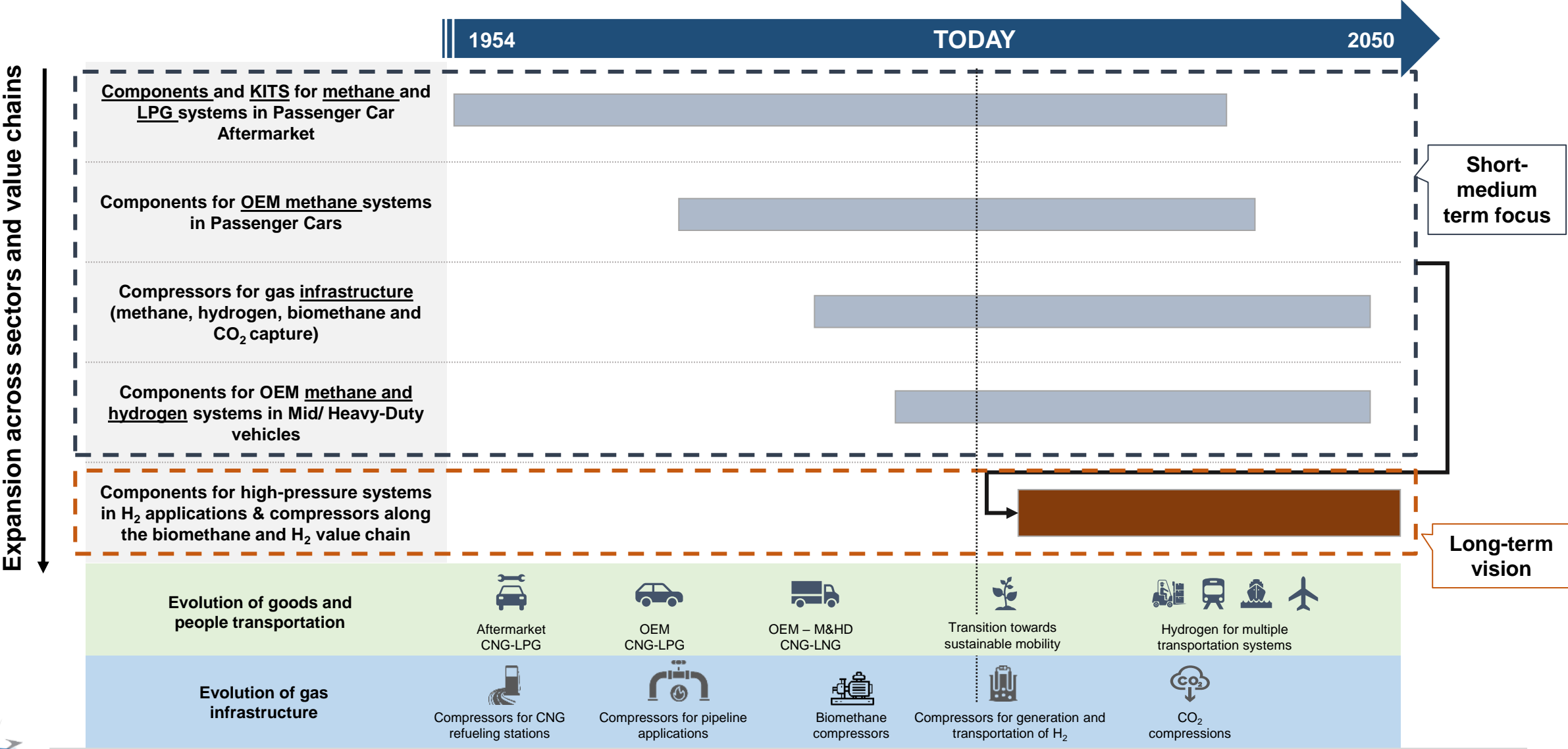
«From producer of **components** for **automotive gas** equipment...
...to **strategic specialist** of **biomethane** and **hydrogen** systems»






Market

«From a **niche role** in **natural gas** applications...
... to a **strategic player** in **biomethane** and **hydrogen value chain**»

...applying a consolidated know-how in high-pressure systems and gas compression to promote sustainable solutions based on biomethane and hydrogen



Path to our long-term vision will allow to unlock the value potential of all our business segments

Green transportation		Clean Tech Solutions
Passenger and Light Duty	Medium and Heavy-Duty	
<p>Consolidate our market leadership, improve profitability and cash generation</p>	<p>Leverage increasing demand of components and systems for Hydrogen, LNG and CNG</p>	<p>Exploit the wave of investments enabling energy transition (H₂, RNG, CNG, CO₂ capture)</p>
<ul style="list-style-type: none"> • Aftermarket: improve global market share in AM thanks to established competitive positioning and entering new markets even through dedicated JVs • OEM: leverage consolidated relationships with established OEMs to preserve market share and exploit worldwide presence to enter CNG/ LPG production in emerging economies 	<ul style="list-style-type: none"> • Exploit internal know-how/ already designed products and strong R&D investments to achieve market leadership in high-pressure systems for Hydrogen solutions (FCEV & ICE) • Partner-up with leading OEMs to support product innovation 	<ul style="list-style-type: none"> • Target 30%+ market share in CNG/RNG compression market covering multiple applications along the gas value chain • Leverage Hydrogen global adoption, with the goal of becoming one of the main players in hydrogen compression equipment
<p>Strong focus on strategy execution and cost optimization along the different businesses, exploiting opportunities for external growth, with the goal of reaching double digit EBITDA</p>		
<p>2023  2030</p>	<p>2023  2030</p>	<p>2023  2030</p>

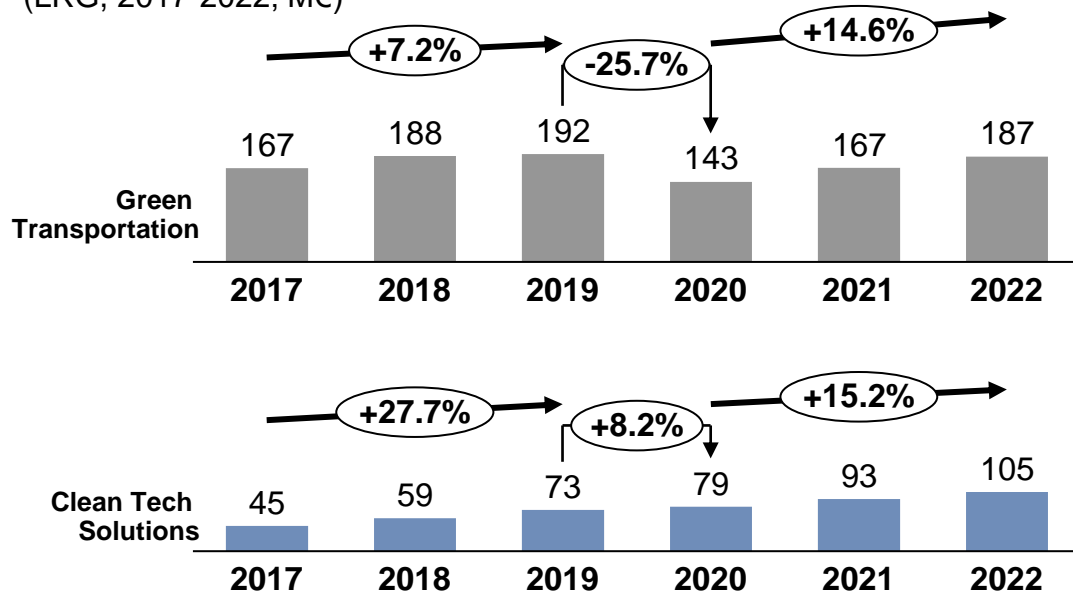
4. Financial results and 2023 outlook



In the last years, Green Transportation resilience and Clean Tech Solution fast-growth have driven LRG post-Covid recovery

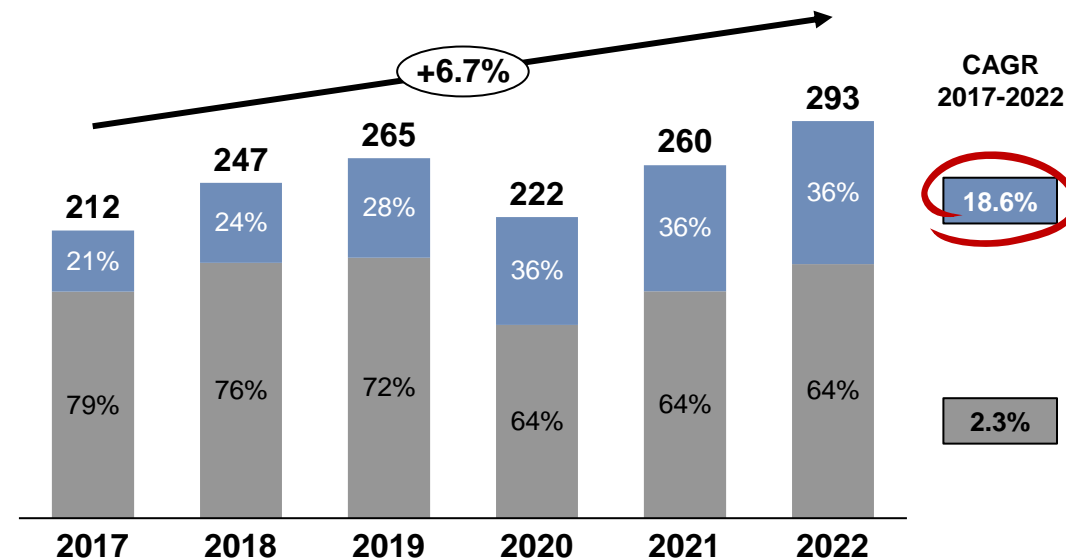
Revenue Evolution by BU

(LRG, 2017-2022, M€)



LRG Revenue Evolution

(LRG, 2017-2022, M€)



- **Green Transportation's growing trajectory** was **halted** by sever **impact of Covid-19**; strong **resilience of Aftermarket**, **accelerating momentum** for **PC** (LPG in EU and CNG in India) and **M&HD** (RNG + Hydrogen) have **fueled fast recovery** despite Automotive segment's difficulties
- **Strong fundamentals of Clean Tech Solution BU** has allowed to **continue a stable revenue increase** despite pandemic impact and Russia-Ukraine war
- **LRG** has been **growing at ~7% CAGR**, with a **significant boost** expected in **next years**, backed by **worldwide investments** in **biomethane and hydrogen**

2022 Landi Renzo Group's pro-forma¹ revenues accounted for ~336 M€, with Clean Tech Solutions representing more than 30% of total revenues

- In 2022, Group revenues accounted for ~336 M€, with ~10 M€ related to Group's **hydrogen** solutions, also thanks to Idro Meccanica
- YoY revenue growth (~40 M€) has been mainly driven by **Clean Tech Solutions, Indian Automotive performance** and **European OEM – PC** channel
- Clean Tech Solutions growth was led by new revenues in **Hydrogen** and **RNG application** in both Europe and North America
- **Automotive investments** were related to new **Hydrogen** and **M&HD product development**
- **SAFE&CEC investments** included the acquisition of **Idro Meccanica**, completed in January 2022

Full year pro-forma figures

	<u>Landi plus Metatron</u>	<u>KLR</u>	<u>SAFE&CEC</u>	<u>Landi Renzo Group²</u>
Revenues	201,7M€	35,5M€	104,6M€	335,9M€
Adj. EBITDA	9,3M€	5,7M€	6,0M€	19,2M€
NFP ³	68,5M€	2,0M€	8,7M€	78,6M€
Investments	7,4M€	0,5M€	9,5M€	17,4M€

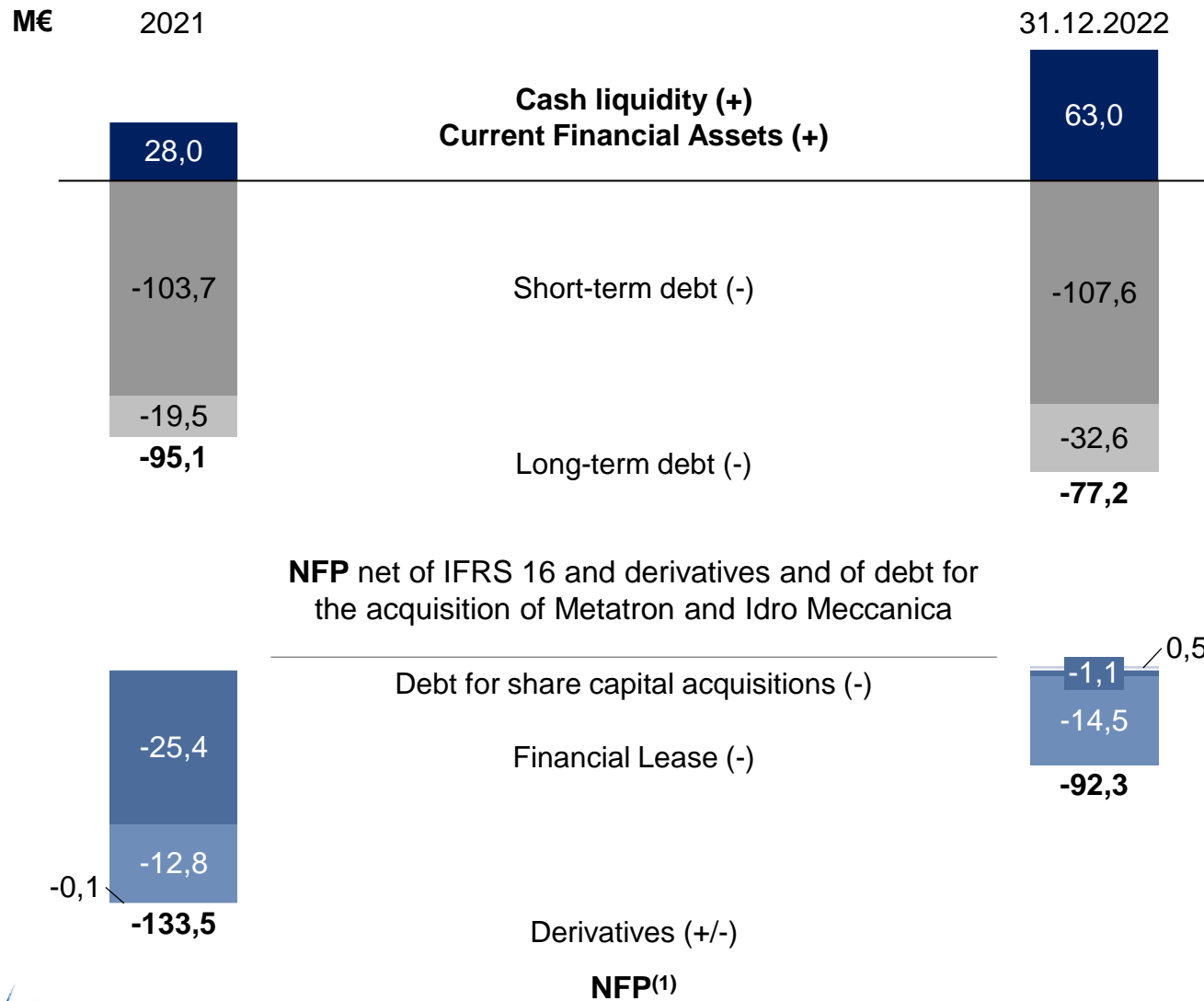
Economic results highlight a significant turnover increase, driven also by new acquisitions; decreasing marginality due to severe impact of raw material price increases

M€; %	Green Transportation	Clean Tech Solutions	LRG ¹	FY 2021	delta	delta %
	FY 2022	FY 2022	FY 2022			
Revenues	201,7	104,6	306,3	242,0	+64,3	+26,6%
Adj. EBITDA	9,3	6,0	15,3	14,6	+0,6	+4,4%
% on rev.	4,6%	5,7%	5,0%	6,0%		
EBITDA	5,6	5,5	11,0	12,6	-1,6	-12,5%
% on rev.	2,8%	5,2%	3,6%	5,2%		
EBIT	-8,6	2,6	-6,0	-3,0	-3,0	-101,0%
% on rev.	-4,3%	2,5%	-2,0%	-1,2%		
EBT			-13,9	1,7	-15,6	n.a.
% on rev.			-4,5%	0,7%		
Net Result			-14,3	0,5	-14,8	n.a.

Highlights

- **Revenues +64 M€ (+26,6%)** increase due also to a **different consolidation perimeter¹**. On a comparable basis, Group's turnover increased by 10,1% YoY
- **Adj. EBITDA** reflects the **reduced marginality** due to **inflation** (raw materials, energy, transportation) on **all business lines** and time gap on price increases in Clean Tech Solution
- **EBT** in 2021 was positively affected by the consolidation profit (8,8M€) connected to the fair value evaluation of SAFE&CEC

Financial figures show 63 M€ in cash and a reduced Net Financial Position vs. 2021, thanks also to the capital increase concluded in 2022



Highlights

- NPF positive contribution due to the **capital increase of 58,6 M€** (net of expenses), partially offset by the payments for the acquisitions of Metatron (25,4 M€) and Idro Meccanica (6,4 M€)
- Both in December 2021 and December 2022, due to IFRS applicable rules, part of long-term debt has been reclassified in short-term debt
- In March 2023, Landi Renzo Group has received the waiver from financing banks, allowing to reclassify, in Q1 2023, 73 M€ of short term-debt as long-term debt
- Debt for share capital acquisitions in 2021 refers to Metatron acquisition

2023 Outlook

Green Transportation

- **AM¹** expects **market consolidation** and **stable marginality**, driven by **local market dynamics** and **pricelist increases**
- **OEM – PC** with **stable volumes** (phase-out slowdown), with potential **growth** in **India**
- **OEM – M&HD** market still **affected** by **natural gas crisis** in the **first half** of the **year**, with **potential upsides** in the **last quarter** and **growing outlook** for both Natural Gas (demand recovery) and **H₂** (new ICE and FCEV applications)

Clean Tech Solutions (SAEFE&CEC)

- **Strong revenue growth** expected in 2023, backed by **significant backlog** (50%+ of sales target), **RNG** and **H₂ demand**
- **Margin recovery** vs. 2022, led by **termination** of “old” orders and set-up of **dedicated procedures** to **monitor** project **cost evolution** and **evaluate extra cost**
- Relevant **business development activities** already ongoing with increasing demand for **RNG & H₂**, coupled with **targeted R&D investments** on **technological developments** (e.g., 1MW compressor, CO₂ compressors, gas leakage compression)

Group operations

- **Main optimization** focused on **purchasing** and **working capital management**
- Finalization of newly **acquired companies' integration** to exploit significant synergies
- **Prosecution** of **organization structure reinforcement**, in line with group **strategic plan**

2023 performance outlook

- Expected **improvement** vs. **2022**, with **growing EBITDA** and **cash from operations**
- **Sales mix**, **gradual deployment** of **operational efficiencies** and **Infrastructure division business dynamics** imply **stronger performance** in **H2 '23** vs. H1 '23

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Via Nobel 2 - 42025 Corte Tegge
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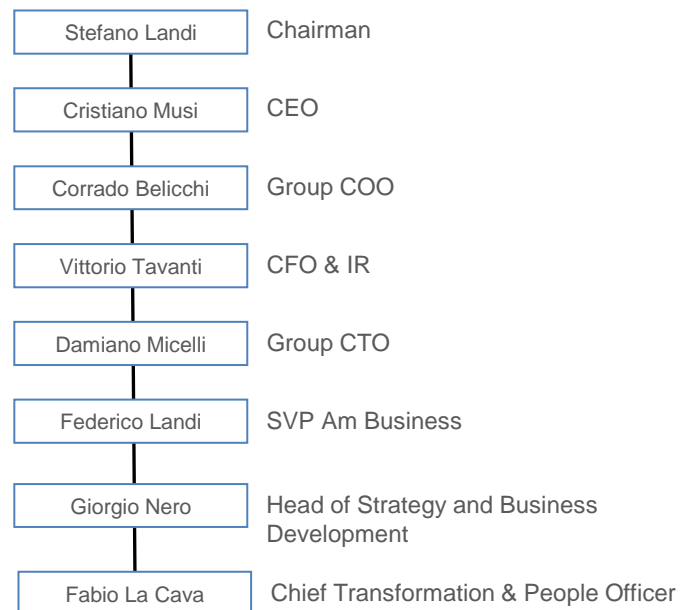
www.landirenzogroup.com
www.landirenzo.com

Landi Renzo - Company profile

BOARD OF DIRECTORS

Stefano Landi – Chairman
Sergio Iasi – Deputy Chairman
Cristiano Musi – CEO
Andrea Landi – Director
Silvia Landi – Director
Massimo Lucchini – Director
Anna Maria Artoni – Independent Director
Sara Fornasiero – Independent Director
Pamela Morassi – Independent Director

TOP MANAGERS



INVESTOR RELATIONS

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SHARE INFORMATION

Euronext STAR Milan segment of Borsa Italiana

N. of shares outstanding: 220.281.064

Price as of 13/03/2023: €0,560

CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/12/2022	31/12/2021 Restated
Revenues from sales and services	306,297	241,994
Other revenues and income	1,249	2,610
Cost of raw materials, consumables and goods and change in inventories	-188,979	-150,272
Costs for services and use of third-party assets	-54,780	-43,075
Personnel costs	-47,218	-34,920
Allocations, write downs and other operating expenses	-5,525	-3,722
Gross Operating Profit	11,044	12,615
Amortization, depreciation and impairment	-17,077	-15,617
Net Operating Profit	-6,033	-3,002
Financial income	1,129	217
Financial expenses	-7,630	-4,344
Exchange gains (losses)	-1,670	-362
Income (expenses) from equity investments	-275	8,581
Income (expenses) from joint venture measured using the equity method	597	620
Profit (Loss) before tax	-13,882	1,710
Taxes	-385	-1,208
Net profit (loss) for the Group and minority interests, including:	-14,267	502
Minority interests	14	1,522
Net profit (loss) for the Group	-14,281	-1,020
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0635	-0.0091
Diluted earnings (loss) per share	-0.0635	-0.0091

CONSOLIDATED BALANCE SHEET (1/2)

(thousands of Euro)

ASSETS	31/12/2022	31/12/2021 Restated
Non-current assets		
Land, property, plant, machinery and other equipment	14,015	14,977
Development expenditure	11,141	12,222
Goodwill	80,132	73,256
Other intangible assets with finite useful lives	17,263	19,543
Right-of-use assets	13,618	11,991
Equity investments measured using the equity method	2,496	2,028
Other non-current financial assets	847	882
Other non-current assets	1,710	2,556
Deferred tax assets	14,109	12,694
Non-current assets for derivative financial instruments	103	0
Total non-current assets	155,434	150,149
Current assets		
Trade receivables	73,559	66,048
Inventories	76,680	68,896
Contract work in progress	20,429	15,653
Other receivables and current assets	17,148	14,443
Current assets for derivative financial instruments	412	0
Cash and cash equivalents	62,968	28,039
Total current assets	251,196	193,079
TOTAL ASSETS	406,630	343,228

CONSOLIDATED BALANCE SHEET (2/2)

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/2022	31/12/2021 Restated
Shareholders' Equity		
Share capital	22,500	11,250
Other reserves	91,698	44,615
Profit (loss) for the period	-14,281	-1,020
Total Shareholders' Equity of the Group	99,917	54,845
Minority interests	5,967	5,738
TOTAL SHAREHOLDERS' EQUITY	105,884	60,583
Non-current liabilities		
Non-current bank loans	8,169	10,174
Other non-current financial liabilities	24,456	9,320
Non-current liabilities for right-of-use	11,314	10,197
Provisions for risks and charges	5,484	4,535
Defined benefit plans for employees	3,413	3,977
Deferred tax liabilities	2,910	1,452
Liabilities for derivative financial instruments	0	99
Total non-current liabilities	55,746	39,754
Current liabilities		
Bank financing and short-term loans	103,629	103,408
Other current financial liabilities	3,956	274
Current liabilities for right-of-use	3,196	2,624
Trade payables	98,033	82,886
Tax liabilities	3,697	3,758
Other current liabilities	32,489	49,941
Total current liabilities	245,000	242,891
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	406,630	343,228