BEING AT THE FOREFRONT, NEXT TO OUR CUSTOMERS

BREMBO
SIX MONTHLY
REPORT
2017

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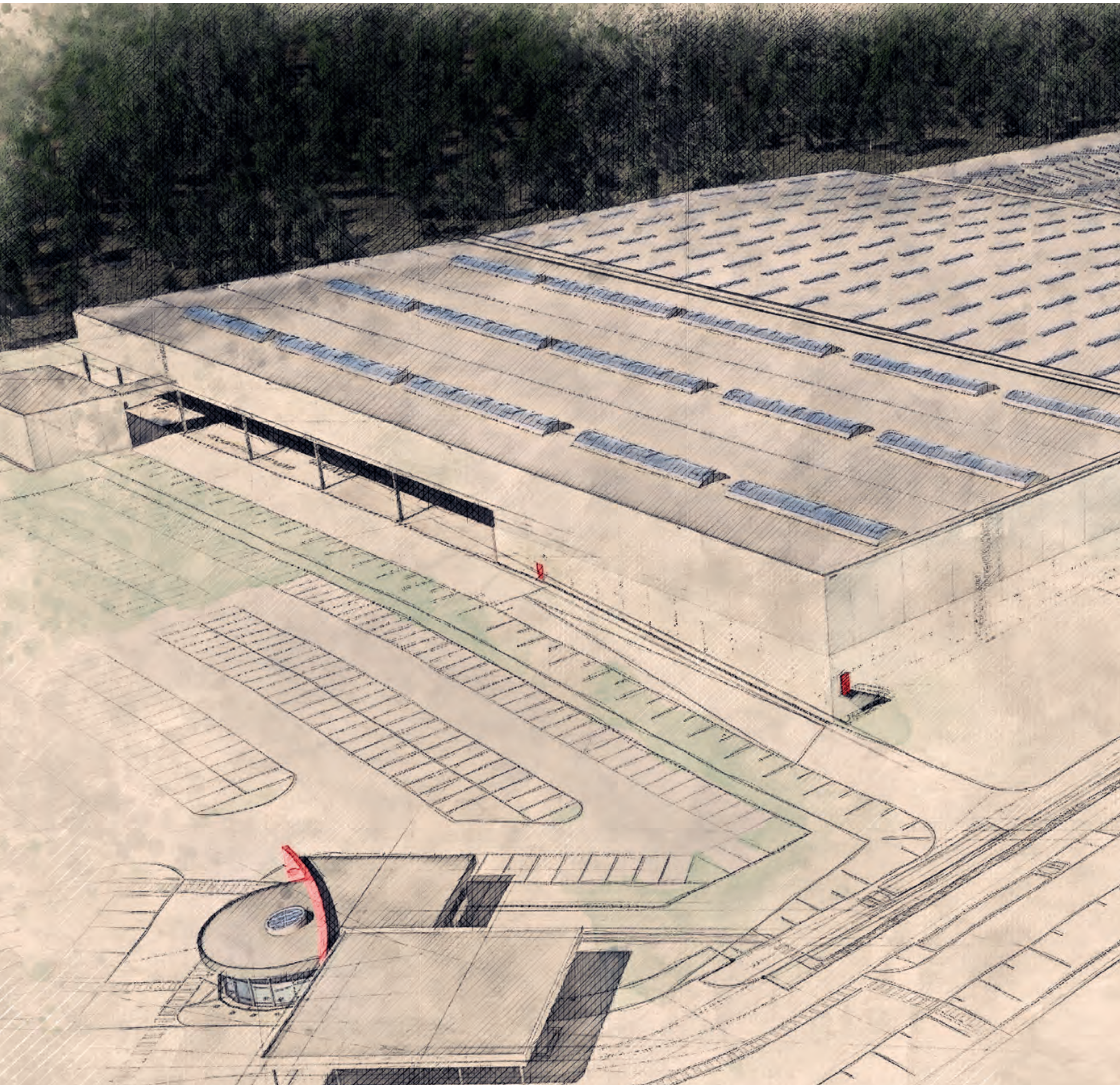
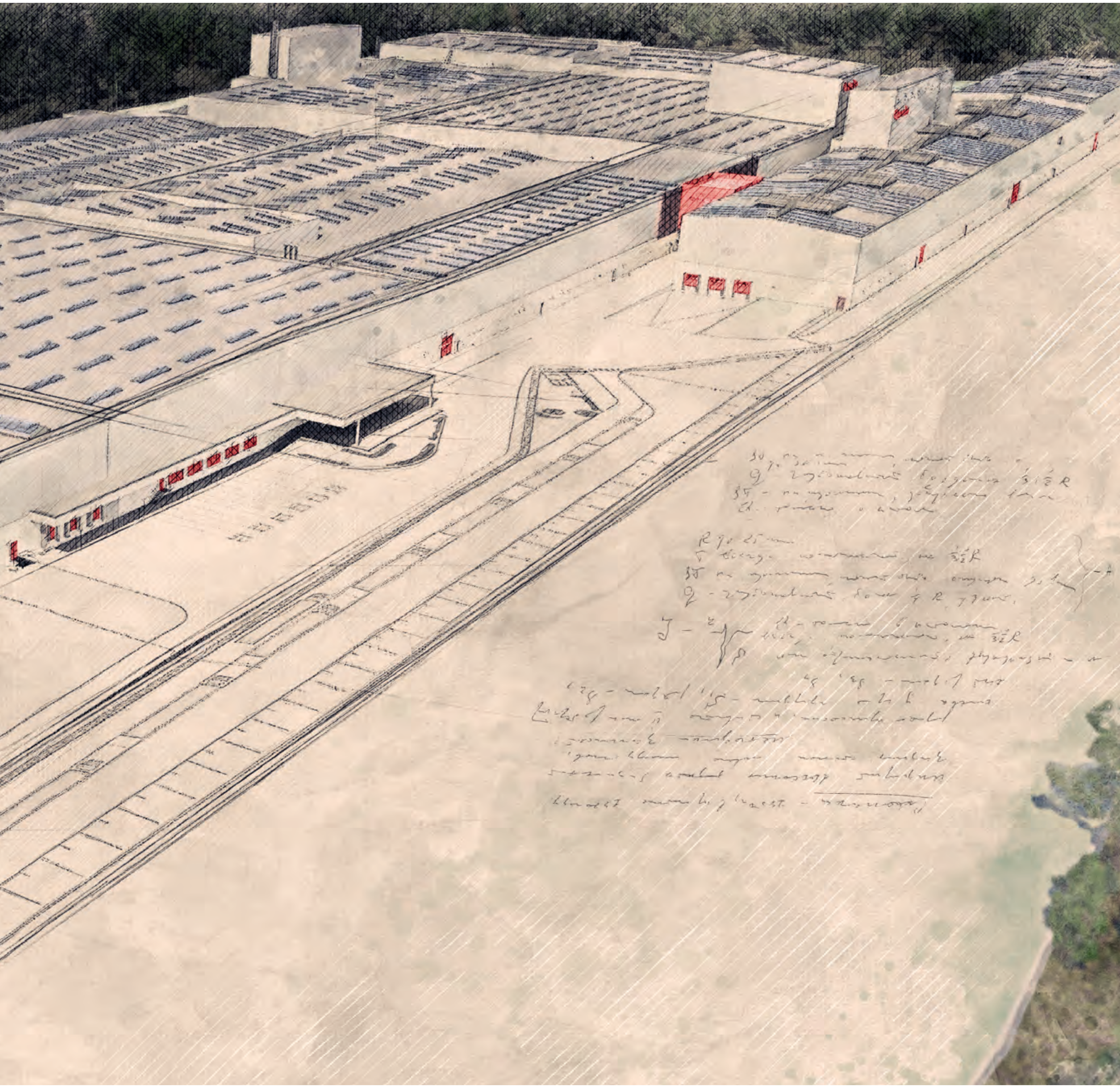




CONTENTS

COMPANY OFFICERS

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2017 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2017-2019, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2019.

COMPOSITION OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MAIN GOVERNANCE FUNCTIONS

BOARD OF DIRECTORS

Chairman	Alberto Bombassei (1) (9)
Executive Deputy Chairman	Matteo Tiraboschi (2) (9)
Chief Executive Officer and General Manager	Andrea Abbati Marescotti (3) (9)
Directors	Valerio Battista (5) (10) Cristina Bombassei (4) (9) Barbara Borra (5) Giovanni Canavotto (6) Laura Cioli (5) Nicoletta Giadrossi (5) (7) Umberto Nicodano (8) Gianfelice Rocca (5)

BOARD OF STATUTORY AUDITORS (11)

Chairwoman	Raffaella Pagani (7)
Acting Auditors	Alfredo Malguzzi Mario Tagliaferri
Alternate Auditors	Myriam Amato (7) Marco Salvatore

INDEPENDENT AUDITORS	EY S.p.A. (12)
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Matteo Tiraboschi (13)

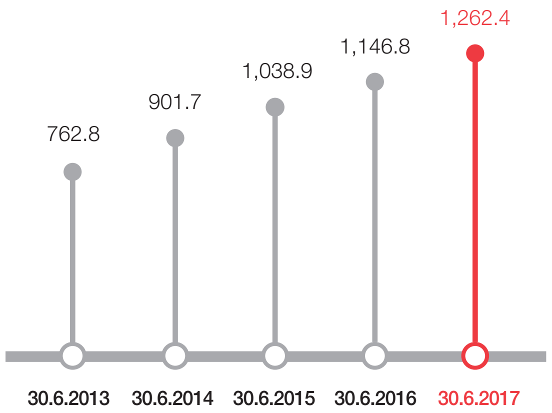
COMMITTEES

Control, Risks and Sustainability Committee (14)	Laura Cioli **(Chairwoman)** Barbara Borra Nicoletta Giadrossi
Remuneration & Appointments Committee	Barbara Borra **(Chairwoman)** Nicoletta Giadrossi Umberto Nicodano
Supervisory Committee	Alessandro De Nicola **(Chairman)** (15) Laura Cioli Alessandra Ramorino (16)

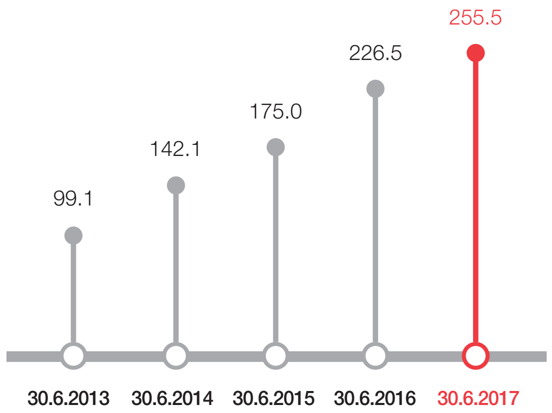
(1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
(3) The Board of Directors granted 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, as well as of CSR Officer.
(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) Executive Director also holding the position of General Manager of the Brembo's Systems Division.
(7) Candidate for the position of Director proposed by a group of minority shareholders and elected by the Shareholders' Meeting/Statutory Auditor elected from a minority list.
(8) Non-executive Director.
(9) Executive Directors.
(10) This Director also holds the position of Lead Independent Director.
(11) This Board holds the role of the Internal Control & Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.
(12) The Shareholders' Meeting held on 23 April 2013 assigned the mandate until the approval of the 2021 Financial Statements.
(13) Appointed by the Board of Directors on 20 April 2017. He also holds the position of Investor Relator.
(14) This Committee also acts as the Related Party Transactions Committee.
(15) Private practice lawyer - Senior Partner of Orrick Italian offices.
(16) Internal Audit Director of the Brembo Group.

SUMMARY OF GROUP RESULTS

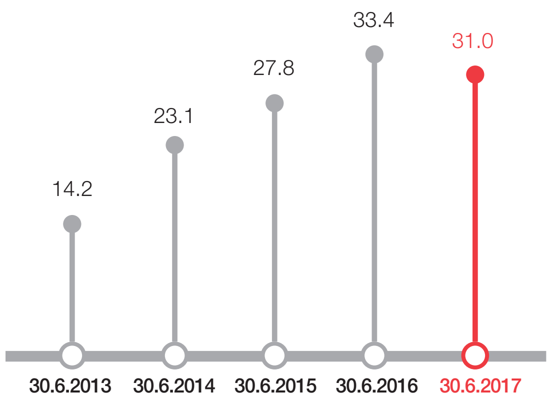
SALES OF GOODS AND SERVICES
(euro million)



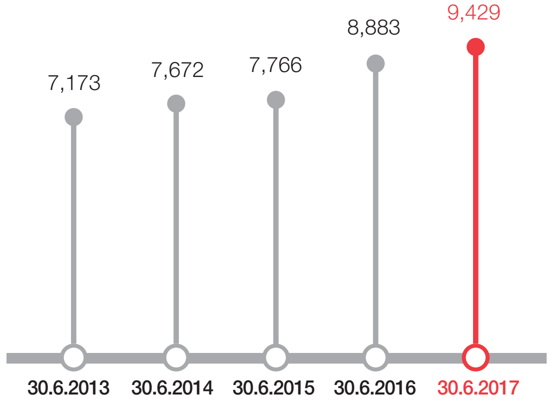
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF PERIOD
(No.)



Economic results

(euro thousand)	30.06.2013	30.06.2014	30.06.2015	30.06.2016	30.06.2017	% 2017/2016
Sales of goods and services	762,791	901,697	1,038,902	1,146,838	1,262,448	*10.1%*
Gross operating income	99,146	142,118	174,951	226,501	255,528	*12.8%*
% on sales	*13.0%*	*15.8%*	*16.8%*	*19.8%*	*20.2%*	
Net operating income	55,448	93,495	121,311	173,339	189,497	*9.3%*
% on sales	*7.3%*	*10.4%*	*11.7%*	*15.1%*	*15.0%*	
Result before taxes	46,956	86,982	117,844	166,018	186,477	*12.3%*
% on sales	*6.2%*	*9.6%*	*11.3%*	*14.5%*	*14.8%*	
Net result for the period	43,236	64,004	88,969	127,079	136,688	*7.6%*
% on sales	*5.7%*	*7.1%*	*8.6%*	*11.1%*	*10.8%*	

Financial results

(euro thousand)	30.06.2013	30.06.2014	30.06.2015	30.06.2016	30.06.2017	% 2017/2016
Net invested capital (1)	789,881	816,837	879,969	1,046,967	1,232,875	*17.8%*
Equity	392,993	462,218	596,609	756,064	943,055	*24.7%*
Net financial debt (1)	369,234	325,358	249,784	259,432	259,697	*0.1%*

Personnel and investments

(euro thousand)	30.06.2013	30.06.2014	30.06.2015	30.06.2016	30.06.2017	% 2017/2016
Personnel at end of period (No.)	7,173	7,672	7,766	8,883	9,429	*6.1%*
Turnover per employee	106.3	117.5	133.8	129.1	133.9	*3.7%*
Investments	72,429	61,068	64,051	115,573	164,167	*42.0%*

Main ratios

	30.06.2013	30.06.2014	30.06.2015	30.06.2016	30.06.2017
Net operating income/Sales	*7.3%*	*10.4%*	*11.7%*	*15.1%*	*15.0%*
Income before taxes/Sales	*6.2%*	*9.6%*	*11.3%*	*14.5%*	*14.8%*
Investments/Sales	*9.5%*	*6.8%*	*6.2%*	*10.1%*	*13.0%*
Net financial debt/Equity	*94.0%*	*70.4%*	*41.9%*	*34.3%*	*27.5%*
Net adjusted interest expense(*)/Sales	*0.9%*	*0.6%*	*0.7%*	*0.4%*	*0.3%*
Adjusted net interest expense (*)/Net operating income	*12.5%*	*6.2%*	*5.7%*	*2.6%*	*2.3%*
ROI (2)	*14.2%*	*23.1%*	*27.8%*	*33.4%*	*31.0%*
ROE (3)	*21.9%*	*27.9%*	*30.6%*	*34.0%*	*29.6%*

(1) A breakdown of these items is provided in the Statement of Financial Position included in this Directors' Report on Operations.
(2) Net operating income / Net invested capital x annualisation factor (days in the year/days in the reporting period).
(3) Net income (loss) before minority interests / Equity x annualisation factor (days in the year/days in the reporting period).

(*) This item does not include exchange gains and losses.

Directors' Report on Operations

BREMBO AND THE MARKET

Macroeconomic Context

In order to properly assess Brembo's performance for the first half of 2017 and its future prospects, the worldwide macroeconomic scenario should be taken into consideration, specifically for the markets where the Group operates.

According to the most recent estimates by the International Monetary Fund (IMF), published in the April 2017 World Economic Outlook, the global economy is currently growing and is expected to continue this trend, although some protectionist measures, combined with the normalisation of monetary policy by the Federal Reserve, could have an adverse impact on growth rates. Global gross domestic product (GDP) for 2017 has been revised slightly upwards to +3.5%, i.e., by 0.1 percentage points compared to the January estimates, whereas forecast growth for 2018 has remained unchanged at +3.6%. The IMF has confirmed its previous growth estimates for the United States (+2.3% in 2017 and +2.5% in 2018), which remain higher than the forecasts for the Eurozone (+1.7% in 2017 and +1.6% in 2018). Among the major Euro Area countries, the IMF economists expect Germany's GDP to increase by 1.6% in 2017 and by 1.5% in 2018, France's by 1.4% in 2017 and 1.6% in 2018, and Spain's by 2.6% and 2.1%, respectively.

"The **Eurozone** is having a strong second quarter, in keeping with GDP growth of 0.7%," commented Chris Williamson, Chief Business Economist at IHS Markit, who also added that "For the Eurozone there is a good outlook for the year — it looks like the upturn has legs. With numbers like these, people are going to start edging up their forecasts for 2017" The most recent Eurostat data indicate that industrial production in the Eurozone rose by 0.5% in April 2017, and a survey by Markit Economics found that production increased in May, in both the manufacturing and service sectors, with growth rates at six-year high. The national PMI figures prepared by IHS Markit indicate that the rapid growth rate of the Eurozone's economy was due above all to the improvements seen in its two most important countries: growth rates reached their highest levels of the past six years in both Germany (57.4 points) and France (56.9). In addition, employment improved considerably in both countries.

Turning to **Italy**, according to the IMF's forecasts, Italian GDP is expected to grow by +0.8% in 2017, less than the 1.1% target set by the Italian government in its two-year financial planning document (DEF). According to a study published by the Confindustria Research Centre, industrial production in Italy declined, both in April compared to March, and in the first quarter of the year compared to the fourth quarter of 2016. However, the same study also stated that activity could recover as early as the second half of 2017. In addition, according to ISTAT statistics, the unemployment rate fell to 11.1% in April, down by 0.4 percentage points over one month and by 0.6 points over one year, reaching its lowest level since September 2012. According to ISTAT, in May Italy's national consumer price index for society at large declined by 0.2% compared to the previous month.

With reference to the **United States**, the IMF confirmed its forecast that U.S. GDP would grow by 2.3% this year and by 2.5% in 2018. According to data released by the Federal Reserve, in May industrial production was flat compared to the previous month, falling short of analysts' expectations, which had called for an increase of 0.2%. May GDP growth of +1.1% was slightly higher than the previously announced rate of one percentage point. In any event, it was the best month since May 2010.

The **Japanese economy** continues to recover. According to the Ministry of the Economy and Industry, the overall activity index increased by 2.1% in April, thus exceeding the expectations of analysts, who had forecast an increase of 1.7%, following the decline of -0.7% recorded in March. The indicator, which represents the weighted average performance of the main sectors of economic activity, saw increases above all by the industrial sector (+7.3%), followed by construction (+4%) and, to a lesser extent, services (+1.2%).

The BRICs (Brazil, Russia, India and China) continue to grow, driven by the rapid progress recorded by China and India. According to the IMF's estimates, the **Indian economy** will grow by 7.2% in 2017 and by 7.7% in 2018, whereas growth in China will be +6.6% in 2017 and +6.2% in 2018. In May, the Caixin manufacturing PMI index fell below 50, a threshold that indicates recession, reaching 49.6 points from 50.3 in April and marking the first downturn in 11 months. Following on the decline of -0.2% in 2016, the Russian economy is expected to grow by 1.4% in 2017 and 2018, 0.3 and 0.2 percentage points above the January estimates.

Brazil is also recovering and is expected to emerge from recession and grow by 0.2% in 2017 and by 1.7% in 2018. According to the official data released by the Brazilian Institute of Geography and Statistics (IBGE), after two years of recession the Brazilian economy ended the first quarter of 2017 at +1% compared to the previous quarter.

Turning to commodities trends, the average price of oil increased gradually and significantly in the first quarter of the year, reaching over 50 dollars a barrel, after two consecutive years of decline. According to the data published by the IMF, the arithmetic mean of the prices of the three benchmarks Brent, Dubai and West Texas Intermediate (WTI) increased by 9.0% compared to the same period of 2016. By the end of 2017, prices are expected to increase by 28.9 percentage points.

Currency Markets

After opening the reporting period at 1.0385 (3 January), the **U.S. dollar** began to depreciate, climbing above the average rate for the period of 1.082523 (late March), to then loose further ground to the euro, fluctuating around 1.12 in May and June. The dollar then weakened still further to 1.1413 at the end of the half-year (29 June). At the end of the period, the currency stood at 1.1412, above the average rate for the period (1.082523).

Turning to the currencies of other Brembo's major markets of operation at the industrial and commercial level, the **pound sterling** depreciated at the start of the period in question — a trend that had continued since 23 June 2016, due to the reaction of the markets following the Brexit referendum. It regained value in February but then depreciated again in March. In April, the currency reversed direction, reaching 0.8343 (on 19 March), only to then depreciate once more. It climbed above the half-yearly average rate of 0.860059 starting in the second half of May, and then reached 0.88545 on 12 June. At the end of the period, the currency stood at 0.87933.

After opening the reporting period at 4.4123 on 2 January, the **Polish zloty** appreciated constantly to reach 4.1712 on 31 May. At the end of the period, the currency stood at 4.2259, below the average half-yearly rate (4.268466).

The **Czech koruna** remained at around 27 koruna to the euro until 5 April, when the Czech central bank decided to unpeg the koruna from the euro. The currency thus began to fluctuate freely on the market again, subject to the law of supply and demand, reaching a rate of 27.058. The effect of this unpegging was an appreciation of the Czech koruna against the euro to 26.147 on 13 June. At the end of the period, the currency stood at 26.197, below the half-yearly average rate (26.787058).

The **Swedish krona** opened the first half of the year by appreciating against the euro, reaching 9.4183 on 2 February, and then reversed the trend, depreciating gradually to 9.7953 on 7 June. At the end of the period, the currency stood at 9.6398, above the average rate for the period (9.595442).

In the Far East, the **Japanese yen** opened the reporting period by fluctuating between appreciation and depreciation against the euro, reaching 116.01 on 13 April. The currency then depreciated further, reaching values above the half-yearly average of 121.658695, after which it moved laterally until June, when it depreciated further to reach 128.59 (29 June). At the end of the period, the currency stood at 127.75.

The **Chinese yuan/renminbi** opened the quarter at 7.2285 (3 January), depreciating overall until early February, after which it appreciated and then lost ground to the euro again in March. This alternation continued until early May, after which depreciation consolidated, bringing the Chinese currency to 7.7457 (22 May). At the end of the period, the currency stood at 7.7385, above the half-yearly average rate (7.441741).

The **Indian rupee** began the half-year by losing ground to the euro, then appreciated constantly until April, when it reached 68.2915 (10 April). This period was followed by constant depreciation, starting in the second half of May, which brought the currency to a rate above the average for the period of 71.124381. Closing rate: 73.7445.

In the Americas, the **Brazilian real** opened the reporting period by alternating between periods of appreciation and losses against the euro, reaching 3.2402 on 16 February. The currency then depreciated gradually until mid-May, when the trend intensified, bringing it to a rate above the average for the period of 3.439292, and then to 3.7632 on 28 June. At the end of the period, the currency stood at 3.76.

The **Mexican peso** opened the reporting period by depreciating against the euro, reaching 23.4441 on 19 January. The currency then appreciated constantly, reaching 19.7586 on 10 April. The following period was characterised by depreciation, followed by a recovery of value in May and then a further appreciation towards the end of the reporting period. Closing rate: 20.5839, below the half-yearly average rate (21.027941).

The **Argentine peso** alternated between depreciation and recovery against the euro until April, when it reached 16.075238 (12 April). The currency then depreciated once again, reaching rates above the half-yearly average of 16.942443, and then 18.8851 at the end of the period (30 June).

The **Russian rouble** began the reporting period by depreciating against the euro and then regained ground in February, after which it moved laterally until April, when it appreciated again to reach 59.6596 (5 April). The following period was characterised by a constant depreciation that brought the Russian currency to 67.9014 on 28 June. At the end of the period, the currency stood at 67.5449, value above the half-yearly average rate (62.734877).

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles.

It currently operates in 15 countries on 3 continents, through its production and business sites, and employs over 9,000 people worldwide. Manufacturing plants are located in Italy, Poland (Czestochowa, Dabrowa Górnicza, Niepolomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Mexico (Apodaca and Escobedo), Brazil (Betim), Argentina (Buenos Aires), China (Nanjing, Langfang), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities.

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development — factors that have always been fundamental to Brembo's philosophy — have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for car and commercial vehicle applications includes brake discs, brake calipers, the side-wheel module and, increasingly often, the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. In addition to brake discs and brake calipers, motorbike manufacturers are also offered brake master cylinders, light-alloy wheels and complete braking systems.

In the car aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and reliable range of products allows the company to meet the needs of nearly all European vehicles.

In the first half of 2017, Brembo's consolidated net sales amounted to €1,262,448 thousand, up by 10.1% compared to €1,146,838 thousand for the same period of 2016.

Information on the performance of the Group's main application sectors and their related markets — as available to the company — is provided under the following headings.

Passenger Cars

During the first five months of 2017, the global market of light vehicles showed a 3.4% increase in sales, mainly thanks to the Western European and Chinese markets.

Western Europe (EU15+EFTA) closed the first five months of the year with a +4.3% increase in registrations compared to the same period of 2016. Four of the first five European markets contributed to the increase in sales (Germany +4.7%, France +3.3%, Italy +8.1% and Spain +7.3%), whereas UK sales saw a 0.6% decline. The trend was also positive in Eastern Europe (EU12), with a 15.9% increase in car registrations.

In Russia, registrations of light vehicles also started to show some positive signs: in the period from January to May 2017, sales rose by 5.1% compared to the same period of the previous year.

In the United States, the first five months of the year closed negatively, with an overall 2.1% decrease in sales of light vehicles compared to the same period of 2016. By contrast, Brazil and Argentina saw an upturn, closing the first five months with an overall 9.9% increase in sales.

In Asian markets, China closed the first five months of 2017 on a positive note with light vehicle sales up +2.5% compared to the same period of 2016, remaining the number-one market in the world. Japan also recorded a positive trend, closing the first five months of the year with an 8.4% rise in sales.

Within this scenario, Brembo reported €954,613 thousand in net sales of car applications in the first half of 2017, accounting for 75.6% of the Group's turnover, up by 11.6% compared to €855,668 thousand for the same period of 2016. On a like-for-like consolidation basis, excluding the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd., the change in net sales was 8.8%.

Motorbikes

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.

In Europe, the top markets in term of motorbike registrations are: Italy, Germany, France, Spain and the UK. In the first five months of the year, sales of motorbikes and scooters in Italy rose by +2.4% (+4.8% for motorbikes with displacements over 500cc alone) compared to the same period of 2016; the United Kingdom, Germany, France and Spain registered a generalised decline.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) declined by 6.5% in the first quarter of 2017 compared to the same period of 2016. ATVs alone decreased by 11.4%, whereas motorbikes and scooters together declined by 4.4%.

In the first five months of the year, the Japanese market, considering displacements over 50cc overall, reported a 5.4% increase, whilst motorbikes of more than 125cc rose by 26.7%.

The Indian market (motorbikes and scooters) in the first five months of 2017 grew by 3.0%, with scooters up by 10.0%, whereas motorbikes fell by 1.0% compared to the same period of the previous year.

In Brazil, the market continued to witness a very negative trend, with a 23.7% drop in registrations in the first five months of the year.

Brembo's net sales of motorbike applications in the first half of 2017 amounted to €126,382 thousand, increasing by 15.6% over the same period of 2016 (€109,293 thousand).

Commercial and Industrial Vehicles

In the first five months of 2017, the European commercial vehicles market (EU+EFTA), Brembo's reference market, showed an increase in registrations by 4.7% compared to the same period of 2016.

In detail, sales of light commercial vehicles (up to 3.5 tonnes) increased overall by 5.1% in Europe. Among the first five European markets by sales volume, a positive performance was reported by Italy (+5.1%), Germany (+5.2%), Spain (+18.2%) and France (+7.6%) compared to the same period of the previous year. Only the UK reported a decrease of 5.0% for the first five months of the year. In Eastern European countries, this segment grew by 3.5% compared to the same period of 2016.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) also rose in Europe closing the first five months of the year with +2.8% growth compared to the same period of 2016. Among the first five European markets by sales volume Italy stood out with a sharp growth of +25.8% over the same period of 2016, followed by the UK (+5.1%), France (+4.9%) and Germany (+1.1%); sales decreased in Spain (-3.4%). In Eastern Europe, sales of commercial vehicles over 3.5 tonnes fell by 1.9% compared to the same period of the previous year.

In the first half of 2017, Brembo's net sales of applications in this segment amounted to €114,295 thousand, down by 2.6% compared to the first half of 2016 (€117,405 thousand).

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 first half of 2017, Brembo's net sales of applications for this segment amounted to €67,016 thousand, up by 4.6% compared to €64,059 thousand for the first half of 2016.

SALES BREAKDOWN BY GEOGRAPHICAL AREA AND APPLICATION

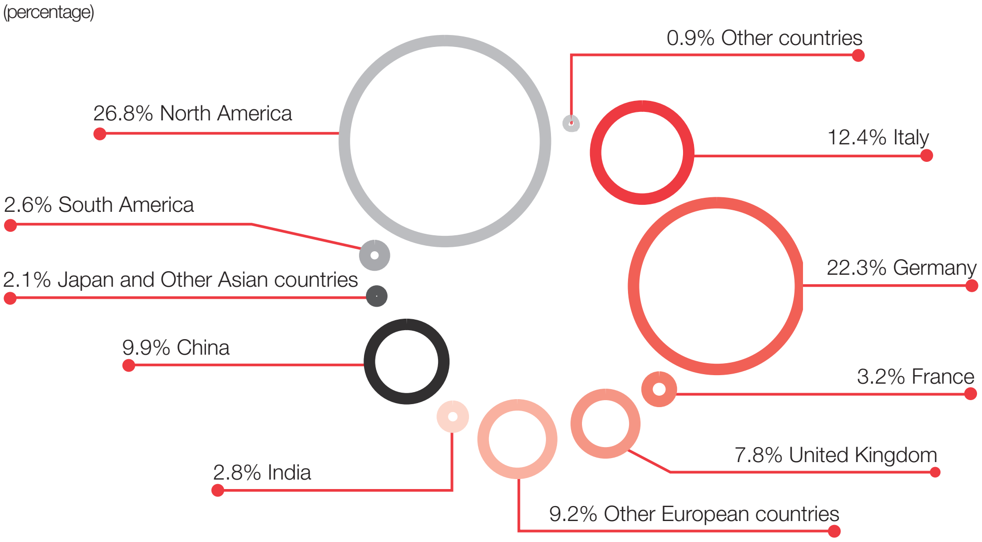
GEOGRAPHICAL AREA

(euro thousand)	30.06.2017	%	30.06.2016	%	Change	%
Italy	156,970	*12.4%*	135,748	*11.8%*	21,222	*15.6%*
Germany	281,176	*22.3%*	272,303	*23.7%*	8,873	*3.3%*
France	41,013	*3.2%*	47,196	*4.1%*	(6,183)	*-13.1%*
United Kingdom	98,696	*7.8%*	99,849	*8.7%*	(1,153)	*-1.2%*
Other European countries	115,534	*9.2%*	108,016	*9.4%*	7,518	*7.0%*
India	35,240	*2.8%*	26,764	*2.3%*	8,476	*31.7%*
China	125,358	*9.9%*	76,816	*6.7%*	48,542	*63.2%*
Japan	17,100	*1.4%*	19,109	*1.7%*	(2,009)	*-10.5%*
Other Asian countries	9,441	*0.7%*	6,688	*0.6%*	2,753	*41.2%*
South America (Argentina and Brazil)	33,153	*2.6%*	26,481	*2.3%*	6,672	*25.2%*
North America (USA, Mexico and Canada)	338,851	*26.8%*	319,695	*27.9%*	19,156	*6.0%*
Other countries	9,916	*0.9%*	8,173	*0.8%*	1,743	*21.3%*
Total	**1,262,448**	***100.0%***	**1,146,838**	***100.0%***	**115,610**	***10.1%***

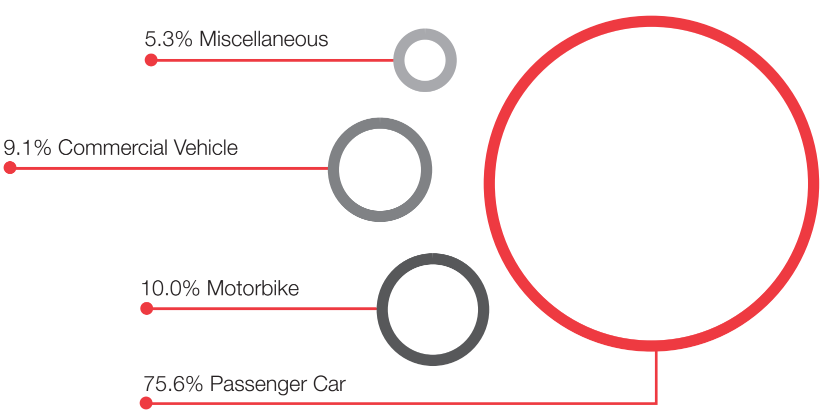
APPLICATION

(euro thousand)	30.06.2017	%	30.06.2016	%	Change	%
Passenger Car	954,613	*75.6%*	855,668	*74.6%*	98,945	*11.6%*
Motorbike	126,382	*10.0%*	109,293	*9.5%*	17,089	*15.6%*
Commercial Vehicle	114,295	*9.1%*	117,405	*10.2%*	(3,110)	*-2.6%*
Racing	67,016	*5.3%*	64,059	*5.7%*	2,957	*4.6%*
Miscellaneous	142	*0.0%*	413	*0.0%*	(271)	*-65.6%*
Total	**1,262,448**	***100.0%***	**1,146,838**	***100.0%***	**115,610**	***10.1%***

SALES BREAKDOWN BY GEOGRAPHICAL AREA
(percentage)



SALES BREAKDOWN BY APPLICATION
(percentage)



BREMBO’S CONSOLIDATED RESULTS

Statement of Income

(euro thousand)	30.06.2017	30.06.2016	Change	%
Sales of goods and services	**1,262,448**	**1,146,838**	**115,610**	**10.1%**
Cost of sales, operating costs and other net charges/income*	(797,311)	(734,018)	(63,293)	8.6%
Income (expense) from non-financial investments	6,157	5,887	270	4.6%
Personnel expenses	(215,766)	(192,206)	(23,560)	12.3%
GROSS OPERATING INCOME	**255,528**	**226,501**	**29,027**	**12.8%**
% on sales of goods and services	*20.2%*	*19.8%*		
Depreciation, amortisation and impairment losses	(66,031)	(53,162)	(12,869)	24.2%
NET OPERATING INCOME	**189,497**	**173,339**	**16,158**	**9.3%**
% on sales of goods and services	*15.0%*	*15.1%*		
Net interest income (expense) and interest income (expense) from investments	(3,020)	(7,321)	4,301	-58.7%
RESULT BEFORE TAXES	**186,477**	**166,018**	**20,459**	**12.3%**
% on sales of goods and services	*14.8%*	*14.5%*		
Taxes	(47,962)	(38,550)	(9,412)	24.4%
RESULT BEFORE MINORITY INTERESTS	**138,515**	**127,468**	**11,047**	**8.7%**
% on sales of goods and services	*11.0%*	*11.1%*		
Minority interests	(1,827)	(389)	(1,438)	369.7%
NET RESULT	**136,688**	**127,079**	**9,609**	**7.6%**
% on sales of goods and services	*10.8%*	*11.1%*		
Basic and diluted earnings per share (euro)	**0.42**	**0.39****		

* The item is obtained by adding the following items of the consolidated income statement: “Other revenues and income”, “Costs for capitalised internal works”, “Raw materials, consumables and goods” and “Other operating costs”.
** Restated following the stock split on 29 May 2017.

Confirming the sales uptrend also for the first half of 2017, the Group recorded a very positive sales performance. Net sales at 30 June 2017 amounted to €1,262,448 thousand, up by 10.1% compared to the same period of 2016. On a like-for-like consolidation basis, excluding the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd., consolidated as of 1 May 2016, the Group’s net sales rose by 8.0%.

Nearly all applications contributed to revenue growth. The car applications sector, which accounted for about 75% of the Group’s revenues, rose by 11.6% in the first half of the year; excluding the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd. the increase was just +8.8%. The motorbike sector showed a very good performance (+15.6%), followed by the racing sector (+4.6%), whereas applications for commercial vehicles declined by 2.6%.

At geographical level, Germany — Brembo's second reference market accounting for 22.3% of sales — rose by 3.3% compared to the first half of 2016. Among the other European countries, Italy stood out with a +15.6% growth, whereas a decline was seen in France (-13.1%) and the UK (-1.2%). In North America (USA, Mexico and Canada) — Brembo's top market with 26.8% of sales — the results for the first half of the year were positive (+6.0%). Similarly, revenues increased also in South America (+25.2%), thus confirming the signs of market recovery that had started to emerge in late 2016. In the Far East, Brembo's growth was particularly high in China (+63.2%), also thanks to the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd. (on a like-for-like consolidation basis the growth was 36.8%). The results in India were also positive (+31.7%), whilst the Japanese market declined by 10.5%.

During the first six months of 2017, the **cost of sales and other net operating costs** amounted to €797,311 thousand, with a ratio of 63.2% to sales, slightly down compared to 64.0% for the first half of 2016. Within this item, development costs capitalised as intangible assets amounted to €12,928 thousand, compared to €8,292 thousand for the first half of 2016.

Income (expense) from non-financial investments amounted to €6,157 thousand and are attributable to the effects of valuing the investment in the BSCCB Group using the equity method (€5,887 thousand in the first half of 2016).

Personnel expenses amounted to €215,766 thousand, with a ratio to sales of 17.1%, increasing slightly compared to that of the first half of the previous year (16.8%). At 30 June 2017, the workforce numbered 9,429 (9,042 at 31 December 2016 and 8,883 at 30 June 2016).

Gross operating income for the first half of the year was €255,528 thousand compared to €226,501 thousand in the first half of 2016, with a ratio to sales of 20.2% (19.8% in the same period of 2016).

Net operating income amounted to €189,497 thousand (15.0% of sales), compared to €173,339 thousand (15.1% of sales) for the first half of 2016, after depreciation, amortisation and impairment losses of €66,031 thousand, compared to €53,162 thousand in the same period of 2016.

Net interest expense amounted to €3,146 thousand (€7,347 thousand in the first half of 2016) and consisted of net exchange rate gains of €1,129 thousand (net exchange losses of €2,768 thousand in the first half of 2016) and interest expense of €4,275 thousand (€4,579 thousand for the first half of 2016).

Net interest income from investments, which amounted to €126 thousand (€26 thousand in the first half of 2016), was attributable to the effects of valuing investments in associates using the equity method.

Result before taxes was positive at €186,477 thousand, compared to €166,018 thousand in the first half of 2016. Estimated taxation, calculated according to the tax rates provided for the year in current legislation, amounted to €47,962 thousand, with a tax rate of 25.7%, compared to 23.2% for the first half of the previous year.

The **Group's net result** for the first half of 2017 amounted to €136,688 thousand, up by 7.6% compared to €127,079 thousand in the first half of 2016.

Statement of Financial Position

(euro thousand)	30.06.2017	31.12.2016	Change
Property, plant and equipment	820,001	746,932	73,069
Intangible assets	191,639	190,263	1,376
Net financial assets	34,032	33,856	176
Other receivables and non-current liabilities	57,947	53,832	4,115
(a) Fixed capital	*1,103,619*	*1,024,883*	*78,736*
			7.7%
Inventories	309,574	283,191	26,383
Trade receivables	423,532	357,392	66,140
Other receivables and current assets	50,895	43,830	7,065
Current liabilities	(584,383)	(542,767)	(41,616)
Provisions / deferred taxes	(70,362)	(55,836)	(14,526)
(b) Net working capital	*129,256*	*85,810*	*43,446*
			50.6%
(c) NET INVESTED CAPITAL (a)+(b)	**1,232,875**	**1,110,693**	**122,182**
			11.0%
(d) Equity	*943,055*	*882,310*	*60,745*
(e) Employees' leaving entitlement and other personnel provisions	*30,123*	*32,706*	*(2,583)*
Medium/long-term financial debt	347,953	215,904	132,049
Short-term net financial debt	(88,256)	(20,227)	(68,029)
(f) Net financial debt	*259,697*	*195,677*	*64,020*
			32.7%
(g) COVERAGE (d)+(e)+(f)	**1,232,875**	**1,110,693**	**122,182**
			11.0%

The Group's Statement of Financial Position reflects reclassifications of consolidated accounting statements, as described in the following pages. In detail:

- "Net financial assets" include the following items: "Shareholdings" and "Other financial assets";
- the item "Other receivables and non-current liabilities" is made up of the following items: "Receivables and other non-current assets", "Deferred tax assets", "Other non-current liabilities";
- "Net financial debt" includes current and non-current payables to banks and other financial liabilities, net of cash and cash equivalents and current financial assets.

Net invested capital at the end of the period amounted to €1,232,875 thousand, up by €122,182 thousand compared to 31 December 2016, when it amounted to €1,110,693 thousand. **Net financial debt** at 30 June 2017 was €259,697 thousand, compared to €195,677 thousand at 31 December 2016.

Net financial debt increased by €64,020 thousand during the period under review, mainly due to the following factors:

- the positive effect of gross operating income of €255,528 thousand, with a €83,090 thousand decrease in working capital;
- net investments in property, plant, equipment and intangible assets totalling €161,497 thousand;
- the Parent's payment in May of the approved dividends in the amount of €65,038 thousand;
- payment of taxes totalling €35,392 thousand;
- dividends received by the associate BSCCB S.p.A. amounting to €6,000 thousand.

Detailed information about the financial position and its assets and liabilities items can be found in the Explanatory Notes to the condensed Consolidated Six Monthly Report.

Statement of Cash Flows

(euro thousand)	30.06.2017	30.06.2016
Net financial position at beginning of period (*)	**(195,677)**	**(160,688)**
Net operating income	**189,497**	**173,339**
Depreciation, amortisation and impairment losses	66,031	53,162
Gross operating income	**255,528**	**226,501**
Investments in property, plant and equipment	(145,194)	(102,232)
Investments in intangible assets	(18,973)	(13,341)
Disposals	2,670	2,362
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the relevant net financial position	0	(72,005)
Net investments	**(161,497)**	**(185,216)**
Change in inventories	(31,900)	(25,106)
Change in trade receivables	(65,793)	(65,457)
Change in trade payables	33,624	55,800
Change in other liabilities	2,319	(15,251)
Change in receivables from others and other assets	(15,407)	1,623
Translation reserve not allocated to specific items	(5,933)	(1,403)
Change in working capital	**(83,090)**	**(49,794)**
Change in provisions for employee benefits and other provisions	18,692	14,972
Operating cash flows	**29,633**	**6,463**
Interest income and expense	(2,834)	(6,961)
Current taxes paid	(35,392)	(37,036)
Interest (income)/expense from investments, net of dividends received	(117)	(2,887)
Dividends paid in the period	(65,038)	(52,030)
Net cash flows	**(73,748)**	**(92,451)**
Effect of translation differences on net financial position	9,728	(6,293)
Net financial position at end of period (*)	**(259,697)**	**(259,432)**

(*) See Note 13 of the Explanatory Notes of the Consolidated Financial Statements for a reconciliation with financial statements data.

Alternative Performance Measures

Brembo's Directors have identified some alternative performance measures ("APMs") in the previous paragraphs, in order to provide a better understanding of the Brembo Group's operating and financial performance. These indicators are also tools that help the Directors to identify operating trends and take decisions about investments, allocation of resources and other operating decisions.

The following points enable a correct interpretation of the above-mentioned APMs:

1. these indicators are constructed starting from the Group's historical data only and are not indicative of the Group's future performance;
2. the APMs are not laid down by the IFRS and are not subject to audit, although they are taken from the Group's Consolidated Financial Statements;
3. the APMs must not be considered to replace the indicators provided for by the IFRS;
4. the APMs are to be read together with the Group's financial information, taken from the Brembo Group's Consolidated Financial Statements;
5. the definitions used by the Group may not match those adopted by other companies/groups, therefore they are not comparable, since they are not derived from reference accounting standards;
6. the APMs used by the Group are applied on an ongoing basis and are consistently defined and represented for all the periods for which financial information is included in these Financial Statements.

The APMs indicated below have been selected and represented in the Report on Operations since the Group maintains that:

– Net Financial Debt, combined with other indicators such as Investments/Sales, Net Financial Debt/ Equity, Net interest expense (less exchange gains or losses)/Sales and Net interest expense (less exchange gains or losses)/Net operating income, allow a better assessment of the overall level of debt, capital solidity and debt payment capacity;

– Net Working Capital, Fixed Capital and Net Invested Capital allow a better assessment of both the ability to meet short-term trade commitments through current trade assets, and the consistency between the structure of the use and that of the sources of financing over time;

– Gross Operating Income (EBITDA) and Net Operating Income (EBIT), combined with other relative profitability indicators, allow changes in operating performance to be illustrated and provide useful information on the Group's capacity to sustain debt; these indicators are also commonly used by analysts and investors in the sector to which the Group belongs, to evaluate company performance.

BREMBO STRUCTURE

BREMBO S.P.A.

- 100% **AP RACING LTD.** Coventry, UK
- 100% **BREMBO CZECH S.R.O.** Ostrava-Hrabová, Czech Republic
- 100% **BREMBO DEUTSCHLAND GMBH** Leinfelden-Echterdingen - Germany
- 100% **BREMBO POLAND SPOLKA ZO.O.** Dabrowa Gornicza - Poland
- 100% **BREMBO SCANDINAVIA A.B.** Göteborg, Sweden
- 100% **BREMBO RUSSIA LLC.** Moscow, Russia
- 100% **LA.CAM (LAVORAZIONI CAMUNE) S.R.L.** Stezzano - Italy
- 68% **CORPORACION UPWARDS 98 S.A.** Zaragoza - Spain
- 50% **BREMBO SGL CARBON CERAMIC BRAKES S.P.A.** Stezzano - Italy
  - 100% **BREMBO SGL CARBON CERAMIC BRAKES GMBH** Meitingen - Germany
- 30% **INNOVA TECNOLOGIE S.R.L. in liquidazione** Almenno San Bartolomeo - Italy
- 20% **PETROCERAMICS S.P.A.** Milan, Italy
- 10% **INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.** Levallois Perret - France
- 2.8% **E-NOVIA S.P.A.** Milan, Italy
- 100% **BREMBO JAPAN CO. LTD.** Tokyo, Japan
- 100% **BREMBO NANJING FOUNDRY CO. LTD.** Nanjing - China
- 100% **QINGDAO BREMBO TRADING CO. LTD.** Qingdao - China
- 100% **BREMBO NANJING BRAKE SYSTEMS CO. LTD.** Nanjing - China
- 99.99% **BREMBO BRAKE INDIA PVT. LTD.** Pune - India
- 60% **BREMBO (NANJING) AUTOMOBILE COMPONENTS CO. LTD.** Nanjing - China (40%)
- 66% **ASIMCO MEILIAN BRAKING SYSTEMS (LANGFANG) CO. LTD.** Langfang - China
- 1.20% **FUJI CO.** Shizuoka, Japan
- 100% **BREMBO NORTH AMERICA INC.** Wilmington, Delaware - USA
  - 51% **BREMBO MEXICO S.A. DE C.V.** Apodaca - Mexico
- 49% **BREMBO MEXICO S.A. DE C.V.** Apodaca - Mexico
- 99.99% **BREMBO DO BRASIL LTDA.** Betim, Brazil
  - 1.38% **BREMBO ARGENTINA S.A.** Buenos Aires - Argentina
- 98.62% **BREMBO ARGENTINA S.A.** Buenos Aires - Argentina

PERFORMANCE OF BREMBO COMPANIES

The following figures were taken from the accounting situations and/or draft financial statements prepared by the companies in accordance with IAS/IFRS and approved by the respective Boards of Directors.

BREMBO S.P.A.

CURNO (ITALY)

Activities: analysis, design, development, application, production, assembly and sale of braking systems, light alloy castings for various sectors, including the car and motorbike industries.

The first half of 2017 closed with sales of goods and services of €474,463 thousand compared to €433,665 thousand in the first half of 2016. The item "Other revenues and income" amounted to €22,058 thousand compared to €17,011 thousand for the same period of 2016, whereas capitalised development costs for the period rose compared to the first half of 2016 reaching €10,869 thousand.

Gross operating income amounted to €86,518 thousand (18.2% of sales) compared to €63,522 thousand (14.6% of sales) in the first half of 2016, whereas net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €19,354 thousand, closed at €67,164 thousand compared to €46,547 thousand for the same period of the previous year.

Net interest expense from financing activities amounted to €1,770 thousand, compared to €404 thousand for the first half of 2016. Income from investments amounted to €50,718 thousand and was attributable to the distribution of dividends by some subsidiaries (Brembo Poland Spolka Zo.o., Brembo Scandinavia A.B., Ap Racing Ltd. and BSCCB GmbH). In addition, a provision for current taxes and deferred tax assets and liabilities was made in the amount of €21,039 thousand.

In the reporting period, net income amounted to 95,073 thousand, compared to €106,434 thousand for the first half of 2016.

At 30 June 2017, the workforce numbered 3,053, increasing by 27 compared to 3,026 at the end of the first half of 2016.

Companies Consolidated on a Line-by-Line Basis

AP RACING LTD.

COVENTRY (UNITED KINGDOM)

Activities: production and sale of braking systems and clutches for road and racing vehicles.

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes.

The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main F1, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.

Net sales in the first half of 2017 amounted to GBP 26,870 thousand (€31,242 thousand), compared to GBP 23,384 thousand (€30,037 thousand) in the first half of 2016. In the reporting period, net income amounted to GBP 2,864 thousand (€3,330 thousand) compared to GBP 3,214 thousand (€4,129 thousand) for the same period of 2016.

At 30 June 2017, the workforce numbered 139, nine more than at the end of June 2016.

ASIMCO MEILIAN BRAKING SYSTEMS (LANGFANG) CO. LTD.
LANGFANG (CHINA)

Activities: casting, production and sale of brake discs for the original equipment market.

On 19 May 2016, Brembo S.p.A. signed an agreement to acquire a 66% stake in Asimco Meilian Braking Systems (Langfang) 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 manufacturers, mainly including joint ventures among Chinese firms and European and U.S. top players. Under the agreement, the remaining 34% of the share capital continued to be owned by the public company Langfang Assets Operation Co. Ltd., controlled by the Municipality of Langfang. The consideration for the transaction amounted to CNY 580,060 thousand (approximately €79.6 million).

For the first half of 2017, net sales were CNY 265,982 thousand (€35,742 thousand) and net income amounted to CNY 37,920 thousand (€5,096 thousand).

At 30 June 2017, the workforce numbered 677.

BREMBO ARGENTINA S.A.
BUENOS AIRES (ARGENTINA)

Activities: production and sale of car brake discs for the original equipment market.

In 2011, Brembo S.p.A. acquired a 75% stake in the company based in Buenos Aires. Under the agreement, Brembo exercised an option right on the remaining 25% in 2013; therefore, the company is currently fully owned by the Brembo Group.

Net sales for the period amounted to ARS 179,444 thousand (€10,591 thousand), with a net loss of ARS 22,369 thousand (€1,320 thousand); in the first half of 2016 it reported net sales of ARS 146,474 thousand (€9,161 thousand) and a net loss of ARS 17,556 thousand (€1,098 thousand).

The workforce numbered 110 at 30 June 2017, 13 fewer than at 30 June 2016.

BREMBO BRAKE INDIA PVT. LTD.
PUNE (INDIA)

Activities: development, production and sale of braking systems for motorbikes.

The company is based in Pune, India, and was originally set up in 2006 as a joint venture held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. Since 2008, the company has been wholly owned by Brembo S.p.A.

In the first half of 2017, net sales amounted to INR 2,864,238 thousand (€40,271 thousand), with net income of INR 239,215 thousand (€3,363 thousand). Net sales for the same period of 2016 were INR 2,306,908 thousand (€30,768 thousand), with net income of INR 196,172 thousand (€2,616 thousand).

The workforce numbered 290 at 30 June 2017, compared to 259 at the end of the first half of 2016.

BREMBO CZECH S.R.O.
OSTRAVA-HRABOVÁ (CZECH REPUBLIC)

Activities: casting, production and sale of braking systems for cars.

The company was formed in 2009 and started its production activity in 2011. It carries out the casting, processing and assembly of brake calipers and other aluminium components.

In the first half of 2017, net sales amounted to CZK 3,770,550 thousand (€140,760 thousand) compared to CZK 3,932,922 thousand (€145,451 thousand) in the first half of 2016. Net income for the reporting period was CZK 171,686 thousand (€6,409 thousand) compared to a net income of CZK 296,885 thousand (€10,980 thousand) for the first half of 2016.

The workforce numbered 941 at 30 June 2017, increasing by 47 compared to the same period of 2016.

BREMBO DEUTSCHLAND GMBH

LEINFELDEN – ECHTERDINGEN (GERMANY)

Activities: purchase and resale of vehicles, technical and sales services, promotion of the sale of car brake discs.

The company, which is 100% owned by Brembo S.p.A., was formed in 2007. It specialises in buying cars for tests and encouraging and simplifying communications between Brembo and its German customers in the various phases of project planning and management. It also promotes the sale of brake discs for the car aftermarket only.

At 30 June 2017, net sales amounted to €1,024 thousand (€970 thousand for the first half of 2016), with a net income of €341 thousand, compared to €288 thousand in the first half of 2016.

Its workforce numbered eight.

BREMBO DO BRASIL LTDA.

BETIM (BRAZIL)

Activities: production and sale of car brake discs for the original equipment market.

The company is headquartered in Betim, Minas Gerais, and specialises in the manufacturing and sales of car brake discs in the South American OEM market.

Net sales for the first half of 2017 amounted to BRL 73,513 thousand (€21,374 thousand) and net loss to BRL 7,275 thousand (€2,115 thousand). In the first half of 2016, net sales amounted to BRL 68,551 thousand (€16,578 thousand), with a net loss of BRL 17,389 thousand (€4,205 thousand).

The workforce at 30 June 2017 numbered 234, compared to 247 at the same date of the previous year.

BREMBO JAPAN CO. LTD.

TOKYO (JAPAN)

Activities: sale of braking systems for the racing sector and original equipment for cars.

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it provides primary technical support to the OEM customers in the area. It also renders services to the other companies in the Brembo Group operating in Japan.

Net sales for the first half of 2017 amounted to JPY 303,583 thousand (€2,495 thousand), down compared to JPY 317,145 thousand for the first half of 2016 (€2,547 thousand). Net income for the reporting period was JPY 43,620 thousand (€359 thousand), compared to JPY 37,127 thousand in the first half of 2016 (€298 thousand).

The workforce numbered 16 at 30 June 2017, down compared to 18 for the first half of 2016.

BREMBO MÉXICO S.A. DE C.V.

APODACA (MEXICO)

Activities: production and sale of car brake discs for original equipment and the aftermarket; casting, production and sale of braking systems for cars and commercial vehicles.

As a result of the merger with Brembo México Apodaca S.A. de C.V. in 2010, the company is now 51% owned by Brembo North America Inc. and 49% owned by Brembo S.p.A.

In the first half of 2017, net sales amounted to USD 75,777 thousand (€70,000 thousand), with net income for the period totalling USD 4,458 thousand (€4,118 thousand). In the first half of 2016, net sales amounted to USD 60,176 thousand (€53,944 thousand), with net income for the period totalling USD 2,935 thousand (€2,631 thousand).

The workforce numbered 611 at 30 June 2017, increasing compared to 442 for the same period of the previous year.

BREMBO (NANJING) AUTOMOTIVE COMPONENTS CO. LTD.

NANJING (CHINA)

Activities: casting, processing and assembly of braking systems for cars and commercial vehicles.

The company, which is 60% owned by Brembo S.p.A. and 40% owned by Brembo Brake India Pvt. Ltd., was set up in April 2016 and, once fully operational, will carry out casting, processing and assembly of braking systems for cars and commercial vehicles.

In fact, Brembo is building a new aluminium caliper production complex in Nanjing, close to the existing plant. The new production hub, which will cover an area of about 40 thousand square metres, will have a casting capacity of more than 15 thousand tonnes and a production capacity of more than 2 million pieces a year, including calipers and spindles, and will be cutting-edge in terms of process integration and automation.

The company has not yet recorded any revenues and closed with a net loss of CNY 7,954 thousand (€1,069 thousand).

At 30 June 2017, the workforce numbered 77.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.

NANJING (CHINA)

Activities: development, production and sale of car brake discs for original equipment and braking systems for cars and commercial vehicles.

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. Brembo Group acquired control over the company in 2008. In 2013, Brembo Group acquired full control from the Chinese partner Donghua Automotive Industrial Co. Ltd.

At 30 June 2017, net sales amounted to CNY 605,310 thousand (€81,340 thousand) and net loss was CNY 9,124 thousand (€1,226 thousand); in the first half of 2016 net sales amounted to CNY 441,287 thousand (€60,503 thousand) and net loss was CNY 2,270 thousand (€311 thousand).

The workforce numbered 339 at 30 June 2017, increasing by 21 compared to the end of the first half of 2016.

BREMBO NANJING FOUNDRY CO. LTD.

NANJING (CHINA)

Activities: production and sale of foundry products for the automotive market, including the aftermarket.

The company, set up in 2009 and 100% held by Brembo S.p.A., acquired the foundry activities in 2010 from the Chinese company Donghua. The aim was to develop together with the company Brembo Nanjing Brake Systems Co. Ltd. an integrated industrial hub, including foundry and manufacture of brake discs for the car and commercial vehicle markets.

Net sales amounted to CNY 278,121 thousand (€37,373 thousand) at 30 June 2017, with a net income of CNY 55,501 thousand (€7,458 thousand), compared to net sales of CNY 224,032 thousand (€30,716 thousand) and a net income of CNY 92,721 thousand (€12,713 thousand) for the first half of 2016.

The workforce numbered 233 at 30 June 2017, increasing by 11 compared to the end of June 2016.

BREMBO NORTH AMERICA INC.

WILMINGTON, DELAWARE (USA)

Activities: development, casting, production and sale of brake discs for car original equipment and the aftermarket, and braking systems for cars, motorbikes and the racing sector.

Brembo North America Inc. is based in Homer, Michigan. It produces and sells OEM and aftermarket brake discs, as well as high-performance car braking systems. In 2010, a Research and Development Centre was opened at the facility in Plymouth (Michigan) to develop and market new solutions in terms of materials and designs for the U.S. market, backed by Brembo S.p.A. and local technical staff.

Net sales for the first half of 2017 amounted to USD 256,661 thousand (€237,095 thousand); in the same period of the previous year, the company reported net sales amounting to USD 247,132 thousand (€221,539 thousand). Net income was USD 19,620 thousand at 30 June 2017 (€18,124 thousand), compared to net income of USD 17,850 thousand (€16,001 thousand) in the first half of 2016.

At period-end, the workforce numbered 672, an increase of 60 compared to the end of the first half of 2016.

BREMBO POLAND SPOLKA ZO.O.
DABROWA GÓRNICZA (POLAND)

Activities: development, casting, production and sale of brake discs and braking systems for cars and commercial vehicles.

The company produces OEM braking systems for cars and commercial vehicles in the Czestochowa plant; in the Dabrowa-Górnicza plant, it has a foundry for the production of cast-iron discs destined for use in its own production plant or by other Group companies. The Niepolomice plant processes steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in China, the United States, and in the Dabrowa-Górnicza plant as well.

In the first half of 2017, net sales amounted to PLN 922,447 thousand (€216,107 thousand), compared to PLN 925,933 thousand (€211,952 thousand) for the first half of 2016. At 30 June 2017, net income was PLN 180,003 thousand (€42,170 thousand), compared to PLN 213,539 thousand (€48,880 thousand) for the same period of the previous year.

At the end of the period, the workforce numbered 1,738, increasing compared to 1,630 at the end of the first half of 2016.

BREMBO RUSSIA LLC.
MOSCOW (RUSSIA)

Activities: promotion of the sale of car brake discs.

Founded in July 2014, the Moscow-based company is wholly owned by Brembo S.p.A. It deals with promoting the sale of car brake discs for the aftermarket only.

In the first half of 2017, net sales amounted to RUB 21,748 thousand (€347 thousand) and net income was RUB 10,973 thousand (€175 thousand); in the first half of 2016, net sales amounted to RUB 18,031 thousand (€230 thousand) and net income was RUB 8,207 thousand (€105 thousand).

At 30 June 2017, the workforce numbered two, unchanged compared to the same period of the previous year.

BREMBO SCANDINAVIA A.B.
GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the car sector, destined exclusively for the aftermarket.

Net sales for the reporting period amounted to SEK 2,328 thousand (€243 thousand), with a net loss of SEK 1,683 thousand (€175 thousand), compared to net sales of SEK 3,597 thousand (€387 thousand) and net income of SEK 826 thousand (€89 thousand) for the first half of 2016.

At 30 June 2017, the company had no employees.

CORPORACIÓN UPWARDS '98 S.A.
ZARAGOZA (SPAIN)

Activities: sale of brake discs and drums for cars, distribution of the brake shoe kits and pads.

The company carries out sales activities exclusively for the aftermarket.

Net sales for the first half of 2017 amounted to €15,397 thousand, compared to €14,476 thousand for the first half of 2016. Net income was €1,127 thousand, compared to a net income of €778 thousand for the first half of 2016.

The workforce numbered 76 at 30 June 2017, unchanged compared to the end of June 2016.

LA.CAM (LAVORAZIONI CAMUNE) S.R.L.
STEZZANO (ITALY)

Activities: precision mechanical processing, lathe work, mechanical component production and similar activities, on its own account or on behalf of third parties.

The company was incorporated by Brembo S.p.A. in 2010. In the same year, it leased two companies from an important Brembo Group's supplier. Such companies specialise in processing aluminium, steel and cast-iron pistons for brake calipers intended for use in the car, motorbike and industrial vehicle sectors, and in the production of other types of components, including small high-precision metallic parts and bridges for car brake calipers, as well as aluminium caliper supports for the motorbike sector, chiefly produced for the Brembo Group. In 2012, La.Cam. acquired the business units of both companies.

In the first half of 2017, net sales amounted to €21,186 thousand, almost all of which were to Brembo Group companies. Net income totalled €1,255 thousand. In the same period of the previous year, net sales were €19,672 thousand, with a net income of €863 thousand.

The workforce numbered 187 at 30 June 2017, compared to 193 at 30 June 2016.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

Activities: logistics and marketing activities in the economic and technological development hub of Qingdao.

Formed in 2009 and fully controlled by Brembo S.p.A., the company carries out logistics and marketing activities within the Qingdao technological hub for the aftermarket only.

In the first half of 2017, net sales amounted to CNY 130,661 thousand (€17,558 thousand), compared to CNY 122,101 thousand (€16,741 thousand) for the same period of the previous year. The company closed the first half of the year with a net income of CNY 6,214 thousand (€835 thousand), compared to a net income of CNY 7,255 thousand (€995 thousand) in the first half of 2016.

The workforce numbered 26 at 30 June 2017, one more than at the same date of 2016.

Companies Valued Using the Equity Method

BREMBO SGL CARBON CERAMIC BRAKES S.P.A.
STEZZANO (ITALY)

Activities: design, development, production and sale of carbon ceramic brake discs.

As a result of the joint venture agreements finalised in 2009 between Brembo and SGL Group, the company is 50% owned by Brembo S.p.A. and in turn controls 100% of the German company Brembo SGL Carbon Ceramic Brakes GmbH. Both companies carry out design, development, production and sale of braking systems in general, and particularly of OEM carbon ceramic brake discs for top-performance cars, as well as research and development activities concerning new materials and applications.

At 30 June 2017, net sales amounted to €29,568 thousand, compared to €26,510 thousand for the same period of 2016. Net income for the period amounted to €20,167 thousand compared to a net income of €3,835 thousand for the first half of 2016.

The workforce numbered 134 at 30 June 2017, increasing by five compared to the same date of the previous year.

BREMBO SGL CARBON CERAMIC BRAKES GMBH
MEITINGEN (GERMANY)

Activities: design, development, production and sale of carbon ceramic brake discs.

The company was formed in 2001. In 2009, in executing the joint venture agreement between Brembo and SGL Group, Brembo SGL Carbon Ceramic Brakes S.p.A. acquired 100% of the company.

Net sales for the first half of 2017 amounted to €50,823 thousand, compared to €53,114 thousand for the same period of the previous year. At 30 June 2017, net income amounted to €7,325 thousand, compared to €7,713 thousand for the same period of the previous year.

The workforce numbered 329 at 30 June 2017, increasing by 24 compared to the same date of the previous year.

PETROCERAMICS S.P.A.
MILAN (ITALY)

Activities: research and development of innovative technologies for the production of technical and advanced ceramic materials, geomaterial processing and rock mass characterisation.

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in 2006.

Net sales for the first half of 2017 totalled €1,337 thousand, compared to €1,303 thousand for the same period of the previous year. The company closed the period with a net income of €580 thousand, compared to €128 thousand for the first half of 2016.

INVESTMENTS

Also in the first half of 2017, Brembo's investment management policy continued to develop along the lines that have been followed until today, aiming to constantly strengthen the Group's presence both in Italy and, above all, internationally. The most significant investments were concentrated in North America (27%), Italy (24%), China (25%) and Poland (17%).

Investments in Italy were directed primarily at purchases of plant, machinery and equipment to increase the production automation level, as well as €10,869 thousand spent on development costs.

As part of its strategy of consolidation and development at the global level, Brembo continued to invest in North America, its preferred industrial hub for expanding on the North American market. Several investment plans are currently being implemented in this area:

- investments in the new cast-iron foundry in Michigan continued, in an area adjacent to the new Homer plants, to be definitively completed by the end of the year;
- in the fourth quarter of 2016, a new plant that processes and assembles brake calipers was officially inaugurated in Escobedo, Mexico. When fully operational, the plant will be capable of producing two million aluminium calipers per year, intended for major European, Asian and American original equipment manufacturers (OEMs) in Mexico. The new production facility — one of the Group's most modern and technologically advanced — covers over 35,000 square metres and entailed an investment of €32 million. In an area adjoining this new plant, Brembo has also begun work on a cast-iron foundry, which will extend over 25,000 square metres and will have a casting capacity, when fully operational, of approximately 100,000 tonnes a year. The products manufactured in the new plant will be destined to leading European, American and Asian OEMs with production plants in Mexico. Total investment, to be completed in 2017, will amount to €85 million.

Again as part of its international expansion strategy, Brembo is investing about €100 million over the three-year period between 2016 and 2018 to build a new aluminium caliper production complex in Nanjing, China, close to the existing plant. The new production hub, which will be cutting-edge in terms of process integration and automation, will cover an area of about 40 thousand square metres, will have a casting capacity of more than 15 thousand tonnes and a production capacity of more than 2 million pieces a year, including calipers and spindles. The products manufactured in the new plant will be destined to leading European, Asian, and American OEMs with production plants in China.

In Eastern Europe, Brembo is proceeding with its plan to expand the production hub in Dabrowa Górnicza (Poland), launched in 2016. This plan calls for the construction of a third foundry line and new mechanical processing lines extending over an indoor area of additional 22,000 square metres. This new facility, which will entail an increase in casting capacity of 100,000 tonnes a year, will produce both "grey" cast iron (used for brake discs) and "spheroidal" cast iron (used for calipers intended for light commercial vehicles), in response to the constant increase in demand for brake discs and floating calipers in Europe. Moreover, the Group continued to implement its investment plan — which is to be completed in 2017 — aimed at building and starting up a new plant in Niepolomice (Poland) specialising in the processing of steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in Poland, China and the United States.

Group's total investments undertaken in the first half of 2017 at all operations amounted to €164,167 thousand, of which €145,193 thousand was invested in property, plant and equipment and €18,974 thousand in intangible assets.

RESEARCH AND DEVELOPMENT

Keeping step with vehicle development and contributing to making vehicles safer through constant innovation of braking systems with an eye to the vehicles of tomorrow: this is the principle that has always inspired Brembo's R&D activities. Each component of the brake system (from calipers to discs, from pads to suspensions, all the way to control units) complements the others in the optimisation of the braking function, which Brembo constantly seeks to perfect, not only in terms of performance, but also of comfort, duration, aesthetics and environmental sustainability.

Since 2000, Brembo has been conducting specific research on mechatronic products, which are becoming increasingly widespread in the automotive sector, thus honing skills that have now been applied to systems such as electric parking brakes and brake-by-wire systems for years. Since the market demands constantly shorter time to market, the Group is also strongly committed to implementing cutting-edge simulation methods, in which new virtual reality and augmented reality technologies are increasingly applied, in addition to uniform development processes at Brembo's Technical Centres based in Italy, North America, China and India.

R&D efforts in the first half of 2017 primarily focused on the following aspects.

With regard to **cast-iron discs**, the simulation method was consolidated, so as to be able to identify much more accurate parameters capable of improving the comfort level offered by a brake system, as early as the design phase.

The process, which was successfully completed in 2016 in cooperation with various partners, is now used in all new development projects. In addition, work continued on disc fluid-dynamic calculation methods, which focus on air flow within the entire wheel side unit.

Efforts to improve cast-iron disc products and processes are moving forward, and the resulting improvements will be incorporated into normal application development for the world's major vehicle manufacturers. According to precise guidelines applied throughout the automotive sector and all of Brembo's development activities, considerable attention is paid to new solutions that can lead to a reduction of disc weight, thus translating into lower vehicle fuel consumption and consequently a smaller environmental impact (reduced CO_2 emissions).

Work on discs for heavy commercial vehicles continued to focus on improving performance in this segment, which is of particular interest to Brembo, and discussions intensified with customers with regard to the new developments scheduled to be finalised during the year. The study of new geometries permitted a significant reduction of mass and improvements in brake disc performance. The new technical solutions were patented and fitted to vehicles, the production of which was started in the first half of 2017.

In car applications, after having worked with Daimler to develop the concept for the light brake disc currently installed in its entire Mercedes MRA platform, Brembo was also selected as the supplier of brake discs for the entire next generation of rear-wheel-drive vehicles manufactured by the German firm (Classes C, E, S and derivatives), application development of which has begun.

The light discs, which offer a reduction in weight of up to 15% by combining two different materials (cast iron for the braking ring and a thin steel laminate for the disc hat), are also meeting with interest amongst other European and U.S. clients.

The desire to consolidate in several segments of the market resulted in the launch of product and process optimisation for co-cast discs to improve performance, reduce mass and implement new aesthetic solutions, the result of an activity that drew accolades at the most important industry trade fairs.

Work proceeded throughout the half-year, and still continues today, on researching, developing and testing unconventional solutions (also resulting in the filing of several patent applications) to be applied to cast-iron brake discs or the next generation of "light" discs, with a focus on the study of shapes, materials, technologies and surface treatments capable of meeting the needs of the next generation of electric vehicles and conquering new segments of the market. These new solutions, which aim to reduce environmental impact (lower emissions of CO_2, fine particulates and wheel dust) and improve aesthetics and corrosion resistance, have met with strong interest among Brembo's main clients and could be developed into applications in the medium term.

In the **motorbike sector**, development work continues on discs made from composite materials for on-road use. The development of next-generation friction materials, suitable for combining with the new composite materials, is also fundamental.

There is an ongoing application project involving a mid-range front master cylinder, in which the microswitch is to be repositioned to improve the overall layout of the master cylinder and electric controls.

In addition, prototypes of a rear master cylinder with an integrated microswitch have been created, and the validation phase is expected to be completed in the second half of 2017.

The industrialisation phase is ongoing for components of the first H-CBS system for motorbikes, composed of a hydraulic actuator for the rear drum/caliper based on three pistons/two circuits.

A new disc CBS/disc application for an Indian client is in the advanced stages.

Testing of the H-CBS actuator for the drum/disc in a scooter configuration is scheduled to be completed in the second half of 2017.

A brake concept based on innovative disc/calipers continues to be developed for high-performance motorbikes. Development is focusing on the area of disc/wheel linkage and the choice of the caliper configuration most suited to this particular concept.

Laboratory testing sessions for the disc hat/braking ring configuration for the new low-vibration brake disc concept have been concluded, and vehicle testing is now set to begin for both this configuration and that based on the braking ring/wheel concept. Patent applications have been filed for both configurations.

Laboratory validation of a new concept for a front caliper developed for entry-level applications has been completed. The caliper, for which a patent application has been filed, offers advantages in terms of lower cost and weight, without compromising on performance. Vehicle testing of this caliper is currently under way. Once it has been completed, Indian clients will be contacted to propose development of the related applications. Installation of the new dynamic testing station at Brembo Brake India is scheduled for the second half of 2017.

Regarding the **racing** world activities, the Carbon/Carbon brake system for racing applications project (F1, Le Mans Prototype 1 LMP1, Indy Racing League IRL and Super-Formula) features three distinct areas of activity:

- the fine tuning of disc production (which continued up to the start of 2017, with very interesting results in terms of disc quality) alongside the stabilisation/improvement of Carbon/Carbon pad performance; this area of production technology development and improvement has also seen the introduction into service at the Curno plant of the first needle punching machine for constructing preforms starting from carbon fibres; all these activities generated positive results and met with success among clients;
- development of the new systems (on the basis of the F1 disc) for the other categories as well;
- development of the new F1 systems for the 2017 season in keeping with the confirmed regulation changes.

All of the developments introduced in early 2017 are functioning efficiently. The sole setback related to the failure to participate in the F1 championships of a team (Manor Racing) that was to represent the debut of an innovative BBW system, completely integrated into a brake master cylinder (of the tandem variety).

Several dedicated projects concerning simulation and testing activities were launched with the Ferrari team during the half-year.

In the simulation field, "testing" is continuing of new calculation methodologies for the structural part and thermal properties of the disc, for the thermo elastic and fatigue calculation, as well as for integrating the same calculation within the customer wheel unit (in other words, mechanical and thermal calculations with CFD).

In the 2014-2015 period, Brembo developed BBW systems in which the control part of the hydraulic actuation was integrated by the team. Brembo's fully integrated BBW system was developed for the first time in 2016, and then in 2017. In this system, the brake hydraulic functionality is integrated with the car's hydraulic control. This project, and all of its already planned versions, require a high level of efficiency and speed during the final assembly and testing phase, initially carried out on the premises of a well-known U.S. manufacturer of aeronautical hydraulic components that has its Italian base of operations in Varese. A specific clean room, i.e., a room in which atmospheric pressure and particulate pollution are kept at controlled levels, was created at Brembo for this purpose in early 2017.

In the motorbike field, in the MotoGP class — and also as a result of specific development contracts — a team continued to have exclusive use of a new brake caliper that contains two particularly interesting highly innovative concepts. The use of these concepts will be extended to the other teams by 2017.

Work also continues on the series of innovative projects undertaken on an exclusive basis for an Italian team, involving the introduction of various types of rims and a special valve on the front brake line.

The new valve prevents the pistons from retracting if the rear wheel is "wobbling". The first prototype is located between the caliper and the master cylinder, whereas the next version will be placed on the caliper.

Finally, the studies conducted by the subsidiary AP Racing on motorbike-style carbon clutches — also provided on an exclusive basis to an Italian team — concluded with the creation of new prototypes. This is the second clutch designed and tested by AP Racing to be placed on the market.

At OE (Original Equipment) development level, mention should be made of the work carried out, again with AP Racing, on road systems dedicated to OE customers with strong sporting features. The work starts with the dimensioning and thermal simulation of the system (in the same ways as with racing cars) and could end with Brembo's new Carbo-Ceramic disc (CCMR) entering into production.

In fact, Brembo can offer its customers the first CCMR disc developed in 2010/2011 but is also developing a new version, alongside this. The first discs created in this new project are currently being tested by a client in the UK, which has confirmed start of production in the second half of 2018.

Regarding Brembo's collaboration with Universities, existing contracts continue, including those with the Milan Polytechnic and Padua University, with important objectives in various technical development fields.

Regarding the Aeronautics Project, the process to achieve Brembo production certification through the national agency ENAC is proceeding satisfactorily. This is the second certification (the first one was required for technical development and had been obtained through development of helicopter seats) that Brembo is undergoing with the European (EASA) and Italian (ENAC) agencies that oversee flight safety. In this context, two projects have been confirmed: one is in full development (with delivery of parts this year) and the other will begin near the end of summer 2017. To conclude, in early February Brembo held the kick-off meeting for a funded project entitled "Clean Sky 2", on which the Group will be working for the next six years.

The development and introduction of high-performance brake pads has broadened Brembo's horizons for mass production applications, moving beyond the more traditional caliper and disc sectors. In constant expansion and focused on improvement in accordance with the company philosophy of ongoing innovation and technological development, **Brembo Friction** is now a well established, stable reality, benefiting from the experience gained in recent years. All of the most demanding automotive firms now choose Brembo Friction brake pads as the original equipment for their top-of-the-line vehicles, providing ever greater recognition of Brembo's high-performance friction materials, when paired with both cast-iron brake discs and carbo-ceramic discs. Constant improvement is being made to new copper-free friction materials, the now advanced development of which makes it possible to adapt to the wide range of applications requested by clients, while offering a high level of flexibility in supplying a product conceived and designed specifically for a market with stringent requirements in terms of comfort, such as Europe, or markets with high standards in terms of comfort, such as the U.S. and Asia. Research and development continue to interact in synergy with all of Brembo's other departments, such as the case of joint efforts to develop new friction materials for electric parking calipers. Another issue to which Brembo pays great attention is the study of innovative friction materials to be paired with new applications that involve the use of discs that are much lighter than standard but offer a high level of heat and mechanical resistance. In particular, for some new vehicles set to enter production starting in 2018, the German market requires new copper-free materials for carbon-ceramic discs with silicon and silicon carbide coatings. The optimisation of new materials and, more generally, systems with a constantly reduced environmental impact (for example, by reducing emissions of greenhouse gases such as CO_2 and fine particulates), has always been one of the company's main focuses and has also resulted in a wave of innovation in the area of friction materials. It was this goal that was kept in mind when creating projects such as COBRA and LIBRA, which have already been financed and successfully launched. COBRA, which began in 2014 and is part of the European "Life+" programmes, is an important collaborative effort involving partners of the calibre of Italcementi, Istituto Mario Negri and the consulting firm PNO Italia: the main goal is to develop a technology capable of replacing more traditional phenolic binders, normally used in producing friction materials, with innovative cement-based components. Already in 2015, as a result of intense research and development activity, it was possible to design materials equivalent to those traditionally used for "standard" car applications. In 2016, their performance was improved in order to meet the demands of racing applications, which are notoriously more exacting for friction materials. The COBRA project is aimed at meeting the need for comfort, viewed as no less important than performance by all major automotive firms. LIBRA, which was launched in 2015, instead aims to develop brake pads using a material (for example, a new composite material) capable of replacing steel in the backing plate to obtain significant advantages relating to, among other aspects, light weight and faster production times. The results achieved already in the first year of research and development have supported and borne out the soundness and competitiveness of this approach. As further confirmation of the "revolution" represented by LIBRA, various automotive industry groups have already expressed interest. In particular, starting this year, the first OE units will be supplied to a U.S. automotive industry giant, for use in some future models of its vehicles with parking brake pads with composite backing plates.

The goal of using the braking system to help reduce vehicle consumption and resultant CO_2 emissions and particulates is being pursued through the development of new **Advanced R&D** solutions. In detail, the use of methodologies to minimise caliper mass for the same performance, the improvement of caliper functionality by defining new characteristics for the pairing of seal and piston and optimisation of a new-concept pad sliding system continue to feature among the main areas of development.

The product and process improvement work is ongoing in the same way as the search for solutions to reduce mass, increase performance and improve styling.

Within this field, application development is in progress for a new caliper, specifically designed for high-performance cars, with the goal of considerably reducing track operating temperatures, and thus of increasing system performance.

The conquest of new market segments is being pursued through the study of new types of brake caliper. A first type of caliper has reached the internal Brembo concept approval stage, in addition to concept approval by a major European customer. Application development is under way and start of production by a major German client will take place in 2018.

A second type of caliper has reached and passed the concept approval stage and approval for production is expected in 2018.

Small-series production had started in 2016 of a caliper produced using thixotropic aluminium alloys (lower casting temperature). This process, for which Brembo has filed a patent application, is known as "BSSM" (Brembo Semi-Solid Metal casting) and offers a reduction in weight of 5 to 10%, depending on caliper geometry, without any decrease in performance.

Brembo's first mechatronic products, namely various configurations of electric parking brakes, already approved in-house both for cars and commercial vehicles, are being promoted with Brembo's customers.

In this area, Brembo has been selected by a major U.S. customer to supply a caliper with integrated electric parking brake for an electric vehicle, which will enter production in 2018.

With regard to next-generation electric-drive vehicles, brake systems will change considerably in the coming years, above all as regards braking management and the interface with the vehicle. BBW systems, which Brembo has long been studying, have now reached a high level of performance and functionality. The industrialisation and planning phase for the start of production has begun and could be realised as soon as several customers confirm their interest at a contractual level.

The ongoing evolution of simulation methodologies is focused on aspects linked to brake system comfort and caliper functionality. Brembo's current objective is to develop the simulation capacity for the latest brake system component not yet simulated: friction material. From this standpoint, the ability to rely on the Brembo Friction project represents a strength for Brembo, which can position itself as a supplier of complete brake systems. On the other hand, the development of a methodology for simulating caliper functionality is aimed at establishing, during the design stage, the caliper characteristics that influence the car's pedal feel.

Vehicle evolution can be summarised in a few general trends: electrification, advanced driver assistance systems (ADAS), autonomous driving, low environmental impact, connectivity. The high level of integration will bring the brake system into dialogue with other vehicle systems, such as electric traction motors and new suspension/steering concepts. Such integration will allow for increased active safety and the optimisation of functions, such as regenerative braking.

As indicated above, Brembo is continuing to develop a BBW system with the aim of hastening the development of individual brake system components and holding on to its lead as a product innovator. Furthermore, developments involving intelligent system integration continued, particularly with electric-drive systems and the associated next-generation architecture. In this area, it is important for Brembo to participate in the EU-Live project, being carried out by a European consortium and funded by the Horizon 2020 project. Brembo's role in this project consists of designing and realising the integration of the brake into an oscillating arm, with an electric-drive motor, intended for a four-wheel vehicle specifically designed for future urban mobility.

Mechatronics and system integration entail the development of new components for Brembo's products, including sensors, mechanisms and electric motors. Brembo is therefore coordinating a group of companies based in the Lombardy region within the framework of the funded project "Inproves", with the aim of creating brushless motors based on permanent magnets offering very high levels of performance, specifically designed for the brakes of the future.

In addition, Brembo continued to conduct R&D activities in cooperation with international Universities and Research Centres with the aim to constantly seek out new solutions to apply to brake discs and calipers, in terms of new materials, innovative technologies and mechanical components. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials to produce structural components, such as technopolymers or reinforced light metal alloys. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

The Rebrake project is part of this context. Funded by the European Union and co-ordinated by Brembo, Stockholm's Royal Institute of Technology (KTH) and Trento University, it represents a significant step forward in understanding the phenomena behind tribology, i.e., the science which studies the behaviour and wear of friction materials. The project, which began in March 2013, was concluded in February 2017. The expertise developed will be brought to bear on many projects to be applied in the coming years. In parallel, relations with the academic institutions involved in Rebrake will continue well after the end of the project.

The logical continuation of the Rebrake project is represented by the LowBraSys project, which is also funded by the European Union as part of the Horizon 2020 programme. The project started in the second half of 2015 and is to last 36 months, involving a consortium of 10 partners, including a major car manufacturer, with Brembo in the role of coordinator. LowBraSys envisages the application of the methodologies and products partly developed in the Rebrake to certain vehicles, with the aim of proving their efficacy in terms of particulate emission reduction.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time.
In order to optimise this value, Brembo's Internal Control and Risk Management System (ICRMS) complies with the principles set out in Article 7 of the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. as amended in 2015 (hereafter referred to as "Corporate Governance Code") and, more generally, with national and international best practices.

This system represents the set of organisational structures, rules and procedures that allows the main business risks within the Group to be identified, measured, managed and monitored, while helping the company to be run in a manner that is sound, correct and consistent with the objectives defined by the Board of Directors, and favouring the adoption of informed decisions consistent with the risk profile, as well as dissemination of a proper understanding of risks, lawfulness and corporate values.

The Board of Directors is tasked with defining the general guidelines of the ICRMS, so that the main risks pertaining to Brembo S.p.A. and Group subsidiaries are properly identified, as well as adequately measured, managed and monitored. It shall also set criteria to ensure that such risks are compatible with sound and proper management of the company. The Board of Directors is aware that the control processes cannot provide absolute assurances that the company objectives will be achieved and the intrinsic risks of business prevented; however, it believes that the ICRMS may reduce and mitigate the likelihood and impact of risk events associated with wrong decisions, human error, fraud, violations of laws, regulations and company procedures, as well as unexpected events. The ICRMS is therefore subject to regular examination and controls, taking account of developments in the company's operations and reference context, as well as national and international best practices.

The Board of Directors has identified[1] the other main corporate committees/functions relevant for risk management purposes, by defining their respective duties and responsibilities within the ICRMS scope. More specifically:

- the Control, Risks and Sustainability Committee, tasked with supporting the Board of Directors on internal control, risk management and sustainability issues;
- the Executive Director with responsibility for the Internal Control and Risk Management System, tasked with identifying the main corporate risks by executing risk management guidelines and verifying their adequacy;
- the Managerial Risk Committee, responsible for identifying and weighing the macro-risks and working with the system parties to mitigate them;
- the Risk Manager, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified, adequately measured, managed, monitored, and integrated within a corporate governance system consistent with the strategic objectives.

Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical region in which Brembo operates. The meetings also

1 In this regard, please refer to the following documents published on Brembo's website in the section Company/Corporate Governance/Principles and Codes: Corporate Governance Manual, Organisation, Management and Control Model, the reference layout for preparing accounting documents, and the guidelines for the Internal Control and Risk Management System.

focus on determining the actions required to mitigate any risks. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the risk management policy and procedure, in the Organisational, Management and Control Model (as per Italian Legislative Decree No. 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-*bis* of TUF), to which the reader is referred.

The Executive Director with responsibility for the Internal Control and Risk Management System fully enforces the risk management guidelines based on principles of prevention, cost effectiveness and ongoing improvement, as approved by the Board of Directors. In order to provide the organisation with the instruments for identifying and classifying the risk categories to which attention should be drawn, Brembo has developed a model which groups risk classes by type, based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.

The Internal Audit function evaluates the effectiveness and efficiency of the overall Internal Control and Risk Management System on a regular basis and reports the results to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer, the Board of Statutory Auditors, the Control, Risks and Sustainability Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001. On an annual basis, it also reports to the Board of Directors.

The first-tier family risks based on the risk management policy are:

a External risks

b. Strategic Risks

c. Operating Risks

d. Financial Risks

Brembo's top risks for each of the above-mentioned risk families are discussed below. The order in which they are discussed does not imply classification in terms of probability of occurrence or possible impact.

External Risks

Country risk

Based on its international footprint, Brembo is exposed to the country risk, which is however mitigated by the adoption of a policy of business diversification by product and geographical area so that the risk can be balanced at Group level.

In addition, Brembo constantly monitors the development of political, financial and security risks associated with countries in which the general political and economic climate and tax system could prove unstable in the future, so as to take any measures suited to mitigating the potential risks.

Strategic Risks

Innovation

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. In order to maintain its competitive edge, Brembo invests sizeable resources in R&D, conducting applied and basic research on both existing and newly applied technologies, such as mechatronics. For additional information, see the "Research and Development" section in this Directors' Report on Operations. Product and process innovations — those currently being used, as well as those that may be used for production in the future — are patented to protect the Group's technological leadership.

Market

Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan). In order to mitigate the risk of segment/market saturation in the countries where it operates, the Group has long ago implemented a strategy aimed at diversifying into other geographical areas and is gradually broadening its product range, also by focusing on the mid-premium segment.

Investments

Investments in certain countries may be influenced by major modifications of the local regulatory framework, which could result in changes in the economic conditions existing at the time of the investment. For this reason, before investing in foreign countries, Brembo assesses the country risk carefully in the short, medium and long term. In general, M&A activities are accurately coordinated in all their aspects in order to mitigate any investment risks.

Corporate Social Responsibility

Brembo manages the risks linked to climate change, as well as the increase in regulatory requirements regarding a reduction in greenhouse gas emissions and, more generally, the growing pressure being applied by civil society and the end consumer to the development of products and industrial processes with a lower environmental impact. Brembo also considers the risks arising from the use of resources, such as water, with reference to production sites located in geographical areas where there is a potential water scarcity, as well as risks linked to the pollution of waterbodies due to any contamination.

In addition, Brembo's supply chain is becoming more and more globalised and strategic and suppliers are required to operate in accordance with the sustainability standards identified by the Group. Considering that potential risk factors exist within the supply chain, Brembo is therefore implementing ongoing measures aimed at all its suppliers, both in Italy and abroad, to promote the safeguard of the environment and ensure appropriate working conditions with a view to continuous improvement.

Operating Risks

The main operating risks inherent in the nature of the business are associated with the supply chain, the unavailability of production facilities, product marketing, international economic conditions, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.

Supply Chain

Supply chain risk manifests as the volatility of raw material prices and dependence on strategic suppliers, which could jeopardise the company's production process and ability to fill orders from clients in a timely manner by suddenly suspending supply arrangements. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials (supplier risk management programme). The supplier selection process, including an assessment of suppliers' financial solidity — an aspect that has taken on growing importance in the current scenario — has been reinforced. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).

Business Interruption

With reference to the risk of operational downtime at production facilities and continuity of operation, the company reinforced its risk mitigation process, through the planning of loss prevention engineering on the basis of U.S. NFPA (National Fire Protection Association) standards. The aim of this process was to eliminate risk factors in terms of probability of occurrence and to implement protective measures aimed at limiting the impact of this risk, thereby constantly enhancing the current operating continuity levels of the Group's production facilities.

Product Quality

Brembo considers the risk relating to the marketing of its products, in terms of their quality and safety, to be of fundamental importance. The Group has always been committed to mitigating this risk through robust quality controls. As part of this process, it has instituted a worldwide Supplier Quality Assurance function, specifically dedicated to quality control of components that do not meet Brembo's quality standards, in addition to constantly optimising its Failure Mode & Effect Analysis (FMEA).

Information Technology

Brembo attaches much importance to the operating continuity of its IT systems. In this regard, it has implemented risk mitigation measures aimed at guaranteeing network connectivity and data availability and safety. These issues are growing in importance in light of the start of the Group's smart factory (Industry 4.0) process.

Environment, Safety and Health

The Group's primary risks relating to health, job safety and the environment can be of the following types:

- inadequate protection of employee health and safety, which can lead to serious accidents or work-related illnesses;
- environmental pollution resulting from sources such as uncontrolled emissions, inadequate waste disposal or the spreading of dangerous substances onto the ground;
- partial or non-compliance with laws and regulations governing the sector.

The occurrence of these facts could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the actions of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close. Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and reducing or eliminating those considered unacceptable. This procedure is organised within a Management System (which is compliant with international ISO 14001 and OHSAS 18001 standards and certified by an independent body) that covers health, job safety and environmental aspects.

Brembo therefore implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.

Some examples of activities that are currently underway include the definition and yearly review of:

- "Management Plans" for Safety and the Environment that define the objectives to be achieved;
- "Supervisory Plans", which list the activities to be carried out under the laws governing the sector or regulations imposed by the Group (e.g., authorisation renewals, periodic controls, reports to public entities, etc.);
- "Audit Plans", which monitor the extent to which the System is being applied and encourage continuous improvement.

In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents, as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the company's highest officers and the application of the highest international management standards are the best way to guarantee the company's commitment to health, job safety and the environment.

The internationalisation strategies and, particularly, international industrial footprint development have also highlighted the need to strengthen operational management able to operate locally and communicate effectively with the functional departments of Business Units and Central Functions, in order to improve the efficiency and effectiveness of the quality system and the capacity of production processes.

Legal & Compliance

Brembo is exposed to risks arising from the failure to rapidly comply with changing laws and new regulations in the sectors and markets in which it operates. To mitigate this risk, each compliance function stays abreast of the relevant legal and regulatory developments, with the assistance of outside consultants, where necessary, through a constant process of legal and regulatory updates and research.

Due to the complexity of applicable regulations, lack of clarity and uncertain timetable of the laws and regulations concerning Worker Safety and Environmental Protection, in managing compliance risk in this field, the Group relies on a specific (see operational risks - Environment, Safety and Health section) to handle the related complexities.

With reference to other compliance risks, including those related to Brembo S.p.A.'s stock entry in the FTSE-MIB index, as of 1 January 2017, see the

Corporate Governance and Ownership Structure Report available on Brembo's website (www.brembo.com, *Company/Corporate Governance/Corporate Governance Reports).*

Compliance risk includes the risk that the company may incur administrative liability, which may be broken down into three levels:

1. risk arising from Legislative Decree No. 231/2001, applicable to Brembo S.p.A. and the Group's Italian companies, and the possible attribution of liability to the Parent for the related offences committed outside Italy;
2. risk arising from local statutes concerning the liability of companies, as applicable to each subsidiary;
3. risk arising from extra-territorial statutes concerning the liability of companies (such as the FCPA and Bribery Act) applicable to both Brembo S.p.A. and its subsidiaries.

The risk deemed most significant for the Group at a theoretical level relates to the case indicated in point 2 above, for the following reasons:

- different regulations for each country, based on different legal systems, often presenting complexities and interpretative challenges;
- a lack, in other legal orders, of a system of exemption from liability similar to the one in force in Italy;
- failure by subsidiaries to provide information to, and communicate with, the Parent in a consistently timely manner;
- the strategic importance of certain local markets;
- cultural diversity and possible critical issues in the management of local personnel.

The probability that liability for offences committed outside Italy may be ascribed to the Parent is regarded as remote in light of the connection criteria set forth in the Italian Penal Code. However, it is theoretically plausible that a top manager or employee of Brembo S.p.A. might take action outside Italy in the context of his or her duties to the Parent or an international subsidiary. In the matter of corruption involving public officials, given the nature of its business, the Brembo Group does not engage in dealings with government officials, except in managing permits (such as building permits). As a result, offence-risk opportunities are considered to be very limited.

The mitigating measures taken by the Group are regarded as sufficient to significantly reduce its exposure to cases of risk and are aimed at ensuring the global spread of a culture of compliance through the establishment of specific principles of ethics and conduct, in addition to constant monitoring of legal changes, through implementation of the following:

- mapping (and periodic updates) by the Legal and Corporate Department of statutes that provide for administrative liability for companies in effect in all foreign countries in which the Group operates;
- reporting to the Country Committees of subsidiaries through a specific monitoring system on the main issues of concern in the areas of compliance, governance, legal/contracts and litigation;
- adoption and implementation (through training sessions) of a multiple-tier compliance system;
  - Brembo's Corporate and Compliance Tools (such as, for example, the Code of Ethics, the Anti-Bribery Code, the operating procedures applicable pursuant to Legislative Decree No. 231/2001, the authorisation matrices, etc.), disseminated and applied worldwide, laying down ethical and behavioural guidelines for managing stakeholder relations, including in light of the extraterritorial application of certain statutes such as the FCPA (USA) and Bribery Act (UK);
  - the launch of specific compliance programmes at the local level, so as to check the adequacy of measures aimed at preventing the commission of offences;
  - the Brembo Compliance Guidelines and Group Policies and Procedures issued by the Parent and disseminated and applied worldwide;
  - the 231 Model, prepared by the Parent pursuant to Legislative Decree No. 231/2001, from which the Brembo Compliance Guidelines disseminated throughout the Group have been drawn and that the management deems adequate and capable of effectively preventing offences.

With reference to litigation, the Legal & Corporate Department periodically monitors the progress of existing and potential litigations and determines the strategy to be applied and the most appropriate steps to take in managing them, involving specific corporate functions, when needed. The Administration and Finance Department is responsible for the recognition of the appropriate checks or impairment losses in connection with such risks and their effects on the Statement of Income.

Planning and Reporting

The same ERP (Enterprise Resource Planning) software has been implemented at nearly all Group companies in order to prepare accurate and reliable financial reporting for the Group, while also improving the Internal Control and Risk Management System and the quality, timeliness and comparability of the data provided by the various consolidated companies.

Financial Risks

In conducting its business, the Brembo Group is exposed to various financial risks, including market, commodities, liquidity and the credit risks. Financial risk management is the responsibility of the Parent's Central Treasury & Credit Department, which, together with the Group's CFO, evaluates all the company's main financial transactions and the related hedging policies.

Market Risk

- **Interest Rate Risk Management**

Since most of the Group's financial debt is subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To partially reduce this risk, the Group has entered into several medium/long-term fixed rate loan agreements accounting for approximately 41% of gross financial position.

The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates. The Group's Central Treasury & Credit Department constantly monitors rate trends in order to evaluate in advance the need for any changes to the financial indebtedness structure.

- **Exchange Rate Risk Management**

Since Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate these risks, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged. Other hedging instruments used by the company, where advisable, include forward contracts, which are also used to offset differences between receivables and payables. This policy reduces exchange risk exposure.

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In the first half of 2017, no specific hedging transactions were undertaken. However, it should be recalled that existing contracts with major customers provide for automatic periodic adjustment on the basis of commodities prices.

Liquidity Risk

Liquidity risk can arise from Brembo's inability to obtain the financial resources necessary to guarantee its operation. The Central Treasury & Credit Department implements the main measures indicated below in order to minimise such risk:

– it constantly assesses financial requirements to ensure that appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);

– it obtains adequate credit lines;

– it optimises liquidity, where feasible, through cash-pooling arrangements;

– it ensures that the composition of net financial debt is adequate for the investments carried out;

– it ensures a proper balance between short- and medium-/long-term debt.

Credit Risk

Credit risk is the probability that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises, in particular, in relation to trade receivables. In this sense, it should be noted that the parties with whom Brembo has commercial dealings are primarily leading car and motorbike makers with a high credit standing. The current macroeconomic context has made continuous credit monitoring increasingly important, so that situations where there is a risk of insolvency or late payment can be anticipated.

Risk Management Process: Risk Financing

Following on from the above mitigation measures, and in order to minimise the volatility and financial impact of any detrimental event, under its risk management policy, Brembo has provided for the residual risks to be transferred to the insurance market, provided that they are insurable.

Brembo's changing needs through the years have been specifically reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the manufacturing and sale of its products. This has been achieved through risk management, aimed at identifying and analysing the most critical areas, such as the risks associated with countries whose laws are particularly detrimental for manufacturers of consumer goods.

All Brembo Group companies are covered against the following strategic risks: property all risks, general liability, general product liability, product recall. Additional coverage has been arranged locally based on the specific requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.

Insurance analysis and transfer of the risks to which the Group is exposed are conducted in collaboration with an insurance broker, which supports this process with its international organisation and is responsible for the compliance and management of Group insurance programmes at global level.

HUMAN RESOURCES AND ORGANISATION

During the first half of 2017, the necessary corporate changes were put in place to both maintain and continually improve the organisational system, with a view to assuring a balance between the company's three main dimensions (business, functions, geographies) and the entire organisation's constant alignment with its business.

As far as the Central Departments are concerned, the new role of Chief Quality Officer has been created, in light of the extremely competitive business context in which Brembo operates and the need to ensure constant improvement in quality performance at global level. The roles reporting directly to the Chief Quality Officer include the Central Quality functions (Quality System Development and Supplier Quality) and the Quality Assurance functions of the five Divisions/Business Units, which continue to also report directly to the respective Division/BU Managers. Concurrently, the Safety function, which previously reported to Quality, now reports directly to the Chief Manufacturing Officer, so as to assure ever greater integration of the safety system in all the production sites and, hence, even more effective oversight of Health & Safety issues. The new Environment & Energy Department has also been set up, in line with Brembo's increasingly strong commitment to Corporate Social Responsibility and Environmental matters. This will provide additional safeguards and coordination for environmental issues within the production sites as well.

In the Advanced R&D field, the Mechatronics Projects area has been organised into two distinct areas, to reflect the subdivision of mechatronics projects between applications projects and innovative projects. The Systems Division Design area has also been reorganised with the creation of two new areas: Applications Design (with the task of coordinating the units working specifically on design) and Design Components and Methodologies (responsible for developing greater synergies to ensure that the various groups working on applications design adopt a cross-disciplinary approach to both standard and mechatronic components). As far as the business areas are concerned, changes have taken place at management level in the Operations Departments of a number of Divisions/Business Units: the new Mechanical Processes Operations Manager in the Discs Division and, again in the same Division, the Nanjing Discs Mechanical Processes Plant Manager; for the Motorbikes BU, the Indian Plant Manager; for the Performance Group, the change in AP Racing's Operations Manager and, lastly, the concentration of responsibility in a single Plant Manager for all plants at the Curno industrial hub (Systems Division, Motorbikes BU, Performance Group).

In addition, the Discs Division and Systems Division have created an inter-functional project team dedicated to expanding the cast-iron foundry in Dabrowa (Poland), earmarked for cast-iron disc and spheroidal cast-iron caliper production.

Finally, the first half of 2017 also saw a management change within the Performance Group, with the appointment in that position of the former Country General Manager China, whilst the latter position was covered by appointing an external resource who has joined the Group in this capacity.

Again as regards China, the Quality function has been reorganised with the creation of a Country Quality unit to oversee the Nanjing and Langfang plants.

The Brembo Group has always invested in developing innovative skills, so that all its staff will always be increasingly able to anticipate business requirements, market trends and the needs of the organisation.

The Human Resources System is founded on several pillars, one of which is training. This, in turn (as indicated in ISO standard 9001:2008 - EA37 under which the Parent's Brembo Academy is certified), consists of processes for identifying training needs, designing the training offer and delivering and monitoring effectiveness. It is within this framework that 14,243 worldwide training needs were formally identified for 2017. This ever-increasing number indicates the specific training requirements that Managers have deemed necessary for their own group of colleagues, and does not include other requests that individual employees may make directly or may be indicated by Top Management or the Human Resources and Organisation Department within the wide-ranging training and development activities provided by Brembo.

The training offer, which is enhanced and supplemented annually, consists of management training (with more than 30 catalogue courses), as well as linguistic, technical-specialist and corporate training. The latter category includes, for example: "231 relevant" courses, training on the Ethical Code and on Data Classification & Protection, the Brembo Induction Program for new recruits and the development path for newly appointed Executives.

One of the 2017 projects in the management area is the "Knowledge Management" path, designed to offer a number of Brembo professionals and managers — identified as having critical know-how — the tools to become in-house trainers. The project alternates practical days in the classroom with opportunities for discussion with training experts. Attendees are assessed according to rigorous and demanding indicators, the same as those used to measure external professionals, and in the end the Brembo Academy certifies all in-house trainers.

As far as technical-specialist training is concerned, the half year under review saw the existing, and already extensive, offer (focused, amongst other, on IT, Safety and the Environment, and Mechatronics issues) enhanced by another Academy, specific for the professional family working in the Manufacturing area, through which Industry 4.0 became a full part of the Brembo catalogue with a rich modular offer. A large number of in-house trainers, specially trained and certified by the Brembo Academy, alternate with university professors to provide the Group with a set of skills that covers strategic areas such as IT Infrastructure, Data Management, Robotics and Statistics. The concept behind this Manufacturing Academy was based on the model used for the R&D Academy which, over the years, has been involved in the progressive training of Brembo's technical staff in various countries. Some of the content of this initiative formed the basis for a major programme developed in partnership with the Milan Polytechnic and delivered by Brembo in-house trainers to the university's Engineering undergraduates as part of a special course on brake systems.

Finally, within the broader context of the well-established Talent Management System, during the six-month period under review efforts were concentrated on a development path (skills and motivation) for professionals working in the central departments with specific functional expertise, as well as on guaranteeing standard tools and processes in the field of Performance Management and Succession Planning.

ENVIRONMENT, SAFETY AND HEALTH

Brembo's commitment to environmental sustainability continues to be an increasingly strategic and essential factor for developing the Group's business.

The 2016 Sustainability Report, recently published to make the Group's activities and commitment to Corporate Social Responsibility issues more visible to investors, customers and communities, gives broad coverage to a detailed report on environmental issues deemed to be most important for the Group, such as water and energy consumption, waste production and atmospheric emissions.

The Report sits alongside and supplements the periodic report on CO_2 emissions and water use delivered by Brembo as part of the CDP (Carbon Disclosure Project), an initiative to which the Group has participated since 2011. Over time, the membership to this project has enabled the Group to outline and progressively deepen the knowledge of its own "Carbon & Water footprint", gradually incorporating the monitoring and reporting of the various production sites until they are illustrated in their entirety. As a result, it is now possible to define the priority areas for action, so that the challenging goals that the Group has set itself in the medium-long term can be gradually achieved, in line with the objectives defined in the Paris Agreement by the December 2015 Climate Conference (COP 21).

In 2017 as well, Brembo continues to be committed to the CDP project, and has responded to the 2017 Climate Change and Water questionnaires, regarding the emission of climate-changing substances and water management for 2016, respectively.

A full review of the Group's Environmental Management System is also scheduled to be completed during the current year. This will make the system compliant with the most stringent requirements defined by the new version of ISO14001/2015 and the level of complexity reached by the Group, guaranteeing common requirements and guidelines for all plants — in many cases more restrictive than those provided for by local legislation — in order to ensure appropriate and responsible environmental safeguards in all regions of the world in which Brembo operates.

Brembo's ever-increasing focus on workplace Health and Safety is proven by the recent creation of an ad-hoc department which, on the one hand, continues to focus on defining guidelines and providing operational support to all Group plants and, on the other, is also dedicated to developing and applying new approaches to increase engagement and awareness in employees and all those entering plants for any reason. This makes Brembo confident that the positive measures achieved to date will continue to be further developed and strengthened.

In the meantime, the projects started in the fourth quarter of 2016 and continued in 2017 are beginning to take more definite shape. These include:

- Production plant safety check: a project started using third-party auditors specialised in this type of analysis to obtain a detailed overview of the situation since technical accidents due to man-machine interaction were still happening, despite effective CE marking of production installations; the project has been planned throughout the entire Group and is in an advanced state of implementation at the European sites;
- Ergonomics: the aim of the project is to spread ergonomic skills amongst production line and plant designers; the training activity, which has involved people from the Central Technologies, Industrialisation, Plant Safety and Environment units of the site, was carried out over a total of six

days per participant; the pilot course is due to be extended to all interested parties;

- LOTO: this project consists in finalising a guideline relating to the LOTO standard (Lockout-Tagout) aimed at all Group plants; this methodology requires hazardous energy sources to be made inoperative before an operator accesses the plant for activities such as maintenance, cleaning or set-up; the isolated energy sources are secured, for example, with a lock on which a label identifies the worker who has made the energy sources safe, thereby preventing the equipment on which the operator is working from starting accidentally.

RELATED PARTY TRANSACTIONS

In compliance with Consob Regulation adopted with Resolution No. 17221 of 12 March 2010, as amended, Brembo S.p.A. adopted the Related Party Transactions Procedure. The procedure was approved by the Board of Directors of Brembo S.p.A. during the meeting held on 12 November 2010, after receiving the favourable opinion of the Audit & Risk Committee, which also acts as Related Party Transactions Committee since it meets the requirements set out by the above-mentioned regulations. The procedure aims to ensure the full transparency and propriety of Related Party Transactions and has been published in the Corporate Governance section of the Company's website.

In 2013, on the basis of a favourable opinion from the Audit & Risk Committee, the Board of Directors unanimously resolved not to proceed with amendments to the Related Party Procedure of Brembo S.p.A., partly in light of the efficacy shown in applied practice and partly because it had already been revised in previous years. The Board thus deems already adopted both the contents of the Recommendation and the wishes expressed by Consob regarding the first revision of the procedure.

The update to the Related Party Transactions Procedure incorporating the changes relating solely to organisational matters pertaining to the Company's Administration and Finance Department was approved by resolution of the Board of Directors of 10 May 2016, and with the favourable, unanimous opinion of the Audit & Risk Committee.

Detailed information on the Company's Related Party Transactions is provided in the Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report. During the reporting period, no atypical or unusual transactions were carried out with Related Parties. Furthermore, commercial transactions with Related Parties, also other than the Group companies, were carried out at fair market conditions. The financing transactions undertaken during the period with Related Parties are also discussed in the Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report.

FURTHER INFORMATION

Significant Events During the Six-month Period

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2017 approved the Financial Statements for the financial year ended 31 December 2016, allocating the net income for the year amounting to €138,393 thousand as follows:

- to the Shareholders, a gross ordinary dividend of €1.0 per ordinary share outstanding, excluding own shares (payment as of 24 May 2017, ex-coupon date 22 May 2017, and record date 23 May 2017);
- the remaining amount carried forward.

The same General Shareholders' Meeting approved the stock split of the Company's total 66,784,450 ordinary shares (without nominal value) into 333,922,250 newly issued ordinary shares, through the withdrawal of the outstanding ordinary shares and the assignment of 5 (five) newly issued shares for each share withdrawn and cancelled. The transaction, carried out on 29 May 2017, entailed a reduction of the book value of each share but had no effect on the amount of the Company's share capital or the characteristics of its shares.

Plans for the Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 20 April 2017 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking any investments, directly or through intermediaries, 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 (8,000,000, after the stock split mentioned in the previous section) which, together with 1,747,000 (8,735,000, after the stock split mentioned in the previous section) own shares already held by Brembo (2.616% of share capital), represents 5.01% of the Company's share capital. Own shares shall be purchased and sold at a minimum price of no more than 10% below (and at a maximum price of no more than 10% above) the price of the shares during the trading session on the day before each transaction is undertaken, up to a maximum of €120 million. 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 in the first half of 2017.

Subsidiaries Formed Under and Governed by the Law of Countries Not Belonging to the European Union – Obligations Under Articles 36 and 39 of Market Regulations

In accordance with the requirements of Articles 36 and 39 of the Market Regulations (adopted with Consob Regulation No. 16191 of 29 October 2007 and amended with Resolution No. 16530 of 25 June 2008), the Brembo Group identified seven subsidiaries based in four countries not belonging to the European Union that are of significant importance, as defined under paragraph 2 of the said Article 36, and therefore fall within the scope of application of the Regulations.

Brembo Group believes that its current administrative, accounting and reporting systems are adequate to ensure that the Parent's management and auditing firm receive any information regarding Statement of Income, Statement of Financial Position and Cash Flow figures, as necessary for preparing the consolidated financial statements.

For all companies included in the consolidation area, the Parent Brembo S.p.A. already has a copy of the By-laws and the composition and powers of the Corporate Bodies.

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, demergers, capital increase by way of contributions in kind, acquisitions and disposals.

SIGNIFICANT EVENTS AFTER 30 JUNE 2017

No significant events occurred after the end of the first half of the year and until 27 July 2017.

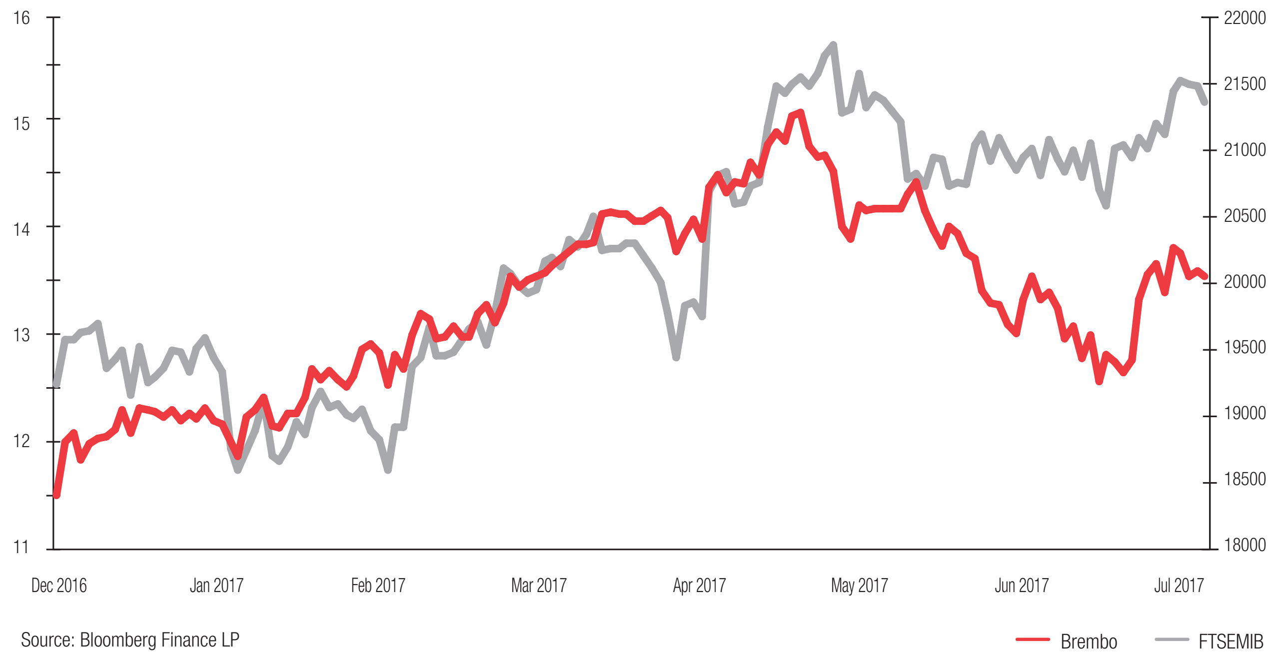
FORESEEABLE EVOLUTION

Order book projections allow us to look to the future with cautious optimism, despite the scenario of global volatility.

Stezzano, 27 July 2017

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

BREMBO S.P.A. STOCK PERFORMANCE



Source: Bloomberg Finance LP

The first half of 2017 confirmed the forecasts calling for a picking up of global growth in the year. Political risks eased considerably, notwithstanding concerns about Brexit vote fuelling euroscepticism in continental Europe. On the contrary, elections in The Netherlands, France and the United Kingdom resulted in the strengthening of pro-EU parties.

Within this scenario, Brembo stock closed the first half of 2017 at €12.81, marking an 11.39% gain since the beginning of the year. The stock recorded a low for the period on 2 January of €11.51 and a high of €15.28 on 11 May.

In the reporting period, Brembo stock outperformed both the FTSE MIB index, which closed up by 7.02%, and the Euro Stoxx 600 (+4.96%), whereas underperformed the BBG EMEA Automobiles Parts, which closed the period up by 18.45%.

Thereafter, on 30 June the Brembo stock price further improved, closing on 12 July at €13.82.

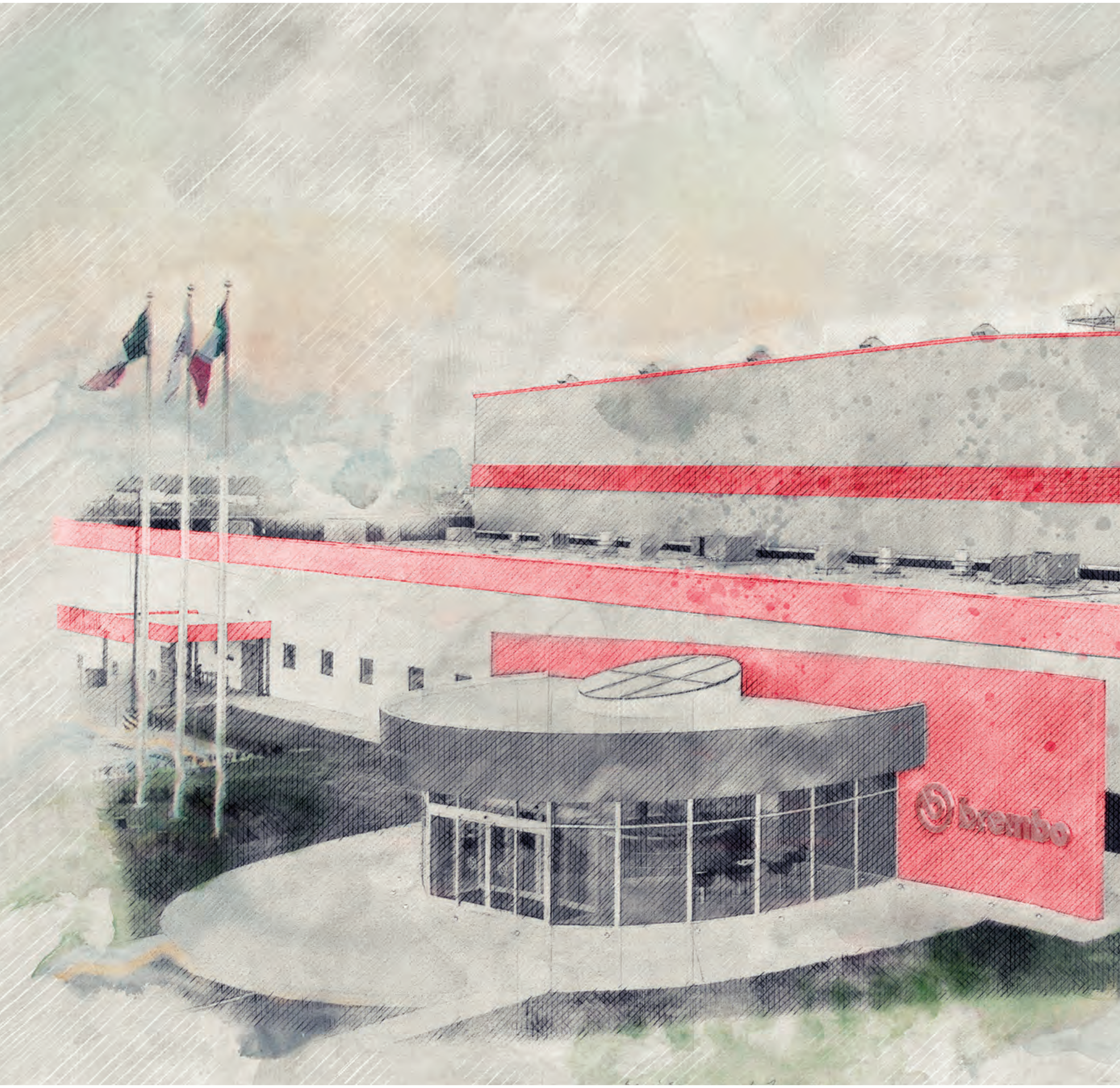
An overview of stock performance of Brembo S.p.A. at 30 June 2017 is given in the following table, compared with that at 31 December 2016.

	30.06.2017	31.12.2016
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	333,922,250	66,784,450
Equity (excluding income for the period) (euro)	330,228,341 (*)	256,321,515
Net income for the period (euro)	95,073,356	138,392,655
Trading price (euro)		
Minimum	11.51	6.56 (*)
Maximum	15.28	11.50 (*)
Period end	12.81	11.50 (*)
Market capitalisation (euro million)		
Minimum	3,843	2,189
Maximum	5,102	3,840
Period end	4,277	3,840
Gross dividend per share	N/A	1.0 (**)

* On 29 May 2017, Brembo stock was split through withdrawal of current ordinary shares issued and assignment of 5 (five) newly issued shares for each share withdrawn and cancelled. As a result of this transaction, on 29 May the opening price of the stock was one fifth the closing price on the previous trading day. AIAF adjustment factor: 5.

(**) Approved during the Shareholders' Meeting of 20 April 2017.

Further information and updates regarding stock performance and recent corporate information are provided on Brembo's website at www.brembo.com – Investors section.


brembo

Condensed Consolidated Six-Monthly Financial Report at 30 June **2017**

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

Consolidated Statement of Financial Position

ASSETS

(euro thousand)	Notes	30.06.2017	*of which with related parties*	31.12.2016	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	820,001		746,932		73,069
Development costs	2	55,842		49,324		6,518
Goodwill and other indefinite useful life assets	2	84,422		88,880		(4,458)
Other intangible assets	2	51,375		52,059		(684)
Shareholdings valued using the equity method	3	27,202		26,969		233
Other financial assets (including investments in other companies and derivatives)	4	6,830	*5,657*	6,887	*5,676*	(57)
Receivables and other non-current assets	5	4,334		4,794		(460)
Deferred tax assets	6	65,763		57,691		8,072
TOTAL NON-CURRENT ASSETS		**1,115,769**		**1,033,536**		**82,233**
CURRENT ASSETS						
Inventories	7	309,574		283,191	*4*	26,383
Trade receivables	8	423,532	*3,046*	357,392	*2,711*	66,140
Other receivables and current assets	9	50,895	*52*	43,830	*7*	7,065
Current financial assets and derivatives	10	496		901		(405)
Cash and cash equivalents	11	286,212		245,674	*9,104*	40,538
TOTAL CURRENT ASSETS		**1,070,709**		**930,988**		**139,721**
TOTAL ASSETS		**2,186,478**		**1,964,524**		**221,954**

EQUITY AND LIABILITIES

(euro thousand)	Notes	30.06.2017	*of which with related parties*	31.12.2016	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	122,223		135,719		(13,496)
Retained earnings/(losses)	12	624,258		446,834		177,424
Net result for the period	12	136,688		240,632		(103,944)
TOTAL GROUP EQUITY		**917,897**		**857,913**		**59,984**
TOTAL MINORITY INTERESTS		**25,158**		**24,397**		**761**
TOTAL EQUITY		**943,055**		**882,310**		**60,745**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	345,447		210,659	*904*	134,788
Other non-current financial payables and derivatives	13	2,506		5,245		(2,739)
Other non-current liabilities	14	12,150	*3,015*	8,653	*1,914*	3,497
Non-current provisions	15	38,045		21,667		16,378
Provisions for employee benefits	16	30,123	*5,647*	32,706	*7,397*	(2,583)
Deferred tax liabilities	6	30,097		31,622		(1,525)
TOTAL NON-CURRENT LIABILITIES		**458,368**		**310,552**		**147,816**
CURRENT LIABILITIES						
Current payables to banks	13	195,381		225,592	*41,474*	(30,211)
Other current financial payables and derivatives	13	3,071		756		2,315
Trade payables	17	462,154	*10,834*	428,530	*7,868*	33,624
Tax payables	18	20,699		11,837		8,862
Current provisions	15	2,220		2,547		(327)
Other current payables	19	101,530	*2,914*	102,400	*2,460*	(870)
TOTAL CURRENT LIABILITIES		**785,055**		**771,662**		**13,393**
TOTAL LIABILITIES		**1,243,423**		**1,082,214**		**161,209**
TOTAL EQUITY AND LIABILITIES		**2,186,478**		**1,964,524**		**221,954**

Consolidated Statement of Income

(euro thousand)	Notes	30.06.2017	*of which with related parties*	30.06.2016	*of which with related parties*	Change
Sales of goods and services	20	**1,262,448**	***3,304***	**1,146,838**	***3,386***	**115,610**
Other revenues and income	21	10,739	*1,730*	15,555	*1,651*	(4,816)
Costs for capitalised internal works	22	12,928		8,292		4,636
Raw materials, consumables and goods	23	(607,563)	*(37,648)*	(574,293)	*(43,783)*	(33,270)
Income (expense) from non-financial investments	24	6,157		5,887		270
Other operating costs	25	(213,415)	*(2,956)*	(183,572)	*(2,959)*	(29,843)
Personnel expenses	26	(215,766)	*(3,279)*	(192,206)	*(2,800)*	(23,560)
GROSS OPERATING INCOME		**255,528**		**226,501**		**29,027**
Depreciation, amortisation and impairment losses	27	(66,031)		(53,162)		(12,869)
NET OPERATING INCOME		**189,497**		**173,339**		**16,158**
Interest income	28	*22,425*		*13,463*		*8,962*
Interest expense	28	*(25,571)*		*(20,810)*		*(4,761)*
Net interest income (expense)	28	(3,146)	*(263)*	(7,347)	*(316)*	4,201
Interest income (expense) from investments	29	126		26		100
RESULT BEFORE TAXES		**186,477**		**166,018**		**20,459**
Taxes	30	(47,962)		(38,550)		(9,412)
RESULT BEFORE MINORITY INTERESTS		**138,515**		**127,468**		**11,047**
Minority interests		(1,827)		(389)		(1,438)
NET RESULT FOR THE PERIOD		**136,688**		**127,079**		**9,609**
BASIC/DILUTED EARNINGS PER SHARE (euro)	31	**0.42**		**0.39***		

* Restated following the stock split on 29 May 2017.

Consolidated Statement of Comprehensive Income

(euro thousand)	30.06.2017	30.06.2016	Change
RESULT BEFORE MINORITY INTERESTS	**138,515**	**127,468**	**11,047**
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:			
Effect (actuarial income/loss) on defined benefit plans	2,097	3	2,094
Tax effect	(406)	81	(487)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	**1,691**	**84**	**1,607**
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:			
Change in translation adjustment reserve	(14,424)	(21,480)	7,056
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	**(14,424)**	**(21,480)**	**7,056**
COMPREHENSIVE RESULT FOR THE PERIOD	**125,782**	**106,072**	**19,710**
Of which attributable to:			
- Minority Interests	*761*	*215*	*546*
- the Group	*125,021*	*105,857*	*19,164*

Consolidated Statement of Cash Flows

(euro thousand)	30.06.2017	30.06.2016
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**63,929**	**111,817**
Result before taxes	**186,477**	**166,018**
Depreciation, amortisation/impairment losses	66,031	53,162
Capital gains/losses	22	(706)
Income/expense from investments, net of dividends received	(233)	(2,913)
Financial portion of provisions for defined benefits and payables for personnel	302	386
Long-term provisions for employee benefits	467	398
Other provisions net of utilisations	19,825	15,681
Cash flows generated by operating activities	**272,891**	**232,026**
Current taxes paid	(35,392)	(37,036)
Uses of long-term provisions for employee benefits	(1,600)	(1,107)
(Increase) reduction in current assets:		
inventories	(31,900)	(25,106)
financial assets	38	(27)
trade receivables	(65,793)	(65,457)
receivables from others and other assets	(15,422)	1,544
Increase (reduction) in current liabilities:		
trade payables	33,624	55,800
payables to others and other liabilities	2,643	(14,349)
Translation differences on current assets	(6,437)	(905)
Net cash flows from/(for) operating activities	**152,652**	**145,383**

(euro thousand)	30.06.2017	30.06.2016
Investments in:		
intangible assets	(18,973)	(13,341)
property, plant and equipment	(145,194)	(102,232)
Price for disposal or reimbursement value of fixed assets	2,648	3,068
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the relevant cash and cash equivalents	0	(68,670)
Net cash flows from/(for) investing activities	**(161,519)**	**(181,175)**
Dividends paid in the period	(65,038)	(52,030)
Change in fair value of derivatives	424	(394)
Loans and financing granted by banks and other financial institutions in the period	155,145	50,000
Repayment of long-term loans	(24,892)	(36,930)
Net cash flows from/(for) financing activities	**65,639**	**(39,354)**
Total cash flows	**56,772**	**(75,146)**
Translation differences on cash and cash equivalents	8,116	(7,123)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**128,817**	**29,548**

Consolidated Statement of Changes in Equity

(euro thousand)	Share capital	Other reserves: Reserves	Other reserves: Treasury shares	Retained earnings (losses)
Balance at 1 January 2016	**34,728**	**150,726**	**(13,476)**	**325,912**
Allocation of profit for the previous year		277		131,655
Payment of dividends				
Acquisition of Asimco Meilian Braking Systems (Langfang) Co. Ltd.				
Reclassification		32,000		(32,000)
Components of comprehensive income: Effect (actuarial income/loss) on defined benefit plans				84
Change in translation adjustment reserve		(21,306)		
Net result for the period				
Balance at 30 June 2016	**34,728**	**161,697**	**(13,476)**	**425,651**
Balance at 1 January 2017	**34,728**	**149,195**	**(13,476)**	**446,834**
Allocation of profit for the previous year				175,595
Payment of dividends				
Reclassification		(138)		138
Components of comprehensive income: Effect (actuarial income/loss) on defined benefit plans				1,691
Change in translation adjustment reserve		(13,358)		
Net result for the period				
Balance at 30 June 2017	**34,728**	**135,699**	**(13,476)**	**624,258**

Net result for the period	Group equity	Result of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
183,962	**681,852**	**1,843**	**3,852**	**5,695**	**687,547**
(131,932)	**0**	(1,843)	1,843	**0**	**0**
(52,030)	**(52,030)**			**0**	**(52,030)**
	0		14,475	**14,475**	**14,475**
	0			**0**	**0**
	84			**0**	**84**
	(21,306)		(174)	**(174)**	**(21,480)**
127,079	**127,079**	389		**389**	**127,468**
127,079	**735,679**	**389**	**19,996**	**20,385**	**756,064**
240,632	**857,913**	**2,363**	**22,034**	**24,397**	**882,310**
(175,595)	**0**	(2,363)	2,363	**0**	**0**
(65,037)	**(65,037)**			**0**	**(65,037)**
	0			**0**	**0**
	1,691			**0**	**1,691**
	(13,358)		(1,066)	**(1,066)**	**(14,424)**
136,688	**136,688**	1,827		**1,827**	**138,515**
136,688	**917,897**	**1,827**	**23,331**	**25,158**	**943,055**

CONDENSED CONSOLIDATED SIX MONTHLY FINANCIAL REPORT AT 30 JUNE 2017 – EXPLANATORY NOTES

Brembo's Activities

In the vehicle industry components sector, the Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.

The extensive product range consists of high-performance brake calipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting the development of new models placed on the market by vehicle manufacturers. Brembo's products and services are used in the automotive industry, for light commercial and heavy industrial vehicles, motorbikes and racing competitions.

Manufacturing plants are located in Italy, Poland (Czestochowa, Dabrowa Górnicza, Niepolomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Mexico (Apodaca and Escobedo), Brazil (Betim), Argentina (Buenos Aires), China (Nanjing, Langfang), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities.

Form and Content of the Condensed Consolidated Six Monthly Financial Report at 30 June 2017

Introduction

The Condensed Consolidated Six Monthly Financial Report at 30 June 2017 has been prepared in accordance with Article 154-*ter* of Legislative Decree No. 58/98 and applicable Consob provisions, as well as the provisions of IAS 34 - *Interim Financial Reporting*, and has been subjected to a limited audit according to the criteria recommended by Consob. In further detail, the Financial Report for the period ended 30 June 2017 has been prepared in condensed form and does not contain all the information and notes required for the consolidated annual financial statements. Consequently, the Report should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2016.

The Condensed Consolidated Six Monthly Financial Report comprises 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 these Explanatory Notes, in accordance with IFRS requirements; it includes the situation at 30 June 2017 of Brembo S.p.A., the Parent, and the companies controlled by Brembo S.p.A. pursuant to IFRS 10.

On 27 July 2017, the Board of Directors approved the Condensed Consolidated Six Monthly Financial Report and requested that it be made available to the public and Consob, within the terms and according to the procedures provided for by applicable laws and regulations.

Basis of Preparation and Presentation

The accounting standards, consolidation principles and measurement criteria adopted to prepare the Condensed Consolidated Six Monthly Financial Report comply with those used to prepare the Consolidated Financial Statements at 31 December 2016, to which specific reference is made.

Illustrated below are accounting standards and interpretations already issued but not yet in force as at the date these financial statements were prepared. The company intends to adopt these standards on the date they enter into force.

IFRS 9 — *Financial Instruments*

In July 2015, the IASB issued the final version of IFRS 9 — *Financial Instruments* which supersedes IAS 39 — *Financial Instruments:* Recognition and measurement and all previous versions of IFRS 9. IFRS 9 combines all aspects relating to financial instrument reporting: classification and measurement, impairment and hedge accounting. The standard is effective for the annual periods starting on 1 January 2018 or thereafter and its early application is allowed. With the exception of hedge accounting (which applies, except for a few cases, prospectively), the principle has to be applied retrospectively, but it is not mandatory to provide comparative information. The Group will adopt the new standard from the date it enters into force.

a) Classification and valuation

The Group does not envisage that application of the classification and valuation requirements specified in IFRS 9 will have significant impacts on its financial statements. Loans, as well as trade receivables, are held for collection on the contractual due dates and are expected to generate cash flows consisting solely of capital and interest receipts. The Group therefore expects that they will continue to be measured, in accordance with IFRS 9, at amortised cost. The Group will, however, analyse the features of the contractual cash flows of these instruments in greater detail before concluding whether they all meet the amortised cost measurement criteria in accordance with IFRS 9.

b) Impairment losses

IFRS 9 requires the Group to record expected impairment losses for all its own obligations, loans and trade receivables, on an annual basis or based on the residual term. The Group, which is planning to adopt the simplified approach, does not expect there to be significant impacts on its equity given that its trade receivables are largely due from counterparties with a high credit rating (primarily car manufacturers), although it will perform a more detailed analysis that considers all reasonable and supported information, including forecasts.

c) Hedge accounting

The Group maintains that all existing hedges currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9. Given that IFRS 9 does not alter the general principle whereby an entity recognises effective hedges, the Group does not expect any significant impact from application of the standard. The Group will in the future assess in greater detail the possible changes regarding the reporting of the time value of options, forward points and difference between the interest rates for two currencies.

IFRS 15 — *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and introduces a new five-step model that will be applied to revenues from contracts with customers. IFRS 15 provides for revenues to be measured for an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring the goods or services to a customer. The new standard, which will replace all the current requirements set out in IFRS standards on revenue recognition, will take effect for financial years starting on or after 1 January 2018, with full retrospective or modified application. Early adoption is allowed. The Group plans to apply the new standard from the mandatory effective date, using the modified retrospective method.

Work on evaluating the effects of the new standard is currently under way according to a project plan due to conclude at the end of 2017.

In particular, the Group sells brake systems, equipment and study and design services based on written contracts or contracts implicit in commercial practice, and also bills royalties to third parties.

Application of the new standard is not expected to have an impact on contracts with customers in which the sale of the brake system is the only obligation. In fact, the Group expects that revenues will be recognised when control of the asset is transferred to the customer, which coincides with the moment of delivery (the guarantees set out in the contracts are also general and not extended and, as a result, the Group expects that they will continue to be reported in accordance with IAS 37).

The Group also supplies equipment sold separately from the brake systems; this becomes the full property of the customer, which acquires control over it and the capacity to decide on the use of the equipment, at the time it is delivered.

Finally, the Group recognises revenues from its own customers for contributions to development activities of brake systems that mirror the characteristics required by the customer itself. The work required by the customer may concern the main development of the product or further development after the main process. In the latter case, revenues are recognised upon the transfer of control (and risks/benefits) to the customer which coincides with the moment of invoicing. In the first case, revenues are suspended until the development activity has ended and are recognised thereafter over the lifetime of the product to which they refer (estimated to be five years on average).

Based on the analyses carried out to date, the Group does not expect there to be any significant impact on equity, although, as mentioned above, it awaits the completion by the year-end of the detailed analysis work considering all the information at its disposal.

IFRS 16 — *Leases* (not yet approved by the EU)

IFRS 16 was published in January 2016 and replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 defines the principles for recognising, measuring, presenting and reporting leases. It requires lessees to recognise all leasing contracts in the financial statements on the basis of a single model similar to that used to recognise finance leases in accordance with IAS 17. The standard provides for two exemptions for lessees' recognition of leasing contracts: low-value assets (e.g., personal computers) and short-term leasing contracts (e.g., lease terms of 12 months or less). On the leasing contract start date, the lessee will recognise a liability for payments specified in the leasing contract and an asset representing the right to use the underlying asset for the period of the contract. Lessees will have to recognise separately interest paid on the leasing liability and amortisation of the right to use the asset. Lessees will also have to re-measure the leasing liability when certain events happen (e.g., a change in leasing contract conditions, a change in future lease payments caused by a change in an index or rate used to determine those payments). The lessee will generally recognise the re-measured amount of the leasing liability as an adjustment to the right to use the asset. The reporting system provided for in IFRS 16 will remain substantially unchanged for lessors who will continue to classify all leases using the same classification principle as in IAS 17, distinguishing operating leases and finance leases.

IFRS 16 will enter into force for years starting 1 January 2019 or thereafter with full retrospective or modified application. Early adoption is allowed, but not before the entity has adopted IFRS 15. The Group plans to apply the new standard from the mandatory effective date, using the modified retrospective method.

Finally, other standards or amendments not yet approved by the European Union are summarised in the following table:

Description	Endorsed at the reporting date	Expected date of entry into force
IFRS 14 — *Regulatory Deferral Accounts*	NO	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued in September 2014)	NO	not defined
Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* (issued in January 2016)	NO	1 January 2017
Amendments to IAS 7: *Disclosure Initiative* (issued in January 2016)	NO	1 January 2017
Clarifications on IFRS 15 — *Revenue from Contracts with Customers* (issued in April 2016)	NO	1 January 2018
Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions* (issued in June 2016)	NO	1 January 2018
Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued in September 2016)	NO	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle (issued in December 2016)	NO	1 January 2018
IFRIC Interpretation 22 — *Foreign Currency Transactions and Advance Consideration* (issued in December 2016)	NO	1 January 2018
Amendments to IAS 40: *Transfers of Investment Property* (issued in December 2016)	NO	1 January 2018
IFRIC 23 — *Uncertainty over Income Tax Treatments* (issued In June 2017)	NO	1 January 2019
IFRS 17 — *Insurance Contracts* (issued in May 2017)	NO	1 January 2021

The Group did not opt for early adoption of new standards, interpretations or amendments that have been issued but have not entered into force yet.

The Condensed Consolidated Six Monthly Financial Report has been prepared on the basis of the half-yearly situations at 30 June 2017 drawn up by the Boards of Directors of the respective consolidated subsidiaries.

Due to the type of business, data included in the Condensed Consolidated Six Monthly Financial Report are not influenced by material seasonal or cyclical effects, compared to full year data.

The Condensed Consolidated Six Monthly Financial Report has been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, results and cash flows, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparative information.

The Condensed Consolidated Six Monthly Financial Report is presented in euro, which is the functional currency of the Parent, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

Discretionary Valuations and Significant Accounting Estimates

Preparing financial statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Company management's decisions that have a significant impact on the financial statements and estimates, and have a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries.

The main estimates are used to recognise the capitalisation of development costs, recognition of taxes, impairment of non-financial assets, the actuarial assumptions used in the valuation of defined benefit plans. Other estimates relate to provisions for contingencies, inventory obsolescence, useful lives of certain assets and the determination of the fair value of financial instruments, including derivatives, and for evaluating the probability of realisation and the amount of any contingent assets.

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. Actuarial valuations necessary to determine provisions for employee benefits are conducted in complete form when preparing the Annual Financial Statements, and in simplified form when preparing this Six Monthly Financial Report.

Consolidation Area

The list of consolidated subsidiaries, associates and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of capital held, is included in the paragraph “Information About the Group” and in these Explanatory Notes.

Compared to the first half of 2016, the following corporate transactions were carried out:

- October 2016 saw the finalisation of the winding-up of the company Brembo Beijing Brake Systems Co. Ltd., with its ensuing exclusion from the Group consolidation scope.

The following table shows the exchange rates used in the translation of six monthly accounting statements denominated in currencies other than the functional one (euro).

Euro against other currencies	30/06/2017	Average at June 2017	30/06/2016	Average at June 2016
U.S. Dollar	1.141200	1.082523	1.110200	1.115524
Japanese Yen	127.750000	121.658695	114.050000	124.501482
Swedish Krona	9.639800	9.595442	9.424200	9.301521
Polish Zloty	4.225900	4.268466	4.436200	4.368603
Czech Koruna	26.197000	26.787058	27.131000	27.039439
Mexican Peso	20.583900	21.027941	20.634700	20.159948
Pound Sterling	0.879330	0.860059	0.826500	0.778492
Brazil Real	3.760000	3.439292	3.589800	4.134917
Indian Rupee	73.744500	71.124381	74.960300	74.977623
Argentine Peso	18.885100	16.942443	16.580200	15.989620
Chinese Renminbi	7.738500	7.441741	7.375500	7.293654
Russian Rouble	67.544900	62.734877	71.520000	78.412222

Group Activities, Segments, Significant Transactions and Further Information

Segment Report

Based on the IFRS 8 definition, an operating segment is a component of an entity:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which discrete financial information is available.

In light of such definition, the Brembo Group's operating segments are five Divisions/Business Units: Discs, Systems, Motorbikes, Performance Group, After Market.

Each Division/Business Unit Director reports to the top management and periodically discusses with them operating activities, financial statements results, forecasts or plans.

The Group thus aggregated the operating segments as follows for the purposes of financial reporting:

1. Discs - Systems - Motorbikes
2. After Market - Performance Group.

The segments that are included in each aggregate are similar in terms of:

a) the nature of products (braking systems);
b) the nature of production processes (melting process, subsequent processing for finishing and assembly);
c) the type of customers (manufacturers for Group 1 and distributors for Group 2);
d) the methods used to distribute the products (targeted to manufacturers for Group 1 and through distribution chains for Group 2);
e) the economic characteristics (gross manufacturing margin percentage for Group 1 and gross operating income for Group 2).

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had three customers in the first half of 2017 who accounted for over 10% of consolidated net revenues. None of the single car manufacturers comprising such groups exceeded this limit.

The following table shows segment information on sales of goods and services and results at 30 June 2017 and 30 June 2016:

	Total		Discs/Systems/ Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Sales	1,274,524	1,156,278	1,098,249	989,614	181,718	169,364	(1,633)	(1,613)	(3,810)	(1,087)
Allowances and discounts	(16,103)	(14,429)	(1,661)	(2,594)	(14,443)	(11,833)	0	0	1	(2)
Net sales	**1,258,421**	**1,141,849**	**1,096,588**	**987,020**	**167,275**	**157,531**	**(1,633)**	**(1,613)**	**(3,809)**	**(1,089)**
Transport costs	9,555	8,647	7,230	6,286	2,325	2,361	0	0	0	0
Variable production costs	781,722	729,597	677,519	627,862	106,968	100,971	(1,633)	(1,613)	(1,132)	2,377
Contribution margin	**467,144**	**403,605**	**411,839**	**352,872**	**57,982**	**54,199**	**0**	**0**	**(2,677)**	**(3,466)**
Fixed production costs	170,103	141,415	160,332	132,419	8,809	8,711	0	(3)	962	288
Production gross operating income	**297,041**	**262,190**	**251,507**	**220,453**	**49,173**	**45,488**	**0**	**3**	**(3,639)**	**(3,754)**
BU personnel costs	77,507	69,141	50,634	44,555	21,446	19,567	0	0	5,427	5,019
BU gross operating income	**219,534**	**193,049**	**200,873**	**175,898**	**27,727**	**25,921**	**0**	**3**	**(9,066)**	**(8,773)**
Costs for Central Functions	45,702	38,344	33,490	29,467	5,369	4,274	0	0	6,843	4,603
Operating income (loss)	**173,832**	**154,705**	**167,383**	**146,431**	**22,358**	**21,647**	**0**	**3**	**(15,909)**	**(13,376)**
Extraordinary costs and revenues	9,131	9,816	0	0	0	0	0	0	9,131	9,816
Financial costs and revenues	(3,676)	(7,829)	0	0	0	0	0	0	(3,676)	(7,829)
Income (expense) from investments	6,273	5,913	0	0	0	0	0	0	6,273	5,913
Non-operating costs and revenues	917	3,413	0	0	0	0	0	0	917	3,413
Result before taxes	**186,477**	**166,018**	**167,383**	**146,431**	**22,358**	**21,647**	**0**	**3**	**(3,264)**	**(2,063)**
Taxes	(47,962)	(38,550)	0	0	0	0	0	0	(47,962)	(38,550)
Result before minority interests	**138,515**	**127,468**	**167,383**	**146,431**	**22,358**	**21,647**	**0**	**3**	**(51,226)**	**(40,613)**
Minority interests	(1,827)	(389)	0	0	0	0	0	0	(1,827)	(389)
Net result	**136,688**	**127,079**	**167,383**	**146,431**	**22,358**	**21,647**	**0**	**3**	**(53,053)**	**(41,002)**

A reconciliation between the Consolidated Six Monthly Financial Report and the above information is provided below:

(euro thousand)	30.06.2017	30.06.2016
SALES OF GOODS AND SERVICES	**1,262,448**	**1,146,838**
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(7,564)	(6,232)
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	438	317
Effect of adjustment of transactions among consolidated companies	806	(111)
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	1,211	1,118
Other	1,082	(81)
NET SALES	**1,258,421**	**1,141,849**

(euro thousand)	30.06.2017	30.06.2016
NET OPERATING INCOME	**189,497**	**173,339**
Differences in preparation criteria of internal and statutory reports	(7,810)	(13,144)
Income (expense) from non-financial investments	(6,157)	(5,887)
Claim compensation and subsidies	(2,783)	98
Capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	392	(495)
Different classification of banking expenses (in the segment report they are included in "Financial costs and revenues")	539	482
Other	154	308
OPERATING RESULT	**173,832**	**154,705**

The breakdown of Group sales by geographic area of destination and by application is provided in the Directors' Report on Operations.

Statement of Financial Position data at 30 June 2017 and 31 December 2016 are provided in the tables below:

	Total		Discs/Systems/ Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Property, plant and equipment	820,000	747,301	780,348	698,363	28,790	32,057	5	5	10,857	16,876
Intangible assets	135,798	140,610	112,315	117,734	18,705	15,680	0	0	4,778	7,196
Financial assets and other non-current assets/liabilities	64,725	60,719	0	0	0	0	0	0	64,725	60,719
(a) Total fixed assets	**1,020,523**	**948,630**	**892,663**	**816,097**	**47,495**	**47,737**	**5**	**5**	**80,360**	**84,791**
Inventories	309,173	283,206	226,294	205,107	82,879	78,099	0	0	0	0
Current assets	482,965	405,723	379,129	321,092	74,218	53,602	(52,839)	(65,393)	82,457	96,422
Current liabilities	(592,468)	(547,208)	(469,142)	(449,966)	(80,819)	(78,983)	52,839	65,393	(95,346)	(83,652)
Provisions for contingencies and charges and other provisions	(57,634)	(41,625)	0	0	0	0	0	0	(57,634)	(41,625)
(b) Net working capital	**142,036**	**100,096**	**136,281**	**76,233**	**76,278**	**52,718**	**0**	**0**	**(70,523)**	**(28,855)**
NET INVESTED OPERATING CAPITAL (a+b)	**1,162,559**	**1,048,726**	**1,028,944**	**892,330**	**123,773**	**100,455**	**5**	**5**	**9,837**	**55,936**
Extraordinary components	70,316	61,967	53	53	0	0	8,719	15,487	61,544	46,427
NET INVESTED CAPITAL	**1,232,875**	**1,110,693**	**1,028,997**	**892,383**	**123,773**	**100,455**	**8,724**	**15,492**	**71,381**	**102,363**
Group equity	917,897	857,913	0	0	0	0	0	0	917,897	857,913
Minority interests	25,158	24,397	0	0	0	0	0	0	25,158	24,397
(d) Equity	**943,055**	**882,310**	**0**	**0**	**0**	**0**	**0**	**0**	**943,055**	**882,310**
(e) Provisions for employee benefits	**30,123**	**32,706**	**0**	**0**	**0**	**0**	**0**	**0**	**30,123**	**32,706**
Medium/long-term financial debt	347,953	215,904	0	0	0	0	0	0	347,953	215,904
Short-term financial debt	(88,256)	(20,227)	0	0	0	0	0	0	(88,256)	(20,227)
(f) Net financial debt	**259,697**	**195,677**	**0**	**0**	**0**	**0**	**0**	**0**	**259,697**	**195,677**
(g) COVERAGE (d+e+f)	**1,232,875**	**1,110,693**	**0**	**0**	**0**	**0**	**0**	**0**	**1,232,875**	**1,110,693**

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly consist of the value of shareholdings;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

Financial Risk Management

The Brembo Group is exposed to market, commodity, liquidity and credit risk, all of which are tied to the use of financial instruments. For a description of each type of risk the reader is referred to the Consolidated Financial Statements for the year ended 31 December 2016, as no significant changes have occurred in the reporting period.

Financial risk management is the responsibility of the central Treasury & Credit Department of Brembo S.p.A., which, together with the Finance Department, evaluates the main financial transactions and related hedging policies.

Fair Value Measurement

To complete the disclosure of financial risks, the following information is provided:

a) the fair value hierarchy for the Group's assets and liabilities:

	30.06.2017			31.12.2016		
(euro thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value						
Forward contracts denominated in foreign currency	0	(42)	0	0	0	0
Embedded derivative	0	0	174	0	0	556
Total financial assets (liabilities) measured at fair value	**0**	**(42)**	**174**	**0**	**0**	**556**
Assets (liabilities) for which fair value is indicated						
Current and non-current payables to banks	0	(385,460)	0	0	(258,050)	0
Other current and non-current financial liabilities	0	(2,940)	0	0	(3,405)	0
Total assets (liabilities) for which fair value is indicated	**0**	**(388,400)**	**0**	**0**	**(261,455)**	**0**

b) a reconciliation between the classes of financial assets and liabilities identified in the Group's Statement of Financial Position and the types of financial assets and liabilities identified based on the requirements of IFRS 7:

	Carrying value		Fair value	
(euro thousand)	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Available-for-sale financial assets	**307**	**307**	**307**	**307**
Loans, receivables and financial liabilities valued at amortised costs				
Current and non-current financial assets (excluding derivatives)	6,845	6,925	6,845	6,925
Trade receivables	423,532	357,392	423,532	357,392
Loans and receivables	47,570	32,071	47,570	32,071
Cash and cash equivalents	286,212	245,674	286,212	245,674
Current and non-current payables to banks	(540,828)	(436,251)	(542,855)	(444,793)
Other current and non-current financial liabilities	(5,535)	(6,001)	(5,535)	(6,001)
Trade payables	(462,154)	(428,530)	(462,154)	(428,530)
Other current payables	(101,530)	(102,400)	(101,530)	(102,400)
Other non-current liabilities	(12,150)	(8,653)	(12,150)	(8,653)
Derivatives	**132**	**556**	**132**	**556**
Total	**(357,599)**	**(338,910)**	**(359,626)**	**(347,452)**

The approach used to calculate fair value is the present value of the future cash flows expected to derive from the instrument being measured, determined by discounting the scheduled instalments at a rate equal to the forward rate curve applicable to each account payable. In detail:

- loans, payables to other lenders and intercompany loans with a duration of more than 12 months were measured at fair value determined by applying the forward rates curve to the residual duration of the loan;
- receivables, trade payables, held-to-maturity financial assets, payables and receivables to and from banks due within 12 months were measured at their carrying amounts, inasmuch as this is believed to approximate fair values;
- finance leases were valued at cost, as they are outside the scope of IAS 39;
- the fair value of derivatives was determined on the basis of valuation techniques that take into account market parameters other than the prices of the financial instrument.

Related Parties

The Group carries out transactions with parents, subsidiaries, associates, joint ventures, directors, key management personnel and other related parties. The Parent Brembo S.p.A. is a subsidiary of Nuova FourB S.r.l., which holds 53.522% of its share capital. Brembo did not engage in dealings with its parent in the first half of 2017, except for the dividend distribution.

Information pertaining to the fees paid to Directors, Statutory Auditors and General Manager (position held by the Chief Executive Officer) of Brembo S.p.A. and of other Group companies and additional information required is reported below:

	30.06.2017		30.06.2016	
(euro thousand)	Directors	Auditors	Directors	Auditors
Emoluments for the office held	1,075	105	1,005	108
Participation in committees and specific tasks	89	0	50	0
Salaries and other incentives	2,361	0	2,259	0

The item “Salaries and other incentives” includes the estimate of the cost of the 2016-2018 plan reserved for the company's top managers and accrued in the reporting period, remuneration paid as salaries for the employee function and provisions for bonuses still to be paid.

The following table provides a summary of related party transactions with reference to balances of the Statement of Financial Position and Statement of Income.

(euro thousand)	30.06.2017						31.12.2016					
		RELATED PARTIES						RELATED PARTIES				
a) Weight of transactions or positions with related parties on items of the Statement of Financial Position	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**
Other financial assets (including investments in other companies and derivatives)	6,830	5,657	0	0	5,657	*82.8%*	6,887	5,676	0	0	5,676	*82.4%*
Inventories	309,574	0	0	0	0	*0.0%*	283,191	4	0	4	0	*0.0%*
Trade receivables	423,532	3,046	1,830	1,172	44	*0.7%*	357,392	2,711	812	1,833	66	*0.8%*
Other receivables and current assets	50,895	52	52	0	0	*0.1%*	43,830	7	7	0	0	*0.0%*
Cash and cash equivalents	286,212	0	0	0	0	*0.0%*	245,674	9,104	9,104	0	0	*3.7%*
Non-current payables to banks	(345,447)	0	0	0	0	*0.0%*	(210,659)	(904)	(904)	0	0	*0.4%*
Other non-current liabilities	(12,150)	(3,015)	(3,015)	0	0	*24.8%*	(8,653)	(1,914)	(1,914)	0	0	*22.1%*
Provisions for employee benefits	(30,123)	(5,647)	(5,647)	0	0	*18.7%*	(32,706)	(7,397)	(7,397)	0	0	*22.6%*
Current payables to banks	(195,381)	0	0	0	0	*0.0%*	(225,592)	(41,474)	(41,474)	0	0	*18.4%*
Trade payables	(462,154)	(10,834)	(1,363)	(8,920)	(551)	*2.3%*	(428,530)	(7,868)	(2,274)	(5,273)	(321)	*1.8%*
Other current payables	(101,530)	(2,914)	(2,787)	(127)	0	*2.9%*	(102,400)	(2,460)	(2,333)	(127)	0	*2.4%*

	30.06.2017						30.06.2016					
		RELATED PARTIES						RELATED PARTIES				
b) Weight of transactions or positions with related parties on items of the Statement of Income	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**
Sales of goods and services	1,262,448	3,304	3,049	252	3	*0.3%*	1,146,838	3,386	3,156	229	1	*0.3%*
Other revenues and income	10,739	1,730	23	1,639	68	*16.1%*	15,555	1,651	15	1,568	68	*10.6%*
Raw materials, consumables and goods	(607,563)	(37,648)	(24)	(37,286)	(338)	*6.2%*	(574,293)	(43,783)	(30)	(43,379)	(374)	*7.6%*
Other operating costs	(213,415)	(2,956)	(2,301)	(181)	(474)	*1.4%*	(183,572)	(2,959)	(2,526)	(40)	(393)	*1.6%*
Personnel expenses	(215,766)	(3,279)	(3,279)	0	0	*1.5%*	(192,206)	(2,800)	(2,800)	0	0	*1.5%*
Net interest income (expense)	(3,146)	(263)	(265)	(1)	3	*8.4%*	(7,347)	(316)	(337)	(1)	22	*4.3%*

* Other related parties include key management personnel of the entity and other related parties.

Sales of products, supply of services and the transfer of fixed assets between Brembo companies were carried out at prices reflecting fair market conditions. The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the company. From a financial standpoint, the subsidiaries operate independently, although some of them benefit from various forms of centralised financing. Since 2008, a zero-balance cash-pooling system has been effective, with Brembo S.p.A. as the pool leader. In 2013, an additional cash pooling arrangement was put in place, denominated in CNY, with Brembo Nanjing Foundry Co. Ltd. as pooler and Brembo Nanjing Brake Systems Co. Ltd., Brembo Nanjing Automobile Components Co. Ltd. and Qingdao Brembo Trading Co. Ltd. as participants. The cash pooling is entirely based in China, and Citibank Nanjing is the service provider.

Information About the Group

The key figures of Group companies are commented upon in the sections of the Directors' Report on Operations “Group Structure” and “Performance of Brembo Companies”.

COMPANY	HEADQUARTERS		SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES	
Brembo S.p.A.	Curno (Bergamo)	Italy	Eur	34,727,914		
AP Racing Ltd.	Coventry	United Kingdom	Gbp	135,935	100%	Brembo S.p.A.
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany	Eur	25,000	100%	Brembo S.p.A.
Brembo North America Inc.	Wilmington, Delaware	USA	Usd	33,798,805	100%	Brembo S.p.A.
Brembo Nanjing Foundry Co. Ltd.	Nanjing	China	Cny	315,007,990	100%	Brembo S.p.A.
Brembo Czech S.r.o.	Ostrava-Hrabová	Czech Republic	Czk	605,850,000	100%	Brembo S.p.A.
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy	Eur	100,000	100%	Brembo S.p.A.
Qingdao Brembo Trading Co. Ltd.	Qingdao	China	Cny	1,365,700	100%	Brembo S.p.A.
Brembo Japan Co. Ltd.	Tokyo	Japan	Jpy	11,000,000	100%	Brembo S.p.A.
Brembo Poland Spolka Zo.o.	Dabrowa Górnizca	Poland	Pln	144,879,500	100%	Brembo S.p.A.
Brembo Scandinavia A.B.	Göteborg	Sweden	Sek	4,500,000	100%	Brembo S.p.A.
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China	Cny	177,022,179	100%	Brembo S.p.A.
Brembo Russia L.L.C.	Moscow	Russia	Rub	1,250,000	100%	Brembo S.p.A.
Brembo (Nanjing) Automobile Components Co. Ltd.	Nanjing	China	Cny	171,829,800	40%	Brembo S.p.A.
					60%	Brembo Brake India Pvt. Ltd.
Brembo Argentina S.A.	Buenos Aires	Argentina	Ars	62,802,000	98.62%	Brembo S.p.A.
					1.38%	Brembo do Brasil Ltda.
Brembo México S.A. de C.V.	Apodaca	Mexico	Usd	20,428,836	49%	Brembo S.p.A.
					51%	Brembo North America Inc.
Brembo Brake India Pvt. Ltd.	Pune	India	Inr	140,000,000	99.99%	Brembo S.p.A.
Brembo do Brasil Ltda.	Betim	Brazil	Brl	103,803,201	99.99%	Brembo S.p.A.
Corporación Upwards '98 S.A.	Saragoza	Spain	Eur	498,043	68%	Brembo S.p.A.
Asimco Meilian Braking Systems (Langfang) Co. Ltd.	Langfang	China	Cny	170,549,133	66%	Brembo S.p.A.
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy	Eur	4,000,000	50%	Brembo S.p.A.
Petroceramics S.p.A.	Milan	Italy	Eur	123,750	20%	Brembo S.p.A.
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany	Eur	25,000	100%	Brembo SGL Carbon Ceramic Brakes S.p.A.

Commitments

The Group had no commitments at 30 June 2017.

Position or Transactions from Atypical and/or Unusual Operations

Pursuant to Consob Notice No. 6064293 dated 28 July 2006, it is hereby specified that during the first half of 2017 the company did not carried out any atypical and/or unusual transactions, as defined by the said Notice.

Significant Events After 30 June 2017

No other significant events occurred after the end of the first half of 2017 and up to 27 July 2017.

ANALYSIS OF EACH ITEM

STATEMENT OF FINANCIAL POSITION

1. Property, Plant, Equipment and Other Equipment

The changes in this item are shown in the table below and described in this section.

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	24,366	208,500	819,455	194,266	37,030	87,160	**1,370,777**
Accumulated depreciation	0	(71,568)	(513,217)	(160,233)	(30,229)	0	**(775,247)**
Write-down provision	0	(2,500)	(2,769)	0	0	(484)	**(5,753)**
Balance at 1 January 2016	**24,366**	**134,432**	**303,469**	**34,033**	**6,801**	**86,676**	**589,777**
Changes:							
Translation differences	37	(3,128)	(5,753)	(456)	(34)	(2,119)	**(11,453)**
Change in consolidation area	0	11,294	16,834	360	544	225	**29,257**
Reclassification	0	(74)	27,458	(5,138)	1,520	(23,605)	**161**
Acquisitions	1	721	26,180	4,378	729	70,223	**102,232**
Disposals	(235)	(49)	(1,855)	(199)	(10)	0	**(2,348)**
Depreciation	0	(5,009)	(32,493)	(5,971)	(1,372)	0	**(44,845)**
Impairment losses	0	0	(163)	(3)	0	0	**(166)**
Total changes	**(197)**	**3,755**	**30,208**	**(7,029)**	**1,377**	**44,724**	**72,838**
Historical cost	24,169	218,251	878,603	185,245	42,086	131,865	**1,480,219**
Accumulated depreciation	0	(76,751)	(542,428)	(158,241)	(33,908)	0	**(811,328)**
Write-down provision	0	(3,313)	(2,498)	0	0	(465)	**(6,276)**
Balance at 30 June 2016	**24,169**	**138,187**	**333,677**	**27,004**	**8,178**	**131,400**	**662,615**
Historical cost	27,730	285,872	977,772	192,684	43,304	75,117	**1,602,479**
Accumulated depreciation	0	(82,799)	(572,277)	(162,600)	(34,815)	0	**(852,491)**
Write-down provision	0	(351)	(2,428)	0	0	(277)	**(3,056)**
Balance at 1 January 2017	**27,730**	**202,722**	**403,067**	**30,084**	**8,489**	**74,840**	**746,932**
Changes:							
Translation differences	(305)	(4,436)	(7,363)	45	(239)	(2,000)	**(14,298)**
Reclassification	2	2,092	21,214	3,113	3,546	(30,124)	**(157)**
Acquisitions	1	1,123	22,539	5,587	1,443	114,501	**145,194**
Disposals	0	(25)	(2,116)	(329)	(10)	0	**(2,480)**
Depreciation	0	(6,517)	(39,641)	(7,242)	(1,467)	0	**(54,867)**
Impairment losses	0	(288)	(35)	0	0	0	**(323)**
Total changes	**(302)**	**(8,051)**	**(5,402)**	**1,174**	**3,273**	**82,377**	**73,069**
Historical cost	27,428	284,491	998,877	200,671	46,611	157,506	**1,715,584**
Accumulated depreciation	0	(89,198)	(598,916)	(169,413)	(34,849)	0	**(892,376)**
Write-down provision	0	(622)	(2,296)	0	0	(289)	**(3,207)**
Balance at 30 June 2017	**27,428**	**194,671**	**397,665**	**31,258**	**11,762**	**157,217**	**820,001**

In the first half of 2017, investments were made in tangible fixed assets amounting to €145,194 thousand, including €114,501 thousand on fixed assets in progress. As already noted in the Report on Operations, the Group continued its international development programme. This involved significant investments in production plants, machinery and equipment in North America, Poland, China, as well as in Italy.

Net disposals amounted to €2,480 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for the first half of 2017 amounted to €54,867 thousand (€44,845 thousand at 30 June 2016).

Note 13 provides information on the Group's financial commitment with respect to assets purchased under finance leases.

2. Intangible Assets (Development Costs, Goodwill and Other Intangible Assets)

Changes in intangible assets are shown in the table below and described in this section.

(euro thousand)	Development cost	Goodwill A	Intangible assets with indefinite useful lives B	Sub-total A+B	Industrial patents and similar rights C	Other intangible assets D	Total other intangible assets C+D	Total
Historical cost	**119,162**	57,038	1,033	**58,071**	29,849	71,964	**101,813**	**279,046**
Accumulated amortisation	**(77,931)**	0	0	**0**	(26,439)	(60,368)	**(86,807)**	**(164,738)**
Write-down provision	**(388)**	(14,122)	(3)	**(14,125)**	(504)	0	**(504)**	**(15,017)**
Balance at 1 January 2016	**40,843**	**42,916**	**1,030**	**43,946**	**2,906**	**11,596**	**14,502**	**99,291**
Changes:								
Translation differences	**(23)**	(2,940)	0	**(2,940)**	(9)	(419)	**(428)**	**(3,391)**
Change in consolidation area	**0**	51,526	0	**51,526**	0	30,869	**30,869**	**82,395**
Reclassification	**0**	0	0	**0**	49	(41)	**8**	**8**
Acquisitions	**8,292**	0	0	**0**	945	4,104	**5,049**	**13,341**
Disposals	**0**	0	0	**0**	(6)	(8)	**(14)**	**(14)**
Amortisation	**(4,834)**	0	0	**0**	(514)	(2,766)	**(3,280)**	**(8,114)**
Impairment losses	**(37)**	0	0	**0**	0	0	**0**	**(37)**
Total changes	**3,398**	**48,586**	**0**	**48,586**	**465**	**31,739**	**32,204**	**84,188**
Historical cost	**127,380**	104,043	1,033	**105,076**	30,755	106,763	**137,518**	**369,974**
Accumulated amortisation	**(82,751)**	0	0	**0**	(26,881)	(63,428)	**(90,309)**	**(173,060)**
Write-down provision	**(388)**	(12,541)	(3)	**(12,544)**	(503)	0	**(503)**	**(13,435)**
Balance at 30 June 2016	**44,241**	**91,502**	**1,030**	**92,532**	**3,371**	**43,335**	**46,706**	**183,479**
Historical cost	**137,593**	99,560	1,429	**100,989**	31,267	116,557	**147,824**	**386,406**
Accumulated amortisation	**(87,881)**	0	0	**0**	(27,403)	(67,859)	**(95,262)**	**(183,143)**
Write-down provision	**(388)**	(12,106)	(3)	**(12,109)**	(503)	0	**(503)**	**(13,000)**
Balance at 1 January 2017	**49,324**	**87,454**	**1,426**	**88,880**	**3,361**	**48,698**	**52,059**	**190,263**
Changes:								
Translation differences	**(186)**	(4,437)	(21)	**(4,458)**	14	(2,034)	**(2,020)**	**(6,664)**
Reclassification	**0**	0	0	**0**	107	(9)	**98**	**98**
Acquisitions	**12,822**	0	0	**0**	1,989	4,162	**6,151**	**18,973**
Disposals	**0**	0	0	**0**	(7)	(183)	**(190)**	**(190)**
Amortisation	**(5,213)**	0	0	**0**	(550)	(4,174)	**(4,724)**	**(9,937)**
Impairment losses	**(905)**	0	0	**0**	1	0	**1**	**(904)**
Total changes	**6,518**	**(4,437)**	**(21)**	**(4,458)**	**1,554**	**(2,238)**	**(684)**	**1,376**
Historical cost	**149,200**	94,805	1,408	**96,213**	33,411	117,791	**151,202**	**396,615**
Accumulated amortisation	**(92,970)**	0	0	**0**	(27,994)	(71,331)	**(99,325)**	**(192,295)**
Write-down provision	**(388)**	(11,788)	(3)	**(11,791)**	(502)	0	**(502)**	**(12,681)**
Balance at 30 June 2017	**55,842**	**83,017**	**1,405**	**84,422**	**4,915**	**46,460**	**51,375**	**191,639**

Development costs

The item "Development costs" includes costs for development, internal and external, for a gross historical cost of €149,200 thousand. During the reporting period, this item changed due to higher costs incurred for works begun in the first half of 2017, for orders received both during the half-year period and in previous periods, for which additional development costs were incurred for €12,822 thousand; amortisation of €5,213 thousand was recognised for development costs associated with products that have already entered into mass production.

The gross amount includes development activities for projects underway totalling €31,889 thousand. The total amount of costs for capitalised internal works charged to the Statement of Income in the item "Costs for capitalised internal works" in the reporting period amounted to €12,928 thousand (first half of 2016: €8,292 thousand).

Impairment losses totalled €905 thousand and are recognised in the Statement of Income under "Amortisation, depreciation and impairment losses." Impairment losses refer to development costs incurred mainly by the Parent, Brembo S.p.A., in relation to projects that, consistently with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination.

Goodwill

The item "Goodwill" arose from the following business combinations:

(euro thousand)	30.06.2017	31.12.2016
Discs - Systems - Motorbikes		
Brembo North America Inc. (Hayes Lemmerz)	14,957	16,193
Brembo México S.A. de C.V. (Hayes Lemmerz)	910	986
China Systems (Brembo Nanjing Brake Systems Co. Ltd.)	905	956
Brembo Brake India Pvt. Ltd.	8,929	9,198
China discs (Asimco Meilian Braking Systems (Langfang) Co. Ltd.)	43,505	45,991
After Market - Performance Group:		
Corporación Upwards '98 (Frenco S.A.)	2,006	2,006
Ap Racing Ltd.	11,805	12,124
Total	**83,017**	**87,454**

The change compared to 31 December 2016 was attributable to the change in consolidation differences.

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment.

The main assumptions used to determine the value in use of the cash-generating unit relate to the discount rate (WACC), the long-term growth rate and the financial flows arising on corporate business plans.

Impairment tests are conducted on the values of recognised goodwill in the presence of impairment indicators when preparing the Condensed Consolidated Six Monthly Financial Report. As part of this process, the performance of the various CGUs was assessed by comparing their results with the forecasts in the company's business plan and updating the estimate of the Group's WACC to 7.7% (7.4% in 2016).

Considering these elements, an impairment test was only performed on the net assets of the subsidiaries Brembo do Brasil Ltda. and Brembo Argentina S.A., although no goodwill had been allocated to the companies; the test identified no need for any further impairment.

With regard to possible future effects of the Brexit referendum held in the United Kingdom, given the current uncertainties as to how the United Kingdom is to leave the European Union (this process will be subject to specific negotiations, expected to be defined over a period of two years), Brembo has assessed the situation and verified that the effects will probably be very modest, one reason for which is that most exports to the United Kingdom are transacted in euros and dollars and the UK subsidiary generates approximately 65% of its turnover on exports. Nonetheless, the possible impact on the Group, including as regards impairment indicators, will be monitored in coming periods, taking account of any new information in this area that may be brought to light.

Intangible assets with indefinite useful lives

This item includes €1,030 thousand related to the Villar trademark, owned by the subsidiary Corporación Upwards '98 S.A., and for the remaining part the value of the trademark of Asimco Meilian Braking Systems (Langfang) Co. Ltd.

For information concerning impairment-testing methods, the reader is referred to the above discussion relating to goodwill.

Other intangible assets

Acquisitions of "Other intangible assets" totalled €6,151 thousand and refer for €1,989 thousand to the filing of specific patents and trademarks, and for the remaining amount mainly to the share of the investment for the reporting period associated with the development of new features regarding the new ERP (Enterprise Resource Planning) system within the Group and the acquisition of other IT applications.

3. Shareholdings Valued Using the Equity Method (Associates and Joint Ventures)

This item includes the Group's share of equity in companies that are accounted for using the equity method. The following table shows all relevant movements:

(euro thousand)	31.12.2016	Write-ups/ Write-downs	Dividends	30.06.2017
Brembo Group SGL Carbon Ceramic Brakes	26,507	6,157	(6,000)	26,664
Petroceramics S.r.l.	462	116	(40)	538
Total	**26,969**	**6,273**	**(6,040)**	**27,202**

It should be noted that the impact on the Statement of Income of shareholdings valued using the equity method regards two items: "Income (expense) from non-financial investments", attributable to the effect of the valuation using the equity method of the BSCCB Group, and "Interest income (expense) from investments", attributable to the valuation of associates using the equity method.

The investment in Brembo SGL Carbon Ceramic Brakes S.p.A. was written up by €6,157 thousand, mainly to account for net income for the period.

4. Other Financial Assets (Including Investments in Other Companies and Derivatives)

This item is broken down as follows:

(euro thousand)	30.06.2017	31.12.2016
Shareholdings in other companies	307	307
Receivables from associates	5,657	5,676
Other	866	904
Total	**6,830**	**6,887**

The item "Shareholdings in other companies" includes the 10% interest in International Sport Automobile S.a.r.l., the 2.8% interest in E-novia S.p.A. and 1.20% interest in Fuji Co.

The item "Receivables from associates" includes the receivable deriving from the loan granted by Brembo to Innova Tecnologie S.r.l. in liquidazione, in which Brembo S.p.A. holds a 30% interest. The loan, the nominal amount of which is €9 million, was reduced to €5,657 thousand following the settlement agreement reached in 2016 with the majority shareholder, Innova Tecnologie S.r.l. in liquidazione, Impresa Fratelli Rota Nodari S.p.A. and Innova Tecnologie S.r.l. in liquidazione.

In extremely short form, this agreement, approved by the Related Party Transactions Committee, provides for (i) the waiver by Brembo of a portion of the receivable for repayment of the loan (€3,203 thousand of principal and €266 thousand of interest); (ii) the calculation of interest at the legal rate; (iii) the payment by Innova Tecnologie S.r.l. in liquidazione to Brembo of an initial instalment of the residual receivable (€600 thousand); (iv) the payment of the residual share of that receivable following the sale to third parties of the property owned by Innova Tecnologie S.r.l. in liquidazione in proportion to the company's net assets upon the completion of the liquidation procedure, without prejudice to the majority shareholder's liability for any deficit, up to a maximum amount already agreed upon between the parties; and (v) the immediate waiver by Innova Tecnologie S.r.l. in liquidazione and Impresa Fratelli Rota Nodari S.p.A. (against the return of a performance guarantee previously issued to Brembo) of all claims against Brembo.

Although including the receivable among "Non-current assets", it is deemed that there are no elements hindering the recovery of the residual value.

"Other" includes interest-free security deposits for utilities and car rental agreements.

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	30.06.2017	31.12.2016
Receivables from others	4,263	4,670
Income tax receivables	37	91
Non-income tax receivables	34	33
Total	**4,334**	**4,794**

The item "Receivables from others" mainly includes the amount related to contributions towards a client for the acquisition of a ten-year exclusive supply arrangement released to the Statement of Income in accordance with the supply schedule for the client, which began in late 2014.

Tax receivables mostly refer to applications for tax refunds.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 30 June 2017 is broken down as follows:

(euro thousand)	30.06.2017	31.12.2016
Deferred tax assets	65,763	57,691
Deferred tax liabilities	(30,097)	(31,622)
Total	**35,666**	**26,069**

Deferred tax assets and liabilities were generated mainly due to temporary differences for capital gains with deferred taxation, other income items subject to future deductions or taxation, prior years' tax losses and other consolidation adjustments.

Movements for the period are reported in the following table:

(euro thousand)	30.06.2017	30.06.2016
Balance at beginning of period	**26,069**	**42,551**
Change in consolidation area	0	(6,995)
Deferred tax liabilities generated	(1,119)	(2,511)
Deferred tax assets generated	11,621	15,474
Use of deferred tax assets and liabilities	(2,393)	(9,363)
Exchange rate fluctuations	1,894	(1,100)
Other movements	(406)	81
Balance at end of period	**35,666**	**38,137**

The recognition of deferred tax assets was made by assessing the existence of the prerequisites for their future recovery based on updated strategic plans. In particular, it should be noted that the consolidated subsidiary Brembo Poland Spolka Zo.o. is located in a "special economic zone" and is entitled to deduct a percentage from 25% to 50% of its investments from its current taxes owed through 2026. At 30 June 2017, the company had used all the existing credit at 31 December 2016 beside the credit accrued in the first half of 2017.

Brembo Czech S.r.o. has two tax incentive plans, one of CZK 355.2 million (expiring in 2018) and another of CZK 133.7 million (expiring in 2021), on which the company recognised deferred tax assets of CZK 455.5 million (of which CZK 87.3 million used in 2016). At 30 June 2017, the unrecognised potential future tax benefit amounted to CZK 33.42 million (approximately €1.3 million), inasmuch as there is no certain evidence, according to current forecasts, that such benefit may be used before it expires.

In addition, it should be noted that:

- unrecognised deferred tax assets of Brembo do Brasil Ltda., calculated on prior years' tax losses and tax losses for the period (BRL 106.1 million), amounted to BRL 36.1 million;
- unrecognised deferred tax assets of Brembo Argentina Ltda., calculated on prior years' tax losses and tax losses for the period (ARS 93.3 million), amounted to ARS 32.7 million;
- at 30 June 2017, deferred tax liabilities of €1,370 thousand were recognised on profits of subsidiaries, associates or joint ventures which the Group considers may be distributed in the foreseeable future.

7. Inventories

A breakdown of net inventories, which are stated net of the inventory write-down provision, is shown below:

(euro thousand)	30.06.2017	31.12.2016
Raw materials	111,621	109,322
Work in progress	79,147	57,339
Finished products	96,386	93,190
Goods in transit	22,420	23,340
Total	**309,574**	**283,191**

The change reported was mainly due to the increase in the Group's business volumes.

Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	31.12.2016	Provisions	Use/ Release	Exchange rate fluctuations	30.06.2017
Inventory write-down provision	41,653	9,253	(3,525)	(210)	47,171

The inventory write-down provision is determined in order to align the cost of inventories to their estimated realisable value; the provision increased due to higher depreciation calculated on obsolete goods as a result of faster renewal of product ranges.

8. Trade Receivables

At 30 June 2017, the balance of trade receivables compared to the balance at the end of the previous year was as follows:

(euro thousand)	30.06.2017	31.12.2016
Accounts receivable from customers	422,316	355,493
Receivables from associates and joint ventures	1,216	1,899
Total	**423,532**	**357,392**

The increase in trade receivables is mainly related to the growth in business volumes.

The bad debt risk is not concentrated in any one area, as the company has a large number of clients spread across the various geographical areas in which it operates. In this regard, the customer risk profile is substantially similar to that identified and valued in the past year.

Trade receivables are stated net of the provision for bad debts, which amounted to €6,576 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	31.12.2016	Provisions	Use/ Release	Exchange rate fluctuations	30.06.2017
Provision for bad debts	6,923	306	(545)	(108)	6,576

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	30.06.2017	31.12.2016
Income tax receivables	7,622	16,462
Non-income tax receivables	15,073	13,203
Other receivables	28,200	14,165
Total	**50,895**	**43,830**

The item "Income tax receivables" includes the receivable recognised by the Parent in prior years in relation to the application of an IRES refund, concerning the non-deductibility for IRAP purposes of personnel expenses, and other applications for IRES and IRAP refund totalling €4,948 thousand, beside the €2,288 thousand R&D tax credit calculated pursuant to Ministerial Decree dated 27 May 2015.

The item "Non-income tax receivables" primarily includes VAT receivables and a receivable for which a refund has been requested in connection with previous years.

10. Current Financial Assets and Derivatives

This item is broken down as follows

(euro thousand)	30.06.2017	31.12.2016
Derivatives	174	556
Security deposits	320	342
Other receivables	2	3
Total	**496**	**901**

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	30.06.2017	31.12.2016
Bank and postal accounts	286,062	245,535
Cash-in-hand and cash equivalents	150	139
Total cash and cash equivalents	**286,212**	**245,674**
Payables to banks: overdrafts and foreign currency advances	(157,395)	(181,745)
Cash and cash equivalents from the Statement of Cash Flows	**128,817**	**63,929**

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. It is deemed that the book value of cash and cash equivalents approximates the fair value at the reporting date.

It should be noted that, with regard to the amount recognised in the Statement of Cash Flows, interest paid in the half year totalled €3,872 thousand (€4,107 thousand at 30 June 2016).

12. Equity

Group consolidated equity at 30 June 2017 increased by €59,984 thousand compared to 31 December 2016. Movements are given in the relevant statement within the Condensed Consolidated Six Monthly Report.

Share capital

The subscribed and paid up share capital amounted to €34,728 thousand at 30 June 2017. It is divided into 333,922,250 ordinary shares.

The table below shows the composition of the share capital and the number of shares outstanding at 31 December 2016 and 30 June 2017:

(No. of shares)	30.06.2017	31.12.2016
Ordinary shares issued	333,922,250	66,784,450
Own shares	(8,735,000)	(1,747,000)
Total shares outstanding	**325,187,250**	**65,037,450**

The General Shareholders' Meeting held on 20 April 2017 approved the stock split of the Company's total 66,784,450 ordinary shares (without nominal value) into 333,922,250 newly issued ordinary shares, through the withdrawal of the outstanding ordinary shares and the assignment of 5 (five) newly issued shares for each share withdrawn and cancelled. The transaction, carried out on 29 May 2017, entailed a reduction of the book value of each share (the value of the company's own capital per share as reported in the financial statements) but had no effect on the amount of the Company's share capital or the characteristics of its shares.

As part of Brembo's buy-back plan, the company neither purchased nor sold own shares in the first half of 2017.

Other Reserves and Retained Earnings/(Losses)

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2017 approved the Financial Statements for the financial year ended 31 December 2016, allocating the profit for the year amounting to €138,393 thousand as follows:

- to the Shareholders, a gross ordinary dividend of €1.0 for each of the outstanding ordinary share, excluding own shares;
- the remaining amount carried forward.

Share Capital and Reserves of Minority Interests

This item increased by €761 thousand due to consolidation exchange rate changes.

13. Financial Debt and Derivatives

This item is broken down as follows:

(euro thousand)	30.06.2017 Due within one year	30.06.2017 Due after one year	30.06.2017 Total	31.12.2016 Due within one year	31.12.2016 Due after one year	31.12.2016 Total
Payables to banks:						
- overdrafts and advances	157,395	0	157,395	181,745	0	181,745
- loans	37,986	345,447	383,433	43,847	210,659	254,506
Total	**195,381**	**345,447**	**540,828**	**225,592**	**210,659**	**436,251**
Payables to other financial institutions	3,029	2,506	5,535	756	5,245	6,001
Derivatives	42	0	42	0	0	0
Total	**3,071**	**2,506**	**5,577**	**756**	**5,245**	**6,001**

The following table provides details on loans and amounts due to other financial institutions:

(euro thousand)	Original amount	Amount at 31.12.2016	Amount at 30.06.2017	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
BNL loan (€50 million)	50,000	42,761	35,647	14,243	21,404	0
Banca Popolare di Sondrio loan (€75 million)	75,000	0	74,935	0	74,935	0
Banca Popolare di Sondrio loan (€25 million)	25,000	3,124	0	0	0	0
BNL loan (€80 million)	80,000	0	79,853	0	79,853	0
UBI loan (€30 million)	30,000	1,874	0	0	0	0
EIB R&D loan (€55 million)	55,000	32,558	28,491	8,135	20,356	0
Mediobanca loan (€130 million) - 50% fixed rate	130,000	129,643	129,690	0	129,690	0
Unicredit NY loan (USD 40.3 million)	37,101	25,494	17,670	11,798	5,872	0
EIB loan (€30 million, New Foundry Project)	30,000	19,052	17,147	3,810	13,337	0
Total payables to banks	**512,101**	**254,506**	**383,433**	**37,986**	**345,447**	**0**
Payables to other financial institutions:						
Finlombarda MIUR loan	275	166	133	65	68	0
MIUR BBW loan	2,443	1,241	1,073	156	917	0
Ministerio Industria España	3,237	1,907	1,692	263	1,052	377
Renault Argentina S.A. loan	797	91	42	42	0	0
Langfang municipality loan	7,558	2,596	2,455	2,455	0	0
Payables for leases	123	0	140	48	92	0
Total payables to other financial institutions	**14,433**	**6,001**	**5,535**	**3,029**	**2,129**	**377**
TOTAL	**526,534**	**260,507**	**388,968**	**41,015**	**347,576**	**377**

Among the major transactions finalised in the first half of 2017, mention should be made that the Parent Brembo S.p.A. finalised two medium-term loans: with BNL in the amount of €80 million and with Banca Popolare di Sondrio in the amount of €75 million.

It should be noted that several loans require compliance with certain financial covenants. At the end of the reporting period, all of these covenants had been met. At 30 June 2017, there was no financial debt secured by collateral.

The following table provides a breakdown of the Group's debt from financial leases. Instalments are given by principal and interest due.

	30.06.2017			31.12.2016		
(euro thousand)	Instalment	Interest	Principal	Instalment	Interest	Principal
Within 1 year	51	3	48	0	0	0
Between 1 and 5 years	94	2	92	0	0	0
Beyond 5 years	0	0	0	0	0	0
Total	**145**	**5**	**140**	**0**	**0**	**0**

The Group has outstanding commercial lease agreements for several of its production facilities and its headquarters. The company has concluded that all significant risks and rewards typical of the ownership of the assets have not been transferred to the Group on the basis of the contractual terms and conditions (for example, the contractual terms do not cover most of the economic life of the commercial property, or the present value of the minimum lease payments does not essentially correspond to the fair value of the asset). It follows that such contracts have been accounted for as operating leases.

The following table provides a breakdown of operating lease instalments:

(euro thousand)	30.06.2017	31.12.2016
Within 1 year	23,613	25,186
Between 1 and 5 years	69,840	72,732
Beyond 5 years	75,297	75,726
Total	**168,750**	**173,644**

The following table shows the structure of debt towards other lenders and loans, broken down by annual interest rate and currency at 30 June 2017:

	30.06.2017			31.12.2016		
(euro thousand)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Euro	222,573	146,228	368,801	68,136	164,191	232,327
US Dollar	0	17,670	17,670	0	25,493	25,493
Chinese Renminbi	2,455	0	2,455	2,596	0	2,596
Argentine Peso	42	0	42	91	0	91
Total	**225,070**	**163,898**	**388,968**	**70,823**	**189,684**	**260,507**

The average variable rate applicable to the Group's debt is 1.09% and the average fixed rate is 0.67%.

Net Financial Position

The following table shows the reconciliation of the net financial position at 30 June 2017 (€259,697 thousand) and at 31 December 2016, amounting to €195,677 thousand, based on the layout prescribed by Consob Communication No. 6064293 of 28 July 2006.

	(euro thousand)	30.06.2017	31.12.2016
A	Cash	150	139
B	Other cash equivalents	286,062	245,535
C	Derivatives and securities held for trading	174	556
D	**LIQUIDITY (A+B+C)**	**286,386**	**246,230**
E	Current financial receivables	322	345
F	Current payables to banks	157,395	181,745
G	Current portion of non-current debt	37,986	43,847
H	Other current financial debts and derivatives	3,071	756
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**198,452**	**226,348**
J	**NET CURRENT FINANCIAL DEBT (I–E–D)**	**(88,256)**	**(20,227)**
K	Non-current payables to banks	345,447	210,659
L	Bonds issued	0	0
M	Other non-current financial debts and derivatives	2,506	5,245
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**347,953**	**215,904**
O	**NET FINANCIAL DEBT (J+N)**	**259,697**	**195,677**

The various components that gave rise to the change in net financial position during the reporting period are presented in the Statement of Cash Flows in the Directors' Report on Operations.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	30.06.2017	31.12.2016
Social security payables	2,022	1,439
Payables to employees	9,590	6,983
Other payables	538	231
Total	**12,150**	**8,653**

The changes in the items “Payables to employees”, “Social security payables” and “Other payables” primarily consisted of the liability associated with the amount for the year due within the 2016-2018 three-year incentive plan reserved for top managers, to be settled in 2019.

15. Provisions for Contingencies and Charges

This item is broken down as follows:

(euro thousand)	31.12.2016	Provisions	Use/ Release	Exchange rate fluctuations	Other	30.06.2017
Provisions for contingencies and charges	7,874	4,158	(953)	(181)	21	10,919
Provision for product warranties	16,340	4,939	(1,978)	30	10,015	29,346
Total	**24,214**	**9,097**	**(2,931)**	**(151)**	**10,036**	**40,265**
of which short-term	***2,547***					***2,220***

Provisions totalled €40,265 thousand, including product warranties, supplemental customer indemnities — in connection with the Italian agency contract — and the valuation of risks related to litigation underway, as well as an estimate of liabilities that could arise as a result of tax litigation underway.

16. Provisions for Employee Benefits

Group companies provide post-employment benefits through defined contribution plans or defined benefit plans.

In the case of defined contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.

The employees of the UK subsidiary AP Racing Ltd. have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution plan for employees hired after 1 April 2001, and the second is a defined benefit plan for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.

Following the consolidation of Asimco Meilian Braking Systems (Langfang) Co. Ltd., a plan was added to the defined contribution plans: it related to about 1,000 retired employees, who are guaranteed payment of benefits until they reach the age of 85, and about 100 early retired employees, who are guaranteed monthly payments until they reach pension age.

Brembo México S.A. de C.V., Brembo Japan Co. Ltd. and Brembo Brake India Pvt. Ltd. offer to their employees specific pension plans that qualify as a defined benefit plan.

Unfunded defined benefit plans include also the “Employees’ leaving entitlement” provided by the Group’s Italian companies, in accordance with current applicable regulations.

The value of defined benefit plans is calculated on an actuarial basis using the “Projected Unit Credit Method”. The item “Other employee provisions” also refers to other employee benefits.

Liabilities at 30 June 2017 are given in the table below:

(euro thousand)	31.12.2016	Provisions	Use/ Release	Interest expense	Exchange rate fluctuations	Other	30.06.2017
Employees' leaving entitlement	21,546	0	(734)	158	0	(726)	20,244
Defined benefit plans and other long-term benefits	8,884	111	(307)	144	(190)	(1,371)	7,271
Defined contribution plans	2,276	356	(559)	0	(95)	630	2,608
Total	**32,706**	**467**	**(1,600)**	**302**	**(285)**	**(1,467)**	**30,123**

17. Trade Payables

At 30 June 2017, trade payables were as follows:

(euro thousand)	30.06.2017	31.12.2016
Trade payables	452,683	422,936
Payables to associates and joint ventures	9,471	5,594
Total	**462,154**	**428,530**

The increase in this item was mainly related to the increase in investments and the expansion of the normal operating activities in the period.

18. Tax Payables

This item reflects the net amount due for the current taxes of the Group's companies.

(euro thousand)	30.06.2017	31.12.2016
Tax payables	20,699	11,837

19. Other Current Payables

Other current payables at 30 June 2017 are given in the table below:

(euro thousand)	30.06.2017	31.12.2016
Tax payables other than current taxes	7,382	8,997
Social security payables	15,633	16,948
Payables to employees	44,185	46,474
Other payables	34,330	29,981
Total	**101,530**	**102,400**

The item "Other payables" also includes deferred income for a public grant received by Brembo Poland Spolka Zo.o. released to the Statement of Income in accordance with the related amortisation plans to which it refers.

STATEMENT OF INCOME

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	30.06.2017	30.06.2016
Italy	156,970	135,748
Abroad	1,105,478	1,011,090
Total	**1,262,448**	**1,146,838**

The breakdown of Group sales by geographic area of destination and by application is provided in the Directors' Report on Operations.

21. Other Revenues and Income

These are made up of:

(euro thousand)	30.06.2017	30.06.2016
Miscellaneous recharges	3,205	3,255
Gains on disposal of assets	1,755	1,222
Miscellaneous grants	4,042	1,513
Other revenues	1,737	9,565
Total	**10,739**	**15,555**

The item "Miscellaneous grants" includes a tax credit for research and development investment amounting to €2,288 thousand, as already discussed in Note 9, and grants for research and development projects.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the period, amounting to €12,928 thousand (first half of 2016: €8,292 thousand).

23. Cost of Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	30.06.2017	30.06.2016
Purchase of raw materials, semi-finished and finished products	557,212	524,322
Purchase of consumables	50,351	49,971
Total	**607,563**	**574,293**

24. Income (Expense) from Non-financial Investments

Income (expense) from non-financial investments amounted to €6,157 thousand and is attributable to the effects of valuing the investment in the BSCCB Group using the equity method (first half of 2016: €5,887 thousand).

25. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	30.06.2017	30.06.2016
Transports	27,137	27,671
Maintenance, repairs and utilities	57,769	48,317
Contracted work	44,688	36,550
Rent	19,977	17,667
Other operating costs	63,844	53,367
Total	**213,415**	**183,572**

This item mainly includes the costs of travels, quality-related costs, insurance costs, as well as fees for legal, technical and commercial consulting.

26. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	30.06.2017	30.06.2016
Wages and salaries	154,544	138,722
Social security contributions	32,365	29,674
Employees' leaving entitlement and other personnel provisions	6,149	6,551
Other costs	22,708	17,259
Total	**215,766**	**192,206**

The average number and the period-end number of Group employees by category were as follows:

	Managers	White-collar	Blue-collars	Total
H1 2017: average	128	2,777	6,351	9,256
H1 2016: average	122	2,535	5,651	8,308
Change	**6**	**242**	**700**	**948**
Total at 30.06.2017	130	2,814	6,485	9,429
Total at 30.06.2016	128	2,661	6,094	8,883
Change	**2**	**153**	**391**	**546**

Workforce increased by 546, as a result of the recruitment activities in Italy, North America, China and Eastern Europe to sustain the Group's growth.

27. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	30.06.2017	30.06.2016
Amortisation of intangible assets:		
Development costs	5,213	4,834
Industrial patents and similar rights for original work	427	402
Licences, trademarks and similar rights	123	112
Other intangible assets	4,174	2,766
Total	**9,937**	**8,114**
Depreciation of property, plant and equipment:		
Buildings	6,517	5,009
Plant and machinery	39,641	32,493
Industrial and commercial equipment	7,242	5,970
Leased industrial and commercial equipment	0	1
Other property, plant and equipment	1,435	1,343
Other leased property, plant and equipment	32	29
Total	**54,867**	**44,845**
Impairment losses:		
Property, plant and equipment	323	166
Intangible assets	904	37
Total	**1,227**	**203**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**66,031**	**53,162**

28. Net Interest Income (Expense)

This item is broken down as follows:

(euro thousand)	30.06.2017	30.06.2016
Exchange rate gains	20,834	11,604
Interest income from employee's leaving entitlement and other personnel provisions	403	522
Interest income	1,188	1,337
Total interest income	**22,425**	**13,463**
Exchange rate losses	(19,705)	(14,372)
Interest expense from employees' leaving entitlement and other personnel provisions	(705)	(908)
Interest expense	(5,161)	(5,530)
Total interest expense	**(25,571)**	**(20,810)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(3,146)**	**(7,347)**

29. Interest Income (Expense) from Investments

An analysis of the item is provided in the comment on the item of the Statement of Financial Position presented in Note 3 above.

30. Taxes

This item is broken down as follows:

(euro thousand)	30.06.2017	30.06.2016
Current taxes	53,640	42,140
Deferred tax (assets) and liabilities	(8,109)	(3,600)
Estimated tax payables and taxes from previous years	2,431	10
Total	**47,962**	**38,550**

The Group's tax rate was 25.7% (23.2% at 30 June 2016).

31. Earnings per Share

Basic earnings per share were €0.42 at 30 June 2017 (€0.39 at 30 June 2016, restated following the stock split), and were calculated by dividing the net income or losses for the period attributable to holders of ordinary equity instruments of the Parent by the weighted average number of ordinary shares outstanding in the first six months of 2017, amounting to 333,922,250 (first half of 2016: 65,037,450). The weighted average amount of shares was adjusted after the General Shareholders' Meeting approved the stock split of the Company's total 66,784,450 ordinary shares (without nominal value) into 333,922,250 newly issued ordinary shares, through the withdrawal of the existing ordinary shares in issue and the assignment of 5 (five) newly issued shares for each share withdrawn and cancelled. The transaction, whose execution was performed on 29 May 2017, entailed a reduction of the book value of each share but did have any effect on the amount of the Company's share capital or the characteristics of its shares, inasmuch as no capital transactions were effected in the reporting period.

Stezzano, 27 July 2017

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

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Review report on the condensed consolidated six monthly financial statements

(Translation from the original Italian text)

To the Shareholders of
Brembo S.p.A.

Introduction

We have reviewed the condensed consolidated six monthly financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related explanatory notes of Brembo S.p.A. and its subsidiaries (the "Brembo Group") as of 30 June 2017. The Directors of Brembo S.p.A. are responsible for the preparation of the condensed consolidated six monthly financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated six monthly financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of condensed consolidated six monthly financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated six monthly financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated six monthly financial statements of Brembo Group as of 30 June 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bergamo, 27 July 2017

EY S.p.A.
Signed by: Claudio Ferigo, Partner

This report has been translated into the English language solely for the convenience of international readers

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A member firm of Ernst & Young Global Limited

Attestation of the Condensed Six Monthly Financial Statements Pursuant to Article 81-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We the undersigned, Alberto Bombassei, in his capacity as Chairman, and Matteo Tiraboschi, in his capacity as Manager in Charge of the Financial Reports of Brembo S.p.A., hereby declare, pursuant to the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for preparing the Condensed Six Monthly Financial Statements for the period from 1 January 2017 to 30 June 2017:
   - are appropriate in relation to the company features; and
   - have been consistently applied.

2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the Condensed Six Monthly Financial Statements at 30 June 2017 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.

3. The undersigned further declare that:

   3.1 the Condensed Six Monthly Financial Statements:

   a) have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

   3.2 The interim Report on Operations includes a reliable analysis of the significant events that occurred during the first six months of the financial year and the impact of such events on the Company's Condensed Six Monthly Financial Statements, along with a description of the main risks and uncertainties for the remaining six months of the year.

   Furthermore, the interim Report on Operations contains a reliable analysis of significant related party transactions.

Stezzano, 27 July 2017

Alberto Bombassei
Chairman

Matteo Tiraboschi
Manager in Charge of the Company's Financial Reports

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