

Stezzano, 29 July 2019

**H1 2019 REVENUES AT €1,323.8 MILLION: -0.7% ON A LIKE-FOR-LIKE CONSOLIDATION BASIS;
EBITDA AT €270.6 MILLION (EBITDA MARGIN: 20.4%) UP 4.1%, STABLE
BASED ON LIKE-FOR-LIKE ACCOUNTING STANDARDS.
INVESTMENTS FOR €101.9 MILLION**

H1 2019 results:

- **Revenues** down by 1.2% to €1,323.8 million (-0.7% on a like-for-like consolidation basis)
- **EBITDA margin** at 20.4% to €270.6 million; **EBIT margin** at 13.2% to €174.5 million
- **Net investments** amounted to €101.9 million
- **Net financial debt** at €434.5 million

(€ million)	2019	2018	Change
Revenue	1,323.8	1,339.7	-1.2%
EBITDA % of sales	270.6 20.4%	259.9 19.4%	+4.1%
EBIT % of sales	174.5 13.2%	186.1 13.9%	-6.3%
Pre-tax profit % of sales	167.9 12.7%	180.6 13.5%	-7.1%
Net profit % of sales	123.4 9.3%	140.1 10.5%	-11.9%
	30.06.19	30.06.18	Change
Net financial debt excluding IFRS 16	251.7	263.1	-11.4 million
Net financial debt	434.5	-	

Chairman Alberto Bombassei stated: “Despite reflecting the Company’s ability to firmly maintain its market shares at a global level, and even to gain further ground in some countries, Brembo's results for the first half of 2019, as approved by the Board of Directors today, highlight the difficult situation that has continued to characterise the automotive sector for some time. It is precisely when the markets are struggling, that constant process and product innovation, which for Brembo has always been an absolute value, plays a fundamental role in ensuring competitive success. In light of this, Brembo will continue to invest in manufacturing technologies, as well as research and development, and to rely on top professionals to help support our growth.”

Executive Deputy Chairman Matteo Tiraboschi stated: “I think it is very important — above all at a time when markets are stagnant, as they are today — to underline our essentially stable fundamentals, and in particular our sound level of profitability thanks to the performances of our production plants, even though they are not yet operating at full capacity. On the strength of its cutting-edge product portfolio, but also of geographical distribution strategies driven by a desire to actively collaborate with our customers wherever they operate, I believe that Brembo can continue to evolve in the direction of a future of long-term growth.”

Impacts Arising From the Application of the New IFRS16

It bears recalling that the Group adopted the new IFRS 16 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 referring to the first half of 2019 include the following impacts due to the adoption of the new Standard:

- €10.9 million in reversal of rental costs;
- €9.6 million increase in amortisation and depreciation;
- €2.5 million increase in finance expense;
- €181.9 million increase in Net Invested Capital;
- €182.8 million increase in Net Financial Position.

H1 2019 Results

Brembo's Board of Directors chaired by Alberto Bombassei examined and approved the Group's half-year results at 30 June 2019.

Brembo Group's net consolidated revenues amounted to €1,323.8 million in H1 2019, down by 1.2% compared to the same period of the previous year. On a like-for-like consolidation basis, revenues decreased by 0.7%.

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 market. Accordingly, all main local manufacturers decided not to proceed with industrial projects and not to launch new models.

Pursuant to IFRS 5, revenue and costs related to the Argentinian company for H1 2019 were therefore reclassified. The negative result of the company's ordinary operations at 30 June 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 €6.8 million.

All the market segments in which the Group operates grew, except for the car segment, which decreased (-3.8%) due to the global sharp decline in sales of vehicles (global registrations dropped by 6.6% in H1 2019). Motorbike applications rose by +5.4%, applications for commercial vehicles by +8.7% and racing applications by 7.7% compared to the first half of the previous year.

At geographical level, sales declined by 4.6% in Italy and by 13.6% in Germany, whereas they grew by 5.3% in France and by 1.0% in the United Kingdom.

In Asia, India continued to grow and reported a +18.2%, whereas China remained essentially unchanged (-0.5%) despite the sharp decrease of its market of reference. Japan showed a 7.6% decline.

The North American market (USA, Mexico and Canada) rose by 6.7%, whereas South America (Brazil and Argentina) decreased by 26.8%, mainly as a result of the reclassification referring to the Argentinian company; on a like-for-like consolidation basis, the decline was 7.1%.

In H1 2019, the cost of sales and other net operating expenses amounted to €823.8 million, with a 62.2% ratio to sales, down compared to the same period of the previous year (H1 2018: 63.6% ratio to sales).

Personnel expenses totalled €235.3 million, with a 17.8% ratio to sales, compared to €236.1 million (17.6% ratio to sales) in H1 2018. At 30 June 2019, workforce numbered 10,579, decreasing by 55 people compared to 31 December 2018 (total workforce: 10,634) and increasing by 195 compared to 30 June 2018 (total workforce: 10,384).

EBITDA for H1 2019 amounted to €270.6 million (EBITDA margin: 20.4%), up by 4.1% compared to the same period of 2018. Net of the effect of IFRS16, EBITDA was €259.7 million (EBITDA margin: 19.6%).

Depreciation and amortisation for the reporting period grew by 30.3% to €96.1 million, due to the significant investments made in previous periods. Net of the effect of IFRS16, depreciation and amortization were €86.5 million.

EBIT amounted to €174.5 million (EBIT margin: 13.2%), down 6.3% compared to H1 2018. Net of the above-mentioned impact of IFRS16, EBIT was €173.2 million (EBIT margin 13.1%).

Net interest expense for the period amounted to €6.7 million (€5.6 million at 30 June 2018); this item included interest expense amounting to €7.7 million (€4.4 million in H1 2018) and net exchange gains for €1.0 million (net exchange losses of €1.2 million in H1 2018).

Net of the effect of IFRS16, net interest expense was €4.2 million.

Pre-tax profit was €167.9 million (12.7% of revenues), compared to €180.6 million for H1 2018.

Based on the tax rates applicable under current tax regulations, estimated taxes amounted to €37.0 million (€39.0 million in H1 2018), with a tax rate of 22.0% (21.6% in H1 2018).

After deducting the item “Result from discontinued operations” for €6.8 million (referring to the above-mentioned Brembo Argentina S.A.’s result), net profit for H1 2019 was €123.4 million, down 11.9% compared to €140.1 million for H1 2018.

Net financial debt at 30 June 2019 was €434.5 million; on a like-for-like accounting standards basis it was €251.7 million, down by €11.4 million compared to 30 June 2018.

Foreseeable Evolution

Within a scenario marked by a significant volume decline across all automotive markets where the Group operates, Brembo believes it will close the year with a slight decrease of volumes compared to 2018. However, profitability is expected to be in line with 2018.

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General Shareholders’ Meeting

The General Shareholders’ Meeting of Brembo held today confirmed Daniele Schillaci as Executive Director of the Company’s Board of Directors through to the end of the term of the current Board of Directors (i.e., until the approval of the 2019 Financial Statements). In addition, at today’s meeting, the Board of Directors appointed Daniele Schillaci Chief Executive Officer of the Company and vested him with all related powers¹.

In light of the skill mix of the Board of Directors of Brembo — which includes outstanding members recognised at Italian and international level — and the remuneration package for the new Chief Executive Officer, fully recognised as emolument for the position held, the General Shareholders’ Meeting also approved to change the total remuneration to be paid to the Board of Directors and set it at €9.5 million. This amount is deemed an attraction and retention factor, including in the long term, and is in line with the market of reference for Brembo’s peers.

The minutes of the meeting will be made available within the terms established by applicable laws.

¹ Daniele Schillaci meets the requirements established by applicable laws and regulations in force, the By-laws and the Corporate Governance Code of Brembo S.p.A. for the office of Chief Executive Officer. As of today, Daniele Schillaci does not hold any share in the Company.

Pursuant to the applicable legislation in force, Brembo Group's Six Monthly Report at 30 June 2019, as approved by the Board of Directors today, will be made available to the public at the Company's registered office, and on the corporate website at www.brembo.com, as well as in the authorised central storage mechanism at (www.1info.it).

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, the Statement of Financial Position and the Statement of Cash Flow.

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CONSOLIDATED STATEMENT OF INCOME

<i>(euro million)</i>	30.06.2019	30.06.2018	Change	%	Q2'19	Q2'18	Change	%
Revenue from contract with customers	1,323.8	1,339.7	(15.8)	-1.2%	656.7	681.7	(25.1)	-3.7%
Other revenues and income	15.5	13.2	2.2	16.9%	10.4	8.1	2.3	28.5%
Costs for capitalised internal works	14.0	12.6	1.4	11.4%	6.4	6.3	0.1	1.8%
Raw materials, consumables and goods	(623.8)	(634.7)	10.9	-1.7%	(307.9)	(322.2)	14.4	-4.5%
Non-financial interest income (expense) from investments	5.9	8.5	(2.6)	-30.2%	2.5	4.3	(1.7)	-40.2%
Other operating costs	(229.6)	(243.3)	13.7	-5.7%	(115.5)	(124.2)	8.7	-7.0%
Personnel expenses	(235.3)	(236.1)	0.8	-0.3%	(116.4)	(120.7)	4.3	-3.6%
GROSS OPERATING INCOME	270.6	259.9	10.7	4.1%	136.3	133.3	3.1	2.3%
% of revenue from contract with customer	20.4%	19.4%			20.8%	19.5%		
Depreciation, amortisation and impairment losses	(96.1)	(73.8)	(22.4)	30.3%	(48.9)	(38.7)	(10.2)	26.3%
NET OPERATING INCOME	174.5	186.1	(11.7)	-6.3%	87.4	94.6	(7.1)	-7.5%
% of revenue from contract with customer	13.2%	13.9%			13.3%	13.9%		
Net interest income (expense) and interest income (expense) from investments	(6.6)	(5.5)	(1.1)	19.7%	(3.5)	(4.0)	0.5	-13.0%
RESULT BEFORE TAXES	167.9	180.6	(12.7)	-7.1%	84.0	90.6	(6.6)	-7.3%
% of revenue from contract with customer	12.7%	13.5%			12.8%	13.3%		
Taxes	(37.0)	(39.0)	2.0	-5.1%	(17.7)	(17.9)	0.2	-1.2%
Result from discontinued operations	(6.8)	0.0	(6.8)	N/A	(6.8)	0.0	(6.8)	N/A
RESULT BEFORE MINORITY INTERESTS	124.1	141.6	(17.5)	-12.4%	59.5	72.6	(13.1)	-18.0%
% of revenue from contract with customer	9.4%	10.6%			9.1%	10.7%		
Minority interests	(0.7)	(1.5)	0.8	-54.9%	(0.5)	(0.7)	0.2	-33.1%
NET RESULT FOR THE PERIOD	123.4	140.1	(16.7)	-11.9%	59.0	71.9	(12.9)	-17.9%
% of revenue from contract with customer	9.3%	10.5%			9.0%	10.6%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.38	0.43			0.18	0.22		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro million)	A 30.06.2019	B 31.12.2018	C 30.06.2018	A-B Change	A-C Change
ASSETS					
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	1,041.7	1,041.3	967.5	0.4	74.2
Right-of-use assets	181.9	0.1	0.1	181.8	181.8
Development costs	81.0	73.3	67.3	7.7	13.7
Goodwill and other indefinite useful life assets	83.2	82.7	83.4	0.5	(0.2)
Other intangible assets	52.6	53.1	52.9	(0.5)	(0.2)
Investments valued using the equity method	39.5	39.6	36.8	(0.1)	2.7
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	5.9	3.0	3.4	2.9	2.5
Deferred tax assets	57.5	62.7	65.2	(5.2)	(7.8)
TOTAL NON-CURRENT ASSETS	1,551.7	1,364.0	1,284.9	187.7	266.9
CURRENT ASSETS					
Inventories	362.4	342.0	367.8	20.4	(5.4)
Trade receivables	454.4	407.4	476.5	46.9	(22.2)
Other receivables and current assets	74.4	72.1	80.3	2.3	(6.0)
Current financial assets and derivatives	1.3	0.3	0.3	1.0	1.0
Cash and cash equivalents	277.6	345.1	262.8	(67.5)	14.8
TOTAL CURRENT ASSETS	1,170.1	1,167.0	1,187.7	3.1	(17.6)
ASSETS CONNECTED WITH DISCONTINUED OPERATIONS	8.9	0.0	0.0	8.9	8.9
TOTAL ASSETS	2,730.7	2,531.0	2,472.6	199.7	258.1
EQUITY AND LIABILITIES					
GROUP EQUITY					
Share capital	34.7	34.7	34.7	0.0	0.0
Other reserves	116.8	108.8	102.7	8.0	14.2
Retained earnings/(losses)	983.7	817.2	818.5	166.5	165.2
Net result for the period	123.4	238.3	140.1	(114.9)	(16.7)
TOTAL GROUP EQUITY	1,258.7	1,199.1	1,096.0	59.6	162.7
TOTAL MINORITY INTERESTS	29.8	29.7	28.6	0.0	1.2
TOTAL EQUITY	1,288.5	1,228.8	1,124.5	59.7	163.9
NON-CURRENT LIABILITIES					
Non-current payables to banks	254.5	205.9	272.4	48.6	(17.9)
Long-term lease liabilities	158.5	0.0	0.1	158.5	158.5
Other non-current financial payables and derivatives	1.5	1.6	2.0	(0.1)	(0.5)
Other non-current liabilities	5.9	3.1	2.9	2.8	3.0
Provisions	13.1	15.5	38.6	(2.4)	(25.5)
Provisions for employee benefits	26.6	27.1	27.5	(0.5)	(0.9)
Deferred tax liabilities	24.1	23.7	24.3	0.4	(0.2)
TOTAL NON -CURRENT LIABILITIES	484.3	276.9	367.8	207.4	116.5
CURRENT LIABILITIES					
Current payables to banks	273.7	273.3	250.5	0.4	23.2
Short-term lease liabilities	24.3	0.1	0.1	24.2	24.2
Other current financial payables and derivatives	0.9	1.5	1.1	(0.5)	(0.1)
Trade payables	502.9	566.7	564.1	(63.8)	(61.2)
Tax payables	9.3	6.0	14.4	3.3	(5.0)
Short term provisions	2.2	13.5	2.2	(11.3)	0.0
Other current payables	137.4	164.2	147.9	(26.8)	(10.5)
TOTAL CURRENT LIABILITIES	950.8	1,025.3	980.3	(74.5)	(29.5)
LIABILITIES CONNECTED WITH DISCONTINUED OPERATIONS	7.1	0.0	0.0	7.1	7.1
TOTAL LIABILITIES	1,442.2	1,302.2	1,348.1	140.0	94.2
TOTAL EQUITY AND LIABILITIES	2,730.7	2,531.0	2,472.6	199.7	258.1

CONSOLIDATED STATEMENT OF CASH-FLOW

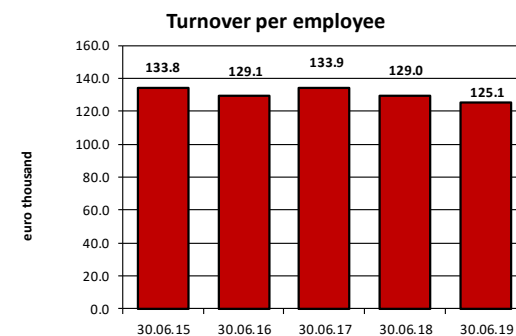
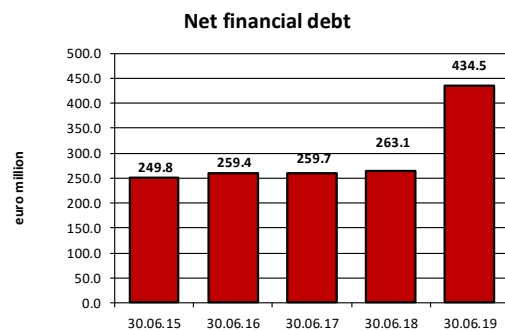
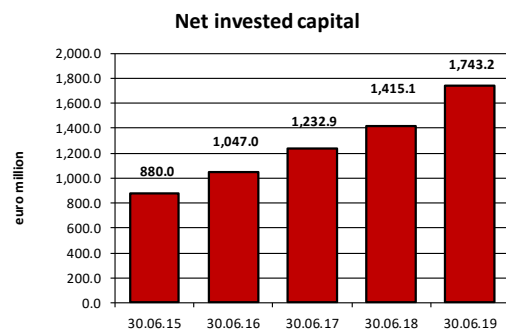
<i>(euro million)</i>	30.06.2019	30.06.2018
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	195.9	156.0
Result before taxes	167.9	180.6
Depreciation, amortisation/Impairment losses	96.1	73.8
Capital gains/losses	(1.2)	(1.5)
Income/expense from investments, net of dividends received	0.1	(2.5)
Result from discontinued operations	(6.8)	0.0
Financial portion of provisions for defined benefits and payables for personnel	0.3	0.3
Long-term provisions for employee benefits	1.2	2.3
Other provisions net of utilisations	(2.9)	6.7
Cash flows generated by operating activities	254.7	259.7
Paid current taxes	(25.9)	(24.6)
Uses of long-term provisions for employee benefits	(2.6)	(1.9)
<i>(Increase) reduction in current assets:</i>		
inventories	(28.7)	(61.6)
financial assets	(0.1)	(0.1)
trade receivables	(48.5)	(100.6)
receivables from others and other assets	(1.7)	(12.9)
<i>Increase (reduction) in current liabilities:</i>		
trade payables	(62.7)	93.8
payables to others and other liabilities	(27.6)	7.4
Translation differences on current assets	0.1	1.3
Net cash flows from/(for) operating activities	57.0	160.5
<i>Investments in:</i>		
intangible assets	(18.6)	(19.1)
property, plant and equipment	(70.7)	(102.9)
right-of-use	(15.7)	0.0
financial assets (investments)	(0.1)	(1.4)
Price for disposal or reimbursement value of fixed assets	4.4	2.6
Net cash flows from/(for) investing activities	(100.7)	(120.7)
Dividends paid in the period	(71.5)	(71.5)
Dividends paid to minority interests in the period	(0.8)	(0.8)
Change in fair value of derivatives	(1.8)	0.4
New lease agreements	15.7	0.0
Reimbursement of lease liabilities	(12.6)	0.0
Loans and financing granted by banks and other financial institutions in the period	101.3	0.1
Repayment of long-term loans	(50.7)	(19.6)
Net cash flows from/(for) financing activities	(20.5)	(91.5)
Total cash flows	(64.2)	(51.7)
Translation differences on cash and cash equivalents	0.6	(5.3)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	132.2	99.0

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA AND BY APPLICATION

<i>(euro million)</i>	30.06.2019	%	30.06.2018	%	Change	%	Q2'19	%	Q2'18	%	Change	%
GEOGRAPHICAL AREA												
Italy	145.0	11.0%	151.9	11.3%	(6.9)	-4.6%	72.9	11.1%	77.9	11.4%	(5.0)	-6.4%
Germany	269.8	20.4%	312.2	23.3%	(42.4)	-13.6%	131.3	20.0%	158.5	23.2%	(27.2)	-17.2%
France	52.1	3.9%	49.5	3.7%	2.6	5.3%	26.6	4.1%	29.4	4.3%	(2.8)	-9.4%
United Kingdom	106.5	8.0%	105.4	7.9%	1.1	1.0%	49.3	7.5%	47.7	7.0%	1.5	3.1%
Other European countries	158.8	12.0%	145.5	10.9%	13.3	9.2%	81.4	12.4%	74.3	10.9%	7.1	9.6%
India	47.2	3.6%	39.9	3.0%	7.3	18.2%	23.7	3.6%	20.4	3.0%	3.3	16.2%
China	144.0	10.9%	144.8	10.8%	(0.8)	-0.5%	73.8	11.2%	76.9	11.3%	(3.1)	-4.0%
Japan	13.8	1.0%	14.9	1.1%	(1.1)	-7.6%	6.4	1.0%	5.7	0.8%	0.7	11.5%
Other Asian Countries	15.4	1.2%	22.2	1.7%	(6.9)	-30.8%	7.8	1.2%	11.2	1.6%	(3.4)	-30.3%
South America (Argentina and Brazil)	22.7	1.7%	31.0	2.3%	(8.3)	-26.8%	8.5	1.3%	15.3	2.2%	(6.8)	-44.6%
North America (USA, Mexico & Canada)	337.7	25.5%	316.6	23.6%	21.1	6.7%	169.4	25.8%	160.8	23.6%	8.6	5.3%
Other Countries	10.8	0.8%	5.7	0.4%	5.1	89.0%	5.8	0.8%	3.7	0.7%	2.1	55.7%
Total	1,323.8	100.0%	1,339.7	100.0%	(15.8)	-1.2%	656.7	100.0%	681.7	100.0%	(25.1)	-3.7%

<i>(euro million)</i>	30.06.2019	%	30.06.2018	%	Change	%	Q2'19	%	Q2'18	%	Change	%
APPLICATION												
Passenger Cars	981.7	74.2%	1,020.7	76.2%	(39.0)	-3.8%	489.1	74.5%	526.5	77.2%	(37.4)	-7.1%
Motorbike	136.9	10.3%	129.8	9.7%	7.1	5.4%	68.0	10.3%	62.9	9.2%	5.1	8.1%
Commercial Vehicle	137.4	10.4%	126.3	9.4%	11.0	8.7%	68.9	10.5%	62.4	9.2%	6.5	10.4%
Racing	67.4	5.1%	62.6	4.7%	4.8	7.7%	30.5	4.7%	29.8	4.4%	0.7	2.3%
Miscellaneous	0.4	0.0%	0.2	0.0%	0.2	109.4%	0.2	0.0%	0.1	0.0%	0.1	65.9%
Total	1,323.8	100.0%	1,339.7	100.0%	(15.8)	-1.2%	656.7	100.0%	681.7	100.0%	(25.1)	-3.7%

MAIN RATIOS



	30.06.2015	30.06.2016	30.06.2017	30.06.2018	30.06.2019
Net operating income/Revenue from contract with customers	11.7%	15.1%	15.0%	13.9%	13.2%
Result before taxes/Revenue from contract with customers	11.3%	14.5%	14.8%	13.5%	12.7%
Net investments/Revenue from contract with customers	6.1%	9.9%	12.8%	9.0%	7.7%
Net Financial indebtedness/Equity	41.9%	34.3%	27.5%	23.4%	33.7%
Net interest expense(*)/Revenue from contract with customers	0.7%	0.4%	0.3%	0.3%	0.6%
Net interest expense(*)/Net operating income	5.7%	2.6%	2.3%	2.4%	4.4%
ROI	27.8%	33.4%	31.0%	26.5%	20.2%
ROE	30.6%	34.0%	29.6%	25.4%	20.5%

Note:

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.