

# BREMBO

## Q4 and Preliminary Full Year 2008 *Financial Report*

# Preliminary FY 2008

(Summary of Consolidated Income Statement)

€ Million	FY 08	% sales	% 08/07	Q4 08	% 08/07	9M 08	% 08/07
Sales	1,060.9	100%	16.3%	230.9	-3.4%	830.0	23.4%
EBITDA	142.1	13.4%	3.8%	27.4	-27.2%	114.7	15.5%
EBIT	78.1	7.4%	-11.9%	8.1	-65.0%	70.0	6.9%
Financial charges	25.3	2.4%	108.5%	12.4	145.8%	12.9	81.9%
Taxes	14.5	1.4%	-2.8%	-0.5	-87.0%	14.9	-18.8%
<i>Tax rate</i>	<i>27.4%</i>			<i>10.4%</i>		<i>26.1%</i>	
<b>Net Profit/(Loss)</b>	<b>39.4</b>	<b>3.7%</b>	<b>-35.2%</b>	<b>-3.7</b>	<b>-117.5%</b>	<b>43.1</b>	<b>9.5%</b>

# Q4 2008: Sales slowdown and negative exchange rates differences generate a net loss

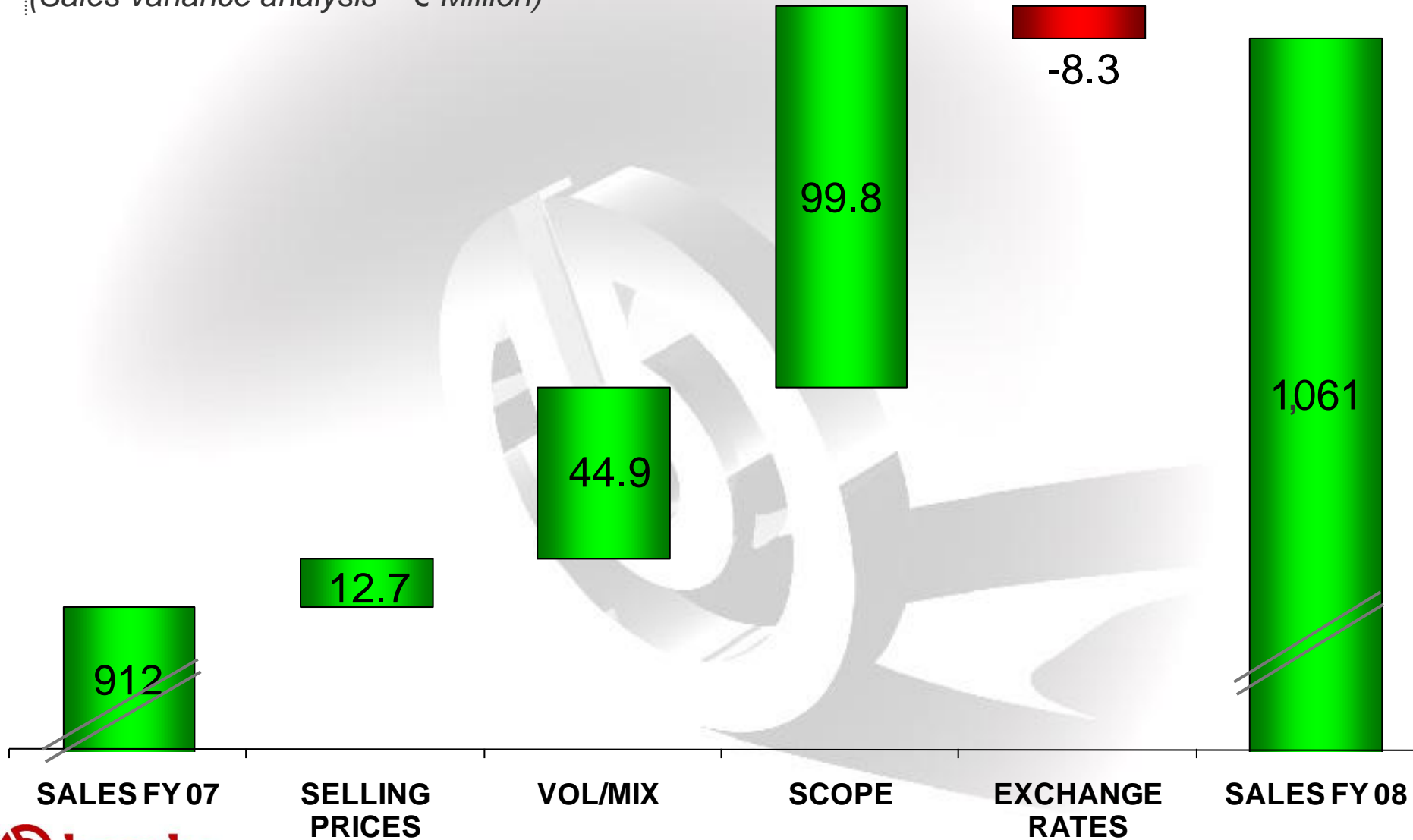
(Summary of Consolidated Income Statement)

€ Million	Q4 08	% sales	Q4 07	% sales	% 08/07
Sales	230.9	100%	239.0	100%	-3.4%
EBITDA	27.4	11.9%	37.7	15.8%	-27.2%
D&A	19.3	8.4%	14.5	6.1%	33.1%
EBIT	8.1	3.5%	23.2	9.7%	-65.0%
Financial charges	12.4	5.4%	5.1	2.1%	145.8%
Taxes	-0.5	0.2%	-3.5	1.5%	-87.0%
<i>Tax rate</i>	10.4%		-19.3%		
<b>Net Profit/(Loss)</b>	<b>-3.7</b>	1.6%	<b>21.4</b>	9.0%	<b>-117.5%</b>

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# FY 2008: Sales increase is driven by scope change due to the recent acquisitions. Organic growth in 2008 is 6.3%

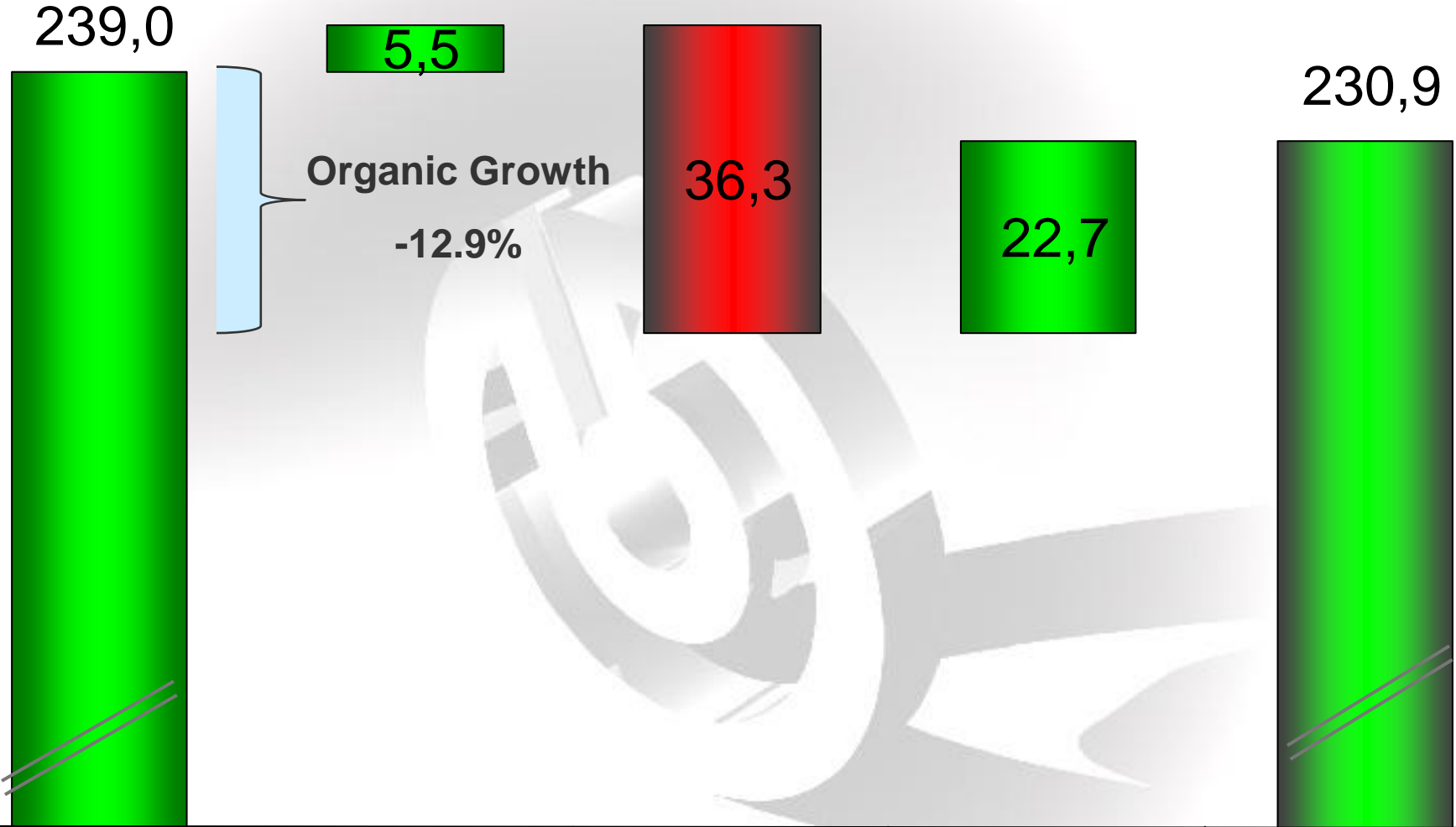
(Sales variance analysis – € Million)



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# Q4 2008: Sales decline driven by negative organic growth

(Sales variance analysis – € Million)



SALES Q4 07

SELLING PRICES

VOL/MIX

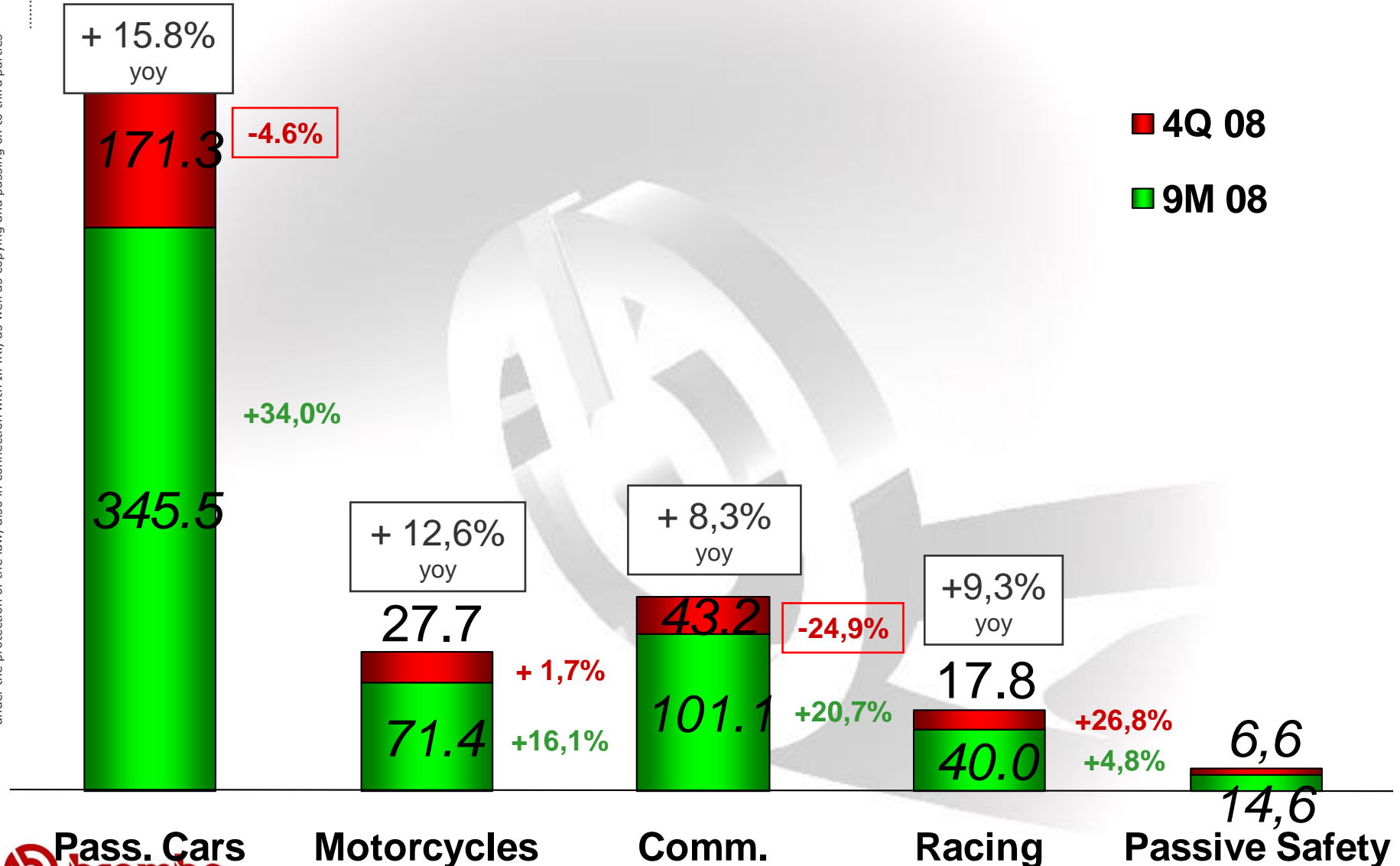
SCOPE



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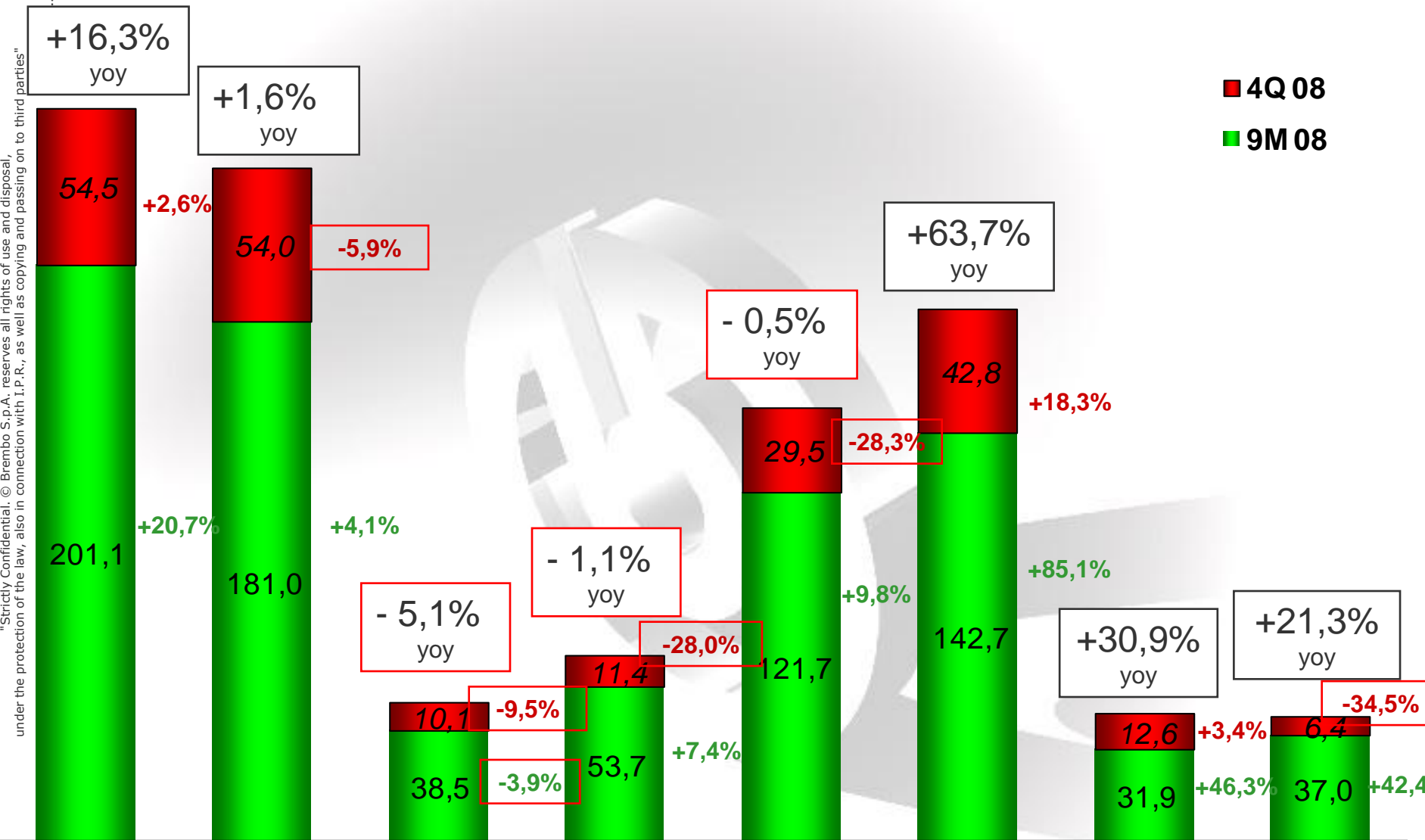
# Q4 2008: Commercial Vehicles and Passenger Cars sales are negative; good growth of Racing applications

(€ Million)



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# Q4 2008 revenues: growth only in Nafta and Asia; Europe and Brazil are negative.



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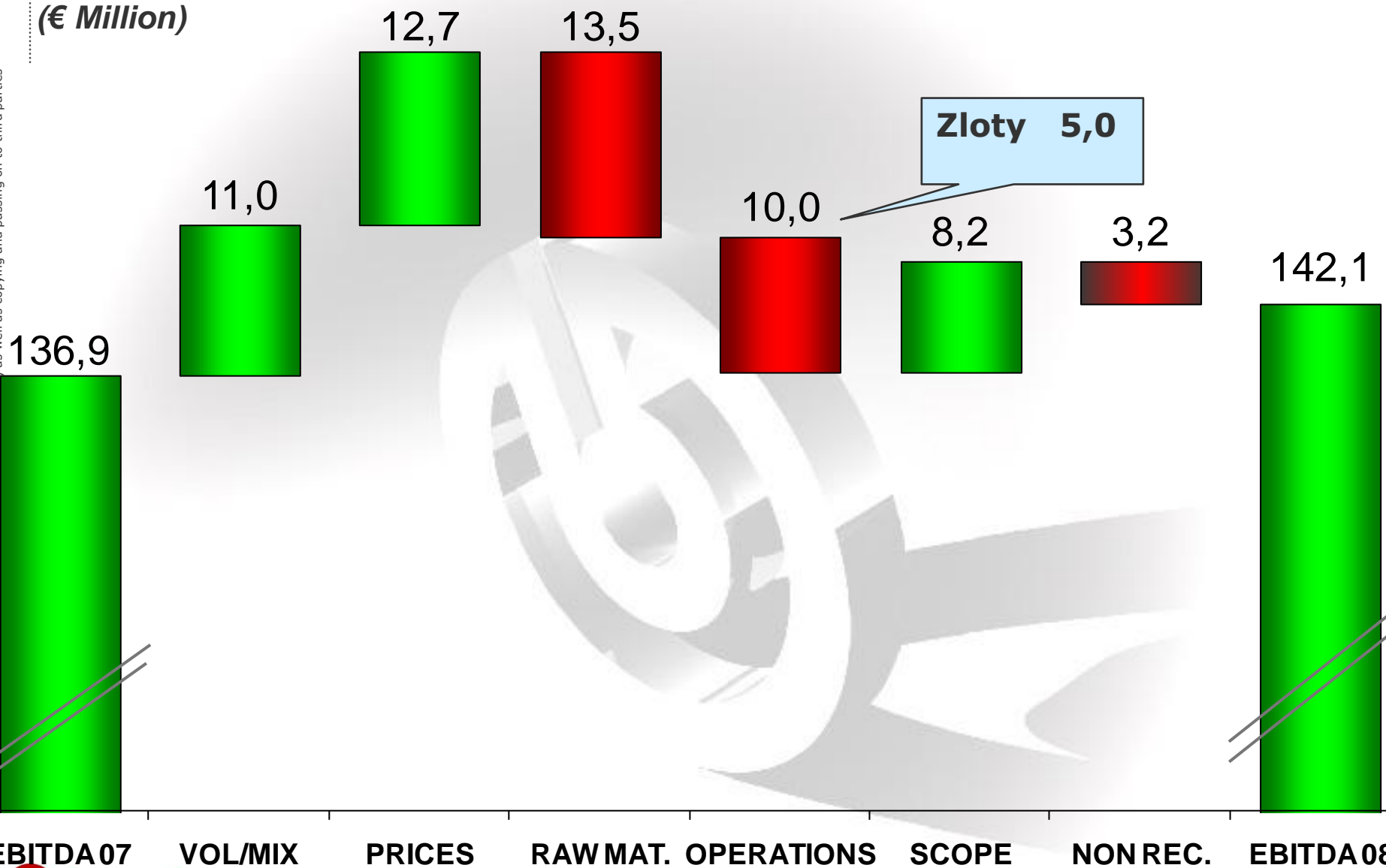
# Income statement

(Summary of Consolidated Income Statement)

€ Million	FY 08	% sales	% 08/07	Q4 08	% 08/07	9M 08	% 08/07
Sales	1,060.9	100%	16.3%	230.9	-3.4%	830.0	23.4%
EBITDA	142.1	13.4%	3.8%	27.4	-27.2%	114.7	15.5%
D&A	64.0	6.0%	32.5%	19.3	33.1%	44.7	32.2%
EBIT	78.1	7.4%	-11.9%	8.1	-65.0%	70.0	6.9%
Financial charges	25.3	2.4%	108.5%	12.4	145.8%	12.9	81.9%
Taxes	14.5	1.4%	-2.8%	-0.5	-87.0%	14.9	-18.8%
Tax rate	27.4%			10.4%		26.1%	
Net Profit/(Loss)	39.4	3.7%	-35.2%	-3.7	-117.5%	43.1	9.5%

# EBITDA FY 2008: raw materials costs recovered by prices, high volume volatility and Zloty affected operations

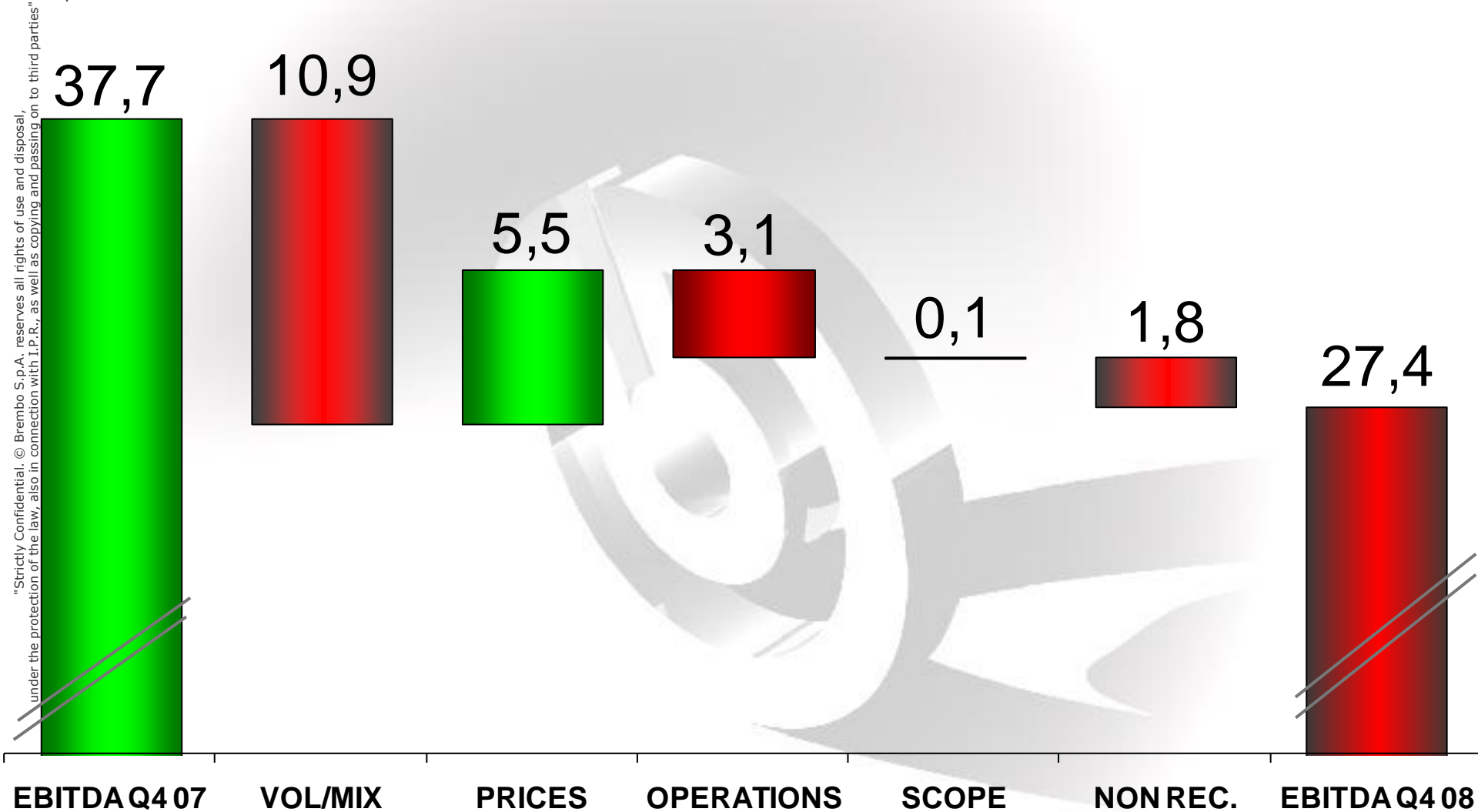
(€ Million)



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# EBITDA Q4 2008: volume slowdown affects productivity and operational leverage

(€ Million)



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Financial charges	25.3	2.4%	108.5%	12.4	145.8%	12.9	81.9%
Taxes	14.5	1.4%	-2.8%	-0.5	-87.0%	14.9	-18.8%
Tax rate	27.4%			10.4%		26.1%	
<b>Net Profit/(Loss)</b>	<b>39.4</b>	<b>3.7%</b>	<b>-35.2%</b>	<b>-3.7</b>	<b>-117.5%</b>	<b>43.1</b>	<b>9.5%</b>

# FY 2008: Net financial charges

(Summary of Consolidated Income Statement)

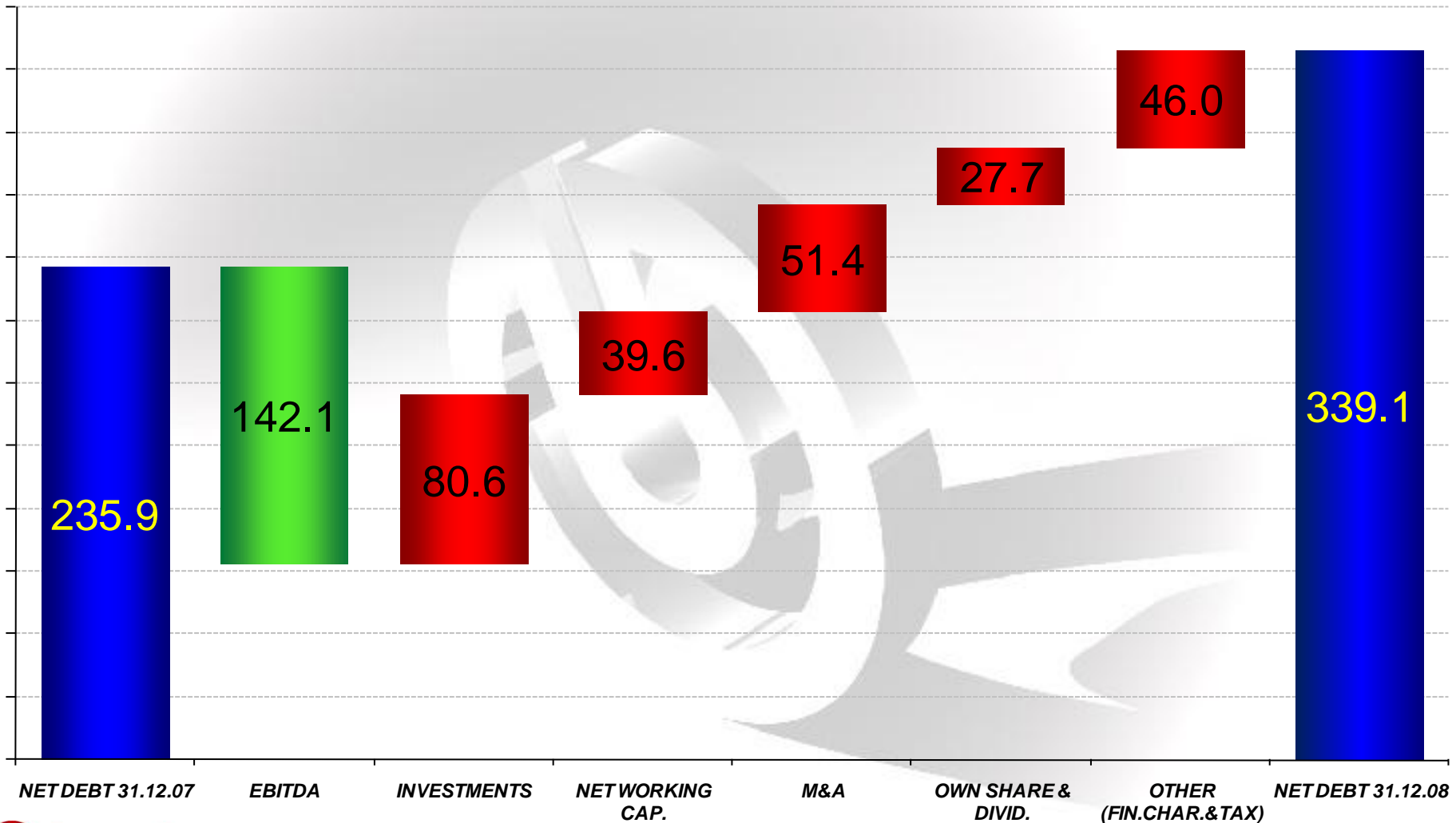
€ Million	FY 08	FY 07	Δ 08/07	Q4 08	Q4 07	Δ 08/07
<b>Net financial charges</b>	<b>23.9</b>	<b>9.9</b>	<b>14.0</b>	<b>12.4</b>	<b>2.6</b>	<b>9.8</b>
Financial charges	17.3	11.1	6.2	5.6	3.5	2.1
<i>Average net debt</i>	309.5	213.0	96.6	349.2	219.8	129.4
<i>Net debt cost</i>	5.6%	5.2%		6.3%	6.3%	
Net exchange rate differences	6.5	-1.2	7.8	6.8	-0.9	7.8
Sales	1,060.9	911.9	149.0	230.9	239.0	-8.1
<i>Financial charges/Sales</i>	1.6%	1.2%		2.4%	1.5%	

# FY 2008: Tax rate improves due to Financial Law 2008 in Italy

€ Million	FY 08	FY 07
Current taxes (incl. IRAP)	22.1	17.9
Deferred taxes (incl. IRAP)	-7.6	-3.0
<b>Total taxes</b>	<b>14.5</b>	<b>14.9</b>
<i>Pre-tax profit</i>	52.7	76.5
<i>Tax rate</i>	27.4%	19.5%
Brembo Poland deferred tax	0.0	6.3
2008 Financial Low	0.0	3.7
Lower tax rate allowed on R&D	-1.4	0.0
Reversal deferred tax	2.9	0.0
<b>Total taxes (excl. extraordinary effects)</b>	<b>16.0</b>	<b>24.9</b>
<i>Tax rate (excl. extraordinary effects)</i>	30.3%	32.5%

# Net debt increases due to capex, acquisitions and net working capital

(€ Million)



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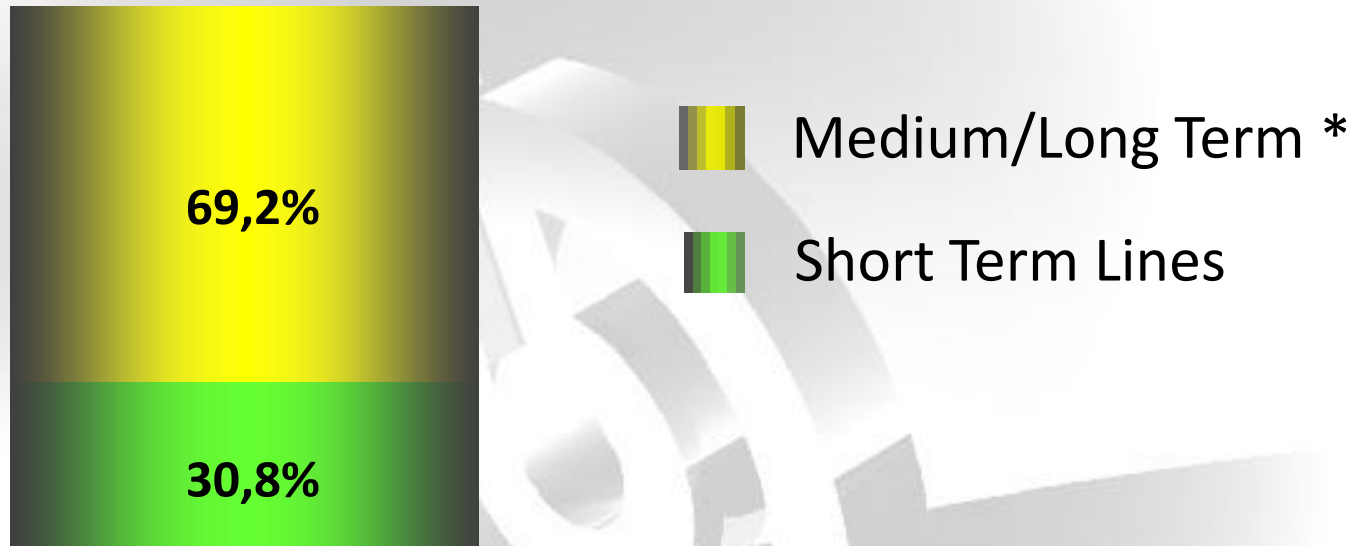
## Q4 2008: Positive free cash flow thanks to NWC reduction

€ Million	FY 08	FY 07	Q4 08	Q4 07
EBITDA	142.1	136.9	27.4	37.7
Investments	-80.6	-76.4	-20.2	-32.3
Net working capital	-39.6	2.6	49.2	19.1
Free operating cash flow	21.9	63.2	56.4	24.5
M & A	-51.4	-40.0	-7.9	-40.0
Dividends and treasury shares	-27.7	-19.5	-1.4	-0.1
Other (OF&TAX)	-46.0	-46.2	-26.9	-16.5
<b>Net cash flow</b>	<b>-103.2</b>	<b>-42.6</b>	<b>20.2</b>	<b>-32.1</b>

# The financing mix shifts to medium/long term debt in spite of a 44% net debt growth...

€ Million	31.12.2008	31.12.2007	Δ 08/07
Current financial assets	45.6	54.2	-8.6
Current financial liabilities	-189.3	-167.7	-21.6
<b>Short-term debt</b>	<b>-143.7</b>	<b>-113.5</b>	<b>-30.2</b>
Non-current financial assets	0.0	0.9	-0.9
Non-current financial liabilities	-195.4	-123.3	-72.1
<b>Long-term debt</b>	<b>-195.4</b>	<b>-122.4</b>	<b>-73.0</b>
<b>Net debt</b>	<b>-339.1</b>	<b>-235.9</b>	<b>-103.2</b>

# ... net debt structure as of 31 December 2008 is well balanced



\* Including current portion

## Covenants as at 31 December 2008

RATIO 2008    50 MIO €    4,7 MIO €    15,3 MIO €

NFP/EQUITY	1,15	<1,7	<=1,2	
NFP/EBITDA	2,40	<3,5	<=2,75	<3
EBITDA/NFC	5,92	>4		
DEBT/EQUITY	1,30			<1,5

**(DEBT->EXCLUDING CASH & CASH EQUIVALENTS)**

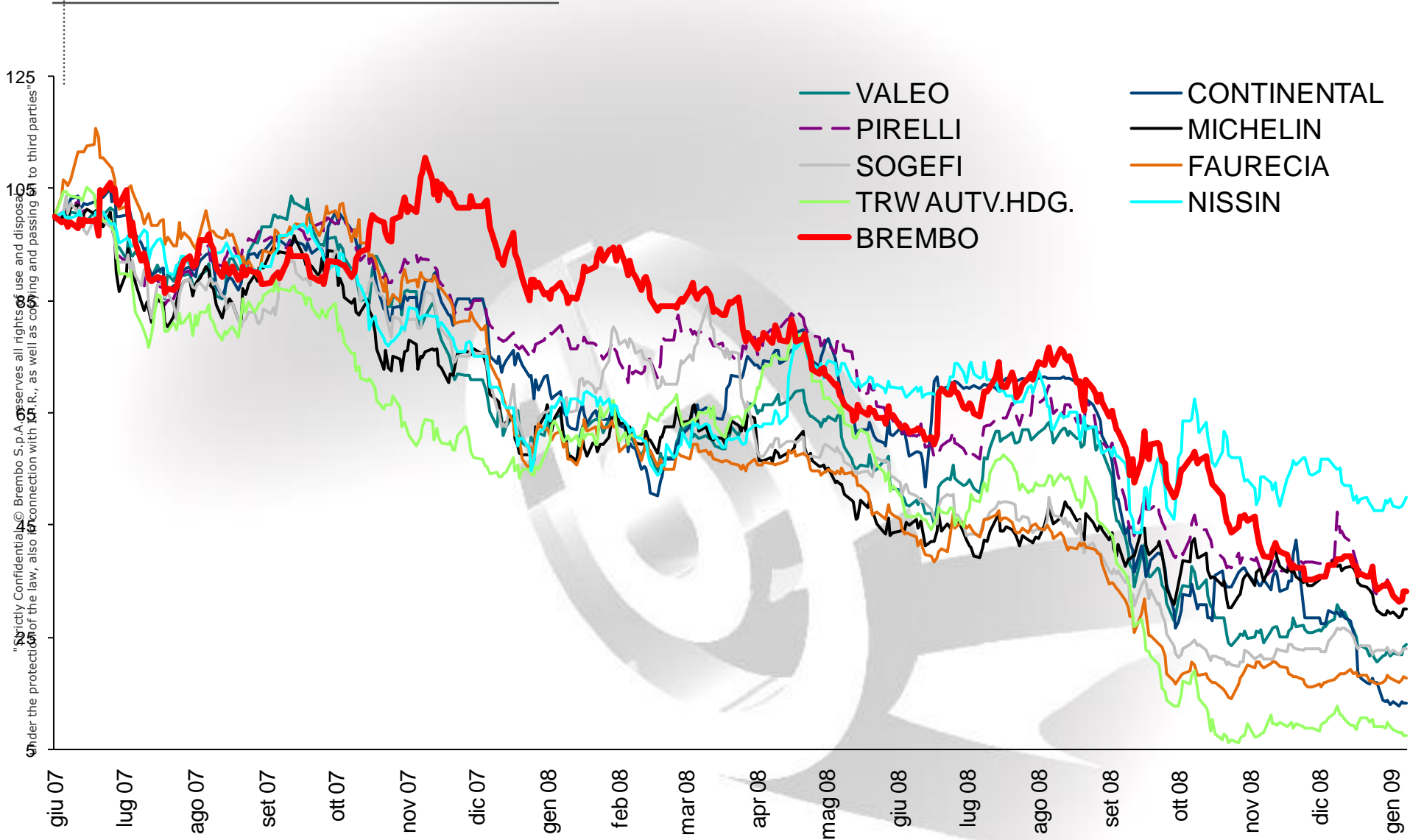
# The Group balance sheet maintains a sound financial profile

€ Million	31.12.2008	31.12.2007	31.12.2006
Investments	148.0	116.9	84.1
Net invested capital	657.9	573.4	492.5
<b>Net debt</b>	<b>-339.1</b>	<b>-235.9</b>	<b>-193.3</b>
medium/long-term	-195.4	-122.4	-103.0
short-term	-143.7	-113.5	-90.3
Shareholders' Equity	296.0	314.0	270.6

## Main financial ratios

€ Million	31.12.2008	31.12.2007	31.12.2006
ROI	11.9%	15.5%	16.2%
ROE	12.9%	19.6%	16.3%
Gearing	114.6%	75.1%	71.4%
Net debt/EBITDA	2.4	1.7	1.6
EBITDA/Fin. charges	6.0	13.8	12.7
EBIT/Fin. charges	3.3	8.9	8.5
Fin. charges/Net revenues	2.3%	1.1%	1.2%

# Brembo stock performance vs. international peers



# Brembo stock performance vs international peers

	18 months	12 months	3 months
<b>BREMBO</b>	<b>-64,2%</b>	<b>-62,1%</b>	<b>-43,2%</b>
VALEO	-74,5%	-61,5%	-35,5%
CONTINENTAL	-86,1%	-79,8%	-59,1%
PIRELLI	-62,3%	-58,1%	-29,2%
MICHELIN	-64,8%	-50,5%	-30,0%
SOGEFI	-74,0%	-65,9%	-6,3%
FAURECIA	-82,5%	-70,0%	-12,0%
TRW AUTV.HDG.	-90,7%	-87,5%	-60,6%
NISSIN	-48,6%	-25,9%	-26,1%



## DECLARATION

The manager responsible for preparing the company's financial reports

**CORRADO ORSI**

**declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.**

# Income statement

<i>(euro thousand)</i>	A 31.12.2008	A 31.12.2007	(A-B) CHANGE	%	C Q4 '08	D Q4 '07	(C-D) CHANGE	%
<b>Sales of goods and services</b>	1,060,892	911,885	149,007	16.3%	230,917	239,033	(8,116)	-3.4%
Cost of sales, operating costs and other net charges/income	(708,014)	(602,173)	(105,841)	17.6%	(153,692)	(151,374)	(2,318)	1.5%
Personnel expenses	(210,766)	(172,769)	(37,997)	22.0%	(49,793)	(49,979)	186	-0.4%
<b>GROSS OPERATING INCOME</b>	142,112	136,943	5,169	3.8%	27,432	37,680	(10,248)	-27.2%
<i>% of sales</i>	13.4%	15.0%			11.9%	15.8%		
Depreciation, amortisation and other write-downs	(64,017)	(48,313)	(15,704)	32.5%	(19,335)	(14,524)	(4,811)	33.1%
<b>NET OPERATING INCOME</b>	78,095	88,630	(10,535)	-11.9%	8,097	23,156	(15,059)	-65.0%
<i>% of sales</i>	7.4%	9.7%			3.5%	9.7%		
Net financial income (charges)	(23,883)	(9,909)	(13,974)	141.0%	(12,429)	(2,586)	(9,843)	380.6%
Net financial income (charges) from investments	(1,466)	(2,249)	783	-34.8%	(15)	(2,477)	2,462	-99.4%
<b>INCOME BEFORE MINORITY INTERESTS</b>	52,746	76,472	(23,726)	-31.0%	(4,347)	18,093	(22,440)	-124.0%
<i>% of sales</i>	5.0%	8.4%			-1.9%	7.6%		
Taxes	(14,468)	(14,878)	410	-2.8%	453	3,493	(3,040)	-87.0%
<b>INCOME BEFORE MINORITY INTERESTS</b>	38,278	61,594	(23,316)	-37.9%	(3,894)	21,586	(25,480)	-118.0%
<i>% of sales</i>	3.6%	6.8%			-1.7%	9.0%		
Minority interests	1,083	(830)	1,913	-230.5%	147	(183)	330	-180.3%
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	39,361	60,764	(21,403)	-35.2%	(3,747)	21,403	(25,150)	-117.5%
<i>% of sales</i>	3.7%	6.7%			-1.6%	9.0%		
<b>Basic earning per Share/diluted earnings per share (in euro)</b>	0.59	0.91			(0.06)	0.32		

# Balance sheet

(euro thousand)

	A 31.12.2008	B 31.12.2007	C 30.09.2008	A-B CHANGE	A-C CHANGE
Property, plant and equipment	354,520	335,811	372,572	18,709	(18,052)
Intangible assets	110,373	74,473	99,898	35,900	10,475
Net financial assets	14,658	24,250	22,883	(9,592)	(8,225)
<b>(a) Total intangible assets, property, plant and equipment</b>	<b>479,551</b>	<b>434,534</b>	<b>495,353</b>	<b>45,017</b> <i>10.4%</i>	<b>(15,802)</b> <i>(3.2%)</i>
Inventories	197,516	166,059	211,815	31,457	(14,299)
Trade receivables	187,198	196,610	247,185	(9,412)	(59,987)
Other receivables and current assets	47,577	37,526	39,750	10,051	7,827
Current liabilities	(233,836)	(235,544)	(258,211)	1,708	24,375
Provision for contingencies and charges/deferred taxes	(20,078)	(25,755)	(20,494)	5,677	416
<b>(b) Net working capital</b>	<b>178,377</b>	<b>138,896</b>	<b>220,045</b>	<b>34,123</b> <i>28.4%</i>	<b>(31,263)</b> <i>(18.9%)</i>
<b>(c) NET INVESTED CAPITAL (a)+(b)</b>	<b>657,928</b>	<b>573,430</b>	<b>715,398</b>	<b>84,498</b> <i>14.7%</i>	<b>(57,470)</b> <i>(8.0%)</i>
<b>(d) Equity</b>	<b>296,027</b>	<b>313,994</b>	<b>332,489</b>	<b>(17,967)</b>	<b>(36,462)</b>
<b>(e) Employees' leaving entitlement and other funds for personnel</b>	<b>22,798</b>	<b>23,551</b>	<b>23,564</b>	<b>(753)</b>	<b>(766)</b>
Medium/long-term net financial indebtness	195,403	122,414	162,084	72,989	33,319
Short-term net financial indebtness	143,700	113,471	197,261	30,229	(53,561)
<b>(f) Net financial indebtness</b>	<b>339,103</b>	<b>235,885</b>	<b>359,345</b>	<b>103,218</b> <i>43.8%</i>	<b>(20,242)</b> <i>(5.6%)</i>
<b>(g) COVERAGE (d)+(e)+(f)</b>	<b>657,928</b>	<b>573,430</b>	<b>715,398</b>	<b>84,498</b> <i>14.7%</i>	<b>(57,470)</b> <i>(8.0%)</i>

# Exchange rate differences

€ Million	FY 08	Note
Brembo Poland Sp Zoo	5.6	indebt. in euro, neg. effect depreciation Pln vs. Euro
Bremo Rassini SA de CV	1.4	indebt. in usd, neg. effect depreciation Mxp vs. Usd
Brembo Mexico Apodaca SA de CV	1.1	neg. effect depreciation Mxp vs. Usd
Brembo Sp Zoo	-3.5	receivab. in euro, pos. effect depreciation Pln vs. Euro
Other companies	0.7	
<b>Total</b>	<b>0.6</b>	

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