

# PERFORMANCE

**BREMBO**  
THIRD QUARTER  
REPORT  
**2015**



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### STATEMENT PURSUANT TO ART. 154-*bis*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V- *bis*, OF ITALIAN LEGISLATIVE DECREE No. 58/98

## Company Officers

The General Shareholders' Meeting held on 29 April 2014 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2014–2016, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016. The election was based on the two lists submitted respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.11% of the share capital, overall).

At 30 September 2015, Company Officers were as follows:

### BOARD OF DIRECTORS

Chairman	Alberto Bombassei (1) (8)
Executive Deputy Chairman	Matteo Tiraboschi (2) (8)
Chief Executive Officer and General Manager	Andrea Abbati Marescotti (3) (8)
Directors	Cristina Bombassei (4) (8)
	Barbara Borra (5)
	Giovanni Cavallini (5)
	Giancarlo Dallera (5)
	Bianca Maria Martinelli (5) (6)
	Umberto Nicodano (7)
	Pasquale Pistorio (5) (9)
	Gianfelice Rocca (5)

### BOARD OF STATUTORY AUDITORS <sup>(10)</sup>

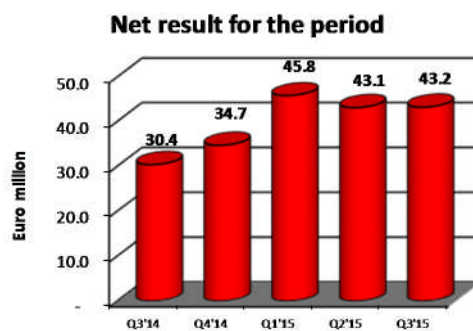
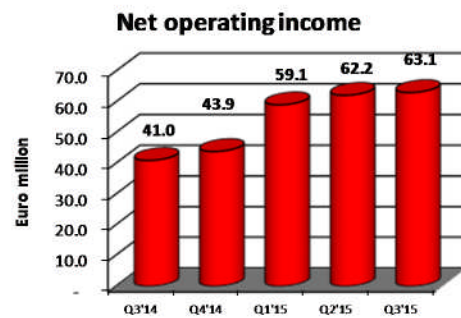
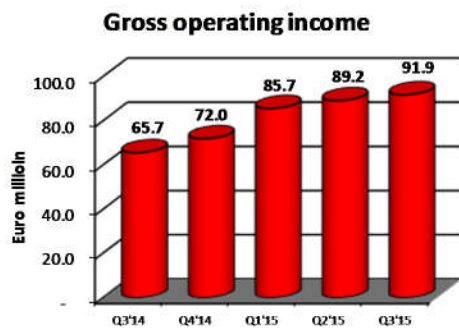
Chairwoman	Raffaella Pagani (6)
Acting Auditors	Sergio Pivato
	Milena T. Motta
Alternate Auditors	Marco Salvatore
	Myriam Amato (6)

<b>INDEPENDENT AUDITORS</b>	Reconta Ernst & Young S.p.A. (11)
<b>MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS</b>	Matteo Tiraboschi (12)
<b>COMMITTEES</b>	
<b>Audit &amp; Risk Committee (13)</b>	Giovanni Cavallini ( <b>Chairman</b> ) Giancarlo Dallerà Bianca Maria Martinelli (6)
<b>Remuneration &amp; Appointments Committee</b>	Barbara Borra ( <b>Chairwoman</b> ) Giovanni Cavallini Umberto Nicodano
<b>Supervisory Committee Auditors) (6)</b>	Raffaella Pagani ( <b>Chairwoman of the Board of Statutory</b>  Milena T. Motta ( <b>Acting Auditor</b> ) Sergio Pivato ( <b>Acting Auditor</b> ) Alessandra Ramorino (14) Mario Bianchi (15) Mario Tagliaferri (16)

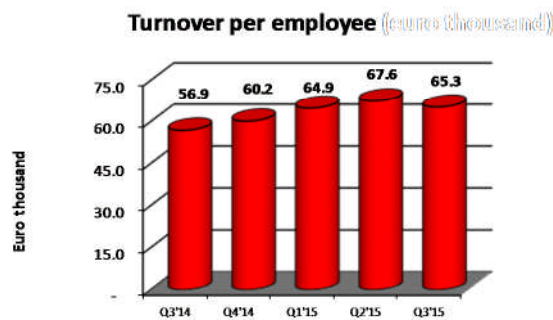
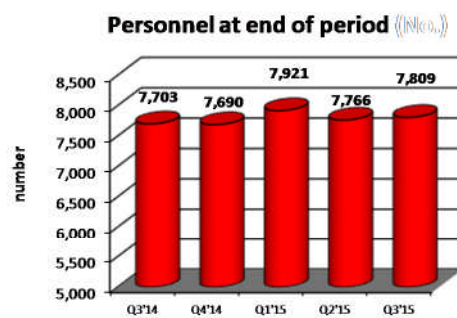
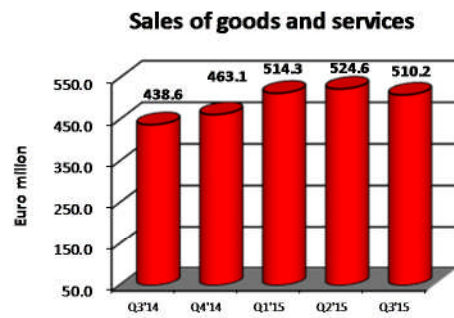
- (1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
- (2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
- (3) The Board of Directors granted the Chief Executive Officer and General Manager special powers to manage the Company, as well as powers, pursuant to Article 2381 of the Italian Civil Code, with reference to occupational health and safety (as per Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
- (4) The Director also holds the position of Executive Director in charge of the Internal Control and Risk Management System.
- (5) Independent and Non-executive Directors pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-ter, paragraph 4, and 147-quater of TUF) and Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A. and Article 3.C.1 of the Corporate Governance Code of Brembo S.p.A.
- (6) Director/Auditor elected from the list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).
- (7) Non-executive Director.
- (8) Executive Directors.
- (9) This Director also holds the position of Lead Independent Director.
- (10) This Board holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
- (11) The Shareholders' Meeting held on 23 April 2013 assigned the mandate until the approval of the 2021 Financial Statements.
- (12) Appointed by the Board of Directors on 29 April 2014. He also holds the position of Investor Relator.
- (13) This Committee also acts as the Related Party Transactions Committee.
- (14) Internal Audit Director of the Brembo Group.
- (15) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
- (16) Certified Public Accountant and Certified Auditor, Private practice, Studio Lexis – Dottori Commercialisti associati in Crema.

**Brembo S.p.A.** Registered offices: CURNO (BG) - Via Brembo 25  
Share capital: €34,727,914.00 – Bergamo Register of Companies:  
Tax Code and VAT Code No. 00222620163

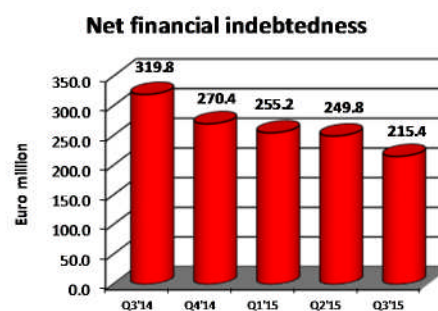
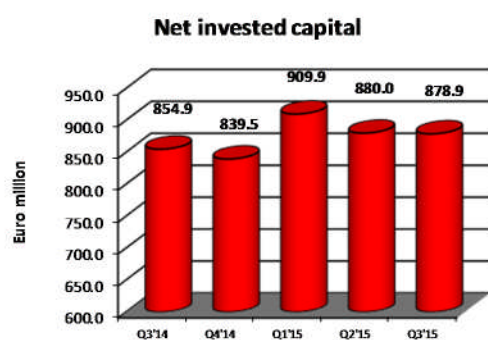
# Highlights



ECONOMIC RESULTS (euro million)	A				B	% B/A
	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	
Sales of goods and services	438.6	463.1	514.3	524.6	510.2	16.3%
Gross operating income	65.7	72.0	85.7	89.2	91.9	39.9%
% of sales	15.0%	15.5%	16.7%	17.0%	18.0%	
Net operating income	41.0	43.9	59.1	62.2	63.1	53.7%
% of sales	9.3%	9.5%	11.5%	11.9%	12.4%	
Result before taxes	37.3	40.6	59.0	58.8	60.8	62.9%
% of sales	8.5%	8.8%	11.5%	11.2%	11.9%	
Net result for the period	30.4	34.7	45.8	43.1	43.2	42.0%
% of sales	6.9%	7.5%	8.9%	8.2%	8.5%	



	A				B	
FINANCIAL RESULTS (euro million)	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	% B/A
Net invested capital	854.9	839.5	909.9	880.0	878.9	2.8%
Shareholders' equity	505.6	536.3	621.4	596.6	630.3	24.7%
Net financial indebtedness	319.8	270.4	255.2	249.8	215.4	-32.6%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	7,703	7,690	7,921	7,766	7,809	1.4%
Turnover per employee (euro thousand)	56.9	60.2	64.9	67.6	65.3	14.7%
Capital Expenditure (euro million)	29.7	36.0	29.1	35.0	29.8	0.3%



## MAIN RATIOS

	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Net operating income/Sales of goods and services	9.3%	9.5%	11.5%	11.9%	12.4%
Result before taxes/Sales of goods and services	8.5%	8.8%	11.5%	11.2%	11.9%
Capital Expenditure/Sales of goods and services	6.8%	7.8%	5.7%	6.7%	5.8%
Net Financial indebtedness/Shareholders' equity	63.3%	50.4%	41.1%	41.9%	34.2%
Net financial charges(*)/Sales of goods and services	0.8%	0.7%	0.7%	0.6%	0.5%
Net financial charges(*)/Net Operating Income	8.8%	7.4%	6.0%	5.5%	4.4%
ROI	19.0%	20.7%	26.3%	28.4%	28.5%
ROE	23.8%	25.4%	30.0%	30.0%	27.2%

Notes:

ROI: Net operating income/ Net invested capital multiply by year days/period days.

ROE: Result before minority interests/ Shareholders equity multiply by year days/period days.

(\*) Net of exchange losses/gains.

# Consolidated Financial Statements

## Consolidated Statement of Financial Position

<i>(euro thousand)</i>	<b>30.09.2015</b>	<b>31.12.2014</b>	<b>Change</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, equipment and other equipment	553,215	539,977	13,238
Development costs	40,606	43,705	(3,099)
Goodwill and other indefinite useful life assets	43,200	40,789	2,411
Other intangible assets	14,065	14,664	(599)
Shareholdings valued using the equity method	26,886	28,176	(1,290)
Other financial assets (including investments in other companies and derivatives)	11,404	1,180	10,224
Receivables and other non-current assets	5,521	6,123	(602)
Deferred tax assets	59,085	55,591	3,494
<b>TOTAL NON-CURRENT ASSETS</b>	<b>753,982</b>	<b>730,205</b>	<b>23,777</b>
<b>CURRENT ASSETS</b>			
Inventories	242,948	230,655	12,293
Trade receivables	330,796	286,893	43,903
Other receivables and current assets	40,056	38,559	1,497
Current financial assets and derivatives	560	10,146	(9,586)
Cash and cash equivalents	211,643	206,024	5,619
<b>TOTAL CURRENT ASSETS</b>	<b>826,003</b>	<b>772,277</b>	<b>53,726</b>
<b>TOTAL ASSETS</b>	<b>1,579,985</b>	<b>1,502,482</b>	<b>77,503</b>
<b>EQUITY AND LIABILITIES</b>			
<b>GROUP EQUITY</b>			
Share capital	34,728	34,728	0
Other reserves	133,943	109,269	24,674
Retained earnings/(losses)	324,025	257,922	66,103
Net result for the period	132,126	129,054	3,072
<b>TOTAL GROUP EQUITY</b>	<b>624,822</b>	<b>530,973</b>	<b>93,849</b>
<b>TOTAL MINORITY INTERESTS</b>	<b>5,487</b>	<b>5,357</b>	<b>130</b>
<b>TOTAL EQUITY</b>	<b>630,309</b>	<b>536,330</b>	<b>93,979</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current payables to banks	222,703	271,079	(48,376)
Other non-current financial payables and derivatives	3,668	6,198	(2,530)
Other non-current liabilities	951	14,382	(13,431)
Provisions	14,519	9,640	4,879
Provisions for employee benefits	33,235	32,793	442
Deferred tax liabilities	14,065	14,563	(498)
<b>TOTAL NON - CURRENT LIABILITIES</b>	<b>289,141</b>	<b>348,655</b>	<b>(59,514)</b>
<b>CURRENT LIABILITIES</b>			
Current payables to banks	199,848	202,605	(2,757)
Other current financial payables and derivatives	1,357	6,675	(5,318)
Trade payables	335,567	308,977	26,590
Tax payables	22,197	14,385	7,812
Short term provisions	2,830	645	2,185
Other current payables	98,736	84,210	14,526
<b>TOTAL CURRENT LIABILITIES</b>	<b>660,535</b>	<b>617,497</b>	<b>43,038</b>
<b>TOTAL LIABILITIES</b>	<b>949,676</b>	<b>966,152</b>	<b>(16,476)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,579,985</b>	<b>1,502,482</b>	<b>77,503</b>

## Consolidated Statement of Income (Third Quarter 2015)

<i>(euro thousand)</i>	<b>Q3'15</b>	<b>Q3'14 restated</b>	<b>Change</b>	<b>%</b>
<b>Sales of goods and services</b>	<b>510,201</b>	<b>438,561</b>	<b>71,640</b>	<b>16.3%</b>
Other revenues and income	9,608	3,440	6,168	179.3%
Development cost capitalised	2,797	2,360	437	18.5%
Raw materials, consumables and goods	(265,023)	(230,799)	(34,224)	14.8%
Income (expenses) from equity investments of a non-financial nature	2,428	1,985	443	22.3%
Other operating costs	(85,094)	(73,041)	(12,053)	16.5%
Personnel expenses	(83,040)	(76,841)	(6,199)	8.1%
<b>GROSS OPERATING INCOME</b>	<b>91,877</b>	<b>65,665</b>	<b>26,212</b>	<b>39.9%</b>
<b>% of sales of goods and services</b>	<b>18.0%</b>	<b>15.0%</b>		
Depreciation, amortisation and impairment losses	(28,812)	(24,643)	(4,169)	16.9%
<b>NET OPERATING INCOME</b>	<b>63,065</b>	<b>41,022</b>	<b>22,043</b>	<b>53.7%</b>
<b>% of sales of goods and services</b>	<b>12.4%</b>	<b>9.3%</b>		
Net interest income (expense)	(2,263)	(3,650)	1,387	-38.0%
Interest income (expense) from investments	0	(48)	48	-100.0%
<b>RESULT BEFORE TAXES</b>	<b>60,802</b>	<b>37,324</b>	<b>23,478</b>	<b>62.9%</b>
<b>% of sales of goods and services</b>	<b>11.9%</b>	<b>8.5%</b>		
Taxes	(17,563)	(6,937)	(10,626)	153.2%
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>43,239</b>	<b>30,387</b>	<b>12,852</b>	<b>42.3%</b>
<b>% of sales of goods and services</b>	<b>8.5%</b>	<b>6.9%</b>		
Minority interests	(84)	(5)	(79)	1580.0%
<b>NET RESULT FOR THE PERIOD</b>	<b>43,155</b>	<b>30,382</b>	<b>12,773</b>	<b>42.0%</b>
<b>% of sales of goods and services</b>	<b>8.5%</b>	<b>6.9%</b>		
<b>BASIC/DILUTED EARNINGS PER SHARE (euro)</b>	<b>0.66</b>	<b>0.47</b>		

## Consolidated Statement of Income (30 September 2015)

<i>(euro thousand)</i>	30.09.2015	30.09.2014 restated	Change	%
<b>Sales of goods and services</b>	<b>1,549,103</b>	<b>1,340,258</b>	<b>208,845</b>	<b>15.6%</b>
Other revenues and income	15,160	9,501	5,659	59.6%
Development cost capitalised	8,911	8,042	869	10.8%
Raw materials, consumables and goods	(795,405)	(695,622)	(99,783)	14.3%
Income (expenses) from equity investments of a non-financial nature	6,315	4,606	1,709	37.1%
Other operating costs	(252,679)	(216,149)	(36,530)	16.9%
Personnel expenses	(264,575)	(242,852)	(21,723)	8.9%
<b>GROSS OPERATING INCOME</b>	<b>266,830</b>	<b>207,784</b>	<b>59,046</b>	<b>28.4%</b>
<b>% of sales of goods and services</b>	<b>17.2%</b>	<b>15.5%</b>		
Depreciation, amortisation and impairment losses	(82,452)	(73,266)	(9,186)	12.5%
<b>NET OPERATING INCOME</b>	<b>184,378</b>	<b>134,518</b>	<b>49,860</b>	<b>37.1%</b>
<b>% of sales of goods and services</b>	<b>11.9%</b>	<b>10.0%</b>		
Net interest income (expense)	(5,735)	(10,137)	4,402	-43.4%
Interest income (expense) from investments	5	(74)	79	-106.8%
<b>RESULT BEFORE TAXES</b>	<b>178,648</b>	<b>124,307</b>	<b>54,341</b>	<b>43.7%</b>
<b>% of sales of goods and services</b>	<b>11.5%</b>	<b>9.3%</b>		
Taxes	(44,885)	(30,024)	(14,861)	49.5%
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>133,763</b>	<b>94,283</b>	<b>39,480</b>	<b>41.9%</b>
<b>% of sales of goods and services</b>	<b>8.6%</b>	<b>7.0%</b>		
Minority interests	(1,637)	104	(1,741)	-1674.0%
<b>NET RESULT FOR THE PERIOD</b>	<b>132,126</b>	<b>94,387</b>	<b>37,739</b>	<b>40.0%</b>
<b>% of sales of goods and services</b>	<b>8.5%</b>	<b>7.0%</b>		
<b>BASIC/DILUTED EARNINGS PER SHARE (euro)</b>	<b>2.03</b>	<b>1.45</b>		

## Consolidated Statement of Comprehensive Income (30 September 2015)

<i>(euro thousand)</i>	30.09.2015	30.09.2014	Change
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>133,763</b>	<b>94,283</b>	<b>39,480</b>
<b>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</b>			
Effect (actuarial gain/loss) on defined-benefit plans	(746)	(2,814)	2,068
Fiscal effect	84	702	(618)
Effect (actuarial gain/loss) on defined-benefit plans regarding companies valued using the equity method	(4)	0	(4)
<b>Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period</b>	<b>(666)</b>	<b>(2,112)</b>	<b>1,446</b>
<b>Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:</b>			
Effect of hedge accounting (cash flow hedge) of derivatives	55	58	(3)
Fiscal effect	(15)	(16)	1
Change in translation adjustment reserve	13,276	16,084	(2,808)
<b>Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period</b>	<b>13,316</b>	<b>16,126</b>	<b>(2,810)</b>
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>146,413</b>	<b>108,297</b>	<b>38,116</b>
<b>Of which attributable to:</b>			
– the Group	144,780	108,403	36,377
– Minority Interests	1,633	(106)	1,739

## Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	30.09.2015	30.09.2014	Q3'15	Q3'14
<b>Cash and cash equivalents at beginning of period</b>	<b>99,347</b>	<b>42,511</b>	<b>55,915</b>	<b>89,691</b>
<b>Result before taxes</b>	<b>178,648</b>	<b>124,307</b>	<b>60,804</b>	<b>37,325</b>
Depreciation, amortisation/impairment losses	82,452	73,266	28,812	24,643
Capital gains/losses	(252)	(308)	95	(123)
Income/expenses from equity investments net of dividends received	686	(4,508)	(2,427)	(1,937)
Financial portion of defined benefits and payables for personnel	590	724	196	242
Long-term provisions for employee benefits	1,632	644	1,184	133
Other provisions net of utilisations	19,824	10,423	2,564	2,668
<b>Cash flows generated by operating activities</b>	<b>283,580</b>	<b>204,548</b>	<b>91,228</b>	<b>62,951</b>
Paid current taxes	(38,495)	(21,274)	(4,298)	(6,276)
Uses of long-term provisions for employee benefits	(2,770)	(2,172)	(1,240)	(439)
<i>(Increase) reduction in current assets:</i>				
inventories	(29,440)	(40,612)	10,377	(8,386)
financial assets	(471)	(449)	8	(453)
trade receivables	(57,228)	(59,164)	20,256	(6,573)
receivables from others and other assets	(2,335)	4,470	(9,881)	3,520
<i>Increase (reduction) in current liabilities:</i>				
trade payables	39,833	18,283	(17,382)	(18,663)
payables to others and other liabilities	(8,491)	13,258	(12,397)	6,778
Translation differences on current assets	285	9,656	(5,864)	7,173
<b>Net cash flows from/(for) operating activities</b>	<b>184,468</b>	<b>126,544</b>	<b>70,807</b>	<b>39,632</b>
<i>Investments in:</i>				
Intangible assets	(13,275)	(11,823)	(3,533)	(2,793)
property, plant and equipment	(80,564)	(78,953)	(26,255)	(26,915)
financial assets (shareholdings)	20	0	0	0
Disposal of subsidiaries, net of cash disposed of	9,080	0	0	0
Price for disposal, or reimbursement value of fixed assets	1,220	1,663	220	851
<b>Net cash flows from/(for) investing activities</b>	<b>(83,519)</b>	<b>(89,113)</b>	<b>(29,568)</b>	<b>(28,857)</b>
Dividends paid in the period	(52,030)	(32,519)	(13,008)	0
Capital contributions to consolidated companies by minority shareholders	0	640	0	264
Change in fair value valuation	(494)	(236)	214	(588)
Loans and financing granted by banks and other financial institutions in the period	130,002	111,857	125,159	6,598
Repayment of long-term loans	(197,320)	(71,518)	(128,062)	(18,225)
<b>Net cash flows from/(for) financing activities</b>	<b>(119,842)</b>	<b>8,224</b>	<b>(15,697)</b>	<b>(11,951)</b>
<b>Total cash flow</b>	<b>(18,893)</b>	<b>45,655</b>	<b>25,542</b>	<b>(1,176)</b>
Translation differences on cash and cash equivalents	1,415	586	412	237
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>81,869</b>	<b>88,752</b>	<b>81,869</b>	<b>88,752</b>

## Consolidated Net Financial Position

<i>(euro thousand)</i>	30.09.2015	31.12.2014
A Cash	116	124
B Other cash equivalents	211,527	205,900
C Derivatives and securities held for trading	318	486
<b>D LIQUIDITY (A+B+C)</b>	<b>211,961</b>	<b>206,510</b>
E Current financial receivables	242	9,660
F Current payables to banks	129,774	106,677
G Current portion of non-current debt	70,074	95,928
H Other current financial debts and derivatives	1,357	6,675
<b>I CURRENT FINANCIAL DEBT (F+G+H)</b>	<b>201,205</b>	<b>209,280</b>
<b>J NET CURRENT FINANCIAL DEBT (I-E-D)</b>	<b>(10,998)</b>	<b>(6,890)</b>
K Non-current payables to banks	222,703	271,079
L Bonds issued	0	0
M Other non-current financial debts and derivatives	3,668	6,198
<b>N NON-CURRENT FINANCIAL DEBT (K+L+M)</b>	<b>226,371</b>	<b>277,277</b>
<b>O NET FINANCIAL DEBT (J+N)</b>	<b>215,373</b>	<b>270,387</b>

## Consolidated Statement of Changes in Equity

	Share Capital	Other Reserves	Hedging reserve (*)	Retained earnings (losses)	Net result for the period	Group Equity	Result of minority interest	Share Capital and reserves of Minority Interests	Equity of Minority Interests	Equity
<i>(euro thousand)</i>										
<b>Balance at 1 January 2014</b>	<b>34,728</b>	<b>93,513</b>	<b>(116)</b>	<b>207,209</b>	<b>89,016</b>	<b>424,350</b>	<b>87</b>	<b>4,770</b>	<b>4,857</b>	<b>429,207</b>
Allocation of profit for the previous year				56,497	(56,497)	0	(87)	87	0	0
Payment of dividends					(32,519)	(32,519)			0	(32,519)
Capital increase of consolidated companies by minority shareholders						0		640	640	640
<i>Components of comprehensive income:</i>										
Effect of hedge accounting (cash flow hedge) of derivatives (*)			42			42			0	42
Effects arising from the application of IAS 19R				(2,112)		(2,112)			0	(2,112)
Change in translation adjustment reserve		16,086				16,086		(2)	(2)	16,084
Net result for the period					94,387	94,387	(104)		(104)	94,283
<b>Balance at 30 September 2014</b>	<b>34,728</b>	<b>109,599</b>	<b>(74)</b>	<b>261,594</b>	<b>94,387</b>	<b>500,234</b>	<b>(104)</b>	<b>5,495</b>	<b>5,391</b>	<b>505,625</b>
<b>Balance at 1 January 2015</b>	<b>34,728</b>	<b>109,319</b>	<b>(50)</b>	<b>257,922</b>	<b>129,054</b>	<b>530,973</b>	<b>(370)</b>	<b>5,727</b>	<b>5,357</b>	<b>536,330</b>
Allocation of profit for the previous year		357		76,667	(77,024)	0	370	(370)	0	0
Payment of dividends					(52,030)	(52,030)			0	(52,030)
Capital increase of consolidated companies by minority shareholders						0			0	0
				1,129		1,129		(1,503)	(1,503)	(374)
Reclassification		10,997		(10,997)		0			0	0
<i>Components of comprehensive income:</i>										
Effects arising from the application of IAS 19R				(662)		(662)			0	(662)
Effect (actuarial income/loss) on defined benefit plans, for companies valued using the equity method				(4)		(4)			0	(4)
Effect of hedge accounting (cash flow hedge) of derivatives (*)			40			40			0	40
Change in translation adjustment reserve		13,280				13,280		(4)	(4)	13,276
Net result for the period					132,126	132,126	1,637		1,637	133,763
<b>Balance at 30 September 2015</b>	<b>34,728</b>	<b>133,953</b>	<b>(10)</b>	<b>324,025</b>	<b>132,126</b>	<b>624,822</b>	<b>1,637</b>	<b>3,850</b>	<b>5,487</b>	<b>630,309</b>

(\*) Hedging reserves are net of the related tax effect.

# Explanatory Notes to the Financial Statements

## Accounting Principles and Valuation Criteria

The interim report for the third quarter of 2015 was prepared in accordance with paragraph 5 of Article 154-ter of Italy's Consolidated Finance Law (TUF), regarding financial disclosures, and the guidelines provided in Consob Communication No. DEM/8041082 issued on 30 April 2008. The interim report includes the Statement of Financial Position, the Statement of Income, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and brief Related Explanatory Notes.

Reference is made to the 2014 Financial Statements for the relevant international accounting standards and criteria adopted by the Group when preparing the above-mentioned Financial Statements. The preparation of the interim report on operations requires management to make estimates and assumptions that have an effect on the amounts of recognised revenues, costs, assets and liabilities, and the disclosure of contingent assets and liabilities as of the reporting date. Should in the future such estimates and assumptions, which are based upon the management's best assessment, diverge from actual circumstances, they will be modified accordingly during the period in which such circumstances change.

It should also be noted that certain measurement processes, such as the determination of impairment for non-current assets, are typically carried out in full only during preparation of the Annual Financial Statements when all necessary information is available, unless impairment indicators require immediate analysis. It should also be pointed out that the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories at 31 May 2015 to the inventory accounting results at 30 September 2015. Actuarial valuations necessary to determine employee benefits are also typically performed during the preparation of the Annual Financial Statements. This Interim Report has not been audited.

## Consolidation Area

The Financial Statements for the third quarter of 2015 include the financial statements of Brembo S.p.A., the Parent Company, and the financial statements of the companies that Brembo S.p.A. directly or indirectly controls as per IFRS (IFRS 10). Compared to the third quarter of 2014, the following corporate transactions were carried out:

- on 30 April 2015, Sabelt S.p.A. sold to the minority shareholders its 70% stake in the company Belt & Buckle S.r.o. Therefore, as of 1 May 2015 the child safety business (0.1% of 2014 consolidated turnover) has been excluded from the Group's consolidation area;
- on 12 June 2015, Brembo S.p.A. reached an agreement with the minority shareholders for the sale of its controlling interest (65%) in Sabelt S.p.A., a manufacturer of seat belts and seats for top-range and racing cars. As a result of the agreement, which became effective retroactively from 1 June 2015, Sabelt S.p.A.'s business (1.8% of 2014 consolidated turnover) was excluded from the Group's consolidation area;
- the company Innova Tecnologie S.r.l., 30% held by Brembo S.p.A., began winding up procedures as decided unanimously by the shareholders. The company was thus excluded from the Group's consolidation area as of 1 January 2015, as its last available Financial Statements were those for the year ended 31 December 2014.

## Notes on the Most Significant Changes in Items of the Consolidated Financial Statements

In the third quarter of 2015, the performance of sales was highly positive, confirming the trend of constant increase in Group's turnover. **Net sales** for the third quarter of 2015 amounted to €510,201 thousand, with a 16.3% increase compared to the same period of 2014.

Nearly all applications contributed to revenue growth. Car applications contributed most, closing the third quarter with an increase of 20.2% compared to the same period of 2014. Significant increases were recorded also in motorbike applications (+9.3%) and commercial vehicles (+16.5%), whereas the racing sector shrank by 16.7% compared to the third quarter of 2014, also due to Sabelt S.p.A.'s exclusion from the consolidation area.

At geographical level, almost all the areas in which the Group operates reported growth. In Europe, Germany — Brembo's main reference market with 24.4% of sales — showed a 19.3% increase compared to the third quarter of 2014; strong performances were also reported in the United Kingdom (+10.2%) and France (+2.9%), whereas Italy witnessed a slight decline (-1.1%). North America, Brembo's top market at 29.7% of sales, rose by 31.1%, whereas South America showed a 29.7% decrease. In the Far East, an excellent performance was recorded in all regions: Japan (+54.2%), India (+27.7%) and China (+12.6%).

In the quarter under review, the **cost of sales** and **other net operating costs** amounted to €337,712 thousand, with a ratio of 66.2% to sales, down compared to 68.0% in the same period of the previous year. **Development costs capitalised** as intangible assets amounted to €2,797 thousand, compared to €2,360 thousand for the third quarter of 2014.

**Non-financial interest income (expense) from investments** totalled €2,428 thousand, entirely attributable to the effects of valuing the investment in the BSCCB Group — whose operations are included in the Group's operating activities — using the equity method (€ 1,985 thousand in the third quarter of 2014).

**Personnel expenses** for the third quarter of 2015 amounted to €83,040 thousand, with a 16.3% ratio to revenues, decreasing compared to the same period of the previous year (17.5%). At 30 September 2015, **workforce** numbered 7,809 (7,690 at 31 December 2014 and 7,703 at 30 September 2014).

**Gross operating income** for the quarter was €91,877 thousand (18.0% of sales) compared to €65,665 thousand for the third quarter of 2014 (15.0% of sales).

**Net operating income** amounted to €63,065 thousand (12.4% of sales), compared to €41,022 thousand (9.3% of sales) for the third quarter of 2014, after depreciation, amortisation and impairment losses of €28,812 thousand, compared to €24,643 thousand in the same period of 2014.

**Net interest expense** amounted to approximately €2,263 thousand (€3,650 thousand in the third quarter of 2014), and consisted of net exchange gains of €498 thousand (exchange losses of €36 thousand in 2014) and interest expense of €2,761 thousand (€3,614 thousand in the same quarter of the previous year).

In the quarter, no **net interest income (expense) from investments** was reported which was attributable to the effects of valuing investments in associate companies using the equity method (€48 thousand expense for the third quarter of 2014).

**Result before taxes** was €60,802 thousand (11.9% of sales), compared to €37,324 thousand (8.5% of sales) in the

third quarter of 2014.

Based on tax rates applicable for the year under current tax regulations, estimated **taxes** amounted to €17,563 thousand (€6,937 thousand in the third quarter of 2014), with a tax rate of 28.9% compared to 18.6% for the third quarter of 2014.

**Group net result** was €43,155 thousand in the reporting period compared to €30,382 thousand in the third quarter of 2014.

**Net invested capital** at the end of the period amounted to €878,917 thousand, with an increase of €39,407 thousand compared to €839,510 at 31 December 2014.

**Net financial debt** at 30 September 2015 was €215,373 thousand compared to €270,387 thousand at 31 December 2014, with a decrease of €55,014 thousand, mainly due to the following factors:

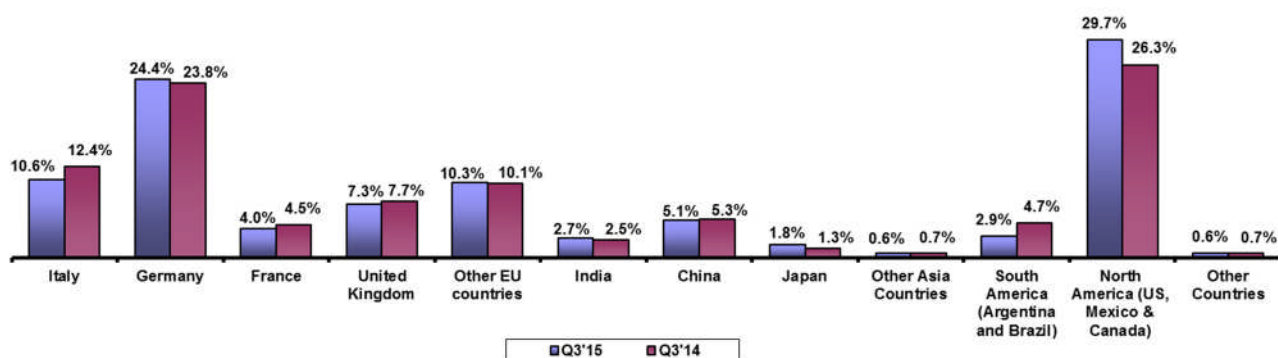
- net investments in property, plant, equipment and intangible assets for a total of €92,871 thousand, mainly in North America (37.9%), China (9.5%), Czech Republic (9.0%) and Poland (10.3%); however, significant investments continued to be undertaken also in Italy (29.1%), with €8,177 thousand (8.8%) associated with development costs;
- a positive effect of gross operating income of €266,830 thousand;
- a negative change in working capital due to increased business for a total amount of €55,814 thousand;
- payment by the Parent Company of the approved dividends in May and July, in the amount of €52,030 thousand;
- payment of taxes in the amount of €38,495 thousand.

## Sales Breakdown by Geographical Area and Application

The following tables show net sales at 30 September 2015, broken down by geographical area and application.

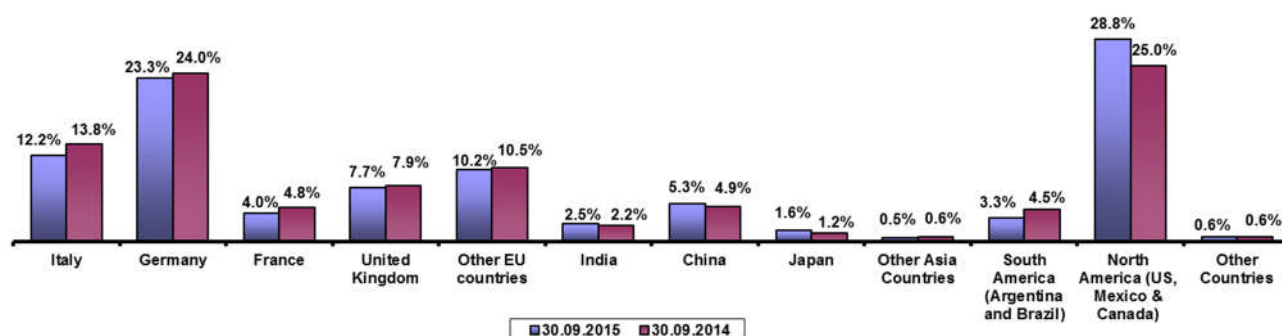
<i>(euro thousand)</i>	Q3'15	%	Q3'14	%	Change	%
<b>GEOGRAPHICAL AREA</b>						
Italy	53,933	10.6%	54,510	12.4%	(577)	-1.1%
Germany	124,279	24.4%	104,162	23.8%	20,117	19.3%
France	20,366	4.0%	19,783	4.5%	583	2.9%
United Kingdom	37,165	7.3%	33,731	7.7%	3,434	10.2%
Other EU countries	52,429	10.3%	44,077	10.1%	8,352	18.9%
India	13,865	2.7%	10,854	2.5%	3,011	27.7%
China	25,991	5.1%	23,090	5.3%	2,901	12.6%
Japan	9,082	1.8%	5,890	1.3%	3,192	54.2%
Other Asia Countries	3,001	0.6%	3,026	0.7%	(25)	-0.8%
South America (Argentina and Brazil)	14,631	2.9%	20,816	4.7%	(6,185)	-29.7%
North America (US, Mexico & Canada)	151,468	29.7%	115,506	26.3%	35,962	31.1%
Other Countries	3,991	0.6%	3,116	0.7%	875	28.1%
<b>Total</b>	<b>510,201</b>	<b>100.0%</b>	<b>438,561</b>	<b>100.0%</b>	<b>71,640</b>	<b>16.3%</b>

The incidence of the overall turnover



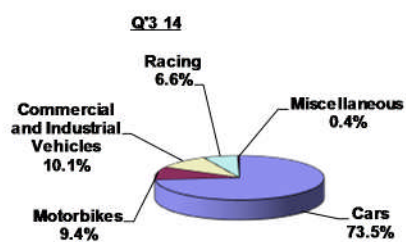
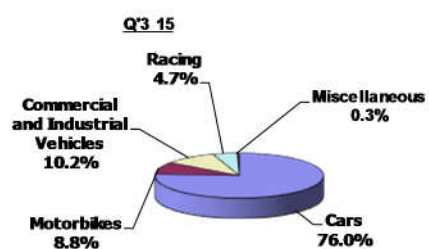
<i>(euro thousand)</i>	30.09.2015	%	30.09.2014	%	Change	%
<b>GEOGRAPHICAL AREA</b>						
Italy	188,376	12.2%	184,485	13.8%	3,891	2.1%
Germany	361,441	23.3%	322,191	24.0%	39,250	12.2%
France	62,723	4.0%	64,501	4.8%	(1,778)	-2.8%
United Kingdom	118,864	7.7%	106,261	7.9%	12,603	11.9%
Other EU countries	157,434	10.2%	140,211	10.5%	17,223	12.3%
India	38,456	2.5%	30,045	2.2%	8,411	28.0%
China	82,518	5.3%	65,188	4.9%	17,330	26.6%
Japan	24,425	1.6%	16,085	1.2%	8,340	51.8%
Other Asia Countries	7,690	0.5%	7,545	0.6%	145	1.9%
South America (Argentina and Brazil)	51,202	3.3%	60,220	4.5%	(9,018)	-15.0%
North America (US, Mexico & Canada)	445,829	28.8%	334,749	25.0%	111,080	33.2%
Other Countries	10,145	0.6%	8,777	0.6%	1,368	15.6%
<b>Total</b>	<b>1,549,103</b>	<b>100.0%</b>	<b>1,340,258</b>	<b>100.0%</b>	<b>208,845</b>	<b>15.6%</b>

### The incidence of the overall turnover

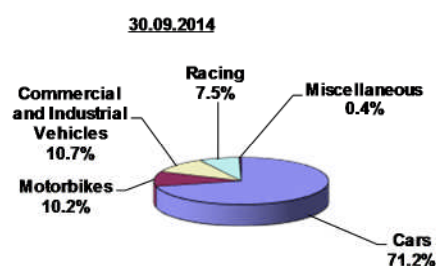
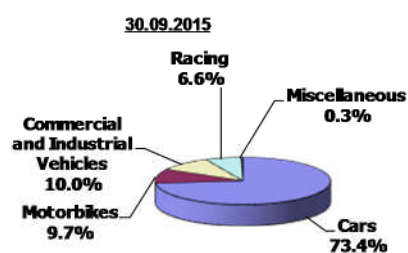


(euro thousand)

	Q3'15	%	Q3'14	%	Change	%
<b>APPLICATION</b>						
Cars	387,625	76.0%	322,473	73.5%	65,152	20.2%
Motorbikes	44,955	8.8%	41,120	9.4%	3,835	9.3%
Commercial and Industrial Vehicles	51,806	10.2%	44,470	10.1%	7,336	16.5%
Racing	24,088	4.7%	28,919	6.6%	(4,831)	-16.7%
Miscellaneous	1,727	0.3%	1,579	0.4%	148	9.4%
<b>Total</b>	<b>510,201</b>	<b>100.0%</b>	<b>438,561</b>	<b>100.0%</b>	<b>71,640</b>	<b>16.3%</b>



<i>(euro thousand)</i>	<b>30.09.2015</b>	<b>%</b>	<b>30.09.2014</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>APPLICATION</b>						
Cars	1,136,129	73.4%	954,556	71.2%	181,573	19.0%
Motorbikes	150,739	9.7%	136,251	10.2%	14,488	10.6%
Commercial and Industrial Vehicles	154,986	10.0%	143,709	10.7%	11,277	7.8%
Racing	102,293	6.6%	101,073	7.5%	1,220	1.2%
Miscellaneous	4,956	0.3%	4,669	0.4%	287	6.1%
<b>Total</b>	<b>1,549,103</b>	<b>100.0%</b>	<b>1,340,258</b>	<b>100.0%</b>	<b>208,845</b>	<b>15.6%</b>



## Foreseeable Evolution

Order book projections confirm that revenues and margins will show a good growth for the remainder of the year.

# Directors' Report on Operations and Significant Events

## Macroeconomic Context

In order to correctly assess Brembo's performance for the third quarter of 2015, the world macroeconomic scenario should be taken into consideration, specifically for the markets where the Group operates.

According to the projections published by the International Monetary Fund (IMF) in October, the global economic activity is expected to slow during the current year. Compared to July, the 2015 forecasts were revised only marginally downwards for advanced economies, but to a greater degree for emerging countries, especially due to a greater decline in GDP in Brazil and Russia. The uncertainty of the international macroeconomic scenario influenced the Federal Reserve's decision not to begin to raise its benchmark interest rates in September. The Eurozone economic scenario continues to be under close scrutiny: an additional cause for concern during this quarter was represented by the fraud committed by the German car maker Volkswagen, which affected stock market performance and the confidence climate in Germany, introducing a new element of uncertainty for European economies.

According to the IMF's latest estimates published in the World Economic Outlook Update in October 2015, the **Eurozone** is expected to rise by 1.5%, after closing 2014 with a 0.8% increase. It should be noted that IMF revised its estimates for Italy upwards by 0.1% compared to July estimates. Those for Russia were reviewed downwards, resulting in a new GDP estimate of -3.8% for this year, worsening by an additional 0.4% compared to the previous estimates. The manufacturing PMI (Purchasing Manager Index) for the Eurozone stood at 52.0 in September, slightly below the August rate of 52.3. This figure was driven by the performances of Ireland, the Netherlands and Italy. France resumed growth for the first time in the last three months, which means that Greece was the only country to show a decline.

According to the latest Eurostat data, in July industrial production grew by 0.3% in the Eurozone (EU 28) compared to June of the same year. On an annual basis, the index rose by 1.8%. With regard to the main Western European countries, a downtrend was reported in France (-0.8%) and the United Kingdom (-0.4%), whereas Germany, Italy and Spain grew slightly by +0.5%, +1.1% and +0.6%, respectively.

The Bank of Italy's October Economic Bulletin contains positive signs for Italy: economic activity has been expanding since the beginning of 2015, at an annualised rate of about 1.5%. The latest cyclical signs — including the gain in industrial production, the strengthening of household and business confidence and the rise in purchasing managers' indices — indicate that the expansion continued in the third quarter at about the same pace as in the first half of the year. The Confindustria Research Centre estimates that production increased by 0.7% in the third quarter of 2015 compared to the second quarter, when progress of 0.5% on the previous quarter was recorded. This was the fourth consecutive improvement (a cumulative +2.1% since the third quarter of 2014). The fourth quarter of this year began with a leap of +0.4%. In the Update to the 2015 Economic and Financial Document, presented on 18 September 2015, the Italian government raised its estimates of GDP growth for this year and, in the planning framework, for 2016 as well.

According to Eurostat, the seasonally adjusted unemployment rate in the Euro Area (EA 19) was stable compared to July 2015, at 11.0%, showing an improvement on the 11.5% recorded in August 2014. The same trend was also seen in the EU 28 countries in August (9.5%), marking a decrease compared to the same month of the previous year (10.1%). According to the Bank of Italy's estimates, the recovery of the national job market was consolidated in the summer months, with unemployment falling from 12.4% in the previous quarter to 12.0% in the current quarter. Average youth unemployment rate declined slightly in the July-August period to 40.5% — still a very high value, but the lowest of the past two years.

According to IMF's October 2015 estimates, in the **United States** GDP is expected to grow by 2.6% in 2015, after closing

2014 with a 2.4% increase. The figure was revised slightly upwards (+0.1%) compared to the estimates published in July, owing to GDP performance, which in the second quarter exceeded analysts' expectations, reaching an annualised rate of 3.9%. The most recent figures indicate that growth continued in the third quarter, although at a more moderate pace, driven by household consumption. According to the Federal Reserve, industrial production decreased by 0.2% in September, following on the slight 0.1% decline in August. Unemployment declined by 0.2% compared to July, reaching 5.1% in August.

In **Japan**, economic performance remained uneven: GDP contracted unexpectedly in the second quarter (-1.2%), reflecting a drop in both exports — particularly towards emerging economies — and consumption. According to the most recent estimates presented in the IMF's World Economic Outlook Update of October 2015, Japan is expected to achieve growth of 0.6%, after ending 2014 with a decline of 0.1%. It bears emphasising that the IMF revised its estimates for Japan downwards by 0.2% compared to the figures published in July, for both 2015 and 2016.

In the second quarter and subsequent months, the macroeconomic scenario in emerging economies was dominated by **China's** slowing growth. Its projected growth rate at year-end is positive (+6.8%), but still below the growth rate recorded for all of 2014 (7.3%). In the third quarter of the year, the Chinese economy grew at a rate of 6.9%, outperforming analysts' expectations by 0.2 percentage points and meeting the objectives set by the government as part of the process of transitioning towards a more balanced development model. According to China's National Bureau of Statistics, growth was driven by the newly emerged service sector, which offset a slight decline in the manufacturing and real-estate sectors. With the aim of supporting and stimulating the automotive sector, in September the Chinese government decided on a 5% cut of the automobile tax on vehicles with displacements less than or equal to 1.6 litres.

In its October estimates, the IMF forecasted a real recession for **Brazil** in 2015, with GDP declining by 3.0%, which is 1.5% below the estimates published in July. According to data distributed by the National Institute of Geography and Statistics (IBGE), the unemployment rate continued to increase in July, reaching the threshold of 7.5%. This is the highest level since year-start 2010.

With reference to commodities trends, in the third quarter of the year the average price of oil decreased compared to the previous quarter. According to the data published by the IMF, the arithmetic average of the prices of the three blends — West Texas Intermediate (WTI), Dubai and UK Brent — decreased to USD 48.8 per barrel, down 23.8% compared to the previous quarter. Overall, the average oil price continues to be low, even over 50% lower than that for the last quarter of 2014.

## Currency Markets

In the third quarter of 2015, the **U.S. dollar** fluctuated, first appreciating against the euro to 1.0852 on 20 July, to then fall back to 1.1506 (25 August). The closing rate was 1.1203, above the quarterly average rate (1.1117).

As for the currencies of the other main markets in which Brembo has its industrial and commercial operations, the **British pound** initially appreciated against the euro to reach 0.6963 on 5 August, then lost value, declining to 0.7391 on 29 September. The currency closed the quarter at 0.7385, depreciating compared to the period average (0.7172).

The **Polish zloty** opened at 4.1901 and then appreciated markedly to reach 4.1053 on 17 July. The trend then reversed, with the zloty depreciating against the euro. Despite some brief recoveries, the Polish currency closed the period at 4.2448, with a quarterly average of 4.1876.

The **Czech koruna**, which opened the quarter reaching 27.265 on 2 July, appreciated almost constantly against the euro

until August, reaching 27.021 on several occasions that same month (on 12, 17, 18, 21 and 31 August). The currency then began to depreciate against the euro in September, bringing closing the quarter at an exchange rate of 27.187, above the average for the period (27.0746).

The **Swedish krona** opened the quarter at 9.246 on 1 July, and then fluctuated between phases of appreciation and depreciation, reaching 9.6557 (26 August). At the end of the period under review, the currency recovered against the euro, closing at 9.4083, below the quarterly average of 9.4316.

In the Far East, the **Japanese yen** entered into a period of depreciation against the euro early in the quarter, reaching 138.7 (14 August). Near the end of the month, the currency then began to appreciate, bringing the currency to 132.82 on 4 September. Despite some value losses in September, the yen closed the quarter at 134.69, below the average for the period (135.9014).

The third quarter of 2015 was a significant period for the exchange rate between the **Chinese yuan/renminbi** and the euro. Until August, the currency remained at levels consistent with those of the previous periods, reaching 6.7378 (20 July). In August, following the depreciation decided on by the People's Bank of China, the yuan/renminbi declined markedly against the euro, reaching 7.3786 (25 August), after which it regained value to close at 7.1206. The quarterly average was 7.0096.

The **Indian rupee**, which on 16 July reached 69.0173, fluctuated until early August, after which it depreciated to 76.7681 (24 August). At the end of the quarter, the currency regained value against the euro to close at 73.4805, a value in excess of the period average of 72.2435.

In the Americas, the **Brazilian real** depreciated almost constantly against the euro from 3.4219 on 16 July to 4.7304 on 24 September. The closing rate was 4.4808, above the quarterly average rate of 3.9379.

The **Mexican peso** depreciated overall against the euro, culminating in a rate of 19.6875 on 24 August. The currency then appreciated, but did not reach the level of 17.1981, recorded on 16 July. The closing rate was 18.9768, above the quarterly average rate (18.2710).

Overall, the **Argentine peso** depreciated against the euro. After having reached 9.92384 at the beginning of the period considered (20 July), the currency depreciated to 10.7055 on 18 September, to close at 10.5482. The quarterly average was 10.2838.

Finally, the **Russian rouble** depreciated constantly, from 61.5175 on 1 July to 81.442 on 24 August. At the end of the quarter, the currency regained value to close at 73.2416, above the quarterly average of 70.4208.

## Operating Structure and Reference Markets

### Cars

In the third quarter of 2015, the global light vehicles market showed a 1.1% increase in sales, due primarily to the Chinese and U.S. markets and the recovery of Western European countries.

The latter market (EU15+EFTA) continued to show positive signs and closed the first nine months of 2015 with a +8.7%

increase in registrations compared to the same period of 2014. All the main markets contributed to growth and reported sales increases: Germany +5.5%, the United Kingdom +7.1%, France +6.3%, Italy +15.3%, and Spain +22.4%. The trend was also positive in Eastern Europe (EU12), with car registrations up by 10.4% compared to the first nine months of 2014.

In Russia, registrations of light vehicles continued to show the downtrend that started in 2013, closing the first nine months of 2015 with a 33.0% decrease in sales compared to the same period of the previous year, which also confirms the serious economic and political crisis currently experienced by the country.

In the United States, the first nine months of 2015 showed positive results. Overall, sales of light vehicles rose by 5.0% compared to the same period of 2014. By contrast, the downtrend that began last year in Brazil and Argentina continued, with the two markets showing an overall decrease in sales of 19.9% for the reporting period.

Among Asian markets, China closed the first nine months of 2015 with positive results in light vehicle sales, although its growth rate slowed down compared to prior years: +1.2% compared to the same period of 2014, once again confirming its position as the world's top market. By contrast, the Japanese market showed a negative trend with a -9.7% sales decrease for the nine-month period, partly due to the 50% rise in sales taxes introduced in April for the segment of minicars.

Within this scenario, Brembo reported €387,625 thousand in net sales of car applications in the third quarter of 2015, accounting for 76.0% of the Group's turnover, up by 20.2% compared to the same period of 2014.

## **Commercial and Industrial Vehicles**

In the third quarter of 2015, the European commercial vehicles market (EU28+EFTA), Brembo's reference market, showed a 11.5% increase in registrations.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) in Europe rose by 10.8% overall compared to the same period of 2014. France, which is the top market by volume, continued to report a downtrend, declining by 0.3%. All the other countries showed growth: +2.8% in Germany, +16.8% in the United Kingdom and +35.5% in Spain. In Italy, registrations rose by 9% compared to the same period of the previous year. In the Eastern European countries alone, this segment grew by +14.1% compared to the same period of 2014.

Similarly, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) improved in Europe in the first nine months of 2015, closing at +16.6% compared to the same period of the previous year. All the first five European markets by sales volume reported growth: +1.0% in Germany, +49.3% in Spain, +38.4% in the United Kingdom, and +20.4% in Italy. In Eastern Europe alone, sales of commercial vehicles over 3.5 tonnes rose by 25.1% compared to the same period of the previous year.

In the third quarter of 2015, Brembo's net sales of applications in this segment amounted to €51,806 thousand, up 16.5% compared to the same period of 2014.

## **Motorbikes**

In Europe, motorbike registrations grew by 8.4%. Sales increased in Spain (+22.3%), the United Kingdom (+15%),

Germany (+6.4%), and Italy (+9.4%), whereas they decreased in France (-0.9%). In Europe, motorbikes with displacement over 500cc, which are Brembo's target market, increased by 8.1%. In terms of segments, an excellent performance was reported by sport-touring motorbikes (+22.6%) and naked motorbikes, which rose by 19% in the reporting period. In parallel, the downtrend experienced over the past few years by hypersports bikes stopped, increasing compared to the previous year (+16.4%).

In the United States, registrations of motorbikes, scooters and ATVs (all-terrain vehicles, four-wheel vehicles for recreation and business) grew by 4.1% compared to the same period of 2014. ATVs increased by 1.7%, whereas motorbikes and scooters together rose by 5.1%, despite the decline in scooters alone by 11.1% compared to the same period of 2014.

The Japanese market, considering displacements over 50cc collectively, shrank by 4.7%, with a higher decline in particular for displacements between 125cc and 250cc (-11.7%) and over 250cc (-10.5%).

The overall Indian market (motorbikes + scooters) remained flat in the first nine months of 2015, with a 13.0% growth in scooter registrations and a 5.0% drop in motorbike registrations. Considering only vehicles with displacements over 125cc, registrations rose by 4.0% in the reporting period.

In September 2015, the Brazilian market witnessed a 11.4% reduction in registrations compared to the first nine months of the previous year.

Brembo's net sales of motorbike applications in the third quarter of 2015 amounted to €44,955 thousand, increasing by 9.3% compared to the same period of 2014.

## Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing, braking systems for race cars and motorbikes; AP Racing, braking systems and clutches for race cars; Marchesini, magnesium and aluminium wheels for racing motorbikes.

In the third quarter of 2015, Brembo's net sales of racing applications amounted to €24,088 thousand, down by 16.7% compared to the same period of 2014, also due to Sabelt S.p.A.'s exclusion from the consolidation area.

## Significant Events During the Quarter

On 28 September, Brembo S.p.A. signed an agreement to acquire a 66% stake in Asimco Meilian Braking System Co. Ltd., a Chinese company that owns a foundry and a plant for the manufacturing of cast-iron brake discs. This company supplies local car makers, mainly including joint ventures among Chinese firms and European and U.S. top players (the remaining 34% will be owned by the public company Langfang Assets Operation Co. Ltd). The closing of the transaction is expected to take place in the forthcoming months, upon completion of the authorisation process and receipt of the antitrust regulators' approval.

## Opt-out from the Obligations to Publish Disclosure Documents

The Company has adopted the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of the Rules for Issuers (Board's resolution dated 17 December 2012), thus opting out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

## Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 23 April 2015 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods;
- buying back own shares as a medium-/long-term investment.

The maximum number of shares that may be purchased is 1,600,000, that with the 1,747,000 own shares already held representing 2.616% of Brembo S.p.A.'s share capital, represents 5.01% of Brembo S.p.A.'s share capital. The minimum purchase price is €0.52 (fifty-two euro cents) and the maximum purchase price is €40.00 (forty euro), for a maximum expected outlay of €64,000,000. The authorisation to buy back own shares has a duration of 18 months from the date of the shareholders' resolution.

Brembo has neither bought nor sold own shares during the reporting quarter.

## Significant Events After 30 September 2015

No significant events occurred after the end of the third quarter of 2015 and until 12 November 2015.

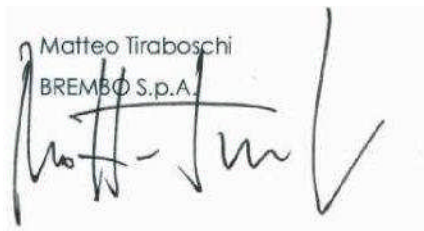
**Statement Pursuant to Article 154-bis, Paragraph 2, Part IV, Title III, Chapter II, Section V-bis, of Italian Legislative Decree No. 58 of 24 February 1998: “Consolidation Act on Financial Brokerage Pursuant to Articles 8 and 21 of Italian Law No. 52 of 6 February 1996”**

RE: Interim Report at 30 September 2015, approved on 12 November 2015.

I, the undersigned, Matteo Tiraboschi, the Manager in charge of the financial reports of BREMBO S.p.A. hereby

**DECLARE**

in accordance with the second paragraph of Article 154-bis, Part IV, Title III, Chapter II, Section V-*bis* of Italian Legislative Decree No. 58 of 24 February 1998, that to the best of my knowledge, the Interim Report at 30 September 2015 corresponds with the documented results, books and accounting records.



Matteo Tiraboschi  
BREMBO S.p.A.

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**BREMBO S.p.A.**

Registered offices: CURNO (Bergamo, Italy) - Via Brembo, 25

Share capital: € 34,727,914.00

Tax Code (VAT Code) - Bergamo Register of Companies No. 00222620163