

Stezzano, 9 November 2020

BREMBO: Q3 MARGINS IN LINE WITH THE PREVIOUS YEAR DESPITE THE COMPLEX CONTEXT. NET PROFIT €51.7 MILLION

Q3 2020 results:

- **Revenues** at -5.9% compared to Q3 of the previous year
- **EBITDA** at €123.8 million (EBITDA margin: 20.3%), **EBIT** at €71.8 million (EBIT margin: 11.8%)
- **Net profit** at €51.7 million (8.5% of sales)
- **Net financial debt** at €505.7 million (€320.1 million excluding the effect of IFRS 16), improving by € 91.8 million compared to 30 June 2020

(€ million)	Q3 2020	Q3 2019	Change
Revenue	608.8	647.1	-5.9%
EBITDA % of sales	123.8 20.3%	123.4 19.1%	+0.3%
EBIT % of sales	71.8 11.8%	74.8 11.6%	-3.9%
Pre-tax profit % of sales	67.9 11.1%	69.2 10.7%	-2.0%
Net profit % of sales	51.7 8.5%	52.7 8.1%	-1.8%
	30/09/2020	30/06/2020	Change
Net financial debt excluding IFRS 16	320.1	407.2	-87.1 million
Net financial debt	505.7	597.5	-91.8 million

Results for the period ended 30 September 2020:

- **Revenues** at €1,559.9 million (-20.9% compared to the previous year)
- **EBITDA** at €267.1 million (EBITDA margin: 17.1%); **EBIT** at €110.6 million (EBIT margin: 7.1%)
- **Net investments** amounted to €112.0 million

(€ million)	9M 2020	9M 2019	Change
Revenue	1,559.9	1,971.0	-20.9%
EBITDA % of sales	267.1 17.1%	394.0 20.0%	-32.2%
EBIT % of sales	110.6 7.1%	249.2 12.6%	-55.6%
Pre-tax profit % of sales	92.5 5.9 %	237.1 12.0%	-61.0%
Net profit % of sales	71.7 4.6%	176.1 8.9%	-59.3%

Chairman Alberto Bombassei stated: “The results for the third quarter of 2020 approved today by Brembo’s Board of Directors show that, in a year characterised by exceptionally complex, negative conditions —, which have thus far had a severe impact on all industrial sectors, including automotive — Brembo has succeeded in rapidly variabalsing many of its costs, containing the negative effects on the reference market. In the third quarter, we succeeded in taking advantage of the opportunities for recovery offered by the markets, reacting to increased demand from customers very quickly and achieving a result that should be considered gratifying, despite slightly declining compared to 2019. The quarter under review mitigated the negative effects of the first part of a year that is coming to an end with the current fourth quarter, which is in turn marked by uncertainties. At such a highly uncertain time, the Company presented its new strategic vision, aimed at developing innovative products and processes, including in terms of environmental sustainability, to anticipate the needs of its customers, committed to meeting the challenges posed by the new mobility paradigms.”

Q3 2020 results

Brembo's Board of Directors chaired by Alberto Bombassei met today and approved the Group's results at 30 September 2020.

Brembo Group's net consolidated revenues for the third quarter of 2020 amounted to €608.8 million, down 5.9% compared to the same period of the previous year.

At geographical level, although the negative effects of the Covid-19 pandemic continued in all countries worldwide, two markets stood in sharp contrast to the general trend: China, which grew by 15.7% in the quarter, and NAFTA (USA, Canada and Mexico), which rose by 3.9%.

More in detail, in the third quarter of 2020 sales declined by 0.6% in Italy, by 14.0% in Germany, by 15.9% in France and by 26.0% in the United Kingdom.

As far as non-EU countries are concerned, India decreased by 20.3%, Japan by 40.5% and South America by 37.4%, whereas, as mentioned above, China and North America (USA, Canada and Mexico) grew by 15.7% and 3.9%, respectively.

EBITDA amounted to €123.8 million (EBITDA margin: 20.3%) in the reporting quarter, essentially in line with the previous year and improving in percentage terms, thanks to the strong measures undertaken to contain costs and mitigate the effects of the Covid-19 pandemic.

EBIT amounted to €71.8 million (EBIT margin: 11.8%), down 3.9% compared to €74.8 million (EBIT margin: 11.6%) for the third quarter of 2019.

Pre-tax profit was €67.9 million (11.1% of sales), and net profit amounted to €51.7 million.

Results for the period ended 30 September 2020

Brembo Group's net consolidated revenues for the reporting period amounted to €1,559.9 million, declining by 20.9% compared to the same period of the previous year, due to the effects of the Covid-19 pandemic, which particularly penalised the first half of the year.

With regard to the market segments in which the Group operates, the reporting period saw car applications decreasing by 20.4%, motorbike applications by 26.8%, applications for commercial vehicles by 18.2%, and racing applications by 22.0%.

At geographical level, compared to the same period of the previous year, sales for the first nine months shrank by 18.0% in Italy, by 26.7% in Germany, by 20.4% in France and by 35.7% in the United Kingdom.

In Asia, India declined by 35.5% and Japan by 21.9%, whereas China rose by 4.0%.

Sales declined by 22.3% in North America (USA, Canada and Mexico) and by 41.3% in South America.

In the period ended 30 September 2020, the cost of sales and other net operating costs amounted to €992.2 million, down 19.8% compared to €1,236.7 million for the same period of the previous year. In percentage terms, the ratio to sales of this item was 63.6%, up compared to 62.7% for the same period of 2019.

Personnel expenses amounted to €305.5 million, with a 19.6% ratio to sales, increasing compared to the same period of the previous year (17.7% of sales). At 30 September 2020, workforce numbered 10,869 (10,516 at 30 September 2019 and 10,868 at 31 December 2019).

EBITDA for the period amounted to €267.1 million (EBITDA margin: 17.1%), down 32.2% compared to the same period of 2019. Depreciation and amortisation amounted to €156.5 million, up compared to €144.8 million for the previous year.

EBIT amounted to €110.6 million (EBIT margin: 7.1%), down 55.6% compared to the same period of 2019.

In the reporting period, net interest expense totalled €18.1 million (€12.3 million in 2019). This item included net exchange losses of €7.8 million (€1.2 million for the same period of the previous year) and interest expense amounting to €10.3 million (€11.1 million at 30 September 2019).

Pre-tax profit was €92.5 million (5.9% of sales). Based on the tax rate applicable under current tax regulations, estimated taxes amounted to €19.9 million (€53.3 million in 2019), with a tax rate of 21.5%, slightly down compared to 22.5% for the previous year.
The period ended with a net profit of €71.7 million.

Net financial debt at 30 September 2020 was €505.7 million, down €91.8 million compared to 30 June 2020; net of the effect of IFRS 16, it would have been €320.1 million, down €87.1 million compared to 30 June 2020 (€407.2 million).

Foreseeable Evolution

The ability to react promptly and effectively to the first wave of the pandemic, combined with the Group's financial and capital solidity, will continue to steer the Company in the coming months, which are set to remain uncertain.

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

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

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CONSOLIDATED STATEMENT OF INCOME

<i>(euro million)</i>	30.09.2020	30.09.2019	Change	%	3Q '20	3Q '19	Change	%
Revenue from contracts with customers	1,559.9	1,971.0	(411.1)	-20.9%	608.8	647.1	(38.3)	-5.9%
Other revenues and income	13.7	21.2	(7.5)	-35.4%	5.5	5.7	(0.2)	-2.6%
Costs for capitalised internal works	16.0	18.0	(2.0)	-11.2%	5.0	4.0	1.0	26.3%
Raw materials, consumables and goods	(711.3)	(929.3)	218.0	-23.5%	(280.0)	(305.5)	25.6	-8.4%
Income (expenses) from non-financial investments	4.9	9.0	(4.1)	-45.8%	3.0	3.1	(0.1)	-3.7%
Other operating costs	(310.5)	(346.6)	36.1	-10.4%	(115.1)	(117.1)	1.9	-1.6%
Personnel expenses	(305.5)	(349.3)	43.7	-12.5%	(103.4)	(113.9)	10.5	-9.2%
GROSS OPERATING INCOME	267.1	394.0	(126.9)	-32.2%	123.8	123.4	0.4	0.3%
<i>% of revenue from contracts with customer</i>	17.1%	20.0%			20.3%	19.1%		
Depreciation, amortisation and impairment losses	(156.5)	(144.8)	(11.7)	8.1%	(52.0)	(48.7)	(3.3)	6.9%
NET OPERATING INCOME	110.6	249.2	(138.6)	-55.6%	71.8	74.8	(2.9)	-3.9%
<i>% of revenue from contracts with customer</i>	7.1%	12.6%			11.8%	11.6%		
Net interest income (expense) and interest income (expense) from investments	(18.1)	(12.1)	(5.9)	49.1%	(4.0)	(5.5)	1.6	-28.6%
RESULT BEFORE TAXES	92.5	237.1	(144.6)	-61.0%	67.9	69.2	(1.4)	-2.0%
<i>% of revenue from contracts with customer</i>	5.9%	12.0%			11.1%	10.7%		
Taxes	(19.9)	(53.3)	33.5	-62.8%	(15.4)	(16.3)	1.0	-6.0%
Result from discontinued operations	(0.1)	(6.6)	6.5	-98.7%	(0.1)	0.2	(0.3)	-179.6%
RESULT BEFORE MINORITY INTERESTS	72.6	177.2	(104.6)	-59.0%	52.4	53.1	(0.7)	-1.3%
<i>% of revenue from contracts with customer</i>	4.7%	9.0%			8.6%	8.2%		
Minority interests	(0.9)	(1.1)	0.2	-16.9%	(0.6)	(0.4)	(0.2)	57.0%
NET RESULT FOR THE PERIOD	71.7	176.1	(104.4)	-59.3%	51.7	52.7	(0.9)	-1.8%
<i>% of revenue from contracts with customer</i>	4.6%	8.9%			8.5%	8.1%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.22	0.54			0.16	0.16		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro million)</i>	30.09.2020	31.12.2019	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	989.0	1,064.3	(75.3)
Right of use assets	182.6	194.5	(11.9)
Development costs	90.7	87.2	3.5
Goodwill and other indefinite useful life assets	81.0	83.9	(2.9)
Other intangible assets	49.1	57.2	(8.1)
Shareholding valued using the equity method	43.8	43.1	0.6
Other financial assets (including investments in other companies and derivatives)	180.6	7.1	173.5
Receivables and other non-current assets	13.4	12.9	0.5
Deferred tax assets	62.7	54.6	8.1
TOTAL NON-CURRENT ASSETS	1,692.8	1,604.8	88.0
CURRENT ASSETS			
Inventories	352.4	342.2	10.2
Trade receivables	423.1	391.9	31.2
Other receivables and current assets	102.0	95.9	6.2
Current financial assets and derivatives	0.9	1.4	(0.6)
Cash and cash equivalents	552.5	304.8	247.7
TOTAL CURRENT ASSETS	1,430.9	1,136.2	294.7
ASSETS FROM DISCONTINUED OPERATIONS	1.1	1.4	(0.4)
TOTAL ASSETS	3,124.8	2,742.5	382.3
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34.7	34.7	0.0
Other reserves	51.6	107.3	(55.7)
Retained earnings/(losses)	1,206.2	983.8	222.4
Net result for the period	71.7	231.3	(159.6)
TOTAL GROUP EQUITY	1,364.2	1,357.2	7.0
TOTAL MINORITY INTERESTS	30.6	30.9	(0.2)
TOTAL EQUITY	1,394.8	1,388.0	6.8
NON-CURRENT LIABILITIES			
Non-current payables to banks	565.9	196.6	369.3
Long-term lease liabilities	166.3	177.3	(11.0)
Other non-current financial payables and derivatives	0.9	1.2	(0.2)
Other non-current liabilities	13.4	9.5	3.9
Non-current provisions	15.9	12.5	3.4
Provisions for employee benefits	25.1	25.6	(0.5)
Deferred tax liabilities	27.4	28.4	(1.0)
TOTAL NON-CURRENT LIABILITIES	814.9	451.0	363.9
CURRENT LIABILITIES			
Current payables to banks	303.1	257.7	45.5
Short-term lease liabilities	19.4	18.7	0.7
Other current financial payables and derivatives	3.5	1.1	2.4
Trade payables	434.9	474.0	(39.1)
Tax payables	8.6	6.1	2.5
Current provisions	1.9	2.1	(0.2)
Other current liabilities	143.5	143.3	0.3
TOTAL CURRENT LIABILITIES	914.9	902.9	12.0
LIABILITIES FROM DISCONTINUED OPERATIONS	0.2	0.6	(0.4)
TOTAL LIABILITIES	1,729.9	1,354.5	375.5
TOTAL EQUITY AND LIABILITIES	3,124.8	2,742.5	382.3

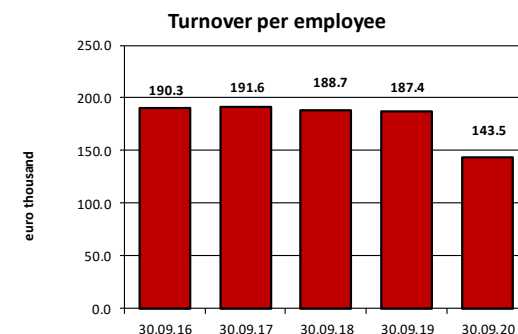
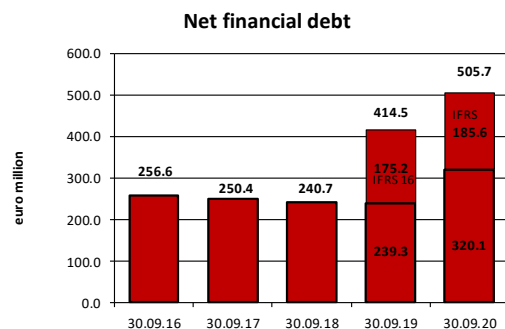
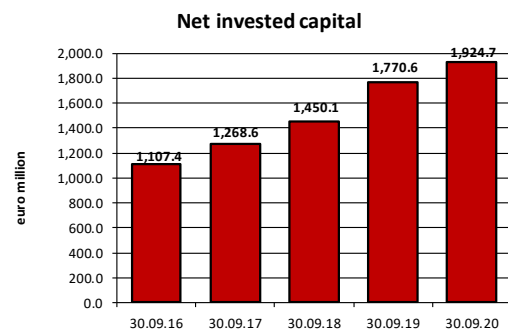
NET SALES BREAKDOWN BY GEOGRAPHICAL AREA AND BY APPLICATION

<i>(euro million)</i>	30.09.2020	%	30.09.2019	%	Change	%	3Q '20	%	3Q '19	%	Change	%
GEOGRAPHICAL AREA												
Italy	170.5	10.9%	207.9	10.6%	(37.5)	-18.0%	62.6	10.3%	63.0	9.8%	(0.4)	-0.6%
Germany	288.3	18.5%	393.2	20.0%	(104.9)	-26.7%	106.2	17.5%	123.4	19.1%	(17.3)	-14.0%
France	61.3	3.9%	77.0	3.9%	(15.7)	-20.4%	20.9	3.4%	24.9	3.8%	(3.9)	-15.9%
United Kingdom	102.5	6.6%	159.4	8.1%	(56.9)	-35.7%	39.1	6.4%	52.9	8.2%	(13.8)	-26.0%
Other European countries	201.0	12.9%	238.4	12.1%	(37.4)	-15.7%	77.9	12.8%	79.6	12.3%	(1.7)	-2.2%
India	46.5	3.0%	72.0	3.7%	(25.5)	-35.5%	19.7	3.2%	24.8	3.8%	(5.0)	-20.3%
China	231.5	14.9%	222.6	11.3%	8.9	4.0%	90.9	14.9%	78.5	12.1%	12.4	15.7%
Japan	16.4	1.1%	21.0	1.1%	(4.6)	-21.9%	4.3	0.7%	7.2	1.1%	(2.9)	-40.5%
Other Asian Countries	20.8	1.3%	26.1	1.3%	(5.3)	-20.2%	7.0	1.2%	10.7	1.7%	(3.7)	-34.4%
South America (Argentina and Brazil)	22.2	1.4%	37.9	1.9%	(15.7)	-41.3%	9.5	1.6%	15.2	2.3%	(5.7)	-37.4%
North America (USA, Mexico & Canada)	387.8	24.8%	498.9	25.3%	(111.2)	-22.3%	167.6	27.5%	161.2	24.9%	6.3	3.9%
Other Countries	11.2	0.7%	16.6	0.7%	(5.4)	-32.6%	3.1	0.5%	5.8	0.9%	(2.6)	-45.6%
Total	1,559.9	100.0%	1,971.0	100.0%	(411.1)	-20.9%	608.8	100.0%	647.1	100.0%	(38.3)	-5.9%

<i>(euro million)</i>	30.09.2020	%	30.09.2019	%	Change	%	3Q '20	%	3Q '19	%	Change	%
APPLICATION												
Passenger Car*	1,172.9	75.2%	1,473.0	74.7%	(300.0)	-20.4%	463.6	76.2%	491.2	75.9%	(27.6)	-5.6%
Motorbike	147.4	9.4%	201.5	10.2%	(54.1)	-26.8%	57.1	9.4%	64.6	10.0%	(7.5)	-11.7%
Commercial Vehicle*	163.5	10.5%	199.8	10.2%	(36.3)	-18.2%	61.3	10.0%	62.4	9.6%	(1.1)	-1.8%
Racing	75.3	4.8%	96.5	4.9%	(21.2)	-22.0%	26.4	4.3%	29.1	4.5%	(2.7)	-9.3%
Miscellaneous	0.9	0.1%	0.3	0.0%	0.6	196.9%	0.5	0.1%	(0.1)	0.0%	0.6	-423.5%
Total	1,559.9	100.0%	1,971.0	100.0%	(411.1)	-20.9%	608.8	100.0%	647.1	100.0%	(38.3)	-5.9%

* Following an in-depth analysis, data at 30 September 2019 have been restated.

MAIN RATIOS



	30.09.2016	30.09.2017	30.09.2018	30.09.2019	30.09.2020
Net operating income/Revenue from contract with customers	14.8%	14.6%	13.3%	12.6%	7.1%
Result before taxes/Revenue from contract with customers	14.1%	14.3%	12.8%	12.0%	5.9%
Net investments/Revenue from contract with customers	10.2%	13.6%	9.2%	7.7%	7.2%
Net Financial indebtedness/Equity	31.3%	25.3%	20.4%	31.1%	36.3%
Adjusted net interest expense(*)/Revenue from contract with customers	0.4%	0.4%	0.4%	0.6%	0.7%
Adjusted net interest expense(*)/Net operating income	2.8%	2.5%	2.7%	4.5%	9.3%
ROI	29.0%	27.1%	23.6%	18.5%	9.3%
ROE	29.2%	25.8%	22.6%	17.0%	9.2%

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.