

Stezzano, 7 November 2019

**BREMBO: REVENUES AT 30 SEPTEMBER 2019 AT €1,971.0 MILLION, -0.9%
ON A LIKE-FOR-LIKE CONSOLIDATION BASIS;
EBITDA AT €394.0 MILLION (EBITDA MARGIN: 20.0%), EBIT AT €249.2
MILLION (EBIT MARGIN: 12.6%).**

Compared to the first nine months of 2018:

- **Revenues** at €1,971.0 million (-0.9% on a like-for-like consolidation basis)
- **EBITDA** at €394.0 million (EBITDA margin: 20.0%), **EBIT** at €249.2 million (EBIT margin: 12.6%)
- **Net financial debt** at €414.5 million
- **Net investments** amounted to €152.5 million

Results at 30 September 2019:

(€ million)	2019	2018	Change
Revenue	1,971.0	1,999.7	-1.4%
EBITDA	394.0	380.0	+3.7%
% of sales	20.0%	19.0%	
EBIT	249.2	266.8	-6.6%
% of sales	12.6%	13.3%	
Pre-tax profit	237.1	256.4	-7.5%
% of sales	12.0%	12.8%	
Net profit	176.1	197.2	-10.7%
% of sales	8.9%	9.9%	
	30/09/2019	30/09/2018	Change
Net financial debt excluding IFRS16	239.3	240.7	-1.4 million
Net financial debt	414.5	-	

Q3 2019 results:

(€ million)	2019	2018	Change
Revenue	647.1	660.1	-2.0%
EBITDA	123.4	120.1	+2.7%
% of sales	19.1%	18.2%	
EBIT	74.8	80.7	-7.4%
% of sales	11.6%	12.2%	
Pre-tax profit	69.2	75.8	-8.7%
% of sales	10.7%	11.5%	
Net profit	52.7	57.1	-7.8%
% of sales	8.1%	8.7%	

Chairman Alberto Bombassei stated: “The results for the third quarter of 2019 approved by Brembo S.p.A.’s Board of Directors today testify to the Company’s ability — in a scenario of persistent, severe uncertainty within the global automotive market — to effectively manage its long-term strategies and to achieve performances that, albeit slightly decreasing, nonetheless remain above the average for the market of reference. There were positive signs from the Motorbike, Performance and Aftermarket businesses, thanks to a constantly evolving product portfolio in each of these segments. The margins resilience is noteworthy, particularly in this environment.”

Impacts Arising From the Application of the New IFRS16

It bears recalling that the Group adopted the new IFRS16 effective 1 January 2019, using the modified retrospective method (option B, without restating contracts already in place at 1 January 2019 and not applying the standard to low-value and short-term assets).

Data at 30 September 2019 include the following impacts due to the adoption of the new Standard:

- €17.3 million in reversal of rental costs;
- €14.8 million increase in depreciation and amortisation;
- €3.8 million increase in interest expense;
- €173.9 million increase in Net Invested Capital;
- €175.2 million increase in Net Financial Position.

Results for the period ended 30 September 2019

Brembo's Board of Directors chaired by Alberto Bombassei met today and approved the Group's results at 30 September 2019.

Brembo Group's net consolidated revenues for the reporting period amounted to €1,971.0 million, down 1.4% compared to the same period of the previous year (-0.9% on a like-for-like consolidation basis).

It should be noted that, as of 30 June 2019, Brembo decided to discontinue its industrial operations at the Buenos Aires plant. As a result, Brembo Argentina S.A. will be placed in liquidation. Brembo took this decision as it was impossible to boost new projects because of the sharp downtrend experienced by the Argentinian automotive sector and its quite discouraging recovery prospects. Accordingly, all main local manufacturers decided not to proceed with industrial projects nor to launch new models.

Pursuant to IFRS5, revenues and costs related to the Argentinian company for the first nine months of 2019 were therefore reclassified. The negative result of the company's ordinary operations for the period ended 30 September 2019, as well as the estimated costs associated with the discontinuation, were reclassified to the Statement of Income item "Result from discontinued operations" and amounted to €6.6 million.

With regard to the market segments in which the Group operates, car applications decreased by 4.2% due to the global automotive market's severe downtrend. All other market segments grew: motorbike applications rose by +5.9%, applications for commercial vehicles by +9.3%, and racing applications by +7.3%.

At geographical level, compared to the same period of the previous year, sales for the first nine months of 2019 shrank by 2.5% in Italy and by 14.1% in Germany, whereas growth was reported by France (+5.5%) and a stable performance was recorded in the United Kingdom.

In Asia, India rose by 16.7% and China by 0.6%, whereas Japan declined by 10.2%.

Sales in North America (USA, Canada and Mexico) rose by 3.1%, whereas South America declined by 17.8% (+6.9% on a like-for-like consolidation basis).

In the period ended 30 September 2019, the cost of sales and other net operating costs amounted to €1,236.7 million, down 3.5% compared to €1,281.6 million for the same period of the previous year. In percentage terms, the ratio to sales of this item decreased to 62.7% from 64.1% for the same period of 2018.

Personnel expenses totalled €349.3 million, with a 17.7% ratio to sales, slightly increasing compared to the same period of the previous year. At 30 September 2019, workforce numbered 10,516 (10,595 at 30 September 2018 and 10,634 at 31 December 2018).

EBITDA for the period amounted to €394.0 million (EBITDA margin: 20.0%), up 3.7% compared to the same period of 2018. Net of the effect of IFRS16, EBITDA was €376.7 million (EBITDA margin: 19.1%).

Depreciation and amortisation amounted to €144.8 million (€130.0 million net of the effect of IFRS16).

EBIT amounted to €249.2 million (EBIT margin: 12.6%), down 6.6% compared to the same period of 2018. Net of the above-mentioned impact of IFRS16, EBIT was €246.7 million (EBIT margin: 12.5%).

In the reporting period, net interest expense totalled €12.3 million (€10.6 million in the same period of 2018). This item included interest expense amounting to €11.1 million (€7.1 million in the first nine months of 2018) and net exchange losses of €1.2 million (net exchange losses of €3.5 million in the same period of the previous year). Net of the above-mentioned impact of IFRS16 net interest expense was €8.5 million.

Pre-tax profit was €237.1 million (12.0% of sales) compared to €256.4 million for the same period of 2018.

Based on the tax rates applicable under current tax regulations, estimated taxes amounted to €53.3 million (€57.3 million in 2018), with a tax rate of 22.5%, in line with 22.3% for the same period of the previous year.

The period ended with a net profit of €176.1 million, down 10.7% compared to the same period of the previous year. Net of the above-mentioned impact of IFRS16 net profit was €177.4 million.

Net financial debt at 30 September 2019 was €414.5 million; on a like-for-like accounting standards basis, it was €239.3 million, down €1.4 million compared to 30 September 2018 (€240.7 million).

Foreseeable Evolution

In light of the automotive sector's ongoing uncertainties, Brembo expects to close the year with a slight decrease in volumes compared to the previous year and to be able to reach profitability in line with 2018.

The manager in charge of the Company's financial reports Andrea Pazzi, declares, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Annexed hereto are the Statement of Income and the Statement of Financial Position.

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CONSOLIDATED STATEMENT OF INCOME

<i>(euro million)</i>	30.09.2019	30.09.2018	Change	%	Q3'19	Q3'18	Change	%
Revenue from contracts with customers	1,971.0	1,999.7	(28.8)	-1.4%	647.1	660.1	(12.9)	-2.0%
Other revenues and income	21.2	15.8	5.4	33.9%	5.7	2.6	3.1	121.7%
Costs for capitalised internal works	18.0	17.4	0.6	3.6%	4.0	4.8	(0.8)	-16.8%
Raw materials, consumables and goods	(929.3)	(956.0)	26.7	-2.8%	(305.5)	(321.3)	15.7	-4.9%
Income (expenses) from non-financial investments	9.0	12.6	(3.5)	-28.2%	3.1	4.1	(1.0)	-24.1%
Other operating costs	(346.6)	(358.8)	12.2	-3.4%	(117.1)	(115.5)	(1.6)	1.4%
Personnel expenses	(349.3)	(350.8)	1.5	-0.4%	(113.9)	(114.6)	0.7	-0.6%
GROSS OPERATING INCOME	394.0	380.0	14.0	3.7%	123.4	120.1	3.3	2.7%
<i>% of revenue from contracts with customer</i>	<i>20.0%</i>	<i>19.0%</i>			<i>19.1%</i>	<i>18.2%</i>		
Depreciation, amortisation and impairment losses	(144.8)	(113.2)	(31.6)	27.9%	(48.7)	(39.4)	(9.3)	23.5%
NET OPERATING INCOME	249.2	266.8	(17.6)	-6.6%	74.8	80.7	(6.0)	-7.4%
<i>% of revenue from contracts with customer</i>	<i>12.6%</i>	<i>13.3%</i>			<i>11.6%</i>	<i>12.2%</i>		
Net interest income (expense) and interest income (expense) from investments	(12.1)	(10.4)	(1.7)	16.1%	(5.5)	(4.9)	(0.6)	12.1%
RESULT BEFORE TAXES	237.1	256.4	(19.3)	-7.5%	69.2	75.8	(6.6)	-8.7%
<i>% of revenue from contracts with customer</i>	<i>12.0%</i>	<i>12.8%</i>			<i>10.7%</i>	<i>11.5%</i>		
Taxes	(53.3)	(57.3)	4.0	-6.9%	(16.3)	(18.3)	2.0	-10.8%
Result from discontinued operations	(6.6)	0.0	(6.6)	N/A	0.2	0.0	0.2	N/A
RESULT BEFORE MINORITY INTERESTS	177.2	199.1	(21.9)	-11.0%	53.1	57.5	(4.4)	-7.7%
<i>% of revenue from contracts with customer</i>	<i>9.0%</i>	<i>10.0%</i>			<i>8.2%</i>	<i>8.7%</i>		
Minority interests	(1.1)	(1.9)	0.8	-43.1%	(0.4)	(0.4)	0.0	4.8%
NET RESULT FOR THE PERIOD	176.1	197.2	(21.1)	-10.7%	52.7	57.1	(4.4)	-7.8%
<i>% of revenue from contracts with customer</i>	<i>8.9%</i>	<i>9.9%</i>			<i>8.1%</i>	<i>8.7%</i>		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.54	0.61			0.16	0.18		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

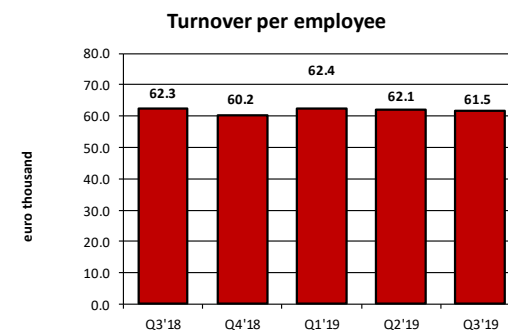
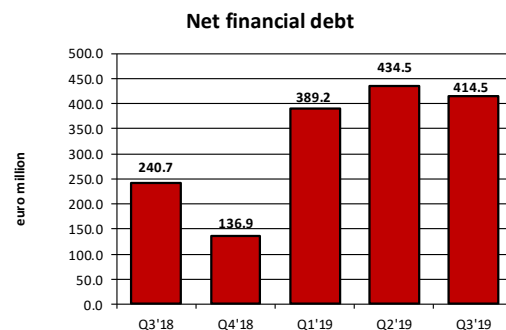
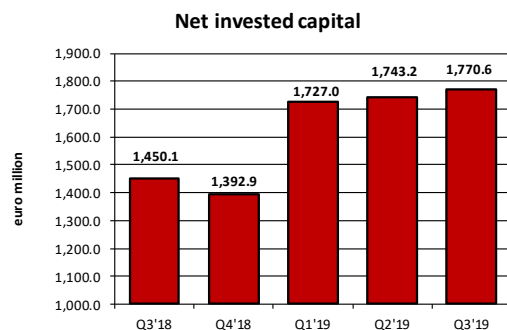
(euro million)	A 30.09.2019	B 31.12.2018	C 30.09.2018	A-B Change	A-C Change
ASSETS					
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	1,055.5	1,041.3	988.4	14.2	67.1
Right of use assets	173.9	0.1	0.1	173.8	173.8
Development costs	82.9	73.3	69.3	9.6	13.6
Goodwill and other indefinite useful life assets	84.5	82.7	81.7	1.8	2.7
Other intangible assets	52.1	53.1	49.9	(1.0)	2.1
Shareholding valued using the equity method	42.7	39.6	40.8	3.1	1.9
Other financial assets (including investments in other companies and derivatives)	8.4	8.2	8.2	0.2	0.2
Receivables and other non-current assets	7.0	3.0	3.1	4.0	3.9
Deferred tax assets	58.5	62.7	63.9	(4.2)	(5.4)
TOTAL NON-CURRENT ASSETS	1,565.5	1,364.0	1,305.5	201.5	260.0
CURRENT ASSETS					
Inventories	360.6	342.0	363.0	18.6	(2.4)
Trade receivables	451.1	407.4	483.8	43.7	(32.7)
Other receivables and current assets	67.8	72.1	71.3	(4.3)	(3.4)
Current financial assets and derivatives	0.7	0.3	0.4	0.4	0.3
Cash and cash equivalents	264.3	345.1	262.5	(80.8)	1.8
TOTAL CURRENT ASSETS	1,144.6	1,167.0	1,181.0	(22.4)	(36.4)
ASSETS FROM DISCONTINUED OPERATIONS	2.4	0.0	0.0	2.4	2.4
TOTAL ASSETS	2,712.5	2,531.0	2,486.5	181.4	226.0
EQUITY AND LIABILITIES					
GROUP EQUITY					
Share capital	34.7	34.7	34.7	0.0	0.0
Other reserves	106.0	108.8	103.8	(2.7)	2.3
Retained earnings/(losses)	983.7	817.2	818.4	166.5	165.3
Net result for the period	176.1	238.3	197.2	(62.2)	(21.1)
TOTAL GROUP EQUITY	1,300.6	1,199.1	1,154.1	101.5	146.5
TOTAL MINORITY INTERESTS	30.3	29.7	28.3	0.6	2.1
TOTAL EQUITY	1,330.9	1,228.8	1,182.3	102.1	148.5
NON-CURRENT LIABILITIES					
Non-current payables to banks	239.7	205.9	247.7	33.9	(7.9)
Long-term lease liabilities	157.0	0.0	0.0	156.9	156.9
Other non-current financial payables and derivatives	2.7	1.6	1.8	1.2	1.0
Other non-current liabilities	7.9	3.1	3.3	4.8	4.5
Non-current provisions	12.9	15.5	34.3	(2.6)	(21.4)
Provisions for employee benefits	26.4	27.1	27.1	(0.7)	(0.7)
Deferred tax liabilities	25.7	23.7	23.8	2.0	1.9
TOTAL NON-CURRENT LIABILITIES	472.3	276.9	337.9	195.4	134.3
CURRENT LIABILITIES					
Current payables to banks	261.0	273.3	253.5	(12.3)	7.6
Short-term lease liabilities	18.2	0.1	0.1	18.1	18.1
Other current financial payables and derivatives	0.9	1.5	0.7	(0.5)	0.2
Trade payables	477.7	566.7	533.1	(89.0)	(55.3)
Tax payables	8.3	6.0	23.8	2.3	(15.5)
Current provisions	2.2	13.5	2.2	(11.3)	0.0
Other current liabilities	140.0	164.2	152.8	(24.2)	(12.8)
TOTAL CURRENT LIABILITIES	908.5	1,025.3	966.2	(116.8)	(57.7)
LIABILITIES FROM DISCONTINUED OPERATIONS	0.8	0.0	0.0	0.8	0.8
TOTAL LIABILITIES	1,381.6	1,302.2	1,304.1	79.4	77.4
TOTAL EQUITY AND LIABILITIES	2,712.5	2,531.0	2,486.5	181.4	226.0

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA AND BY APPLICATION

<i>(euro million)</i>	30.09.2019	%	30.09.2018	%	Change	%	Q3'19	%	Q3'18	%	Change	%
GEOGRAPHICAL AREA												
Italy	207.9	10.6%	213.3	10.7%	(5.4)	-2.5%	63.0	9.8%	61.4	9.3%	1.6	2.6%
Germany	393.2	20.0%	457.9	22.9%	(64.7)	-14.1%	123.4	19.1%	145.8	22.1%	(22.3)	-15.3%
France	77.0	3.9%	72.9	3.6%	4.0	5.5%	24.9	3.8%	23.4	3.6%	1.4	6.1%
United Kingdom	159.4	8.1%	159.3	8.0%	0.1	0.0%	52.9	8.2%	53.9	8.2%	(1.0)	-1.9%
Other European countries	238.4	12.1%	219.9	11.0%	18.5	8.4%	79.6	12.3%	74.4	11.3%	5.2	7.0%
India	72.0	3.7%	61.7	3.1%	10.3	16.7%	24.8	3.8%	21.7	3.3%	3.0	14.0%
China	222.6	11.3%	221.3	11.1%	1.2	0.6%	78.5	12.1%	76.5	11.6%	2.0	2.6%
Japan	21.0	1.1%	23.4	1.2%	(2.4)	-10.2%	7.2	1.1%	8.5	1.3%	(1.2)	-14.7%
Other Asian Countries	26.1	1.3%	32.4	1.6%	(6.3)	-19.6%	10.7	1.7%	10.2	1.5%	0.5	4.9%
South America (Argentina and Brazil)	37.9	1.9%	46.1	2.3%	(8.2)	-17.8%	15.2	2.3%	15.0	2.3%	0.1	0.8%
North America (USA, Mexico & Canada)	498.9	25.3%	483.8	24.2%	15.2	3.1%	161.2	24.9%	167.1	25.3%	(5.9)	-3.6%
Other Countries	16.6	0.7%	7.7	0.3%	8.9	114.9%	5.8	0.9%	2.0	0.2%	3.8	188.9%
Total	1,971.0	100.0%	1,999.7	100.0%	(28.8)	-1.4%	647.1	100.0%	660.1	100.0%	(12.9)	-2.0%

<i>(euro million)</i>	30.09.2019	%	30.09.2018	%	Change	%	Q3'19	%	Q3'18	%	Change	%
APPLICATION												
Passenger Car	1,462.3	74.2%	1,526.8	76.4%	(64.5)	-4.2%	487.5	75.3%	506.1	76.7%	(18.6)	-3.7%
Motorbike	201.5	10.2%	190.2	9.5%	11.3	5.9%	64.6	10.0%	60.4	9.2%	4.2	6.9%
Commercial Vehicle	210.4	10.7%	192.5	9.6%	18.0	9.3%	66.1	10.2%	66.1	10.0%	0.0	0.0%
Racing	96.5	4.9%	89.9	4.5%	6.6	7.3%	29.1	4.5%	27.3	4.1%	1.7	6.4%
Miscellaneous	0.3	0.0%	0.3	0.0%	0.0	-11.9%	(0.1)	0.0%	0.1	0.0%	(0.3)	-221.1%
Total	1,971.0	100.0%	1,999.7	100.0%	(28.8)	-1.4%	647.1	100.0%	660.1	100.0%	(12.9)	-2.0%

MAIN RATIOS



	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Net operating income/Revenue from contract with customers	12.2%	12.2%	13.0%	13.3%	11.6%
Result before taxes/Revenue from contract with customers	11.5%	10.8%	12.6%	12.8%	10.7%
Net investments/Revenue from contract with customers	9.6%	16.0%	6.3%	9.4%	7.8%
Net Financial indebtedness/Equity	20.4%	11.1%	29.7%	33.7%	31.1%
Adjusted net interest expense(*)/Revenue from contract with customers	0.4%	1.0%	0.6%	0.6%	0.5%
Adjusted net interest expense(*)/Net operating income	3.3%	8.5%	4.4%	4.5%	4.5%
ROI	24.6%	24.8%	20.4%	20.2%	18.8%
ROE	22.5%	19.7%	20.0%	20.5%	18.5%

Notes:

ROI: Net operating income/Net invested capital x annualisation factor(days in the year/days from January 1st).

ROE: Result before minority interests (net of Result from discontinued operations)/Equity x annualisation factor(days in the year/days from January 1st).

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