



Stezzano, 29 July 2020

BREMBO REPORTS A NET PROFIT ALSO IN H1 2020, WITH REVENUES AT €951.1 MILLION (-28.2%) AND EBITDA AT €143.3 MILLION (EBITDA MARGIN 15.1%)

Compared to H1 2019:

- **Revenues** amounted to €951.1 million (-28.2%)
- **EBITDA** margin at 15.1% to €143.3 million; **EBIT** margin at 4.1% to €38.8 million
- **Net investments for the period** amounted to €73.4 million
- **Net financial debt** at €597.5 million (€407.2 million prior to the application of IFRS 16), up €147.1 million compared to 31 March 2020

H1 2020 results:

(€ million)	2020	2019	Change
Revenue	951.1	1,323.8	-28.2%
EBITDA % of sales	143.3 15.1%	270.6 20.4%	-47.0%
EBIT % of sales	38.8 4.1%	174.5 13.2%	-77.8%
Pre-tax profit % of sales	24.7 2.6%	167.9 12.7%	-85.3%
Net profit % of sales	20.0 2.1%	123.4 9.3%	-83.8%
	30.06.20	31.03.20	Change
Net financial debt	597.5	450.4	+€147.1 M
Net financial debt prior to IFRS 16 FTA	407.2	254.7	+€152.5 M

Brembo Chairman **Alberto Bombassei** stated:

“The results for the first half of 2020 approved by the Board of Directors today underscore how Brembo showed considerable resilience in such a challenging environment, protecting its margin levels and financial solidity.

The Company believes it is well-positioned for the market evolution, thanks to its commitment towards innovation, digitalisation and environmental protection, despite the continuing situation of uncertainty of the automotive industry, further exacerbated by the crisis that has impacted the global economy.

We look to the future with confidence, relying on our solid fundamentals and an ambitious development programme focused on the long term, which will allow us to resume our growth.”

H1 2020 Results

Brembo's Board of Directors chaired by Alberto Bombassei examined and approved the Group's half-year results at 30 June 2020.

In the first half of 2020, net consolidated revenues amounted to €951.1 million, down 28.2% compared to the first half of the previous year.

As expected, H1 2020 results were severely impacted by the gradual spread at global level of the COVID-19 pandemic, which particularly penalised the second quarter of the year.

Within this scenario, in H1 2020, Brembo's sales for the car segment declined by 27.7%, motorbike applications by 34.0%, applications for commercial vehicles by 25.6% and those for racing vehicles by 27.5% compared to the same period of 2019.

At geographical level, the performance of the various markets reflected the COVID-19 pandemic's different timing of spread and the gradual adoption of containment measures by governments.

Sales dropped by 25.6% in Italy, by 32.5% in Germany, by 22.5% in France and by 40.5% in the United Kingdom. In Asia, sales in India and Japan decreased by 43.4% and 12.1%, respectively, whereas in China sales declined by just 2.4%, thanks to a good recovery of the market, with Q2 sales up 23.2%.

The North American market (USA, Mexico and Canada) shrank by 34.8% and the South American market (Brazil and Argentina) by 43.9%.

In H1 2020, the cost of sales and other net operating costs amounted to €607.6 million, with a 63.9% ratio to sales, up in percentage terms compared to the same period of the previous year (H1 2019: €823.8 million; 62.2% of sales).

Personnel expenses amounted to €202.1 million, with a 21.2% ratio to sales, increasing compared to the same period of the previous year (17.8% of sales). At 30 June 2020, workforce numbered 10,731, compared to 10,868 at 31 December 2019 and 10,579 at 30 June 2019.

EBITDA for H1 2020 amounted to €143.3 million (EBITDA margin: 15.1%), compared to €270.6 million for the first half of 2019 (EBITDA margin: 20.4%).

EBIT was €38.8 million (EBIT margin: 4.1%) compared to €174.5 million (EBIT margin: 13.2%) for H1 2019.

Net interest expense for the period amounted to €14.2 million (€6.7 million in H1 2019); this item includes net exchange losses for €7.6 million (net exchange gains of €1.0 million in H1 2019) and interest expense amounting to €6.6 million (€7.7 million in H1 2019).

Pre-tax profit was €24.7 million compared to €167.9 million for the first half of 2019.

Based on the tax rates applicable under current tax regulations in force in each country, estimated taxes amounted to €4.5 million (€37.0 million in H1 2019), with a tax rate of 18.2% compared to 22.0% for the same period of the previous year.

The reporting period ended with a net profit of €20.0 million, accounting for 2.1% of sales.

Net financial debt at 30 June 2020 amounted to €597.5 million, increasing by €147.1 million compared to 31 March 2020. Without the impact of IFRS 16, net financial debt would have been €407.2 million, up €152.5 million compared to 31 March 2020.

Stake in Pirelli S.p.A.

Adopting a long-term, non-speculative approach, Brembo has autonomously decided to invest in Pirelli S.p.A., a company that thanks to its history, brand, leadership and drive for innovation represents, just like Brembo, an example of Italian excellence within its market of reference.

Brembo, both directly and through its parent company Nuova FourB, completed the acquisition process and now holds a 4.99% stake in Pirelli S.p.A.

Measures to contain the impacts generated by the COVID-19 emergency

The World Health Organization announced the spread of the disease COVID-19 from China, particularly from the Wuhan district, in early January 2020; it then declared COVID-19 a global health emergency of international concern on 30 January. In February the virus spread to Europe and America, resulting to the global lockdown in March and April.

Brembo has been following developments relating to the spread of the COVID-19 very closely since its outbreak, establishing a dedicated task force and promptly adopting all necessary measures to monitor, prevent and contain the pandemic at all of its locations worldwide.

In view of the production sites' reopening, after lockdown periods whose length varied from one country to the next, the Group has defined significant measures aimed at combating the virus and protecting the health of employees and contractors such as: rearrangement of production layouts, sanitisation of the premises, purchases of personal protective equipment, temperature measurement with heat scans, circulation of hygiene rules and social distancing, and extended remote working.

After an initial donation of €150,000 in support of treatment facilities at Bergamo's Pope John XXIII Hospital, Brembo decided to support research into combating COVID-19 by donating €1 million to three première Bergamo institutions: Pope John XIII Hospital, the Bergamo Hospital Research Foundation (FROM) and the Mario Negri Institute, which are committed to the area most severely affected by the pandemic, through a combination of clinical and pharmacological research.

With reference to financial aspects, in adopting the prudential approach proposed by the Board of Directors in its extraordinary meeting on 20 March 2020, the Shareholders' Meeting held on 23 April resolved not to distribute dividends drawing on the 2019 profit. This decision aims at supporting the Group's financial solidity and limiting future economic and financial impacts.

To face this difficult time for the market, between April and May 2020, the Group's financial structure was further reinforced by entering into new medium/long-term loans for a total amount of €425 million, in addition to available short-term credit lines for €384 million, which have not been used. These new loans enabled the Group to extend the average life of its debt, at costs in line with current levels.

In order to contain the cost of idle personnel, redundancy schemes and other forms of public support were activated to protect workers in all countries. Moreover, plans were drawn up to contain costs, investments and working capital.

Foreseeable Evolution

The strategies adopted by the Company and the measures taken in response to the severe COVID-19 pandemic described above allowed it to weather these difficult months while protecting the Group's margin levels and its financial solidity. Hoping that the worst stage has passed, the Group looks to the future with the confidence that its solid fundamentals will consolidate the sustainability of the business.

Pursuant to the applicable legislation in force, Brembo Group's Six Monthly Report at 30 June 2020, 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 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 Flows.

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CONSOLIDATED STATEMENT OF INCOME

<i>(euro million)</i>	30.06.2020	30.06.2019	Change	%	2Q '20	2Q '19	Change	%
Revenue from contracts with customers	951.1	1,323.8	(372.7)	-28.2%	375.2	656.7	(281.5)	-42.9%
Other revenues and income	8.1	15.5	(7.3)	-47.4%	3.9	10.4	(6.6)	-63.0%
Costs for capitalised internal works	11.0	14.0	(3.1)	-21.8%	4.9	6.4	(1.5)	-23.0%
Raw materials, consumables and goods	(431.4)	(623.8)	192.4	-30.8%	(164.8)	(307.9)	143.0	-46.5%
Income (expenses) from non-financial investments	1.9	5.9	(4.0)	-68.1%	0.8	2.5	(1.8)	-69.3%
Other operating costs	(195.4)	(229.6)	34.2	-14.9%	(86.9)	(115.5)	28.6	-24.7%
Personnel expenses	(202.1)	(235.3)	33.3	-14.1%	(91.8)	(116.4)	24.6	-21.1%
GROSS OPERATING INCOME	143.3	270.6	(127.3)	-47.0%	41.3	136.3	(95.1)	-69.7%
<i>% of revenue from contracts with customer</i>	15.1%	20.4%			11.0%	20.8%		
Depreciation, amortisation and impairment losses	(104.5)	(96.1)	(8.4)	8.7%	(52.8)	(48.9)	(3.9)	7.9%
NET OPERATING INCOME	38.8	174.5	(135.7)	-77.8%	(11.5)	87.4	(98.9)	-113.2%
<i>% of revenue from contracts with customer</i>	4.1%	13.2%			-3.1%	13.3%		
Net interest income (expense) and interest income (expense) from investments	(14.1)	(6.6)	(7.5)	114.5%	(6.3)	(3.5)	(2.8)	80.7%
RESULT BEFORE TAXES	24.7	167.9	(143.2)	-85.3%	(17.8)	84.0	(101.8)	-121.2%
<i>% of revenue from contracts with customer</i>	2.6%	12.7%			-4.7%	12.8%		
Taxes	(4.5)	(37.0)	32.5	-87.8%	8.5	(17.7)	26.2	-147.8%
Result from discontinued operations	0.1	(6.8)	6.8	-100.9%	(0.1)	(6.8)	6.7	-99.2%
RESULT BEFORE MINORITY INTERESTS	20.2	124.1	(103.9)	-83.7%	(9.4)	59.5	(68.9)	-115.8%
<i>% of revenue from contracts with customer</i>	2.1%	9.4%			-2.5%	9.1%		
Minority interests	(0.3)	(0.7)	0.4	-59.2%	(0.5)	(0.5)	0.0	-5.6%
NET RESULT FOR THE PERIOD	20.0	123.4	(103.5)	-83.8%	(9.8)	59.0	(68.9)	-116.6%
<i>% of revenue from contracts with customer</i>	2.1%	9.3%			-2.6%	9.0%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.06	0.38			(0.03)	0.18		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro million)</i>	30.06.2020	31.12.2019	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	1,016.9	1,064.3	(47.4)
Right of use assets	188.4	194.5	(6.1)
Development costs	91.0	87.2	3.8
Goodwill and other indefinite useful life assets	82.1	83.9	(1.8)
Other intangible assets	51.0	57.2	(6.2)
Shareholding valued using the equity method	40.8	43.1	(2.4)
Other financial assets (including investments in other companies and derivatives)	181.3	7.1	174.2
Receivables and other non-current assets	14.4	12.9	1.5
Deferred tax assets	62.9	54.6	8.3
TOTAL NON-CURRENT ASSETS	1,728.8	1,604.8	124.0
CURRENT ASSETS			
Inventories	379.2	342.2	37.0
Trade receivables	347.3	391.9	(44.6)
Other receivables and current assets	105.6	95.9	9.8
Current financial assets and derivatives	2.4	1.4	0.9
Cash and cash equivalents	415.3	304.8	110.5
TOTAL CURRENT ASSETS	1,249.8	1,136.2	113.6
ASSETS FROM DISCONTINUED OPERATIONS	1.5	1.4	0.0
TOTAL ASSETS	2,980.1	2,742.5	237.6
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34.7	34.7	0.0
Other reserves	76.8	107.3	(30.6)
Retained earnings/(losses)	1,211.5	983.8	227.7
Net result for the period	20.0	231.3	(211.3)
TOTAL GROUP EQUITY	1,343.0	1,357.2	(14.2)
TOTAL MINORITY INTERESTS	30.2	30.9	(0.7)
TOTAL EQUITY	1,373.1	1,388.0	(14.9)
NON-CURRENT LIABILITIES			
Non-current payables to banks	579.3	196.6	382.7
Long-term lease liabilities	171.1	177.3	(6.2)
Other non-current financial payables and derivatives	0.9	1.2	(0.2)
Other non-current liabilities	13.0	9.5	3.6
Non-current provisions	15.8	12.5	3.3
Provisions for employee benefits	25.5	25.6	(0.1)
Deferred tax liabilities	28.3	28.4	(0.1)
TOTAL NON-CURRENT LIABILITIES	833.9	451.0	383.0
CURRENT LIABILITIES			
Current payables to banks	242.9	257.7	(14.7)
Short-term lease liabilities	19.2	18.7	0.5
Other current financial payables and derivatives	1.6	1.1	0.6
Trade payables	365.8	474.0	(108.2)
Tax payables	2.8	6.1	(3.4)
Current provisions	2.5	2.1	0.4
Other current liabilities	137.9	143.3	(5.3)
TOTAL CURRENT LIABILITIES	772.7	902.9	(130.1)
LIABILITIES FROM DISCONTINUED OPERATIONS	0.3	0.6	(0.4)
TOTAL LIABILITIES	1,606.9	1,354.5	252.5
TOTAL EQUITY AND LIABILITIES	2,980.1	2,742.5	237.6

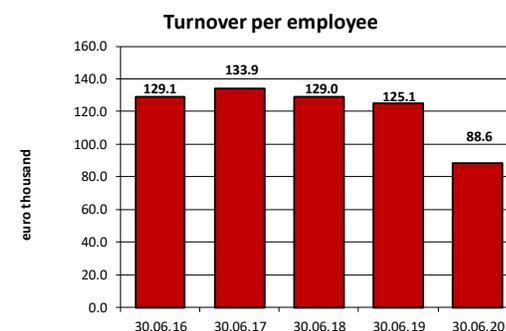
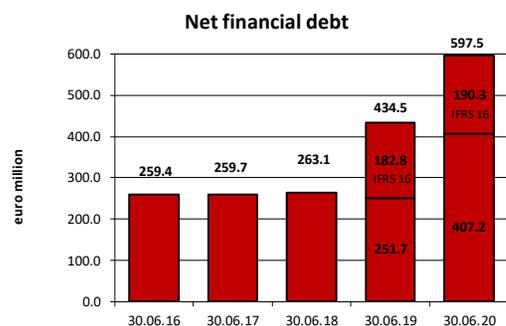
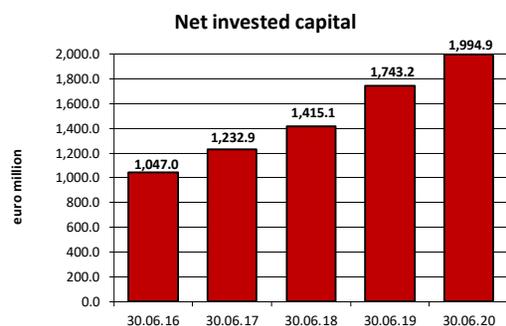
CONSOLIDATED STATEMENT OF CASH-FLOW

<i>(euro million)</i>	30.06.2020	30.06.2019
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	168.6	195.9
Result before taxes	24.7	167.9
Depreciation, amortisation/Impairment losses	104.5	96.1
Capital gains/losses	(0.6)	(1.2)
Income/expense from investments, net of dividends received	3.2	0.1
Financial portion of provisions for defined benefits and payables for personnel	0.2	0.3
Long-term provisions for employee benefits	1.2	1.2
Other provisions net of utilisations	26.7	(2.9)
Result from discontinued operations	0.1	(6.8)
Cash flows generated by operating activities	160.0	254.7
Current taxes paid	(22.9)	(25.9)
Uses of long-term provisions for employee benefits	(2.0)	(2.6)
<i>(Increase) reduction in current assets:</i>		
inventories	(52.1)	(28.7)
financial assets	0.1	(0.1)
trade receivables	43.7	(48.5)
receivables from others and other assets	(2.8)	(1.7)
<i>Increase (reduction) in current liabilities:</i>		
trade payables	(108.2)	(62.7)
payables to others and other liabilities	(3.6)	(27.6)
Translation differences on current assets	(3.2)	0.1
Net cash flows from/(for) operating activities	9.1	57.0
<i>Investments in:</i>		
property, plant and equipment	(59.7)	(86.4)
<i>of which right of use assets</i>	(4.5)	(15.7)
intangible assets	(14.2)	(18.6)
financial assets (shareholdings)	(177.6)	(0.1)
Price for disposal or reimbursement value of fixed assets	1.1	4.4
Net cash flows from/(for) investing activities	(250.4)	(100.7)
Dividends paid in the period	0.0	(71.5)
Dividends paid to minority shareholders in the period	(0.6)	(0.8)
Change in fair value of derivatives	(1.2)	(1.8)
New lease agreements	3.7	15.7
Reimbursement of lease liabilities	(12.2)	(12.6)
Loans and financing granted by banks and other financial institutions in the period	425.0	101.3
Repayment of long-term loans and other financing	(62.6)	(50.7)
Net cash flows from/(for) financing activities	352.0	(20.5)
Total cash flows	110.8	(64.2)
Translation differences on cash and cash equivalents	(5.0)	0.6
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	274.4	132.2

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA AND BY APPLICATION

<i>(euro million)</i>	30.06.2020	%	30.06.2019	%	Change	%	2Q '20	%	2Q '19	%	Change	%
GEOGRAPHICAL AREA												
Italy	107.9	11.3%	145.0	11.0%	(37.1)	-25.6%	43.6	11.6%	72.9	11.1%	(29.3)	-40.1%
Germany	182.1	19.2%	269.8	20.4%	(87.6)	-32.5%	68.0	18.2%	131.3	19.9%	(63.3)	-48.2%
France	40.4	4.2%	52.1	3.9%	(11.8)	-22.5%	21.2	5.6%	26.6	4.1%	(5.5)	-20.5%
United Kingdom	63.4	6.7%	106.5	8.0%	(43.1)	-40.5%	14.9	4.0%	49.3	7.5%	(34.4)	-69.8%
Other European countries	123.1	12.9%	158.8	12.0%	(35.7)	-22.5%	49.2	13.1%	81.4	12.4%	(32.2)	-39.5%
India	26.7	2.8%	47.2	3.6%	(20.5)	-43.4%	6.2	1.7%	23.7	3.6%	(17.5)	-73.9%
China	140.6	14.8%	144.0	10.9%	(3.4)	-2.4%	90.9	24.2%	73.8	11.2%	17.1	23.2%
Japan	12.1	1.3%	13.8	1.0%	(1.7)	-12.1%	4.5	1.2%	6.4	1.0%	(1.9)	-29.6%
Other Asian Countries	13.8	1.5%	15.4	1.2%	(1.6)	-10.3%	5.9	1.6%	7.8	1.2%	(1.9)	-24.8%
South America (Argentina and Brazil)	12.7	1.3%	22.7	1.7%	(10.0)	-43.9%	0.9	0.2%	8.5	1.3%	(7.5)	-89.1%
North America (USA, Mexico & Canada)	220.2	23.2%	337.7	25.5%	(117.5)	-34.8%	67.6	18.0%	169.4	25.8%	(101.7)	-60.1%
Other Countries	8.0	0.8%	10.8	0.8%	(2.8)	-25.7%	2.3	0.6%	5.8	0.9%	(3.5)	-60.5%
Total	951.1	100.0%	1,323.8	100.0%	(372.7)	-28.2%	375.2	100.0%	656.7	100.0%	(281.5)	-42.9%
APPLICATION												
Passenger Car	709.3	74.7%	981.7	74.2%	(272.4)	-27.7%	282.6	75.3%	489.1	74.5%	(206.5)	-42.2%
Motorbike	90.3	9.5%	136.9	10.3%	(46.6)	-34.0%	29.4	7.9%	68.0	10.4%	(38.5)	-56.7%
Commercial Vehicle	102.2	10.7%	137.4	10.4%	(35.2)	-25.6%	46.9	12.5%	68.9	10.5%	(22.0)	-31.9%
Racing	48.9	5.1%	67.4	5.1%	(18.5)	-27.5%	15.9	4.2%	30.5	4.6%	(14.6)	-48.0%
Miscellaneous	0.4	0.0%	0.4	0.0%	(0.1)	-11.3%	0.3	0.1%	0.2	0.0%	0.1	65.1%
Total	951.1	100.0%	1,323.8	100.0%	(372.7)	-28.2%	375.2	100.0%	656.7	100.0%	(281.5)	-42.9%

MAIN RATIOS



	30.06.2016	30.06.2017	30.06.2018	30.06.2019	30.06.2020
Net operating income/Revenue from contract with customers	15.1%	15.0%	13.9%	13.2%	4.1%
Result before taxes/Revenue from contract with customers	14.5%	14.8%	13.5%	12.7%	2.6%
Net investments/Revenue from contract with customers	9.9%	12.8%	9.0%	7.7%	7.7%
Net Financial indebtedness/Equity	34.3%	27.5%	23.4%	33.7%	43.5%
Adjusted net interest expense(*)/Revenue from contract with customers	0.4%	0.3%	0.3%	0.6%	0.7%
Adjusted net interest expense(*)/Net operating income	2.6%	2.3%	2.4%	4.4%	17.0%
ROI	29.0%	27.9%	24.2%	19.1%	9.2%
ROE	29.5%	26.9%	24.1%	17.9%	9.4%

Note:

ROI: Net operating income rolling 12 months/Net invested capital.

ROE: Result before minority interests rolling 12 months (net of Result from discontinued operations)/Equity.

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