

First Quarter Report
2008



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Company Officers

The Shareholders' Meeting of the Parent Company Brembo S.p.A., held on 29 April 2008, passed a resolution in favour of the reappointment of Company officers for the following three-year period (2008-2010). At 29 April 2008, the Company Officers were as follows:

BOARD OF DIRECTORS

Chairman	Alberto Bombassei ^{(1) (6)}
Managing Director	Stefano Monetini ^{(2) (6)}
Directors	Cristina Bombassei ^{(4) (6) (8)}
	Matteo Tiraboschi ^{(4) (6)}
	Giovanni Cavallini ⁽³⁾
	Giancarlo Dallerà ⁽³⁾
	Pasquale Pistorio ^{(3) (7)}
	Pierfrancesco Saviotti ⁽³⁾
	Giovanna Dossena ⁽⁵⁾
	Umberto Nicodano ⁽⁵⁾
	Giuseppe Roma ⁽³⁾

BOARD OF STATUTORY AUDITORS

Chairman	Sergio Pivato
Auditors	Enrico Colombo
	Daniela Salvioni
Alternate Auditors	Gerardo Gibellini
	Mario Tagliaferri

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. ⁽⁹⁾

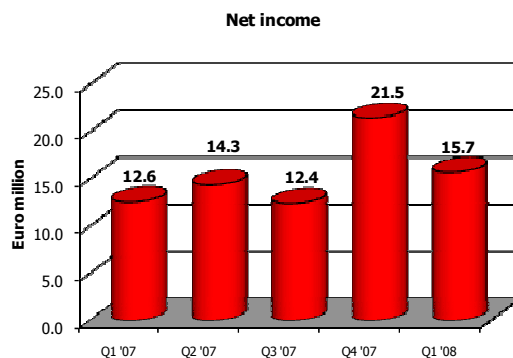
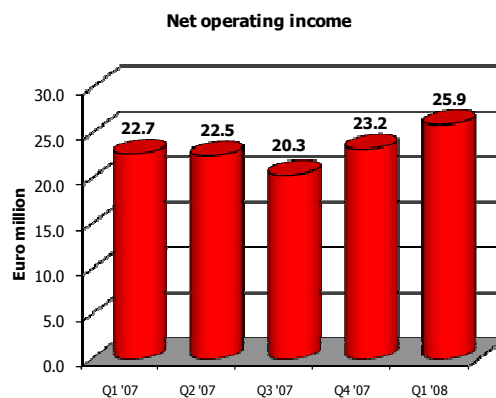
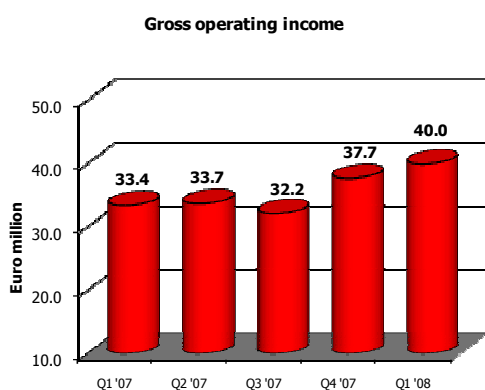
EXECUTIVE IN CHARGE OF DRAWING UP

THE COMPANY'S ACCOUNTING DOCUMENTS Corrado Orsi

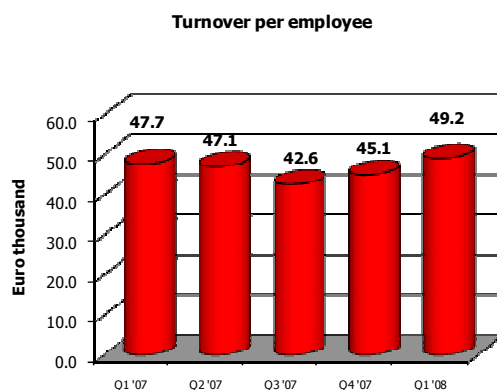
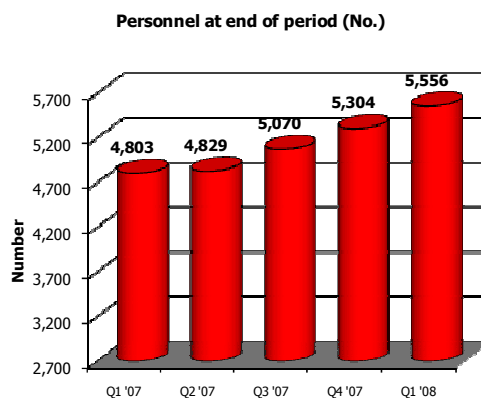
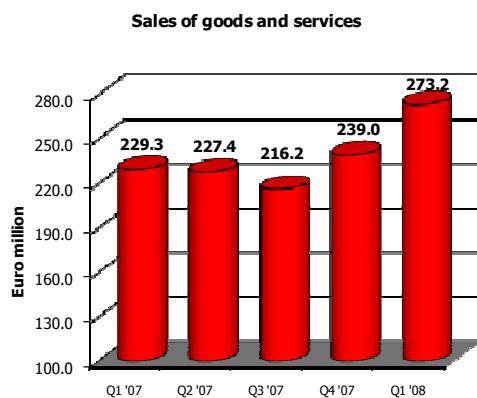
COMMITTEES	Audit Committee	- Giuseppe Roma (Chairman)
		- Giancarlo Dallerà
		- Giovanna Dossena
	Remuneration Committee	- Umberto Nicodano (Chairman)
		- Pierfrancesco Saviotti
		- Giovanni Cavallini
	Supervisory Committee	- Giovanna Dossena (Chairwoman)
		- Giuseppe Roma
		- Giancarlo Dallerà
		- Alessandra Ramorino ⁽¹⁰⁾

- (1) The Chairman is the Company's legal representative and has powers of ordinary and special management, within the limits of the law and the By-laws.
- (2) The Managing Director has certain powers of ordinary management in Brembo S.p.A. He also holds the position of Director in one of the Group companies.
- (3) Corporate Governance – Independent and non-executive Directors – as per Borsa Italiana Regulations for STAR segment – Art. 2.2.3. They also comply with independence requirements set out by Brembo S.p.A. Corporate Governance Manual.
- (4) This Director also holds offices in some Group companies.
- (5) Non-executive Directors.
- (6) Executive Directors.
- (7) This Director also holds the position of Lead Independent Director.
- (8) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
- (9) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.
- (10) Executive in charge of Audit.

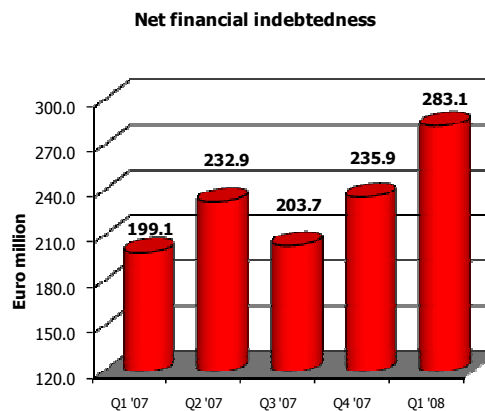
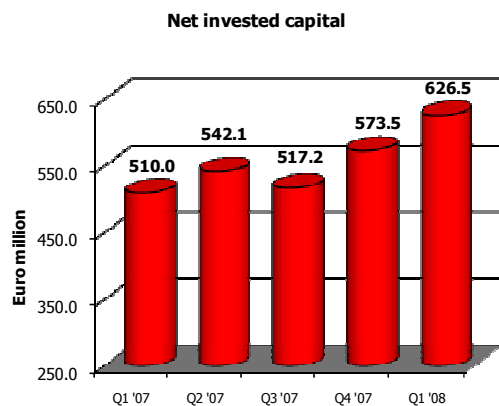
Highlights



ECONOMIC RESULTS (euro million)	A				B	% B/A
	Q1 '07	Q2 '07	Q3 '07	Q4 '07	Q1 '08	
Sales of goods and services	229.3	227.4	216.2	239.0	273.2	19.1%
Gross operating income	33.4	33.7	32.2	37.7	40.0	19.6%
<i>% of sales</i>	14.6%	14.8%	14.9%	15.8%	14.6%	
Net operating income	22.7	22.5	20.3	23.2	25.9	14.3%
<i>% of sales</i>	9.9%	9.9%	9.4%	9.7%	9.5%	
Income before taxes	19.6	21.3	17.5	18.2	22.2	12.9%
<i>% of sales</i>	8.6%	9.4%	8.1%	7.6%	8.1%	
Net income	12.6	14.3	12.4	21.5	15.7	24.7%
<i>% of sales</i>	5.5%	6.3%	5.8%	9.0%	5.7%	



FINANCIAL RESULTS (euro million)	A				B	% B/A
	Q1 '07	Q2 '07	Q3 '07	Q4 '07	Q1 '08	
Net invested capital	510.0	542.1	517.2	573.5	626.5	22.8%
Shareholders' equity	282.0	284.5	290.2	314.1	320.2	13.6%
Net financial indebtedness	199.1	232.9	203.7	235.9	283.1	42.2%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	4,803	4,829	5,070	5,304	5,556	15.7%
Turnover per employee (euro thousand)	47.7	47.1	42.6	45.1	49.2	3.0%
Capital Expenditure (euro million)	10.0	24.6	12.5	69.7	40.2	300.8%



MAIN RATIOS	Q1 '07	Q2 '07	Q3 '07	Q4 '07	Q1 '08
Net operating income/Sales	9.9%	9.9%	9.4%	9.7%	9.5%
Income before taxes/Sales	8.6%	9.4%	8.1%	7.6%	8.1%
Capital Expenditure/Sales	4.4%	10.8%	5.8%	29.2%	14.7%
Net Financial indebtedness/Shareholders' equity	70.6%	81.8%	70.2%	75.1%	88.4%
Financial charges/Sales	1.4%	0.5%	1.4%	1.1%	1.4%
Financial charges/Net Operating Income	13.7%	5.4%	14.7%	11.1%	14.4%
ROI	16.9%	15.2%	18.8%	15.9%	15.7%
ROE	17.2%	18.8%	20.8%	27.1%	18.3%

Consolidated Financial Statements

Consolidated Income Statement (First Quarter 2008)

<i>(euro thousand)</i>	Q1 '08	Q1 '07	(A-B) CHANGE	%
Sales of good and services	273,160	229,261	43,899	19.1%
Other revenues and income	2,384	1,827	557	30.5%
Costs for capitalised internal works	2,491	2,590	(99)	-3.8%
Cost of raw materials, consumables, goods and change in inventories	(134,027)	(114,947)	(19,080)	16.6%
Other operating costs for production	(50,996)	(41,766)	(9,230)	22.1%
Personnel expenses	(53,043)	(43,549)	(9,494)	21.8%
GROSS OPERATING INCOME	39,969	33,416	6,553	19.6%
<i>% of sales</i>	<i>14.6%</i>	<i>14.6%</i>		
Depreciation, amortization and other write-downs	(14,071)	(10,752)	(3,319)	30.9%
NET OPERATING INCOME	25,898	22,664	3,234	14.3%
<i>% of sales</i>	<i>9.5%</i>	<i>9.9%</i>		
Net financial income (charges)	(3,719)	(3,108)	(611)	19.7%
Net financial income (charges) from investments	(29)	64	(93)	-145.3%
INCOME BEFORE TAXES	22,150	19,620	2,530	12.9%
<i>% of sales</i>	<i>8.1%</i>	<i>8.6%</i>		
Taxes	(6,717)	(6,808)	91	-1.3%
INCOME BEFORE MINORITY INTERESTS	15,433	12,812	2,621	20.5%
<i>% of sales</i>	<i>5.6%</i>	<i>5.6%</i>		
Minority interests	266	(225)	491	-218.2%
NET INCOME (LOSS) FOR THE PERIOD	15,699	12,587	3,112	24.7%
<i>% of sales</i>	<i>5.7%</i>	<i>5.5%</i>		
Earnings per share/Basic earnings per share (euro)	0.24	0.19		

Consolidated Balance Sheet

<i>(euro thousand)</i>	A 31.03.2008	B 31.12.2007	C 31.03.2007	A-B CHANGE	A-C CHANGE
ASSETS					
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	334,615	327,970	291,019	6,645	43,596
Development costs	37,816	33,055	26,927	4,761	10,889
Goodwill and other undefined useful life assets	43,293	30,482	15,269	12,811	28,024
Other intangible assets	9,138	10,383	6,336	(1,245)	2,802
Investments accounted for using the equity method	14,774	15,374	15,290	(600)	(516)
Other financial assets (investments in other companies and derivatives)	2,513	2,915	5,577	(402)	(3,064)
Other non-current assets	654	738	1,282	(84)	(628)
Deferred tax assets	14,621	14,250	7,100	371	7,521
TOTAL NON-CURRENT ASSETS	457,424	435,167	368,800	22,257	88,624
				<i>5.1%</i>	<i>24.0%</i>
CURRENT ASSETS					
Inventories	181,951	166,059	144,440	15,892	37,511
Trade receivables and receivables from other Group companies	228,839	196,610	210,438	32,229	18,401
Other receivables and current assets	34,613	37,526	32,926	(2,913)	1,687
Financial current assets and derivatives	653	777	609	(124)	44
Cash and cash equivalents	60,553	53,524	49,425	7,029	11,128
TOTAL CURRENT ASSETS	506,609	454,496	437,838	52,113	68,771
				<i>11.5%</i>	<i>15.7%</i>
NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION	8,488	8,484	0	4	8,488
				<i>0.0%</i>	<i>0.0%</i>
TOTAL ASSETS	972,521	898,147	806,638	74,374	165,883
EQUITY AND LIABILITIES					
GROUP EQUITY					
Share capital	34,728	34,728	34,728	0	0
Other reserves	113,532	120,025	106,312	(6,493)	7,220
Retained earnings	136,145	85,881	115,841	50,264	20,304
Profit / (loss) for the period	15,699	60,850	12,587	(45,151)	3,112
TOTAL GROUP EQUITY	300,104	301,484	269,468	(1,380)	30,636
				<i>(0.5%)</i>	<i>11.4%</i>
MINORITY INTERESTS	20,083	12,591	12,499	7,492	7,584
				<i>59.5%</i>	<i>60.7%</i>
TOTAL EQUITY	320,187	314,075	281,967	6,112	38,220
NON-CURRENT LIABILITIES					
Non-current payables to banks	35,831	38,498	29,013	(2,667)	6,818
Other non-current financial payables	94,995	84,788	72,392	10,207	22,603
Other non-current payables	4,373	8,335	6,595	(3,962)	(2,222)
Provisions for contingencies and charges	3,080	3,096	4,616	(16)	(1,536)
Long term provisions for employee benefits	23,235	23,551	28,900	(316)	(5,665)
Deferred tax liabilities	21,305	22,574	20,803	(1,269)	502
TOTAL NON-CURRENT LIABILITIES	182,819	180,842	162,319	1,977	20,500
				<i>1.1%</i>	<i>12.6%</i>
CURRENT LIABILITIES					
Current payables to banks	207,228	161,033	144,392	46,195	62,836
Other current financial payables	6,618	6,654	4,320	(36)	2,298
Trade payables and payables to other Group companies	196,939	186,120	160,591	10,819	36,348
Tax payables	3,928	2,439	11,006	1,489	(7,078)
Other current payables	54,802	46,984	42,043	7,818	12,759
TOTAL CURRENT LIABILITIES	469,515	403,230	362,352	66,285	107,163
				<i>16.4%</i>	<i>29.6%</i>
TOTAL EQUITY AND LIABILITIES	972,521	898,147	806,638	74,374	165,883

Cash Flow Statement

<i>(euro thousand)</i>	31.03.2008	31.03.2007
Cash and cash equivalent at beginning of period	(95,311)	(71,788)
Net income for the period before taxes	22,150	19,620
Depreciation, amortisation/Write-downs	14,071	10,752
Gains/Losses from disposal of fixed assets	(262)	26
Write-ups/Write-downs of shareholdings and other write-ups	29	(64)
Financial portion of funds relating to payables for personnel	157	205
Long-term provisions for employee benefits	236	1,371
Other provisions net of utilisations	1,394	486
Net working capital generated by operations	37,775	32,396
Paid current taxes	(1,943)	(1,771)
Uses to long-term provisions for employee benefits	(819)	(1,288)
<i>(Increase) reduction in current assets:</i>		
inventories	(16,924)	1,460
financial assets	0	5
trade receivables	(32,406)	(27,901)
other receivables	(2,368)	(1,435)
<i>Increase (reduction) in current liabilities:</i>		
trade payables and payables to other Group companies	10,819	(413)
payables to others and other liabilities	6,130	2,670
Translation differences on current assets	(1,111)	(537)
Cash flow from (for) operating activities	(847)	3,186
<i>Investments in:</i>		
intangible assets	(20,306)	(3,006)
property, plant and equipment	(19,862)	(7,015)
financial fixed assets - shareholdings	(31)	0
Sabell - Brembo Performance Operation	7,910	0
Cost price for disposal, or reimbursement value, of fixed assets	788	584
Cash flow from (for) investments	(31,501)	(9,437)
Buy back own share	(2,249)	0
Repayment of long-term loans	(3,453)	(1,909)
Cash flow from (for) financing activities	(5,702)	(1,909)
Total cash flow	(38,050)	(8,160)
Cash and cash equivalent at the end of period	(133,361)	(79,948)

Net Financial Position

<i>(euro thousand)</i>	31.03.2008	31.12.2007	31.03.2007
A Cash	65	59	49
B Other cash equivalents	60,488	53,465	49,376
– bank and postal accounts	60,488	53,465	49,376
C Derivatives and securities held for trading	1,037	1,564	1,571
D LIQUIDITY (A+B+C)	61,590	55,088	50,996
E Current financial receivables	0	0	0
F Current payables to banks	193,914	148,835	129,373
G Current portion of non-current debt	13,314	12,198	19,321
H Other current financial debts	6,618	6,654	4,320
I CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	213,846	167,687	153,014
J NET CURRENT FINANCIAL INDEBTEDNESS (I–E–D)	152,256	112,599	102,018
K Non-current payables to banks	35,831	38,498	101,405
L Bonds issued	50,000	50,000	50,000
M Other non-current payables	44,995	34,788	22,392
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	130,826	123,286	173,797
O NET FINANCIAL INDEBTEDNESS (J+N)	283,082	235,885	275,815

Statement of Changes in Equity

	Share capital	Other reserves	Retained earnings	Hedging reserve	Profit for the period	Group Equity	Profit of Minority interests	Share capital and reserves of Minority interests	Equity of Minority interests	Equity
<i>(euro thousand)</i>										
Balance at 1 January 2007	34,728	107,612	71,708	1,152	42,945	258,145	1,254	11,165	12,419	270,564
Allocation of profit for the previous year			42,945		(42,945)	0	(1,254)	1,254	0	0
FTA Brembo S.p.A.						0			0	0
Change in reserves from application of IAS 39				36		36		2	2	38
Change in translation adjustment reserve		(1,300)				(1,300)		(147)	(147)	(1,447)
Net income (loss) for the period					12,587	12,587	225		225	12,812
Balance at 31 March 2007	34,728	106,312	114,653	1,188	12,587	269,468	225	12,274	12,499	281,967
Balance at 1 January 2008	34,728	120,025	84,669	1,212	60,850	301,484	830	11,761	12,591	314,075
Allocation of profit for the previous year			60,850		(60,850)	0	(830)	830	0	0
Change in reserves from application of IAS 39				(429)		(429)			0	(429)
Change in translation adjustment reserve		(4,244)				(4,244)		(269)	(269)	(4,513)
Buy back own shares		(2,249)				(2,249)			0	(2,249)
Sabelt Operation			(117)			(117)		8,027	8,027	7,910
Put Option according with IAS 39			(10,040)			(10,040)			0	(10,040)
Net income (loss) for the period					15,699	15,699	(266)		(266)	15,433
Balance at 31 March 2008	34,728	113,532	135,362	783	15,699	300,104	(266)	20,349	20,083	320,187

Hedging reserves are net of the related tax effects

Explanatory Notes to the Financial Statements

Accounting Principles and Valuation Criteria

The Quarterly Report was prepared in compliance with article 82 of the "Regulations containing the provisions for implementing Legislative Decree 58 dated 24 February 1998 on issuing parties" (Consob Resolution No. 11971 of 14 May 1999 and subsequent amendments).

Directive 2004/109/EC (the so-called Transparency Directive) was, in fact, transposed into Italian law by Legislative Decree 195/2007 which also amended the Consolidated Finance Law, and into which the new articles 154-bis and 154-ter on financial reporting, were also inserted.

For the Brembo Group, with a financial year ending on 31 December, the new provisions apply for accounting periods starting from 1 January 2008; however, as a result of listing in the Star segment, the quarterly report is still required pursuant to the Market Rules, but only for the first quarter of 2008.

The consolidated financial statements presented in this Report were prepared based on the regulations governing corporate financial statements, using the accounting principles adopted in preparing the Consolidated Financial Statements for the year underway. In detail, they are in accordance with the requirements specified in Annex 3D of the above-mentioned Regulations (please refer to Annex 3D for additional information). This Report includes the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the explanatory notes.

Reference is made to the 2007 Consolidated Financial Statements for the relevant international accounting standards and principles adopted by the Group when preparing the above-mentioned financial statements.

Moreover, it is noted that:

- segment reporting: The segment is a distinctly identifiable part of the business subject to different risks and rewards from those of the other segments. The primary information for Brembo is by activity, the Automotive Components industry being that in which the Group operates exclusively. Economic, financial and equity indicators of the segment as defined above are those that can be inferred from the consolidated accounting statements;
- in cases where it has not been possible to obtain invoices from suppliers for services and consultancy rendered, a reasonable estimate was made of the associated costs in accordance with the progress of the relevant contracted projects;
- the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories as at 30 November 2007 to the inventory accounting results as at 31 March 2008;
- current and deferred taxes have been calculated based on the expected tax rate of the individual countries;
- the amounts reported below and commented on in these notes are given as thousands of Euro.

Consolidation Area

The financial statements for the first quarter of 2008 include the financial statements of Brembo S.p.A., the Parent Company, and the financial statements of the companies that Brembo S.p.A. directly or indirectly controls as per Art. 2359 of the Italian Civil Code.

Compared to 31 December 2007, the consolidation area changed as follows:

-
- In executing a letter of intent signed on 6 September 2007, on 19 February 2008 Brembo S.p.A. and Sabelt S.p.A. signed a joint venture agreement with the objective of integrating and developing their car and motorbike components and special accessories businesses. Under the joint venture agreement, Brembo S.p.A.'s High Performance Kit business unit (braking systems for the car and motorbike upgrade market) and 100% of the shares of Sabelt S.p.A. (owned by Marsiaj and D'Ormea) were transferred into Brembo Performance S.p.A. As previously mentioned, as part of the transaction, 100% of the interests in Brembo Performance North America Inc. and Brembo Performance Japan Co. Ltd. (companies formed by the Group in 2007) will be transferred to Brembo Performance S.p.A. and these companies will sell their respective areas of the high performance kits. Under the agreements, the stake in Brembo Performance S.p.A., which was initially an equal shareholding (implementation date 1 March 2008), became a 70% shareholding for Brembo from March 4, 2008, against a payment of €6 million, financed using the bank credit facilities available. The company Sabelt S.p.A. holds the company Belt & Buckle S.r.o.

Furthermore, on 18 March 2008, Innova Tecnologie S.r.l. was incorporated, with registered offices in Bergamo and a corporate object clause including the enhancement and promotion, as well as the construction, restructuring, letting and sub-letting of real estate. The Brembo Group's 30% stake in the company has been valued using the equity method. At 31 March 2008, the company was still in the start-up phase.

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

Net sales for the quarter in question amounted to €273,160 and confirmed the uptrend observed in 2007, with a 19.1% increase over figures for the same period of the previous year. The first quarter of 2008 also saw in the inclusion in the consolidation area, of the revenues of the companies acquired from Hayes Lemmerz, almost all of which was generated in the US and in the vehicle applications sector. As of March, the consolidation area also includes the revenues of Sabelt, half of which was generated in Italy. Based on a constant consolidation area, the revenue increase would have amounted to 10.4%.

The positive trend in the commercial vehicle and motorbike sectors continued during the quarter, the latter especially in the US. Expansion was mainly concentrated both in the NAFTA area, thanks especially to the contribution of the companies acquired from Hayes Lemmerz, and on the Brazilian market which continues to grow with sales up by 46.2% in the quarter. Growth was also promising in Asia, confirming the early signs of recovery observed in the last quarters of 2007, thanks to increased orders from Japan.

Consolidated revenues generated abroad accounted for 76.3% of total sales, while 46.5% of the total was generated by Germany and Italy.

During the quarter, the cost of sales and other net operating costs amounted to €180,148, with a ratio of 65.9 % to sales, as against 66.4% for the same period in the previous year, thanks to a mix of sales that prioritises applications with higher added value.

Development costs capitalised as intangible assets amounted to €2,491 compared to €2,590 in the first quarter of 2007.

Personnel expenses in the first quarter of 2008 amounted to €53,043 or 19.4% of sales, a slight increase compared to the same period of the previous year.

At 31 March 2008, Brembo employed 5,556 staff (4,803 staff at 31 March 2007 and 5,304 at 31 December 2007). 45% of the Group's overall staff works at foreign subsidiaries or facilities.

Gross operating income in the quarter was €39,969 (14.6% of sales) compared to €33,416 in the first quarter of 2007 (14.6% of sales).

Net operating income amounted to €25,898, compared to €22,664 reported for the first quarter of 2007, after depreciation, amortisation and impairment losses of tangible and intangible assets for €14,071, compared to depreciation and amortisation for the first quarter of 2007 amounting to €10,752. The increase in this item may be attributed primarily to the higher level of depreciation due to considerable investments in specific plant and machinery incurred over the last twelve months and to development costs.

The item net financial charges, which was negative for €3,719 (negative at €3,108 for the first quarter of 2007), included an exchange rate loss of €221 (negative at €625 for the first quarter of 2007) and net financial charges of €3,498 (€2,483 for the first quarter of 2007). The increase in financial charges was due to both a higher level of mean indebtedness and an increase in interest rates.

Financial income and charges from investments included Brembo's share of net income of the companies valued using the equity method: the Brembo Ceramic Brake Systems S.p.A. JV (50%), the Indian KBX Motorbike Products Private Ltd. JV (50%), the Chinese Nanjing Yuejin Automotive Brake System Co. Ltd. JV (27.75%), Softia S.r.l. (40%), Innova Tecnologie S.r.l. (30%), and Petroceramics S.r.l. (20%).

Income before taxes amounted to €22,150 with a ratio to sales of 8.1%, compared to €19,620 (8.6% ratio to sales) for the first quarter of 2007.

Based on tax rates applicable for the year under current tax regulations, estimated taxes amounted to €6,717 (€6,808 in the first quarter of 2007). The income tax rate for the quarter was lower than in 2007 (30.3% as against 34.7% in the first quarter of 2007) largely as a result of the impact on the Group's Italian subsidiaries, of the provisions contained in the 2008 Finance Law in terms of lower tax rates and new procedures for the determination of taxable income.

Total net income for the quarter amounted to €15,699, net of minority interests amounting to €266 (positive), or 5.7% of net sales. Compared to the same period of 2007, income increased by 24.7% due to the aforementioned reasons.

Net Invested Capital at the end of the quarter amounted to €626,504. At 31 December 2007, it amounted to €573,511, with an increase of €52,993.

In the quarter, trade receivables were up in line with the increase in total sales.

Net indebtedness rose from €235,885 at 31 December 2007 to €283,082 at 31 March 2008. The increase was primarily due to the acquisition of Sabelt S.p.A. and the significant investments made during the period.

During the quarter, most of the Group's capital expenditure in plant, machinery and equipment amounting to €19,862 and intangible assets amounting to €20,306 was made in Italy. It was part of the initiatives started the previous years to increase production capacity to meet the level of demand and of the initiatives taken at the Polish and Brazilian subsidiaries.

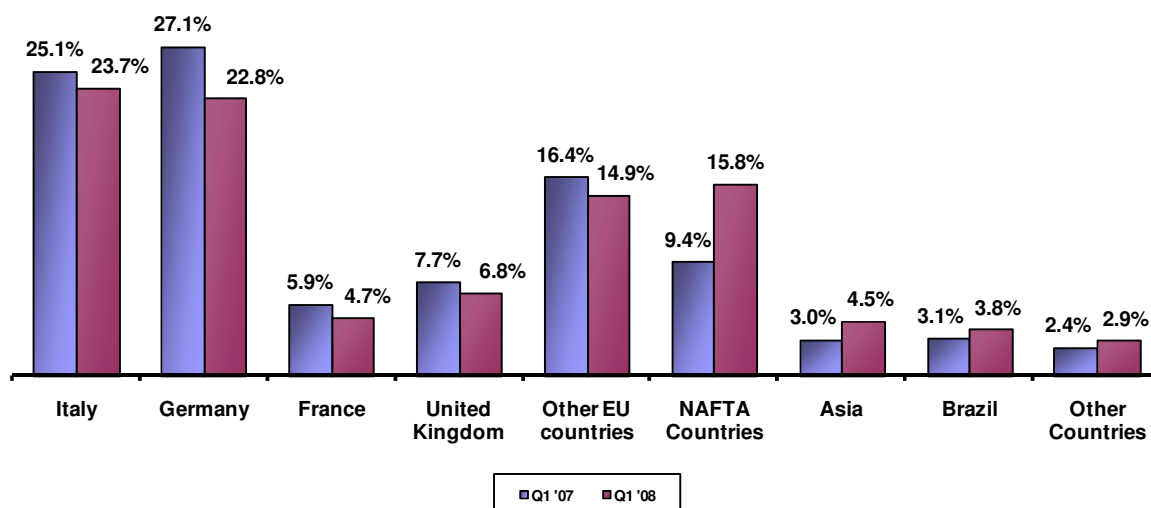
Buildings classified as assets held for sale will be disposed of in the second quarter of 2008.

Sales Breakdown by Application and Geographical Area

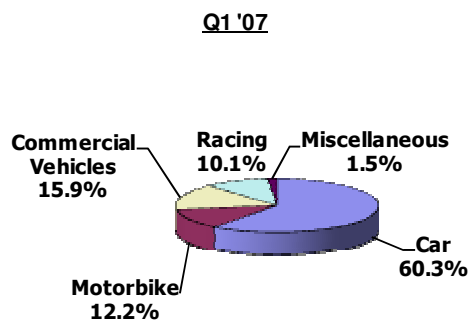
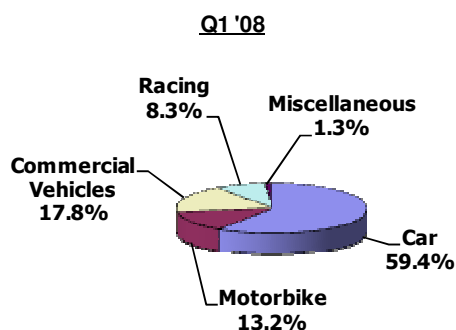
The following table shows the breakdown of gross sales for the first quarter of 2008 by geographical area and application.

GEOGRAPHICAL AREA	A		B		A-B	
	Q1 '08	%	Q1 '07	%		%
<i>(euro thousand)</i>						
Italy	65,789	23.7%	58,436	25.1%	7,353	12.6%
Germany	63,305	22.8%	63,174	27.1%	131	0.2%
France	13,100	4.7%	13,796	5.9%	(696)	-5.0%
United Kingdom	18,997	6.8%	17,924	7.7%	1,073	6.0%
Other EU countries	41,316	14.9%	38,108	16.4%	3,208	8.4%
NAFTA Countries	43,877	15.8%	21,804	9.4%	22,073	101.2%
Asia	12,539	4.5%	6,966	3.0%	5,573	80.0%
Brazil	10,559	3.8%	7,220	3.1%	3,339	46.2%
Other Countries	8,010	2.9%	5,477	2.4%	2,533	46.2%
Total	277,492	100.0%	232,905	100.0%	44,587	19.1%

The incidence of the overall turnover



APPLICATION	A		B		A-B	%
	Q1 '08	%	Q1 '07	%		
<i>(euro thousand)</i>						
Car	164,715	59.4%	140,404	60.3%	24,311	17.3%
Motorbike	36,562	13.2%	28,442	12.2%	8,120	28.5%
Commercial Vehicles	49,452	17.8%	37,099	15.9%	12,353	33.3%
Racing	23,141	8.3%	23,515	10.1%	(374)	-1.6%
Miscellaneous	3,622	1.3%	3,445	1.5%	177	5.1%
Total	277,492	100.0%	232,905	100.0%	44,587	19.1%



Foreseeable Evolution

After the strong volatility recorded in the first quarter, starting from April the raw material and energy markets registered another sharp acceleration. The order visibility for the months to come indicates a good perspective of growth for the current year.

Despite a general climate marked by high uncertainty, the Group has continued making investments in the automotive sector, confident that the industry still has promising growth potential. As a result, the Group intends to implement an intense investment plan in coming years, entailing the doubling of production capacity at the disk-manufacturing facility in Poland against an investment of about €45 million.

Directors' Report on Operations and Significant Events

Macroeconomic Context

In order to assess Brembo performance for the first quarter of 2008, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the company operates.

In the first quarter of this year, growing tensions on global financial markets further aggravated a dismal world economy, leading to lower growth expectations.

Whilst the global economy is growing on the overall, it slowed down in the fourth quarter of 2007, primarily as a result of the mortgage-loan crisis that hit the US last summer.

Growth continued unabated on emerging markets, to a considerable extent offsetting the stagnation observed in industrialised nations, especially the US where the economy has suffered a sharp downturn.

This downturn is the result of both the crisis on the real estate market, and the reduced purchasing power of both corporations and families.

Moreover, in early 2008, the dollar reached a new all-time low against the euro.

As a result, Euro zone economies have started seeing a drop in foreign demand which is further aggravated by fears of an extended financial crisis: inflation is up for the third time since the beginning of the year, primarily as a result of the increase in oil and food prices.

In Italy, in particular, 2008 is expected to be marked by a continuation of the slow-down that started in the last quarter of 2007.

In terms of raw materials, oil prices rose further, almost reaching historical highs, in the first quarter of the year, especially as a result of increased demand on emerging markets.

This trend is expected to continue during the year, in the face of rising global demand which, once again in 2008, is projected to surpass supply, giving rise to a drop in reserves and unused production capacity. The current high oil prices are due both to the gap between global demand and supply which widened in the first quarter of 2008, and to more "speculative" factors. The most recent upsurges in oil prices could well be attributable more to speculative trading than to actual discrepancies between supply and demand. Copper prices are also expected to rise as a result of increased demand from China.

Currency Markets

The euro's relentless appreciation against the US dollar seen last year continued into the first quarter of 2008, with the exchange rate hitting a new record, closing at 1.58.

As for the currencies of the main countries in which Brembo operates on an industrial and commercial level, in the first quarter of 2008, the pound sterling continued to depreciate against the euro, ending the period at 0.79 (a 7.6% change from the beginning of the year), while the Japanese yen appreciated by 4.8%, reaching 156.80 at the end of the quarter. The Polish zloty also gained against the euro, closing the period at 3.55 (1.7% change). The Brazilian real ended the first quarter at 2.75 (3.1% change from the start of 2008), while Mexico's peso continued its downward trend, closing the quarter at 16.93 (5.4% change). The Indian rupee also depreciated against the euro, falling to 63.04 at period end (8.8% difference). The Chinese renminbi weakened against the euro.

Operating Structure and Reference Markets

Operating Structure

Brembo operates in twelve countries around the world, relying on the contribution of over 5,500 employees. Brembo's operations are now conducted from 11 industrial-commercial facilities in Italy and 22 in other countries. Manufacturing plants are located in Italy and in Spain (Saragossa), Poland (Czestochowa and Dabrowa), Great Britain (Coventry), Slovak Republic (Zilina), Mexico (Puebla and Apodaca), Brazil (Betim), China (Nanjing and Beijing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), France (Levallois Perret), Germany (Leinfelden-Echterdingen), the United Kingdom (London), the United States (Costa Mesa, California) and Japan (Tokyo) carry out distribution and sales activities.

The focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have made the Group an international long-time leader in the research, design and production of high-performance disc braking systems for a wide range of vehicles.

Reference Markets

Applications

Brembo operates on both the original-equipment market, focusing on the supply of high-performance braking systems, and in the aftermarket.

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes.

Brembo's range of products for the car application and the commercial vehicle application includes brake discs, brake callipers, 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.

Manufacturers of motorbikes are also offered brake discs, brake callipers, brake pumps, light-alloy wheels and complete braking systems.

In the car aftermarket, Brembo offers in particular a vast range of brake discs: over 1300 product codes allow the company to meet the needs of nearly all European vehicles.

Brembo's consolidated gross revenues amounted to €277,492 in the first quarter of 2008, while consolidated net revenues stood at €273,160, up 19.1% compared to the same period of 2007.

Information on the performance of the separate applications and their related markets is provided in the following paragraphs.

Cars

The world car market ended the first quarter of 2008 with sales volumes up 2.9% over the same period of the previous year, again due to increases in sales in emerging markets.

In Western Europe, sales slowed slightly in the first three months of the year, resulting in a 2.9% drop in volumes compared to the first quarter of 2007. As for Brembo's primary markets, both Germany and France recorded slight increases in volumes (+2.6% and +1.3%, respectively). A decrease in the propensity to spend had a negative impact on sales in Italy and Spain, leading to decreases in both countries (-9.8% and -15.3%, respectively).

Eastern Europe continued the upward trend seen in recent years.

The US market remained weak, as reflected by a 7.9% decrease in sales compared to the first quarter of 2007. The Japanese market was also weak, reporting a 1.8% drop in vehicle registrations compared to 2007.

The Brazilian and Argentinean markets, on the other hand, performed exceptionally well, recording a combined 30.3% increase in sales. Sales in China continued to grow rapidly.

In this context, during the first quarter of 2008 Brembo recorded sales of car applications for €164,715, accounting for 59.4 % of total gross consolidated revenues.

Motorbikes

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

After an overall positive 2007, the first quarter of 2008 showed signs of a slowdown, with registrations falling 9.2% compared to the same period of 2007. While sales in France and Germany continued to increase (7.9% and about 1%, respectively), there was no turnaround in the negative trend in Italy, where motorbike and scooter registrations dropped over 13% in the first quarter of 2008. Only motorbikes over 1000cc performed well (+5.6%), which, however, meant decreases for all other types of motorbikes. The most significant drop in sales was recorded for motorbikes with engine capacity between 501cc and 600cc (-34.6%). Spain and the UK also reported declines in registrations (-26.2% and -3.3%, respectively).

In the US, the motorbike, scooter and ATV market recorded a decrease of approximately 15%, mainly due to downward trends in motorbike and ATV sales; scooters, on the other hand, recorded an increase. Total registrations decreased in Japan as well (-18.5%), although registrations of motorbikes with engine capacity over 250cc increased by 3.8% compared to first quarter 2007.

In this scenario, Brembo's gross revenues from motorbike applications in the first quarter of 2008 amounted to €36,562, thus increasing 28.5% over the same period of last year.

Commercial and Industrial Vehicles

In the first quarter of 2008, the European commercial vehicles market, Brembo's reference market, continued the positive trend seen in recent years, growing 1.4% compared to the same period in 2007. Demand increased for all types of vehicles except light commercial vehicles (up to 3.5 tonnes); demand for these vehicles decreased slightly (-1%), although growth trends continued in the main markets: Italy (+11%), Germany (+5.4%), France (+1.8%) and the UK (+2.3%). Spain, on the other hand, recorded a sizeable decrease (24.1%). Eastern Europe also continued performing well in this segment, posting an overall 22.9% growth rate.

Sales of commercial vehicles exceeding 3.5 tonnes also increased throughout Europe (+12.7%). Despite a 5.5% fall in sales in the first quarter of 2008, Germany continues to be the segment's best performing market, followed by France and the UK, which recorded increases of 28.2% and 43.7%, respectively. The new Eastern European markets continued to perform strongly in this segment as well, recording a combined 18.8% increase.

In the first quarter of 2008, sales of commercial and industrial vehicle applications generated gross revenues of €49,452, a 33.3% increase compared to the same period of 2007.

Racing Market

Brembo is present in the racing sector with three leading brands: Brembo Racing, with braking systems for race cars and motorbikes; AP Racing, with braking systems and clutches for race cars; Marchesini, with magnesium and aluminium wheels for racing motorbikes.

Once again in 2007, Brembo confirmed its technical and market leading position in car and motorbike racing in the most prestigious championships, through its business unit Brembo Racing and the subsidiaries AP Racing Ltd. and Marchesini S.p.A.

Gross sales for the first quarter of 2008 amounted to €23,141.

Significant Events During the Quarter

- On 4 February 2008, the company formalised its acquisition of a controlling stake in the Chinese company Nanjing Yuejin Automotive Brake System Co. Ltd., based in Nanjing. The deal was concluded by the subsidiary Brembo China Brake Systems Co. Ltd., which purchased a 42.25% stake from NAC (Nanjing Automobile Corp.) for approximately USD 5.9 million. The Brembo Group now directly and indirectly holds 70% of the China-based company NYABS. This further strengthening of Brembo's position on the Far East market will afford the company excellent growth prospects. In the first quarter report, Nanjing Yuejin Automotive Brake System Co. Ltd. was measured using the equity method (as opposed to being fully consolidated), as the business licence, which confirms the effectiveness of the transaction and passes the control of the company to the Brembo Group, was obtained in April 2008.
- In February 2008, Brembo S.p.A. exercised its call option to purchase additional shares in KBX Motorbike Products Pvt. Ltd. The value of the transaction cannot be determined at this time, as the company is waiting for the reply of the counterparty.
- In executing a letter of intent signed on 6 September 2007, on 19 February 2008 Brembo S.p.A. and Sabelt S.p.A. signed a joint venture agreement with the objective of integrating and developing their car and motorbike components and special accessories businesses. Under the joint venture agreement, Brembo S.p.A.'s High Performance Kit business unit (braking systems for the car and motorbike upgrade market) and 100% of the shares in Sabelt S.p.A. (owned by Marsiaj and D'Ormea) were transferred into Brembo Performance S.p.A. As previously mentioned, as part of the transaction, the sale of Brembo Performance Japan Co. Ltd.'s shares by Brembo Japan Co. Ltd. to Brembo Performance S.p.A. was finalised on 10 April 2008, and the sale of Brembo Performance North America Inc.'s shares by Brembo S.p.A. to Brembo Performance S.p.A. was finalised on 15 April 2008.

Acquisition of Own Shares

As regards Brembo's plan for repurchasing own shares, the company purchased a total of 253,000 shares in the first quarter of 2008 at a weighted average price of €8.89 per share.

In April and the first part of May, it purchased an additional 103,000 own shares. At 14 May 2008, the company held a total of 736,000 own shares.

Significant Events after 31 March 2008

The General Shareholders' Meeting of the Parent Company Brembo S.p.A. passed in ordinary session the following resolutions on 29 April 2008:

- The approval of Brembo Group's consolidated financial statements for 2007, which showed sales of €911.9 million and a net income of €60.9 million;
- The distribution of a gross dividend of €0.28 per outstanding share at ex-coupon date, made on 5 May 2008;
- The authorisation to buy back and dispose of up to 1.44 million own shares, to be carried out during the 18-month period after the date of the General Shareholders' Meeting, at a strike price not below the par value of €0.52 and not above €15;
- the renewal of Brembo S.p.A.'s Board of Directors, which is made up by: Alberto Bombassei (Chairman), Cristina Bombassei (Executive Director), Matteo Tiraboschi (Executive Director), Stefano Monetini (Executive Director), Giancarlo Dalleria (Independent Director), Giovanni Cavallini (Independent Director), Pasquale Pistorio (Independent Director), Giuseppe Roma (Independent Director), Pierfrancesco Saviotti (Independent Director), Umberto Nicodano (Non-executive Director), Giovanna Dossena (Non-executive Director).
- the renewal of the Board of Auditors, made up by: Sergio Pivato (Chairman), Enrico Colombo and Daniela Salvioni (Auditors), Mario Tagliaferri and Gerardo Gibellini (Alternate Auditors).

Also on 29 April 2008, Brembo's Board of Directors met and appointed the committees required by law and the Brembo Corporate Governance Manual.

No other significant events took place following the end of the first quarter of 2008.

Statement Pursuant to Art. 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: Quarterly Report at 31 March 2008, issued on 14 May 2008

I, the undersigned, Corrado Orsi, the executive in charge of preparing the accounting statements of BREMBO S.p.A. hereby

DECLARE

pursuant to second paragraph of Art. 154-bis, Part IV, Title III, Chapter II, Section V-bis of Italian Legislative Decree No. 58 of 24 February 1998, that to the best of my knowledge, the Quarterly Report at 31 March 2008 corresponds with the accounting documents, ledgers and records.

Corrado Orsi
BREMBO S.p.A.



BREMBO S.p.A.
Registered offices: CURNO (Bergamo) - Via Brembo, 25
Share capital: €34,727,914
Tax Code (VAT Code) - Bergamo Register of Companies No. 00222620163