

BEING AT THE FOREFRONT, NEXT TO OUR CUSTOMERS

BREMBO
THIRD QUARTER
REPORT
2017



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STATEMENT PURSUANT TO ARTICLE 154-*bis*, PARAGRAPH 2, PART IV, TITLE III, CHAPTER II, SECTION V-*bis*, OF ITALIAN LEGISLATIVE DECREE No. 58/1998

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

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 ⁽⁴⁾ ⁽¹⁰⁾
	Cristina Bombassei ⁽⁵⁾ ⁽⁹⁾
	Barbara Borra ⁽⁴⁾
	Giovanni Canavotto ⁽⁶⁾
	Laura Cioli ⁽⁴⁾
	Nicoletta Giadrossi ⁽⁴⁾ ⁽⁷⁾
	Umberto Nicodano ⁽⁸⁾
	Gianfelice Rocca ⁽⁴⁾

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⁾

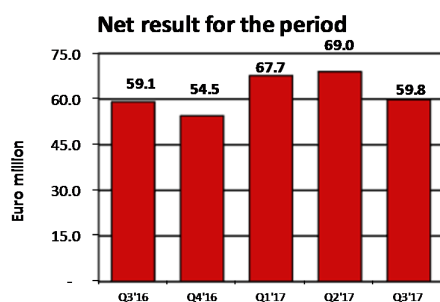
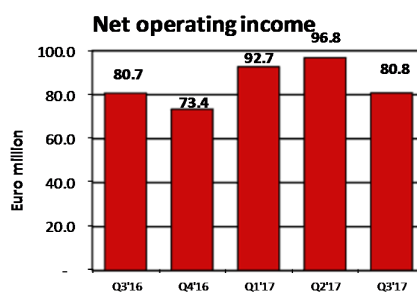
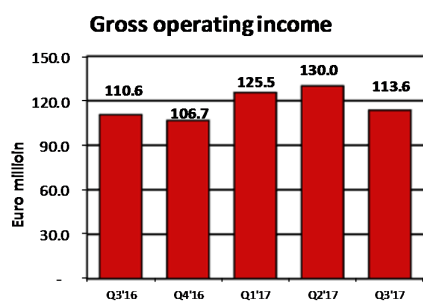
COMMITTEES

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) 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.
- (5) 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.
- (6) Executive Director also holding the position of General Manager of the Systems Division of Brembo.
- (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.

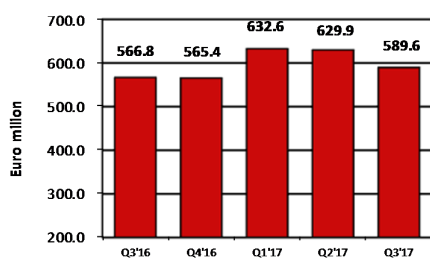
Brembo S.p.A. Registered offices: CURNO (BG) - Via Brembo 25
Share capital: €34,727,914.00 – Bergamo Register of Companies
Tax code and VAT Code No. 00222620163

Summary of Group Results

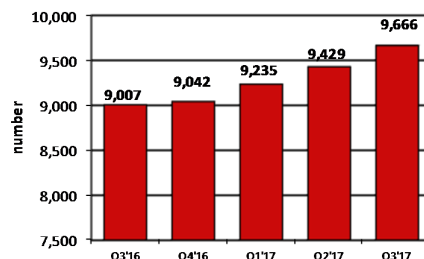


ECONOMIC RESULTS (euro million)	A				B	
	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	% B/A
Sales of goods and services	566.8	565.4	632.6	629.9	589.6	4.0%
Gross operating income	110.6	106.7	125.5	130.0	113.6	2.8%
% of sales	19.5%	18.9%	19.8%	20.6%	19.3%	
Net operating income	80.7	73.4	92.7	96.8	80.8	0.1%
% of sales	14.2%	13.0%	14.7%	15.4%	13.7%	
Result before taxes	76.3	69.9	91.4	95.1	77.9	2.1%
% of sales	13.5%	12.4%	14.4%	15.1%	13.2%	
Net result for the period	59.1	54.5	67.7	69.0	59.8	1.1%
% of sales	10.4%	9.6%	10.7%	11.0%	10.1%	

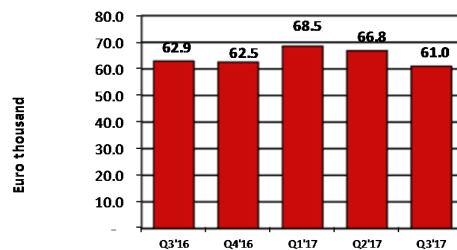
Sales of goods and services



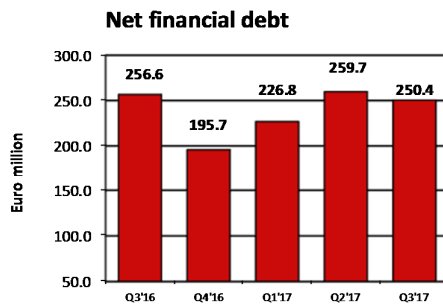
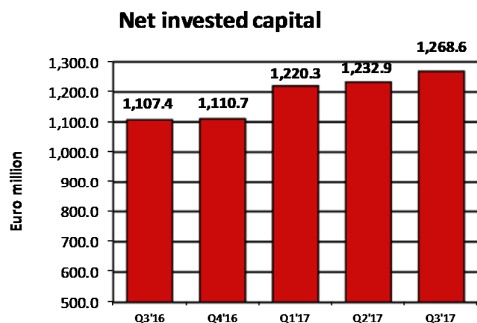
Personnel at end of period



Turnover per employee



	A				B	
	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	% B/A
FINANCIAL RESULTS (euro million)						
Net invested capital	1,107.4	1,110.7	1,220.3	1,232.9	1,268.6	14.6%
Equity	819.8	882.3	961.0	943.1	988.5	20.6%
Net financial debt	256.6	195.7	226.8	259.7	250.4	-2.4%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	9,007	9,042	9,235	9,429	9,666	7.3%
Turnover per employee (euro thousand)	62.9	62.5	68.5	66.8	61.0	-3.1%
Investments (euro million)	62.8	85.2	61.2	102.9	92.5	47.3%



MAIN RATIOS	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Net operating income/Sales of goods and services	14.2%	13.0%	14.7%	15.4%	13.7%
Result before taxes/Sales of goods and services	13.5%	12.4%	14.4%	15.1%	13.2%
Investments/Sales of goods and services	11.1%	15.1%	9.7%	16.3%	15.7%
Net Financial debt/Equity	31.3%	22.2%	23.6%	27.5%	25.3%
Net interest expense(*)/Sales of goods and services	0.4%	0.5%	0.3%	0.4%	0.4%
Net interest expense(*)/Net operating income	3.1%	3.9%	2.1%	2.4%	3.0%
ROI	28.9%	26.2%	30.8%	31.5%	25.3%
ROE	29.1%	24.9%	28.9%	29.8%	24.5%

Notes:

ROI: Net operating income/ Net invested capital x annualisation factor(days in the year/days in the reporting period).

ROE: Result before minority interests/ Shareholders equity x annualisation factor(days in the year/days in the reporting period).

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

Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>(euro thousand)</i>	30.09.2017	31.12.2016	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	864,740	746,932	117,808
Development costs	58,212	49,324	8,888
Goodwill and other indefinite useful life assets	82,820	88,880	(6,060)
Other intangible assets	49,252	52,059	(2,807)
Shareholdings valued using the equity method	30,047	26,969	3,078
Other financial assets (including investments in other companies and derivatives)	6,831	6,887	(56)
Receivables and other non-current assets	4,185	4,794	(609)
Deferred tax assets	67,820	57,691	10,129
TOTAL NON-CURRENT ASSETS	1,163,907	1,033,536	130,371
CURRENT ASSETS			
Inventories	310,212	283,191	27,021
Trade receivables	408,513	357,392	51,121
Other receivables and current assets	59,103	43,830	15,273
Current financial assets and derivatives	366	901	(535)
Cash and cash equivalents	323,116	245,674	77,442
TOTAL CURRENT ASSETS	1,101,310	930,988	170,322
TOTAL ASSETS	2,265,217	1,964,524	300,693
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	107,053	135,719	(28,666)
Retained earnings/(losses)	624,253	446,834	177,419
Net result for the period	196,438	240,632	(44,194)
TOTAL GROUP EQUITY	962,472	857,913	104,559
TOTAL MINORITY INTERESTS	26,071	24,397	1,674
TOTAL EQUITY	988,543	882,310	106,233
NON-CURRENT LIABILITIES			
Non-current payables to banks	359,088	210,659	148,429
Other non-current financial payables and derivatives	2,366	5,245	(2,879)
Other non-current liabilities	16,732	8,653	8,079
Provisions	34,170	21,667	12,503
Provisions for employee benefits	29,683	32,706	(3,023)
Deferred tax liabilities	30,934	31,622	(688)
TOTAL NON -CURRENT LIABILITIES	472,973	310,552	162,421
CURRENT LIABILITIES			
Current payables to banks	208,360	225,592	(17,232)
Other current financial payables and derivatives	4,030	756	3,274
Trade payables	447,718	428,530	19,188
Tax payables	29,310	11,837	17,473
Short term provisions	2,235	2,547	(312)
Other current payables	112,048	102,400	9,648
TOTAL CURRENT LIABILITIES	803,701	771,662	32,039
TOTAL LIABILITIES	1,276,674	1,082,214	194,460
TOTAL EQUITY AND LIABILITIES	2,265,217	1,964,524	300,693

Consolidated Statement of Income (Third Quarter 2017)

<i>(euro thousand)</i>	Q3'17	Q3'16	Change	%
Sales of goods and services	589,575	566,823	22,752	4.0%
Other revenues and income	4,266	4,505	(239)	-5.3%
Costs for capitalised internal works	5,175	3,534	1,641	46.4%
Raw materials, consumables and goods	(280,485)	(279,404)	(1,081)	0.4%
Non-financial interest income (expense) from investments	2,816	2,821	(5)	-0.2%
Other operating costs	(101,866)	(91,434)	(10,432)	11.4%
Personnel expenses	(105,878)	(96,285)	(9,593)	10.0%
GROSS OPERATING INCOME	113,603	110,560	3,043	2.8%
% of sales of goods and services	19.3%	19.5%		
Depreciation, amortisation and impairment losses	(32,790)	(29,823)	(2,967)	9.9%
NET OPERATING INCOME	80,813	80,737	76	0.1%
% of sales of goods and services	13.7%	14.2%		
Net interest income (expense)	(2,951)	(4,502)	1,551	-34.5%
Interest income (expense) from investments	29	21	8	38.1%
RESULT BEFORE TAXES	77,891	76,256	1,635	2.1%
% of sales of goods and services	13.2%	13.5%		
Taxes	(16,937)	(16,176)	(761)	4.7%
RESULT BEFORE MINORITY INTERESTS	60,954	60,080	874	1.5%
% of sales of goods and services	10.3%	10.6%		
Minority interests	(1,203)	(979)	(224)	22.9%
NET RESULT FOR THE PERIOD	59,751	59,101	650	1.1%
% of sales of goods and services	10.1%	10.4%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.18	0.18*		

* Restated following the stock split on 29 May 2017.

Consolidated Statement of Income (30 September 2017)

<i>(euro thousand)</i>	30.09.2017	30.09.2016	Change	%
Sales of goods and services	1,852,023	1,713,660	138,363	8.1%
Other revenues and income	15,005	20,060	(5,055)	-25.2%
Costs for capitalised internal works	18,103	11,826	6,277	53.1%
Raw materials, consumables and goods	(888,047)	(853,697)	(34,350)	4.0%
Non-financial interest income (expense) from investments	8,973	8,708	265	3.0%
Other operating costs	(315,281)	(275,006)	(40,275)	14.6%
Personnel expenses	(321,645)	(288,491)	(33,154)	11.5%
GROSS OPERATING INCOME	369,131	337,060	32,071	9.5%
% of sales of goods and services	19.9%	19.7%		
Depreciation, amortisation and impairment losses	(98,821)	(82,984)	(15,837)	19.1%
NET OPERATING INCOME	270,310	254,076	16,234	6.4%
% of sales of goods and services	14.6%	14.8%		
Net interest income (expense)	(6,097)	(11,850)	5,753	-48.5%
Interest income (expense) from investments	154	46	108	234.8%
RESULT BEFORE TAXES	264,367	242,272	22,095	9.1%
% of sales of goods and services	14.3%	14.1%		
Taxes	(64,899)	(54,726)	(10,173)	18.6%
RESULT BEFORE MINORITY INTERESTS	199,468	187,546	11,922	6.4%
% of sales of goods and services	10.8%	10.9%		
Minority interests	(3,030)	(1,368)	(1,662)	121.5%
NET RESULT FOR THE PERIOD	196,438	186,178	10,260	5.5%
% of sales of goods and services	10.6%	10.9%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.60	0.57*		

* Restated following the stock split on 29 May 2017.

Consolidated Statement of Comprehensive Income (30 September 2017)

<i>(euro thousand)</i>	30.09.2017	30.09.2016	Change
RESULT BEFORE MINORITY INTERESTS	199,468	187,546	11,922
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:			
Effect (actuarial gain/loss) on defined-benefit plans	2,093	(51)	2,144
Fiscal effect	(406)	90	(496)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	1,687	39	1,648
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:			
Change in translation adjustment reserve	(29,885)	(18,322)	(11,563)
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	(29,885)	(18,322)	(11,563)
COMPREHENSIVE RESULT FOR THE PERIOD	171,270	169,263	2,007
Of which attributable to:			
– Minority Interests	1,674	1,036	638
– the Group	169,596	168,227	1,369

Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	30.09.2017	30.09.2016	Q3'17	Q3'16
Cash and cash equivalents at beginning of period	63,929	111,817	128,817	29,548
Result before taxes	264,367	242,272	77,890	76,254
Depreciation, amortisation/Impairment losses	98,821	82,984	32,790	29,822
Capital gains/losses	(338)	(1,121)	(360)	(415)
Income/expense from investments, net of dividends received	(3,078)	(5,754)	(2,845)	(2,841)
Financial portion of provisions for defined benefits and payables for personnel	449	573	147	187
Long-term provisions for employee benefits	1,586	1,550	1,119	1,152
Other provisions net of utilisations	11,787	19,285	(8,038)	3,604
Cash flows generated by operating activities	373,594	339,789	100,703	107,763
Paid current taxes	(40,880)	(46,580)	(5,488)	(9,544)
Uses of long-term provisions for employee benefits	(3,185)	(2,627)	(1,585)	(1,520)
<i>(Increase) reduction in current assets:</i>				
inventories	(32,769)	(31,428)	(869)	(6,322)
financial assets	38	339	0	366
trade receivables	(50,711)	(60,378)	15,082	5,079
receivables from others and other assets	(10,931)	614	4,491	(930)
<i>Increase (reduction) in current liabilities:</i>				
trade payables	19,188	16,640	(14,436)	(39,160)
payables to others and other liabilities	6,677	(5,316)	4,034	9,033
Translation differences on current assets	(9,212)	(2,383)	(2,775)	(1,478)
Net cash flows from/(for) operating activities	251,809	208,670	99,157	63,287
<i>Investments in:</i>				
intangible assets	(24,646)	(20,584)	(5,673)	(7,243)
property, plant and equipment	(231,982)	(157,776)	(86,788)	(55,544)
Price for disposal or reimbursement value of fixed assets	5,773	3,862	3,125	794
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the associated cash and cash equivalents	0	(69,465)	0	(795)
Net cash flows from/(for) investing activities	(250,855)	(243,963)	(89,336)	(62,788)
Dividends paid in the period	(65,037)	(52,030)	0	0
Change in fair value of derivatives	523	(238)	99	156
Loans and financing granted by banks and other financial institutions in the period	185,694	50,000	30,549	0
Repayment of long-term loans	(40,710)	(57,119)	(15,818)	(20,189)
Net cash flows from/(for) financing activities	80,470	(59,387)	14,830	(20,033)
Total cash flows	81,424	(94,680)	24,651	(19,534)
Translation differences on cash and cash equivalents	7,040	(4,822)	(1,075)	2,301
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	152,393	12,315	152,393	12,315

Consolidated Net Financial Position

<i>(euro thousand)</i>	30.09.2017	31.12.2016
Cash	160	139
Other cash equivalents	322,956	245,535
Derivatives and securities held for trading	48	556
LIQUIDITY (A+B+C)	323,164	246,230
Current financial receivables	318	345
Current payables to banks	170,723	181,745
Current portion of non-current debt	37,637	43,847
Other current financial debts and derivatives	4,030	756
CURRENT FINANCIAL DEBT (F+G+H)	212,390	226,348
NET CURRENT FINANCIAL DEBT (I-E-D)	(111,092)	(20,227)
Non-current payables to banks	359,088	210,659
Bonds issued	0	0
Other non-current financial debts and derivatives	2,366	5,245
NON-CURRENT FINANCIAL DEBT (K+L+M)	361,454	215,904
NET FINANCIAL DEBT (J+N)	250,362	195,677

Consolidated Statement of Changes in Equity

	Other Reserves			Retained earnings (losses)	Net result for the period	Group Equity	Result of minority interest	Share Capital and reserves of Minority Interests	Equity of Minority Interests	Equity
	Share Capital	Reserves	Treasury Shares							
(euro thousand)										
Balance at 1 January 2016	34,728	150,726	(13,476)	325,912	183,962	681,852	1,843	3,852	5,695	687,547
Allocation of profit for the previous year		277		131,655	(131,932)	0	(1,843)	1,843	0	0
Payment of dividends					(52,030)	(52,030)			0	(52,030)
Acquisition of Asimco Meilian Braking Systems (Langfang) Co. Ltd.						0		14,996	14,996	14,996
Reclassification		32,000		(32,000)		0			0	0
Components of comprehensive income:										
Effect (actuarial income /loss) on defined benefit plans, for companies valued using the equity method				39		39			0	39
Change in translation adjustment reserve		(17,990)				(17,990)		(332)	(332)	(18,322)
Net result for the period					186,178	186,178	1,368		1,368	187,546
Balance at 30 September 2016	34,728	165,013	(13,476)	425,606	186,178	798,049	1,368	20,359	21,727	819,776
Balance at 1 January 2017	34,728	149,195	(13,476)	446,834	240,632	857,913	2,363	22,034	24,397	882,310
Allocation of profit for the previous year				175,595	(175,595)	0	(2,363)	2,363	0	0
Payment of dividends					(65,037)	(65,037)		0	0	(65,037)
Reclassification		(137)		137		0			0	0
Components of comprehensive income:										
Effect (actuarial income /loss) on defined benefit plans				1,687		1,687			0	1,687
Change in translation adjustment reserve		(28,529)				(28,529)		(1,356)	(1,356)	(29,885)
Net result for the period					196,438	196,438	3,030		3,030	199,468
Balance at 30 September 2017	34,728	120,529	(13,476)	624,253	196,438	962,472	3,030	23,041	26,071	988,543

Explanatory Notes to the Financial Statements

Accounting Principles and Valuation Criteria

The Interim Report for third quarter of 2017, which includes the Statement of Financial Position, the Statement of Income, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and brief Related Explanatory Notes, was prepared in compliance with recognition and measurement criteria provided for by the IFRS endorsed by the European Union, and voluntarily made available to the public. Please refer to the Company's website (<http://www.brembo.com/en/investors/calendar>) for information about the content, timing and methods of periodic additional financial disclosures.

Reference is made to the 2016 Financial Statements for the relevant international accounting standards and criteria adopted by the Group when preparing the above-mentioned Financial Statements. The preparation of the Interim Report requires management to make estimates and assumptions that have an effect on the amounts of recognised revenues, costs, assets and liabilities, and the disclosure of contingent assets and liabilities as of the reporting date. Should in the future such estimates and assumptions, which are based upon the management's best assessment, diverge from actual circumstances, they will be modified accordingly during the period in which such circumstances change.

It should also be noted that certain measurement processes, such as the determination of impairment for non-current assets, are typically carried out in full only during preparation of the Annual Financial Statements, when all necessary information is available, unless impairment indicators require immediate analysis. The value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories at 31 May 2017 to the inventory accounting results at 30 September 2017. Actuarial valuations necessary to determine employee benefits are typically performed during the preparation of the Annual Financial Statements. This Interim Report has not been audited.

Consolidation Area

The Financial Statements for the third quarter of 2017 include the financial statements of Brembo S.p.A., the Parent, and the financial statements of the companies that Brembo S.p.A. controls as per IFRS 10. Compared to the third quarter of 2016, the following corporate transactions were carried out:

- the winding up process for Brembo Beijing Brake Systems Co. Ltd. was concluded in October 2016 and the company was therefore excluded from the Group's consolidation area;
- as of 1 July 2017, the merger of Brembo Nanjing Foundry Co. Ltd. into Brembo Nanjing Brake Systems Co. Ltd. became effective.

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

Brembo's sales continued to perform well in the third quarter of 2017, once again confirming the Group's sales uptrend. Net sales for the third quarter of 2017 amounted to €589,575 thousand, with a 4.0% increase compared to the same period of 2016.

All applications contributed to the revenue growth. The car applications sector rose by 4.4% in the third quarter of 2017 compared to the same period of 2016. Applications for commercial vehicles (+2.7%), motorbikes (+1.7%) and racing vehicles (+3.7%) also performed well.

At the geographical level, in Europe, Germany recorded a 7.3% increase of compared to the third quarter of 2016. The market also performed well in Italy (+11.5%) and the United Kingdom (+8.1%), whereas France declined by 7.7%. Sales in North America for the first nine months of 2017 were essentially in line compared to the same period of the previous year (-0.6%). The decline in the third quarter alone (-13.8%, or -8.9% on a like-for-like exchange rate basis) was due not only to the general weakness of the North American market, but also to a delay in a project in the phase-out process before the entry into production of the subsequent model, also featuring Brembo technology. Such situations are typical in the automotive industry and their effects, in cases of projects involving high volumes or with significant technological content, may temporarily emerge in a specific quarter. South America continued to show signs of a recovery that had already been noticed in late 2016, rising +8.5% compared to the third quarter of 2016. In the Far East, there were excellent performances in China (+20.5%) and India (+23.9%), whereas Japan remained stable compared to the third quarter of 2016.

In the quarter under review, the **cost of sales** and **other net operating costs** amounted to €372,910 thousand, with a ratio of 63.3% to sales, slightly down compared to 64.0% for the same period of the previous year. Within this item, **costs for capitalised internal works** recognised as intangible assets amounted to €5,175 thousand compared to €3,534 thousand for the third quarter of 2016.

Income (expense) from non-financial investments totalled €2,816 thousand (€2,821 thousand in the third quarter of 2016), entirely attributable to the effects of valuing the investment in the BSCCB Group using the equity method.

Personnel expenses amounted to €105,878 thousand, with an 18.0% ratio to net sales, increasing compared to the same period of the previous year (17.0%). At 30 September 2017, Brembo's **workforce** numbered 9,666 (9,042 at 31 December 2016 and 9,007 at 30 September 2016).

Gross operating income for the quarter was €113,603 thousand (19.3% of sales) compared to €110,560 thousand for the third quarter of 2016 (19.5% of sales).

Net operating income amounted to €80,813 thousand (13.7% of sales), compared to €80,737 thousand (14.2% of sales) for the third quarter of 2016, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets for €32,790 thousand, compared to depreciation, amortisation and impairment losses amounting to €29,823 thousand for the third quarter of 2016.

Net interest expense amounted to approximately €2,951 thousand (€4,502 thousand in the third quarter of 2016), and consisted of net exchange rate losses of €531 thousand (€2,031 thousand in the third quarter of 2016) and interest expense of €2,420 thousand (€2,471 thousand in the same quarter of the previous year).

Net interest income from investments, which amounted to €29 thousand, was attributable to the effects of valuing investments in associates using the equity method.

Result before taxes was €77,891 thousand (13.2% of sales), compared to €76,256 thousand (13.5% of sales) in the third quarter of 2016. Based on tax rates applicable for the year under current tax regulations, estimated **taxes** amounted to €16,937 thousand (€16,176 thousand in the third quarter of 2016), with a tax rate of 21.7% compared to 21.2% for the third quarter of 2016.

Group net result amounted to €59,751 thousand in the reporting period compared to €59,101 thousand in the third quarter of 2016.

Net invested capital at the end of the reporting period amounted to €1,268,588 thousand, up by €157,895 thousand compared to €1,110,693 thousand at 31 December 2016.

Net financial debt at 30 September 2017 amounted to €250,362 thousand compared to €195,677 thousand at 31 December 2016. The €54,685 thousand increase reported during the period was mainly due to the combined effect of the following factors:

- a positive effect of the gross operating income of €369,131 thousand;
- net investments in property, plant, equipment and intangible assets for a total of €251,193 thousand, mainly in North America (28.2%), Poland (18.6%) and China (24.8%); however, significant investments continued to be undertaken also in Italy (23.0%), with €15,345 thousand (6.1%) associated with development costs;
- a negative change in working capital due to increased business for a total amount of €78,133 thousand;
- payment by the Parent of the approved dividends in May, in the amount of €65,037 thousand;
- payment of taxes paid in the amount of €40,880 thousand;
- dividends received by the associate BSCCB S.p.A. amounting to €6,000 thousand.

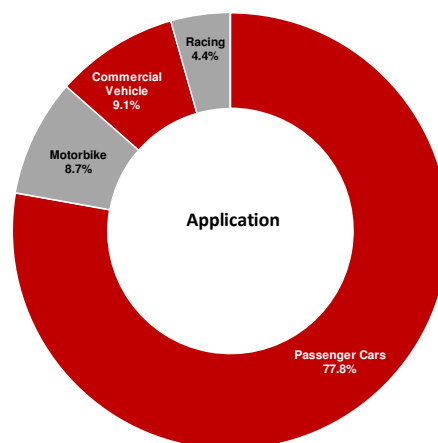
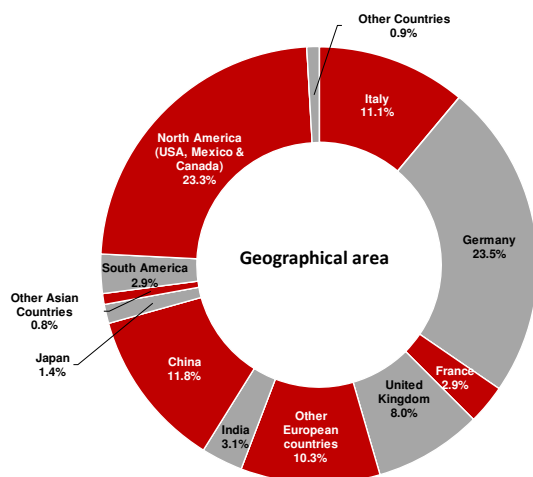
Sales Breakdown by Geographical Area and Application

The following tables list net sales for the third quarter of 2017 and cumulative sales until 30 September 2017 broken down by application and geographical area.

<i>(euro thousand)</i>	Q3'17	%	Q3'16	%	Change	%
GEOGRAPHICAL AREA						
Italy	65,257	11.1%	58,516	10.3%	6,741	11.5%
Germany	138,291	23.5%	128,934	22.7%	9,357	7.3%
France	16,929	2.9%	18,332	3.2%	(1,403)	-7.7%
United Kingdom	47,287	8.0%	43,726	7.7%	3,561	8.1%
Other European countries	60,743	10.3%	54,391	9.6%	6,352	11.7%
India	18,408	3.1%	14,854	2.6%	3,554	23.9%
China	69,834	11.8%	57,966	10.2%	11,868	20.5%
Japan	7,974	1.4%	7,977	1.4%	(3)	0.0%
Other Asian Countries	4,920	0.8%	2,381	0.4%	2,539	106.6%
South America (Argentina and Brazil)	16,892	2.9%	15,568	2.7%	1,324	8.5%
North America (USA, Mexico & Canada)	137,750	23.3%	159,737	28.2%	(21,987)	-13.8%
Other Countries	5,290	0.9%	4,441	1.0%	849	19.1%
Total	589,575	100.0%	566,823	100.0%	22,752	4.0%

<i>(euro thousand)</i>	Q3'17	%	Q3'16	%	Change	%
APPLICATION						
Passenger Cars	458,499	77.8%	439,237	77.5%	19,262	4.4%
Motorbike	51,424	8.7%	50,563	8.9%	861	1.7%
Commercial Vehicle	53,471	9.1%	52,046	9.2%	1,425	2.7%
Racing	25,836	4.4%	24,910	4.4%	926	3.7%
Miscellaneous	345	0.0%	67	0.0%	278	414.9%
Total	589,575	100.0%	566,823	100.0%	22,752	4.0%

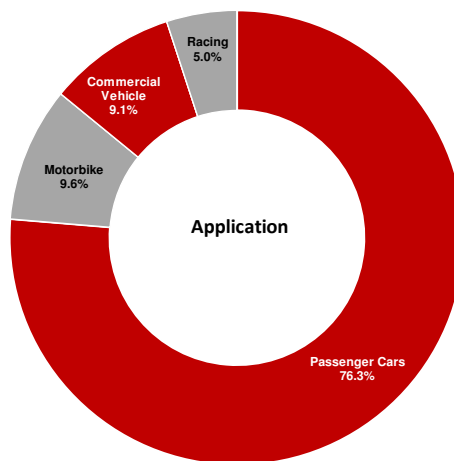
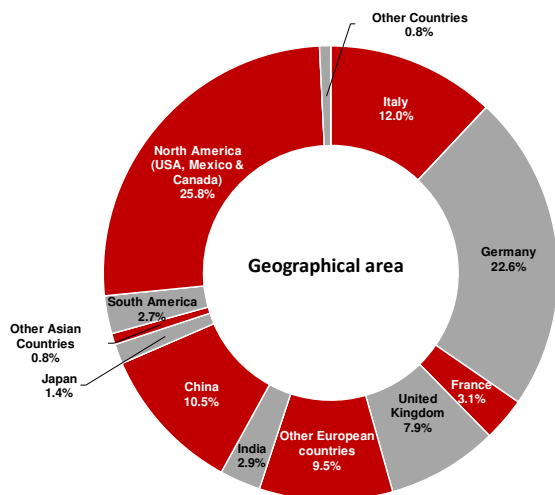
RATIO TO SALES



<i>(euro thousand)</i>	30.09.2017	%	30.09.2016	%	Change	%
GEOGRAPHICAL AREA						
Italy	222,227	12.0%	194,264	11.3%	27,963	14.4%
Germany	419,467	22.6%	401,237	23.4%	18,230	4.5%
France	57,942	3.1%	65,528	3.8%	(7,586)	-11.6%
United Kingdom	145,983	7.9%	143,575	8.4%	2,408	1.7%
Other European countries	176,277	9.5%	162,407	9.5%	13,870	8.5%
India	53,648	2.9%	41,618	2.4%	12,030	28.9%
China	195,192	10.5%	134,782	7.9%	60,410	44.8%
Japan	25,074	1.4%	27,086	1.6%	(2,012)	-7.4%
Other Asian Countries	14,361	0.8%	9,069	0.5%	5,292	58.4%
South America (Argentina and Brazil)	50,045	2.7%	42,049	2.5%	7,996	19.0%
North America (USA, Mexico & Canada)	476,601	25.8%	479,432	28.0%	(2,831)	-0.6%
Other Countries	15,206	0.8%	12,613	0.7%	2,593	20.6%
Total	1,852,023	100.0%	1,713,660	100.0%	138,363	8.1%

<i>(euro thousand)</i>	30.09.2017	%	30.09.2016	%	Change	%
APPLICATION						
Passenger Cars	1,413,112	76.3%	1,294,905	75.5%	118,207	9.1%
Motorbike	177,806	9.6%	159,856	9.3%	17,950	11.2%
Commercial Vehicle	167,766	9.1%	169,451	9.9%	(1,685)	-1.0%
Racing	92,852	5.0%	88,969	5.3%	3,883	4.4%
Miscellaneous	487	0.0%	479	0.0%	8	1.7%
Total	1,852,023	100.0%	1,713,660	100.0%	138,363	8.1%

RATIO TO SALES



Foreseeable Evolution

Despite the scenario of high volatility marking the main markets in which the Group operates, order book projections for the remaining part of the year allow us to look towards the coming months with cautious optimism. The investment plan for the remainder of 2017 and for 2018 will contribute to strengthening our global production capacity and thus support our future sustainable growth.

Directors' Report on Operations and Significant Events

Macroeconomic Context

In order to properly assess Brembo's performance for the third quarter of 2017, the worldwide macroeconomic scenario should be taken into consideration, with particular reference to the increasing number of markets in which the Group operates.

According to the most recent estimates in the October 2017 World Economic Outlook published by the International Monetary Fund (IMF), the global upswing in economic activity is strengthening, due in part to a first half of the year stronger than expected in industrialised countries and, for the first time since the outbreak of the global crisis nearly a decade ago, the global economy is now growing simultaneously, leading the IMF to a broad upward revision to projections. According to the IMF, global growth will amount to 3.6% in 2017 and to 3.7% in 2018, in both cases revised upwards by 0.1% compared to the July projections. "The strength of the current economic upswing," commented the IMF's Chief Economist, Maurice Obstfeld, "makes the moment ideal for reforms". The window for action the current cyclical upswing offers will not be open forever." The favourable economic situation should also lead governments in countries with high public debt levels to redouble their efforts to lower them.

In the **Eurozone**, the growth rate is exceeding expectations, with a GDP increase of +2.1% in 2017 and +1.9% in 2018 (0.2 percentage points higher in both years). The sole blemish on the Old Continent is the United Kingdom, for which growth estimates have been revised downwards by 0.3% for this year as a result of the uncertainty surrounding Brexit. The manufacturing PMI rose to 58.1 (from the previous 57.4), its highest level in over six years. In particular, optimism remains strong in Germany (with a manufacturing PMI over 60), but the French index is also improving, reaching its highest level of the last seven years (56.1). According to the survey by Markit Economics, in September the Eurozone economy ended the third quarter on a very positive note, with an increase in production that marked the sharpest rise of the past four months, driven by the largest increase in new orders in nearly six and a half years. According to the survey, in September production growth rates accelerated in both manufacturing and services, while general performance remained stronger in manufacturing. Manufacturing output showed the largest growth rate since April 2011.

The IMF also continued to revise GDP growth rates upwards for **Italy** for the period 2017-2018: in the World Economic Outlook just published and following the revision applied in July, the IMF once again revised Italy's growth rate to +1.5% for this year and to +1.1% for 2018. Compared to the forecasts issued three months ago, this represents an increase of 0.2 points for 2017 and of 0.1 points for 2018. According to ISTAT, "the growth prospects of the Italian economy, supported by the manufacturing sector and investments, appear favourable: the consumer confidence climate index increased significantly in September, driven by improved views on the Italian economic situation and unemployment expectations." The employment rate rose to 58.2% (+0.1%), increasing for all age groups.

Turning to the **United States**, the IMF's economists forecast growth in the U.S. of 2.2% this year and of 2.3% in 2018, compared to +2.3% and +2.5% in April, despite representing an improvement of 0.1% and 0.2% compared to the WEO update in July. The Federal Reserve has reported that in September industrial production increased by 0.3% on the previous month, in line with analysts' expectations, whereas the level of use of production capacity rose to 76% from the previous 75.8%. The IMF revised its economic growth forecasts for Mexico upwards to 2.1% for this year, despite the uncertainty concerning the future of the North American free trade agreement.

The **Japanese economy** continued to recover, as also confirmed at the level of GDP, which increased by 0.1% in August, following the -0.1% recorded in July. The figure announced by the Ministry of the Economy and Industry, which is a weighted average of the performances of the main sectors of economic activity, saw an increase in the industrial sector (+2%) following on the -0.8% in July. There were also declines in construction (-2.3%) and services (-0.2%).

The IMF forecasts growth in all of Asia of 5.6% in 2017 and of 5.5% in 2018, led by **China** (6.8% and 6.5%, respectively) and **India** (6.7% and 7.4%, respectively). The growth of industrial production in China recovered in September: according to the data published by Beijing's national statistics office, last month's industrial production increased by 6.6% on an annual basis, up from 6.0% in August (6.4% in July) and from the Wall Street Journal's consensus rate of 6.5%. On a monthly basis, industrial production rose by 0.56% in September, representing a further improvement on 0.46% in August (0.41% in July).

The forecast for **Russian** GDP has risen from -0.2% in 2016 to +1.8% in 2017, followed by a slight decline to +1.6% in 2018. **Brazil** continues its mild recovery: real gross domestic product, i.e., net of inflation, is expected to amount to +0.7% in 2017 and then to +1.5% in 2018. This result falls far short of global growth (+4.6% in 2017), but is highly positive, above all when one considers the previous economic situation.

Turning to commodities prices, according to the data published by the IMF, the average prices of the three benchmarks Brent, Dubai and West Texas Intermediate (WTI) are expected to amount to 50.28 dollars a barrel in 2017 and then to decline slightly in 2018.

Currency Markets

In the third quarter of 2017, the **U.S. dollar** continued to depreciate significantly against the euro to 1.1329 on 5 July and then to 1.206 on 8 September, stabilising at around 1.18. Closing rate: 1.1806, above the average rate for the period (1.174415).

Turning to the other currencies of Brembo's major markets of operation at an industrial and commercial level, the **English pound** also continued to depreciate, reaching 0.92965 on 29 August, to then appreciate to 0.87565 on 27 September. The sudden change of outlook by the markets should be attributed to the increase in inflation and indications from the UK central bank, which intends to leave rates unchanged. At the end of the quarter, the currency stood at 0.88178, below the average rate for the period (0.897361).

The **Polish zloty** began the third quarter by appreciating to 4.2029 (18 July) and then significantly reversed the trend, reaching 4.3122 (the high for the quarter) on 28 September. At the end of the period, the currency stood at 4.3042, above the average rate for the period (4.257394).

The **Czech koruna** began the quarter at 26.14 (3 July) and then fluctuated within a range of 25.965, reached on 3 August, and 26.16 (9 August). The closing rate was 25.981, slightly below the quarterly average of 26.084845.

The **Swedish krona** opened the quarter at 9.6735 on 4 July, appreciated to 9.469 on 5 September and then depreciated again to near the level of the beginning of the quarter. At the end of the period, the currency stood at 9.649, above the average rate for the period (9.557027).

In the East, the **Japanese yen** opened the reporting period at 128.46 (3 July) and then fluctuated within a range of 131 and 128.02, reached on 18 August. The yen then depreciated significantly and continuously to 134.01 on 22 September. At the end of the period, the currency stood at 132.82, above the average rate for the period (130.369731).

The **Chinese yuan/renminbi** began the quarter by appreciating against the euro to 7.706 (5 July) and then depreciated until early August, when it reached 7.9757 (4 August). Since that time and until the end of the quarter, the currency moved sideways with periods of appreciation followed by losses of ground, remaining in line with the average for the period (7.832709). The closing rate was 7.8534.

The **Indian rupee** began the third quarter by appreciating against the euro to reach 73.4075 on 7 July, after which it depreciated constantly and significantly. This depreciation brought the currency to a low of 77.501 on 22 September. At the end of the period, the currency stood at 77.069, above the average rate for the period (75.513713).

In the Americas, the **Brazilian real** began the quarter by appreciating against the euro, reaching 3.6166 on 20 July. The currency then began to depreciate, reaching 3.8106 on 29 August, after which it regained lost ground, recovering to 3.7635, in line with the average rate for the period of 3.714848.

The **Mexican peso** began the period similarly to the Brazilian real, appreciating to 20.12 on 17 July, after which it began to depreciate, reaching 21.5204 on 29 August. In September, the currency moved laterally, closing at 21.4614, above the average rate for the period of 20.935172.

The **Argentine peso** opened the quarter at 18.898689 on 3 July and then went on to depreciate against the euro, reaching 20.923776 on 4 August. The rest of the period saw lateral movement, with a closing rate of 20.6633, above the average quarterly rate of 20.280863.

Finally, the **Russian rouble** started the quarter at 67.34 on 4 July and first depreciated sharply against the euro, reaching 71.8059 on 2 August. The rouble then appreciated, returning to levels near those of the beginning of the quarter. At the end of the period, the currency stood at 68.2519, below the average rate for the period (69.253199).

Operating Structure and Reference Markets

In the third quarter of 2017, Brembo's consolidated net sales amounted to €589,575 thousand, up by 4.0% compared to the same period of 2016 (€566,823 thousand).

Information on the performance of the individual applications and their related markets — as available to the company at the reporting date — is provided under the following headings.

Passenger Cars

During the third quarter of 2017, the global light vehicles market showed a 3.9% increase in sales compared to the same period of 2016, mainly driven by the Chinese and European markets.

The Western European market (EU15+EFTA) closed the third quarter of 2017 with car registrations at +0.6% compared to the same period of 2016. Among the main markets, a contribution to growth came from Germany (+0.3%), France (+6.4%), Italy (+9.3%) and Spain (+5.8%), whereas the United Kingdom closed the quarter with a negative sign (-8.9%). Eastern Europe (EU 12) saw an increase in car registrations in the third quarter of 10.7% compared to the same period of 2016.

Light vehicle registrations in Russia performed well, ending the third quarter of 2017 with a 17.7% increase in sales compared to the same period of the previous year.

In the United States, the third quarter of 2017 showed negative results, with light vehicle sales decreasing by 1.0% overall, compared to the same period of 2016.

The Brazilian and Argentine markets were strong, continuing to show signs of recovery, and closed the third

quarter of 2017 at +15.1%.

In Asian markets, China closed the third quarter of 2017 on a positive note with a 3.1% increase in sales of light vehicles compared to same period of 2016, once again confirming its position as Brembo's top market at world level. The Japanese market also showed a positive performance, ending the quarter with a +3.8% increase in sales.

Within this scenario, Brembo reported €458,499 thousand in net sales of car applications in the third quarter of 2017, accounting for 77.8% of the Group's turnover, up by 4.4% compared to the same period of 2016.

Motorbikes

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

In Italy, sales of motorbikes and scooters rose by +6.2% compared to the same period of 2016; considering only registrations of motorbikes with displacements over 500cc, the increase amounted to 16.7% compared to the same period of the previous year. With regard to the other European markets, the United Kingdom, Germany and Spain reported declines of 15.4%, 11.5% and 8.0%, respectively, whereas in France registrations rose by 2.7%.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) declined by 4.5% in the first half of 2017 compared to the same period of 2016. ATVs alone decreased by 5.6%, while motorbikes and scooters together declined by 4.1%. In the first nine months of the year, registrations of vehicles with displacements of over 600cc alone declined by 7.5% compared to the same period of 2016.

The Japanese market, considering displacements over 50cc collectively, saw a 2.7% increase in registrations, while in the first eight months of 2017 the Indian market, collectively considered (motorbikes plus scooters), increased by 6.0%, with scooters up by 12.0% and motorbikes declining by 4.0% compared to the same period of the previous year.

The Brazilian market recorded a decline in registrations of 17.5% in the first nine months of the year, which was more modest (-7.0%) considering registrations in the third quarter only.

In the third quarter of 2017, Brembo's net sales of motorbike applications amounted to €51,424 thousand, increasing by 1.7% compared to the same period of 2016.

Commercial and Industrial Vehicles

In the third quarter of 2017, the European commercial vehicles market (EU15+EFTA) — Brembo's reference market — showed a 1.4% increase in registrations.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) increased by 2.5% overall compared to the same period of 2016. Among the first five European markets by sales volume, a positive performance was reported by Germany (+3.9%), Spain (+16.7%) and France (+8.7%). Italy and the United Kingdom declined, with reductions of 12.4% and 2.0%, respectively. In Eastern Europe, this segment declined by 0.4% for the reporting period compared to the same period of 2016.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) decreased in Europe, closing the quarter with a -3.8% decrease compared to the same period of the previous year. Among the top five European markets by sales volumes, only Spain and France posted gains (+3.1% and +0.5%, respectively). The results of the main European markets during the third quarter were as follows: Germany -1.7%, United Kingdom -16.5% and Italy -4.9%. In Eastern Europe, sales of commercial vehicles over 3.5 tonnes declined by 1.3% compared to the same period of the previous year.

In the third quarter of 2017, Brembo's net sales of applications in this segment amounted to €53,471 thousand, up 2.7% compared to the same period of 2016.

Racing

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

In the third quarter of 2017, Brembo's net sales of racing applications amounted to €25,836 thousand, increasing by 3.7% compared to the third quarter of 2016.

Significant Events During the Quarter

No significant events occurred in the third quarter of 2017.

Opt-out from the Obligations to Publish Disclosure Documents

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

Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 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) that, with the 1,747,000 (8,735,000 after the stock split) 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 during the reporting quarter.

Significant Events After 30 September 2017

No significant events occurred after the end of the third quarter of 2017 and until 9 November 2017.

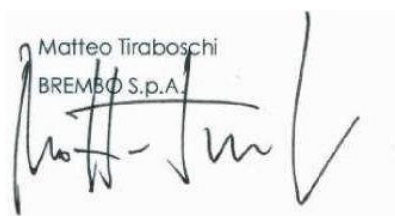
Statement Pursuant to Article 154-*bis*, Paragraph 2, Part IV, Title III, Chapter II, Section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998: “Consolidation Act on Financial Brokerage Pursuant to Articles 8 and 21 of Italian Law No. 52 of 6 February 1996”

RE: Interim Report at 30 September 2017, approved on 9 November 2017.

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

DECLARE

in accordance with Article 154-*bis*, paragraph 2, part IV, title III, chapter II, section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998, that to the best of my knowledge, the Interim Report at 30 September 2017 corresponds with the documented results, books and accounting records.



Matteo Tiraboschi
BREMBO S.p.A.

BREMBO S.p.A.

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

Share capital: €34,727,914.00

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