



THIRD  
QUARTER  
REPORT  
2012

## CONTENTS

Company Officers	3
Highlights	4

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### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement	7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Consolidated Cash Flow Statement	10
Consolidated Net Financial Position	10
Statement of Changes in Consolidated Equity	11

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### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Accounting Principles and Valuation Criteria	12
Consolidation Area	12
Notes on the Most Significant Changes in Items of the Consolidated Financial Statements	13
Sales Breakdown by Geographical Area and by Application	15
Outlook	18

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### DIRECTORS' REPORT ON OPERATIONS AND SIGNIFICANT EVENTS

Macroeconomic Context	19
Currency Markets	21
Operating Structure and Reference Markets	22
Significant Events During the Quarter	25
Buy-back and Sale of Own Shares	25
Significant Events After 30 September 2012	26

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### STATEMENT PURSUANT TO ART. 154-bis, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-bis, OF ITALIAN LEGISLATIVE DECREE No. 58/98

# Company Officers

Based on the one sole list submitted by the main shareholder Nuova FourB S.r.l., the General Shareholders' Meeting of the parent company Brembo S.p.A. held on 29 April 2011 appointed the Board of Directors, which will remain in office until the approval of the financial statements for the year ending 31 December 2013. On 20 April 2012, the General Shareholders' Meeting of the parent company Brembo S.p.A. resolved to re-elect, and thus appoint, Andrea Abbati Marescotti as member of the Board of Directors until the end of the current term, namely until the General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2013.

At 30 September 2012, Company Officers included:

## BOARD OF DIRECTORS

Chairman	Alberto Bombassei (1) (8)
Executive Deputy Chairman	Matteo Tiraboschi (2) (8)
Managing Director and General Manager	Andrea Abbati Marescotti (3) (8)
Directors	Cristina Bombassei (4) (8)
	Giovanni Cavallini (5)
	Giancarlo Dallerà (5)
	Giovanna Dossena (6)
	Umberto Nicodano (7)
	Pasquale Pistorio (5) (9)
	Gianfelice Rocca (5)
	Pierfrancesco Saviotti (5)

## BOARD OF STATUTORY AUDITORS (10)

Chairman	Sergio Pivato
Auditors	Enrico Colombo
	Mario Tagliaferri
Alternate Auditors	Gerardo Gibellini
	Marco Salvatore

## INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. (11)

## MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS COMMITTEES

Matteo Tiraboschi (12)

### Audit Committee (13)

Giovanni Cavallini (Chairman)  
Giancarlo Dallerà  
Pasquale Pistorio  
Umberto Nicodano (Chairman)  
Giovanni Cavallini  
Pierfrancesco Saviotti

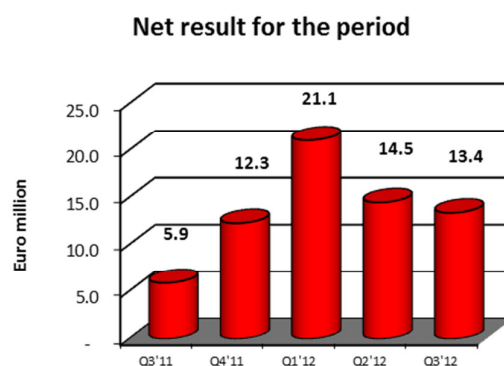
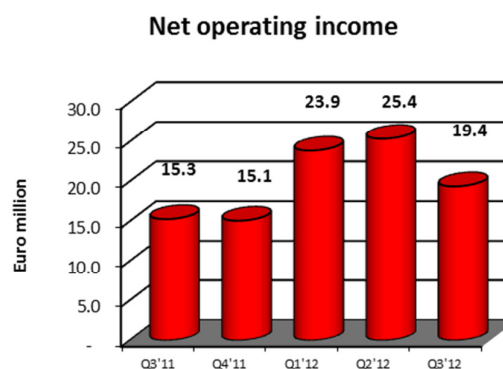
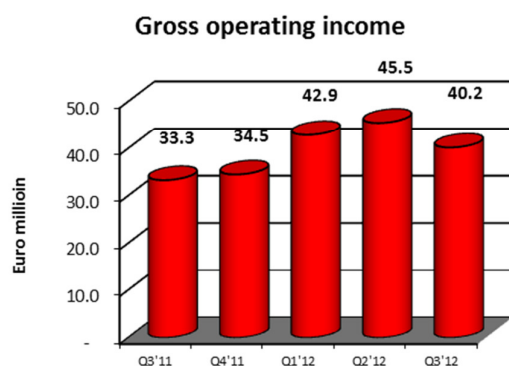
### Remuneration Committee

### Supervisory Committee

Marco Bianchi (Chairman) (14)  
Giancarlo Dallerà  
Alessandra Ramorino (15)

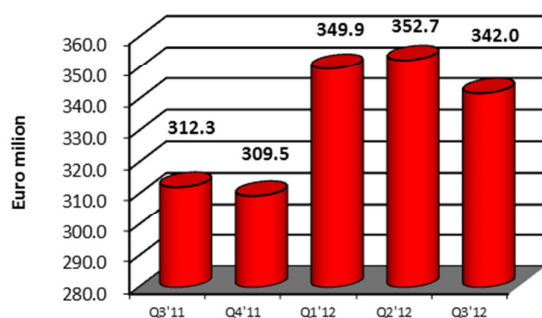
- (1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
- (2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
- (3) The Board of Directors granted the Managing Director and General Manager special powers to manage the Company.
- (4) This Director also holds the position of Executive Director in charge of overseeing the functioning of the Internal Control System.
- (5) Independent and non-executive Directors pursuant to Article 148, paragraph 3, of the Finance Consolidation Law (TUF) (as required by Articles 147-ter, paragraph 4, and 147-quater of TUF) and Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A. and the Corporate Governance Manual of Brembo S.p.A. (Article 3).
- (6) Independent and non-executive Director pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-ter, paragraph 4, and 147-quater of TUF).
- (7) Non-executive Director.
- (8) Executive Directors.
- (9) This Director also holds the position of Lead Independent Director.
- (10) This Board holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
- (11) The Shareholders' Meeting held on 27 April 2007 extended the mandate until financial year 2012.
- (12) Appointed by the Board of Directors on 29 April 2011. He also holds the position of Investor Relator.
- (13) The Audit Committee also acts as the Related Party Transactions Committee.
- (14) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
- (15) Person in charge of Internal Control and Internal Audit Director of the Brembo Group.

# Highlights

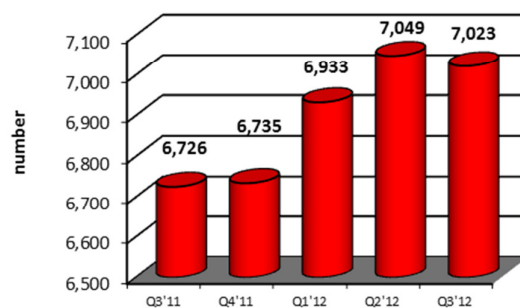


	A				B	
<b>ECONOMIC RESULTS (euro million)</b>	<b>Q3'11</b>	<b>Q4'11</b>	<b>Q1'12</b>	<b>Q2'12</b>	<b>Q3'12</b>	<b>% B/A</b>
Sales of goods and services	312.3	309.5	349.9	352.7	342.0	9.5%
Gross operating income	33.3	34.5	42.9	45.5	40.2	20.9%
% of sales	10.7%	11.1%	12.3%	12.9%	11.8%	
Net operating income	15.3	15.1	23.9	25.4	19.4	26.3%
% of sales	4.9%	4.9%	6.8%	7.2%	5.7%	
Result before taxes	9.3	7.5	23.8	20.5	17.5	86.9%
% of sales	3.0%	2.4%	6.8%	5.8%	5.1%	
Net result for the period	5.9	12.3	21.1	14.5	13.4	126.4%
% of sales	1.9%	4.0%	6.0%	4.1%	3.9%	

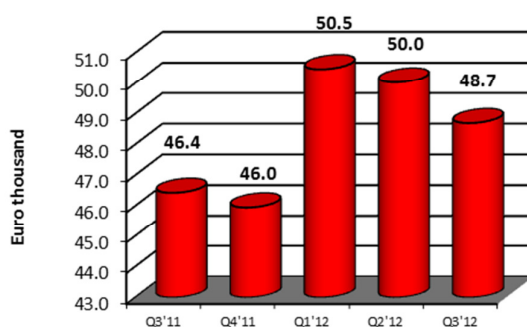
Sales of goods and services



Personnel at end of period



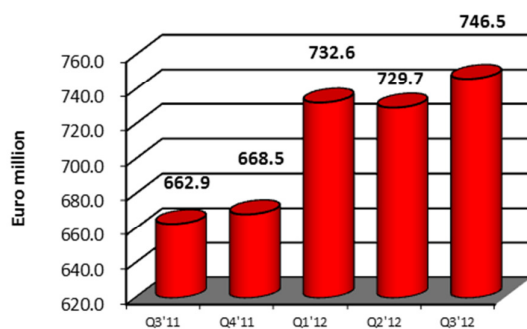
Turnover per employee



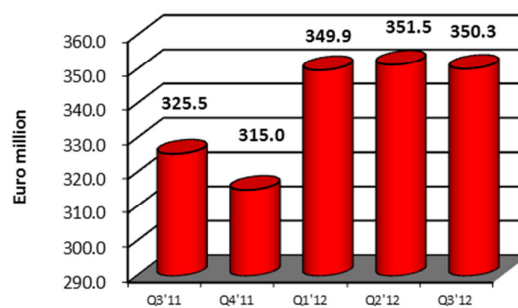
	A				B	
FINANCIAL RESULTS (euro million)	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	% B/A
Net invested capital	662.9	668.5	732.6	729.7	746.5	12.6%
Shareholders' equity	317.5	333.9	363.1	358.6	375.9	18.4%
Net financial indebtedness	325.5	315.0	349.9	351.5	350.3	7.6%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	6,726	6,735	6,933	7,049	7,023	4.4%
Turnover per employee (euro thousand)	46.4	46.0	50.5	50.0	48.7	4.9%
Capital Expenditure (euro million)	42.8	45.3	32.4	36.6	26.8	-37.4%



**Net invested capital**



**Net financial indebtedness**



MAIN RATIOS	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Net operating income/Sales of goods and services	4.9%	4.9%	6.8%	7.2%	5.7%
Result before taxes/Sales of goods and services	3.0%	2.4%	6.8%	5.8%	5.1%
Capital Expenditure/Sales of goods and services	13.7%	14.6%	9.3%	10.4%	7.8%
Net Financial indebtedness/Shareholders' equity	102.5%	94.3%	96.4%	98.0%	93.2%
Financial charges/Sales of goods and services	2.0%	2.1%	-0.1%	1.3%	0.5%
Financial charges/Net Operating Income	40.5%	42.4%	-2.1%	18.5%	8.2%
ROI	9.2%	9.0%	13.2%	14.0%	10.3%
ROE	7.1%	14.7%	23.2%	16.4%	14.2%

Notes:

ROI: Net operating income/ Net invested capital multiply by year days/period days.

ROE: Result before minority interests/ Shareholders equity multiply by year days/period days.

# Consolidated Financial Statements

## Consolidated Income Statement (Third Quarter 2012)

<i>(euro thousand)</i>	Q3'12	Q3'11	Change	%
<b>Sales of goods and services</b>	<b>342,023</b>	<b>312,329</b>	<b>29,694</b>	<b>9.5%</b>
Other revenues and income	3,706	2,478	1,228	49.6%
Costs for capitalised internal works	2,383	2,703	(320)	-11.8%
Raw materials, consumables and goods	(179,067)	(162,615)	(16,452)	10.1%
Other operating costs	(61,580)	(62,607)	1,027	-1.6%
Personnel expenses	(67,237)	(59,018)	(8,219)	13.9%
<b>GROSS OPERATING INCOME</b>	<b>40,228</b>	<b>33,270</b>	<b>6,958</b>	<b>20.9%</b>
<b>% of sales of goods and services</b>	<b>11.8%</b>	<b>10.7%</b>		
Depreciation, amortisation and impairment losses	(20,867)	(17,941)	(2,926)	16.3%
<b>NET OPERATING INCOME</b>	<b>19,361</b>	<b>15,329</b>	<b>4,032</b>	<b>26.3%</b>
<b>% of sales of goods and services</b>	<b>5.7%</b>	<b>4.9%</b>		
Net interest income (expense)	(1,614)	(6,213)	4,599	-74.0%
Interest income (expense) from investments	(284)	226	(510)	-225.7%
<b>RESULT BEFORE TAXES</b>	<b>17,463</b>	<b>9,342</b>	<b>8,121</b>	<b>86.9%</b>
<b>% of sales of goods and services</b>	<b>5.1%</b>	<b>3.0%</b>		
Taxes	(4,018)	(3,639)	(379)	10.4%
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>13,445</b>	<b>5,703</b>	<b>7,742</b>	<b>135.8%</b>
<b>% of sales of goods and services</b>	<b>3.9%</b>	<b>1.8%</b>		
Minority interests	(46)	216	(262)	-121.3%
<b>NET RESULT FOR THE PERIOD</b>	<b>13,399</b>	<b>5,919</b>	<b>7,480</b>	<b>126.4%</b>
<b>% of sales of goods and services</b>	<b>3.9%</b>	<b>1.9%</b>		
<b>BASIC/DILUTED EARNINGS PER SHARE (euro)</b>	<b>0.21</b>	<b>0.09</b>		

## Consolidated Income Statement (30 September 2012)

<i>(euro thousand)</i>	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>Change</b>	<b>%</b>
<b>Sales of goods and services</b>	<b>1,044,621</b>	<b>945,023</b>	<b>99,598</b>	<b>10.5%</b>
Other revenues and income	8,858	8,153	705	8.6%
Costs for capitalised internal works	8,924	8,563	361	4.2%
Raw materials, consumables and goods	(536,306)	(480,223)	(56,083)	11.7%
Other operating costs	(189,467)	(181,894)	(7,573)	4.2%
Personnel expenses	(208,028)	(185,292)	(22,736)	12.3%
<b>GROSS OPERATING INCOME</b>	<b>128,602</b>	<b>114,330</b>	<b>14,272</b>	<b>12.5%</b>
<b>% of sales of goods and services</b>	<b>12.3%</b>	<b>12.1%</b>		
Depreciation, amortisation and impairment losses	(59,969)	(56,121)	(3,848)	6.9%
<b>NET OPERATING INCOME</b>	<b>68,633</b>	<b>58,209</b>	<b>10,424</b>	<b>17.9%</b>
<b>% of sales of goods and services</b>	<b>6.6%</b>	<b>6.2%</b>		
Net interest income (expense)	(5,842)	(10,747)	4,905	-45.6%
Interest income (expense) from investments	(1,082)	(273)	(809)	296.3%
<b>RESULT BEFORE TAXES</b>	<b>61,709</b>	<b>47,189</b>	<b>14,520</b>	<b>30.8%</b>
<b>% of sales of goods and services</b>	<b>5.9%</b>	<b>5.0%</b>		
Taxes	(12,771)	(16,278)	3,507	-21.5%
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>48,938</b>	<b>30,911</b>	<b>18,027</b>	<b>58.3%</b>
<b>% of sales of goods and services</b>	<b>4.7%</b>	<b>3.3%</b>		
Minority interests	42	(257)	299	-116.3%
<b>NET RESULT FOR THE PERIOD</b>	<b>48,980</b>	<b>30,654</b>	<b>18,326</b>	<b>59.8%</b>
<b>% of sales of goods and services</b>	<b>4.7%</b>	<b>3.2%</b>		
<b>BASIC/DILUTED EARNINGS PER SHARE (euro)</b>	<b>0.75</b>	<b>0.47</b>		

## Consolidated Statement of Comprehensive Income (30 September 2012)

<i>(euro thousand)</i>	<b>30.09.2012</b>	<b>30.09.2011</b>	<b>Change</b>
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>48,938</b>	<b>30,911</b>	<b>18,027</b>
Effect of hedge accounting (cash flow hedge) of derivatives	(401)	0	(401)
Effect of valuation of shareholdings using the equity method	(33)	0	(33)
Change in translation adjustment reserve	12,449	(19,235)	31,684
Tax effects on other components of comprehensive income	110	0	110
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>61,063</b>	<b>11,676</b>	<b>49,387</b>
<b>Of which attributable to:</b>			
– the Group	61,195	11,215	49,980
– Minority Interests	(132)	461	(593)



## Consolidated Balance Sheet

<i>(euro thousand)</i>	<b>30.09.2012</b>	<b>31.12.2011</b>	<b>Change</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, equipment and other equipment	454,638	406,562	48,076
Development costs	44,726	41,372	3,354
Goodwill and other indefinite useful life assets	42,931	42,285	646
Other intangible assets	17,704	19,144	(1,440)
Shareholdings valued using the equity method	19,729	20,813	(1,084)
Other financial assets (including investments in other companies and derivatives)	157	154	3
Receivables and other non-current assets	4,707	2,840	1,867
Deferred tax assets	28,100	23,474	4,626
<b>TOTAL NON-CURRENT ASSETS</b>	<b>612,692</b>	<b>556,644</b>	<b>56,048</b>
<b>CURRENT ASSETS</b>			
Inventories	226,918	225,028	1,890
Trade receivables	229,518	208,287	21,231
Other receivables and current assets	36,066	37,229	(1,163)
Current financial assets and derivatives	9,950	9,784	166
Cash and cash equivalents	174,000	95,749	78,251
<b>TOTAL CURRENT ASSETS</b>	<b>676,452</b>	<b>576,077</b>	<b>100,375</b>
<b>TOTAL ASSETS</b>	<b>1,289,144</b>	<b>1,132,721</b>	<b>156,423</b>
<b>EQUITY AND LIABILITIES</b>			
<b>GROUP EQUITY</b>			
Share capital	34,728	34,728	0
Other reserves	116,400	101,791	14,609
Retained earnings/(losses)	165,170	144,138	21,032
Net result for the period	48,980	42,937	6,043
<b>TOTAL GROUP EQUITY</b>	<b>365,278</b>	<b>323,594</b>	<b>41,684</b>
<b>TOTAL MINORITY INTERESTS</b>	<b>10,643</b>	<b>10,340</b>	<b>303</b>
<b>TOTAL EQUITY</b>	<b>375,921</b>	<b>333,934</b>	<b>41,987</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current payables to banks	239,446	230,840	8,606
Other non-current financial payables and derivatives	16,325	23,805	(7,480)
Other non-current liabilities	550	6,553	(6,003)
Provisions	6,538	5,642	896
Provisions for employee benefits	20,282	19,562	720
Deferred tax liabilities	5,424	8,576	(3,152)
<b>TOTAL NON -CURRENT LIABILITIES</b>	<b>288,565</b>	<b>294,978</b>	<b>(6,413)</b>
<b>CURRENT LIABILITIES</b>			
Current payables to banks	272,883	158,810	114,073
Other current financial payables and derivatives	5,601	7,081	(1,480)
Trade payables	250,721	266,573	(15,852)
Tax payables	9,144	5,668	3,476
Other current payables	86,309	65,677	20,632
<b>TOTAL CURRENT LIABILITIES</b>	<b>624,658</b>	<b>503,809</b>	<b>120,849</b>
<b>TOTAL LIABILITIES</b>	<b>913,223</b>	<b>798,787</b>	<b>114,436</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,289,144</b>	<b>1,132,721</b>	<b>156,423</b>

## Consolidated Cash-Flow Statement

<i>(euro thousand)</i>	30.09.2012	30.09.2011	III TR. '12	III TR. '11
<b>Cash and cash equivalents at beginning of period</b>	<b>26 601</b>	<b>40 584</b>	<b>15 604</b>	<b>45 859</b>
<b>Result for the period before taxes</b>	<b>61 709</b>	<b>47 189</b>	<b>17 461</b>	<b>9 342</b>
Depreciation, amortisation/impairment losses	59 969	56 121	20 867	17 941
Capital gains/losses	(1 859)	(756)	(1 578)	(347)
Write-ups/Write-downs of shareholdings	1 082	273	284	(226)
Financial portion of defined funds and payables for personnel	768	566	261	202
Long-term provisions for employee benefits	1 079	1 000	575	221
Other provisions net of utilisations	3 794	1 552	1 424	758
<b>Net cash flow generated by operations</b>	<b>126 542</b>	<b>105 945</b>	<b>39 294</b>	<b>27 891</b>
Paid current taxes	(14 587)	(9 255)	(3 589)	(2 770)
Uses of long-term provisions for employee benefits	(1 646)	(1 910)	(733)	(349)
<i>(Increase) reduction in current assets:</i>				
inventories	(5 498)	(32 966)	9 597	(7 634)
financial assets	(3)	(112)	(4)	(68)
trade receivables and receivables from companies valued using the equity method	(21 707)	(27 472)	890	(6 770)
receivables from others and other assets	(919)	(2 013)	1 510	(870)
<i>Increase (reduction) in current liabilities:</i>				
trade receivables and receivables from companies valued using the equity method	(15 852)	27 284	(30 447)	(7 072)
payables to others and other liabilities	14 563	16 836	14 093	11 572
Translation differences on current assets	(1 545)	(6 889)	(187)	(4 164)
<b>Net cash flows from/(for) operating activities</b>	<b>79 348</b>	<b>69 448</b>	<b>30 424</b>	<b>9 766</b>
<i>Investments in:</i>				
intangible assets	(14 697)	(13 383)	(3 311)	(3 332)
property, plant and equipment	(81 081)	(106 680)	(23 498)	(39 482)
financial assets (shareholdings)	0	(30)	0	0
Business Combination China	(2 288)	0	(2 288)	0
Business Combination Brembo Argentina S.A.	0	(787)	0	(787)
Disposal of 40% Softia S.r.l.	0	290	0	290
Capital increase in consolidated companies by minority shareholders	435	501	0	349
Price for disposal, or reimbursement value of fixed assets	4 955	1 445	2 324	344
<b>Net cash flows from/(for) investing activities</b>	<b>(92 676)</b>	<b>(118 644)</b>	<b>(26 773)</b>	<b>(42 618)</b>
Dividends paid in the period	(19 511)	(19 603)	0	0
Acquisition of own shares	0	(2 040)	0	(2 040)
Loan disbursement	(201)	(9 000)	(61)	(9 000)
Change in fair value valuation	414	(18)	348	(49)
Loans and financing granted by banks and other financial institutions in the period	71 488	84 926	(266)	13 180
Repayment of long-term loans	(64 213)	(45 214)	(18 026)	(14 659)
<b>Net cash flows from/(for) financing activities</b>	<b>(12 023)</b>	<b>9 051</b>	<b>(18 005)</b>	<b>(12 568)</b>
<b>Total cash flow</b>	<b>(25 351)</b>	<b>(40 145)</b>	<b>(14 354)</b>	<b>(45 420)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>1 250</b>	<b>439</b>	<b>1 250</b>	<b>439</b>

## Consolidated Net Financial Position

<i>(euro thousand)</i>	30.09.2012	31.12.2011
A Cash	88	117
B Other cash equivalents	173,912	95,632
C Derivatives and securities held for trading	262	291
<b>D LIQUIDITY (A+B+C)</b>	<b>174,262</b>	<b>96,040</b>
E Current financial receivables	9,688	9,494
F Current payables to banks	172,750	69,148
G Current portion of non-current debt	100,133	89,663
H Other current financial debts and derivatives	5,601	7,081
<b>I CURRENT FINANCIAL DEBT (F+G+H)</b>	<b>278,484</b>	<b>165,892</b>
<b>J NET CURRENT FINANCIAL DEBT (I-E-D)</b>	<b>94,534</b>	<b>60,358</b>
K Non-current payables to banks	239,446	230,840
L Bonds issued	0	0
M Other non-current financial debts and derivatives	16,325	23,805
<b>N NON-CURRENT FINANCIAL DEBT (K+L+M)</b>	<b>255,771</b>	<b>254,645</b>
<b>O NET FINANCIAL DEBT (J+N)</b>	<b>350,305</b>	<b>315,003</b>

## Statement of Changes in Consolidated Equity

	Share Capital	Other Reserves	Retained earnings (losses)	Hedging reserve (*)	Net result for the period	Group Equity	Result of minority interest	Share Capital and reserves of Minority Interests	Equity of Minority Interests	Equity
<i>(euro thousand)</i>										
<b>Balance at 1 January 2011</b>	<b>34,728</b>	<b>120,892</b>	<b>130,128</b>	<b>0</b>	<b>32,271</b>	<b>318,019</b>	<b>(458)</b>	<b>8,298</b>	<b>7,840</b>	<b>325,859</b>
Allocation of result for the previous year		1,604	11,064		(12,668)	0	458	(458)	0	0
Payment of dividends					(19,603)	(19,603)			0	(19,603)
Capital increase of consolidated companies by minority shareholders						0		501	501	501
Reclassification of merger surplus		(7,499)	7,499			0			0	0
Business Combination Brembo Argentina S.A.						0		1,100	1,100	1,100
Acquisition of own shares		(2,040)				(2,040)			0	(2,040)
Roundings off		3	(3)			0			0	0
<i>Components of comprehensive income:</i>										
Change in translation adjustment reserve		(19,439)				(19,439)		204	204	(19,235)
Net result for the period					30,654	30,654	257		257	30,911
<b>Balance at 30 September 2011</b>	<b>34,728</b>	<b>93,521</b>	<b>148,688</b>	<b>0</b>	<b>30,654</b>	<b>307,591</b>	<b>257</b>	<b>9,645</b>	<b>9,902</b>	<b>317,493</b>
<b>Balance at 1 January 2012</b>	<b>34,728</b>	<b>101,791</b>	<b>144,138</b>	<b>0</b>	<b>42,937</b>	<b>323,594</b>	<b>406</b>	<b>9,934</b>	<b>10,340</b>	<b>333,934</b>
Allocation of result for the previous year		2,070	21,356		(23,426)	0	(406)	406	0	0
Payment of dividends					(19,511)	(19,511)			0	(19,511)
Capital increase of consolidated companies by minority shareholders						0		435	435	435
<i>Components of comprehensive income:</i>										
Valuation of shareholding using the equity method			(33)			(33)			0	(33)
Change in translation adjustment reserve		12,539				12,539		(90)	(90)	12,449
Effect of hedge accounting (cash flow hedge) of derivatives (*)				(291)		(291)			0	(291)
Net result for the period					48,980	48,980	(42)		(42)	48,938
<b>Balance at 30 September 2012</b>	<b>34,728</b>	<b>116,400</b>	<b>165,461</b>	<b>(291)</b>	<b>48,980</b>	<b>365,278</b>	<b>(42)</b>	<b>10,685</b>	<b>10,643</b>	<b>375,921</b>

(\*) Hedging reserves are net of the related tax effect.

# Explanatory Notes to the Financial Statements

## Accounting Principles and Valuation Criteria

The interim report for the third quarter of 2012 was prepared in accordance with paragraph 5 of Article 154-ter of Italy's Consolidated Finance Law (TUF), regarding financial disclosures, and the guidelines provided in CONSOB Communication No. DEM/8041082 issued on 30 April 2008.

The interim report includes the Balance Sheet, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and Explanatory Notes.

Reference is made to the 2011 Financial Statements for the relevant international accounting standards and principles adopted by the Group when preparing the above-mentioned financial statements.

The preparation of the interim report requires that the management make use of estimates and assumptions that have an effect on the amounts of recognised revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date. If in the future such estimates and assumptions, which are based upon the management's best assessment, diverge from actual circumstances, they will be modified accordingly during the period in which such circumstances change.

It should also be noted that certain measurement processes, such as the determination of impairment for non-current assets, are typically carried out only during preparation of the annual financial statements when all necessary information is available, unless impairment indicators require immediate analysis. Actuarial valuations necessary to determine employee benefits are also typically performed during preparation of the annual financial statements. It should be also pointed out that the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories as at 31 May 2012 to the inventory accounting results as at 30 September 2012.

This interim report has not been audited.

## Consolidation Area

The financial statements for the third quarter of 2012 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 IFRS (IAS 27). The consolidation area changed with respect to the third quarter of 2011 as follows:

- the merger of Brembo International S.p.A. into Brembo S.p.A. was formalised on 10 October 2011, effective January 2011; however, the merger did not have any effects on the consolidated financial statements, with the result that the consolidation area underwent only formal change due to the transaction;
- on 2 August 2012, Simest sold Brembo S.p.A. its 32.26% equity investment in Brembo China Brake Systems Co. Ltd. As a result of this acquisition, Brembo S.p.A. now owns 100% of the shares in Brembo China Brake Systems Co. Ltd.

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

The trend in sales for the third quarter of 2012 confirmed the Group's expectations for the year 2012. In fact, net sales for the third quarter of 2012 amounted to €342,023 thousand, up 9.5% compared to the same period of 2011.

Compared to the third quarter of 2011, net sales growth was primarily driven by the car (+17.6%) and racing (+2.5%) sectors, which more than offset the decline reported in the motorbike and commercial vehicle sectors.

At geographical level, Germany, which continues to be the Group's main reference market (accounting for 24.9% of sales for the quarter), grew 26.8%. North America (USA, Canada, Mexico) also showed a sharp increase (32.5%). All the remaining markets reported a decline compared to the same period of 2011, except for China, which increased by 8.4%; Italy decreased by 13.3%, though remaining the Group's third reference market (13% of sales), following Germany and North America.

During the quarter, the **cost of sales** and **other net operating costs** amounted to €234,558 thousand, with a ratio of 68.6% to sales, as against 70.5% for the same period of the previous year.

**Development costs capitalised** as intangible assets amounted to €2,383 thousand, compared to €2,703 thousand in the third quarter of 2011.

**Personnel expenses** in the third quarter of 2012 amounted to €67,237 thousand or 19.7% of sales, increasing compared to the same period of the previous year (18.9%).

At 30 September 2012, Brembo's **workforce** was 7,023 (6,735 at 31 December 2011 and 6,726 at 30 September 2011). The increase compared to the end of 2011 was primarily due to the rise in the number of employees required for the higher level of production associated with the increase in sales.

**Gross operating income** for the quarter was €40,228 thousand (11.8% of sales) compared to €33,270 thousand for the third quarter of 2011 (10.7% of sales).

**Net operating income** amounted to €19,361 thousand (5.7% of sales), compared to €15,329 thousand (4.9% of sales) for the third quarter of 2011, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets for €20,867 thousand, compared to depreciation, amortisation and impairment losses amounting to €17,941 thousand in the same period of 2011.

**Net interest expense**, which amounted to €1,614 thousand (€6,213 thousand for the third quarter of 2011), included exchange rate net gains of €1,744 thousand (net loss of €3,734 thousand in the third quarter of 2011) and interest expense of €3,358 thousand (€2,479 thousand in the same quarter of the previous year); the increase in interest expense was mainly attributable to the higher level of indebtedness.

**Income before taxes** amounted to €17,463 thousand compared to €9,342 thousand in the third quarter of 2011.

Based on tax rates applicable for the year under current tax regulations, estimated taxes amounted to €4,018 thousand (€3,639 thousand in the third quarter of 2011). The tax rate was 23%, compared to 39% for the third

quarter of 2011.

**Net income** for the quarter was €13,399 thousand, after minority interests of €46 thousand.

**Net Invested Capital** at the end of the period amounted to €746,508 thousand, with an increase of €78,009 thousand compared to €668,499 thousand at 31 December 2011.

**Net debt** at 30 September 2012 was €350,305 thousand, compared to €315,003 thousand at 31 December 2011. Net financial position increased by €35,302 thousand compared to 31 December 2011, mainly due to the combined effect of the following factors:

- investments in property, plant, equipment and intangible assets for a total of €95,778 thousand;
- a positive effect of the gross operating margin of €128,602 thousand;
- a negative change in working capital due to increased business for a total amount of €30,544 thousand;
- payment by the Parent Company of €19,511 thousand in approved dividends in May;
- payment of taxes for a total of €14,587 thousand.

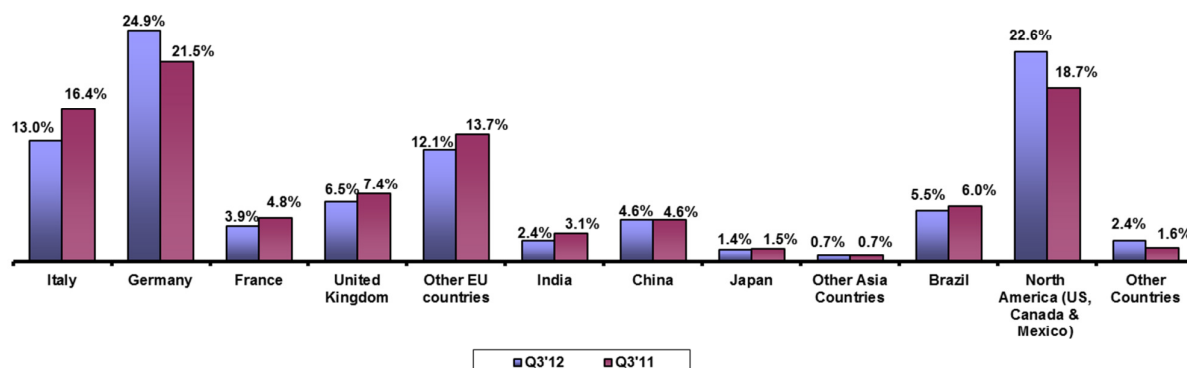


## Sales Breakdown by Geographical Area and by Application

The following tables show net sales at 30 September 2012, broken down by geographical area and application.

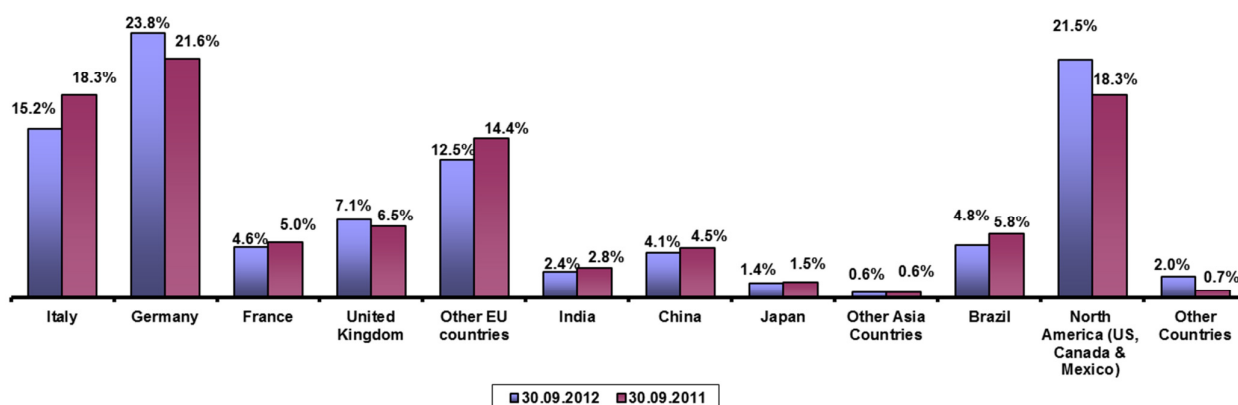
(euro thousand)	Q3'12	%	Q3'11	%	Change	%
<b>GEOGRAPHICAL AREA</b>						
Italy	44,549	13.0%	51,376	16.4%	(6,827)	-13.3%
Germany	85,176	24.9%	67,195	21.5%	17,981	26.8%
France	13,509	3.9%	15,130	4.8%	(1,621)	-10.7%
United Kingdom	22,193	6.5%	23,132	7.4%	(939)	-4.1%
Other EU countries	41,234	12.1%	42,726	13.7%	(1,492)	-3.5%
India	8,068	2.4%	9,580	3.1%	(1,512)	-15.8%
China	15,688	4.6%	14,468	4.6%	1,220	8.4%
Japan	4,765	1.4%	4,819	1.5%	(54)	-1.1%
Other Asia Countries	2,288	0.7%	2,242	0.7%	46	2.1%
Brazil	18,668	5.5%	18,764	6.0%	(96)	-0.5%
North America (US, Canada & Mexico)	77,343	22.6%	58,352	18.7%	18,991	32.5%
Other Countries	8,542	2.4%	4,545	1.6%	3,997	87.9%
<b>Total</b>	<b>342,023</b>	<b>100.0%</b>	<b>312,329</b>	<b>100.0%</b>	<b>29,694</b>	<b>9.5%</b>

The incidence of the overall turnover

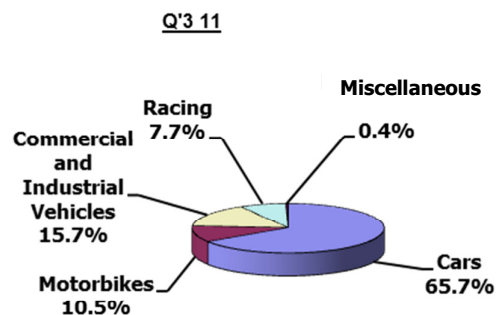
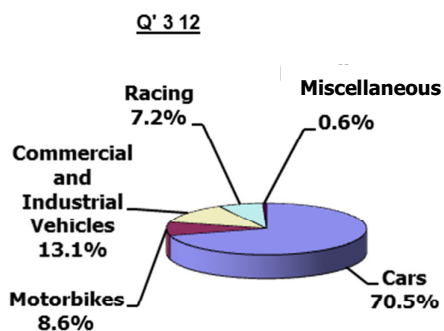


<i>(euro thousand)</i>	30.09.2012	%	30.09.2011	%	Change	%
<b>GEOGRAPHICAL AREA</b>						
Italy	159 034	15.2%	172 712	18.3%	(13 678)	-7.9%
Germany	248 121	23.8%	203 735	21.6%	44 386	21.8%
France	48 163	4.6%	47 501	5.0%	662	1.4%
United Kingdom	74 652	7.1%	61 850	6.5%	12 802	20.7%
Other EU countries	130 430	12.5%	135 657	14.4%	(5 227)	-3.9%
India	25 531	2.4%	26 794	2.8%	(1 263)	-4.7%
China	42 480	4.1%	42 719	4.5%	(239)	-0.6%
Japan	14 877	1.4%	13 729	1.5%	1 148	8.4%
Other Asia Countries	6 050	0.6%	5 667	0.6%	383	6.8%
Brazil	50 417	4.8%	55 198	5.8%	(4 781)	-8.7%
North America (US, Canada & Mexico)	225 095	21.5%	172 727	18.3%	52 368	30.3%
Other Countries	19 771	2.0%	6 734	0.7%	13 037	193.6%
<b>Total</b>	<b>1 044 621</b>	<b>100.0%</b>	<b>945 023</b>	<b>100.0%</b>	<b>99 598</b>	<b>10.5%</b>

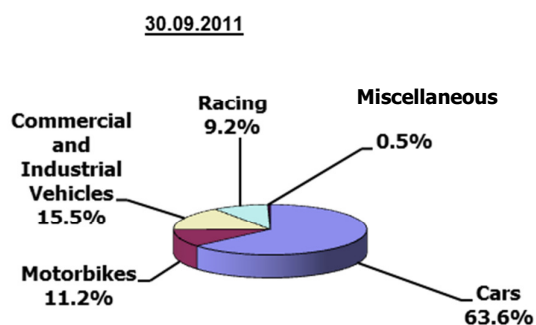
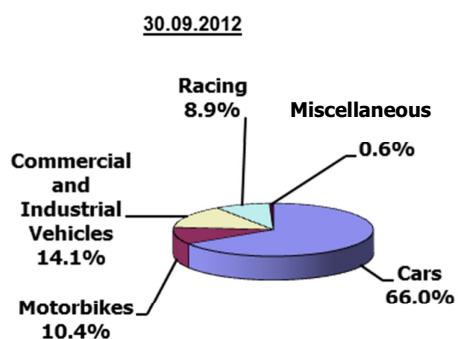
The incidence of the overall turnover



<i>(euro thousand)</i>	Q3'12	%	Q3'11	%	Change	%
<b>APPLICATION</b>						
Cars	241,193	70.5%	205,114	65.7%	36,079	17.6%
Motorbikes	29,273	8.6%	32,640	10.5%	(3,367)	-10.3%
Commercial and Industrial Vehicles	44,702	13.1%	49,177	15.7%	(4,475)	-9.1%
Racing	24,789	7.2%	24,173	7.7%	616	2.5%
Miscellaneous	2,066	0.6%	1,225	0.4%	841	68.7%
<b>Total</b>	<b>342,023</b>	<b>100.0%</b>	<b>312,329</b>	<b>100.0%</b>	<b>29,694</b>	<b>9.5%</b>



<i>(euro thousand)</i>	30.09.2012	%	30.09.2011	%	Change	%
<b>APPLICATION</b>						
Cars	689 176	66.0%	601 341	63.6%	87 835	14.6%
Motorbikes	108 889	10.4%	106 041	11.2%	2 848	2.7%
Commercial and Industrial Vehicles	147 030	14.1%	146 324	15.5%	706	0.5%
Racing	92 951	8.9%	87 337	9.2%	5 614	6.4%
Miscellaneous	6 575	0.6%	3 980	0.5%	2 595	65.2%
<b>Total</b>	<b>1 044 621</b>	<b>100.0%</b>	<b>945 023</b>	<b>100.0%</b>	<b>99 598</b>	<b>10.5%</b>



## Outlook

**D**espite the continuing difficulties of the global macroeconomic and financial situation, Brembo confirms the guidance released at year-start, which indicated revenue growth in the range of 9-10% with percentage margins in line with 2011.

Germany, North America and China remain promising in terms of growth in sales, whilst the rest of Europe continues to suffer from the difficulties affecting the car market.

# Directors' Report on Operations and Significant Events

## Macroeconomic Context

The third quarter of 2012 continued to witness the global economic slowdown previously seen in the second quarter, without yielding any encouraging signs of a possible reversal of the trend. Global growth is being impeded, first and foremost, by the financial crisis and European recession, combined with the weakness of activity in emerging countries, the U.S. budget deficit and international tensions between China and Japan.

Combined, these factors result in a slower recovery from the crisis than in previous periods of recession.

Considering the strong risks tied to these signs, the global economic forecasts published by the International Monetary Fund (IMF) in October have been revised downwards from their July levels. According to its latest estimates, global GDP will increase by 3.3% in 2012 (-0.2 compared to its previous estimates). The IMF also revised downwards almost all of its estimates for 2013: at the global level, growth is now forecast to amount to 3.6% (-0.3 compared to the previous estimates).

As was already the case in 2011, the increase in global GDP is tied primarily to the contributions of emerging countries. Analysts are confronted with a doublefold scenario: on the one hand, advanced economies are expected to show GDP growth of +1.3%, primarily driven by growth in the United States and Japan, while, on the other, emerging markets and developing economies are projected to grow by 5.3%, a level far from those seen in previous years.

In the Eurozone, the IMF's latest estimates call for GDP to decline by 0.4% in 2012 compared to 2011. During the third quarter of 2012, the Eurozone's situation remained cause for concern, with negative repercussions for production activity even in countries such as Germany and France that had previously weathered the crisis better than others. The latest GDP estimates call for a sharp decline in Italy (-2.3%) and Spain (-1.5%), stagnation in France (+0.1%) and slight growth in Germany (+0.9%). In addition, in the IMF's October publication, its 2013 GDP estimates for the Eurozone have been revised downwards (-0.5) compared to its previous July publication. According to the August figures, the Eurozone's industrial output declined by 2.9% on an annual basis, although the figure as at the end of August increased by 0.6% compared to the previous month. The recovery of the major Eurozone countries continued to be hindered, among other factors, by the climate of uncertainty that is severely impacting the job market. The unemployment rate in the Eurozone reached a new all-time high in June, climbing to 11.4%. Although the figure did not change in the two following months, this same value contrasts sharply with the level reported in August 2011, when the unemployment rate held at 10.2%. In Italy, the unemployment rate remained below the European average, amounting to 10.7% in August, the same level as in June and July. However, it would be inaccurate to describe this as a positive trend, given that, including those who have ceased seeking jobs in the calculation, the figure would raise well over 12%. The greatest cause for concern within the Eurozone remains Spain, where the unemployment rate continued to rise, reaching the new record of 25.1%. According to the most recent data published by Eurostat, the September figure for annual inflation in the Eurozone stood at 2.6% (the same change as in the previous month, whereas in July the change was 2.4%).

The macroeconomic European scenario, Brembo's primary market of operation, is certainly influenced by the performance of the automotive industry. In Europe, motor vehicle registrations (EU 27 + EFTA) declined by more than 9% in the third quarter of 2012. In Italy, car registrations plummeted by more than 20 percentage points in the third quarter compared to the same period of 2011. Roberto Vavassori, the president of the Italian

Association of the Automotive Industry (ANFIA), commented on the performance of the country's automotive market: "Three months from the end of the year, we have witnessed the tenth consecutive double-digit decline, taking us back to the volumes of September 1978. A recovery — or, at least, stabilisation of the market — is being prevented by both the general increase in the prices of all fuels during the month and the uncertainty regarding consumers' future spending capacity."

In the United States, according to the IMF's most recent estimates, GDP is expected to increase by 2.2% during the current year, thus showing an upward trend compared to the previous estimates published in July. Following a setback in August, when it declined by -1.4% compared to the previous month, industrial output increased by 0.4% in September, compared to economists' estimates of +0.2%. In July, the difference compared to the previous month was +0.5%. By contrast, on the job market, the unemployment rate declined to 7.8% in September from 8.1% in August. New non-farm jobs increased by 114,000 units in the final month of the third quarter, thus exceeding analysts' estimates. The figure for retail sales also exceeded analysts' estimates both in August (+1.2%) and September (+1.1%) in comparison to the previous month. Growth was slower in July: +0.8% compared to June. In the third quarter of the year, the automotive sector reported a sharp rise in light vehicle sales, with a growth rate of near 14%.

In Japan, the most recent estimates have been revised upwards and call for an increase in GDP of 2.2% in 2012, following on the decline reported in the previous year. Nonetheless, the index that measures consumer confidence deteriorated further in September, falling to 40.1 (-0.4 points compared to the August figure). While higher than expected by analysts (39.7), a figure below the threshold of 50 points indicates that pessimists exceed optimists on the subject of the development of the Japanese economy. Negative signs continued to be seen in the area of industrial output, which in August declined for the fourth consecutive month: -1.6% compared to the previous month, following on the -1% reported in July. This figure confirms the concerns of a slowdown of the local economy in excess of expectations. In addition to the decline in electronics (semiconductors and LCD displays for cellular telephones and tables), cars weighed most heavily. Among the most commonly observed indicators for assessing monthly consumption trends in the automotive industry, there were negative signs relating primarily to the end of the incentive programme for new car purchases. Car sales in Japan suffered their first setback after 13 positive months. Excluding mini-models, sales declined by over 10 percentage points in September. Sales in the third quarter — also excluding mini-models — generally yielded growth of less than 10%, far from the values well in excess of 50% reported in the two previous quarters.

In the major emerging countries, growth continued to slow and appears incapable of driving a recovery of the global economy. According to a study by Hong Kong & Shanghai Banking Corporation (HSBC), the Purchase Manager Index (PMI) for emerging markets fell from 53 in the second quarter of 2012 to 52.1, drawing even nearer to the threshold of 50 points, below which there are the so-called shrinking markets. As in the second quarter, the most severely affected are Brazil and China, which showed a more significant slowdown than India and Russia.

In China, GDP growth slowed further in the third quarter of 2012, falling to +7.4%. Although in line with analysts' estimates, this was the seventh consecutive decrease and the lowest level since the first quarter of 2009. Nonetheless, analysts indicate this latter period as the trough of the Chinese economic cycle and forecast a recovery in the fourth quarter of 2012 owing to the effects of the new fiscal and monetary incentive measures that are expected to be felt in the latter part of the year. The IMF's most recent estimates call for GDP growth on the Chinese market of 7.8% in 2012 (-0.2 compared to the estimates of July). The September export figure lies at the basis of analysts' forecasts: +9.9% yoy, compared to the +5.5% expected by economists and the +2.7% reported in August. In line with the global economic performance, exports to the U.S. and Japan increased, whereas exports to the European Union fell by as much as 10.7%, representing the fourth consecutive monthly decline. Chinese industrial output also increased by +9.2% in September, up from +8.9%



in August. However, other figures for September point to weakening demand. Retail sales during the Golden Week, one of the country's most heartfelt holidays, marked an increase of 15%, down from that reported in the same period of 2011 (+17.5%). Light vehicle sales declined in September, due primarily to the decrease in sales of Japanese vehicles caused by numerous anti-Japanese protests related to the Diaoyu islands dispute. Overall, light vehicle sales registered growth of slightly less than 5% in the third quarter of the year.

In India, the IMF's most recent October 2012 estimates call for GDP growth in the current year to reach 4.9% (-1.2 compared to the previous estimates), a rate of growth far from the double-digit figures to which India had become accustomed in the previous decade. This slowdown of growth is cause for great concern. Among the main challenges confronted by the country are its high level of inflation — well above the central bank's target — budget deficit and the weakness of the local currency.

In Brazil, the IMF's most recent October forecasts for GDP in 2012 were further revised downwards (-1.0) to their present level of 1.5%. As previously reported at the end of the first half of the year, the Brazilian economy has registered an abrupt slowdown. The scenario is rendered even more fragile by the period of disturbance experienced by the entire global economy, in which China, Brazil's main economic partner, is slowing its progress. However, positive signs are to be seen in the performance of light vehicle sales, which, according to the most recent data published by Fenabrave, the Brazilian dealerships association, yielded highly positive results in the first two months of the quarter, followed by an abrupt decline in September, yet nonetheless closed the third quarter of 2012 with growth in excess of 16% compared to the same period of the previous year, following an essentially stable first half of the year.

The IMF's most recent projections for Russia have been revised downwards from the levels presented in its July publication and now call for 2012 GDP to increase by 3.7%, following on the increase of 4.3% witnessed in 2011. Figures for sales of cars and light commercial vehicles registered growth of nearly 13% in the third quarter of 2012.

On the commodities market, price growth resumed, recovering almost all of the decline reported in the second quarter. The average price of oil (the arithmetic mean of the quotations of the three qualities, WTI, Dubai and Brent) stood at USD 102.8 a barrel in the third quarter of 2012, in line with the mean for the second quarter of the year, USD 102.9. In further detail, the price of a barrel of oil continued to rise throughout the quarter. In July, the average monthly price stood at USD 96.8 per barrel, up 6.6% compared to the price of June. The price increase also continued in the two following months, with an average price of USD 105.3 a barrel in August and USD 106.3 a barrel in September. Non-energy commodities prices underwent slight growth in the third quarter of 2012.

## Currency Markets

In the third quarter of 2012, the dollar depreciated against the euro overall. After initially appreciating from 1.26 to a low of 1.2089 (24 July), the U.S. currency then gave ground, reaching a high of 1.3095 (14 September) and closing slightly below 1.30 (1.293).

Turning to the currencies of Brembo's main markets of operation at an industrial and commercial level, the pound sterling gave a highly volatile performance, initially appreciating to 0.77835 (20 July), then entering into a second period of depreciation, culminating in the quarterly high (0.80745 on 14 September), and finally making a conspicuous return to the vicinity of the quarterly average. Closing rate: 0.79805.

The Polish zloty also failed to present a well-defined trend against the euro. Beginning the quarter near maximum depreciation (reached on 9 July at 4.2333), it appreciated sharply until the first half of August (low of 4.0345 on 6 August); then, moving laterally, it fluctuated near the quarterly average (4.136589) for the rest of the quarter, closing slightly below at 4.1038.

The Czech koruna followed an overall trend of appreciation against the euro, from a high of 25.7 at the beginning of the period (6 July) to a low of 24.433 (14 September). A sharp reversal was seen in the final 15 days of the quarter, when the koruna depreciated to close at 25.141.

The Swedish krona, at maximum depreciation against the euro at the beginning of the quarter (8.744), rapidly appreciated against the single currency to a low of 8.2077 (10 August), then depreciated once more until the end of the period, except for a final recovery that brought it to close near the quarterly average (8.4498).

In the East, the Japanese yen continued its trend of appreciation against the euro, reaching a low of 94.63 on 24 July. This was followed by a period of modest appreciation to 102.64 (18 September), corrected to slightly above 100 at the end of the quarter (100.37).

The Chinese yuan/renminbi, which had appreciated against the main G10 currencies since March 2012, reversed the trend from its low of 7.7199 (24 July), depreciating considerably in the two following months (to 8.2745 on 17 September), and only partially recovering in the final two weeks (closing rate: 8.1261).

The Indian rupee followed a trend highly similar to that of the renminbi, appreciating from its opening values to 67.194 (13 July) and then depreciating in the two following months to 71.557 (13 September). However, compared to the Chinese currency, the final recovery was much more pronounced: the closing rate was 68.348.

In the Americas, the Brazilian real moved laterally for the first month and a half of the quarter, not diverging significantly from its value at the beginning of July. After mid-August it then depreciated against the euro to 2.6532 (18 September), closing near that level (2.6232).

The Mexican peso, opening at a high (16.812 on 3 July), appreciated in July to a low of 16.1271 (19 July), then fluctuated, moving laterally until August, when it depreciated back to the levels of early July; the partial reversal at the end of the quarter did not result in a significant change (closing rate of 16.6086).

Lastly, the Argentine peso began to depreciate constantly against the euro in mid-July (when it had appreciated moderately to 5.519067) through late September (high of 6.115518 on 17 September), to close near the same level (6.06482).

## Operating Structure and Reference Markets

**B**rembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It currently operates in 15 countries on 3 continents, through its production and business sites, and employs over 7,000 people worldwide. Manufacturing plants are located in Italy, Spain (Zaragoza), Poland (Czestochowa and Dabrowa Górnicza), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), the Slovak Republic (Zilina), Germany (Meitingen), Mexico (Apodaca), Brazil (Betim and São Paulo), Argentina (Buenos Aires), China (Nanjing), India (Pune) and the United States (Homer). Other companies located in Sweden (Göteborg), Germany (Leinfelden-Echterdingen), the United Kingdom (London), China (Beijing and Qingdao)

and Japan (Tokyo) carry out distribution and sales activities.

Information on the performance of the individual applications and their related markets is provided under the following headings.

## **Cars**

In the third quarter of 2012, the global light vehicles market showed a 5.8% increase in sales over the third quarter of 2011, with a +6.3% growth for the first nine months of the year compared to the prior year. The positive result for the quarter was primarily attributable to the United States, Japan and emerging markets.

The Western European car market continued to be affected by the current difficult economic situation, reporting a decline in registrations of 9.2% in the third quarter compared to the same period of the previous year, with a decrease of 7.6% in the first nine months. Among the top five European markets, England was the only country to close the quarter with a positive result compared to the same quarter of the previous year (+7.5%), whereas there continued to be significant declines in sales in Italy (-22.5%), Spain (-17.8%) and France (-12.3%). The German market reported its first negative quarter, with -7% compared to the third quarter of 2011. Car registrations also declined in Eastern European countries, for the first time since the beginning of the year, marking a decrease of 8.8% during the quarter.

Russia and Turkey closed the third quarter on a positive note, reporting growth of 12.9% and 10.5%, respectively.

The uptrend continued in the United States, with light vehicle sales increasing by 14% overall in the third quarter of 2012, allowing the first nine months to close at +14.6%.

Brazil and Argentina closed the third quarter with an overall increase in sales of 2.4% compared to the same period of the previous year. However, this result was not sufficient to offset the losses reported in the previous two quarters, bringing the figure for the first nine months to -1.8%.

Turning to Asian markets, China showed growth, although at a slower rate than in the past, closing the third quarter with a 4.8% increase in light vehicle sales compared to the third quarter of 2011, thus bringing the figure for the first nine months to +5.7%. After two quarters characterised by double-digit growth, the Indian light vehicle market slowed, closing at +5.8%, while still reporting +10.9% growth in the first nine months compared to 2011. Following on two quarters characterised by rapid growth, the Japanese market closed sales for the third quarter at +13.5%.

Within this scenario, Brembo reported €241,193 thousand in net sales of car applications in the third quarter of 2012, accounting for 70.5% of the Group's turnover, up by 17.6% compared to the same period of 2011.

## **Commercial and Industrial Vehicles**

In the third quarter of 2012, the European commercial vehicles market, Brembo's reference market, continued the negative trend recorded in the first half of the year, with an overall decrease of 10.1% compared to the same period of 2011.

The decline in registrations of light commercial vehicles (up to 3.5 tonnes) during the same period was in line

with this trend: -10.1%. Of the main markets of operation in Western Europe, Spain and Italy showed the most marked declines, with a decrease in registrations of over 25%, followed by Germany (-6.6%). Only the United Kingdom showed slight growth during the quarter (+1.3%). After closing the first half of the year with a positive performance, Eastern European nations ended the third quarter with a decline in registrations of 12.8%, thus bringing the figure for the first nine months of the year to -3.2% compared to the same period of 2011.

Commercial vehicles over 3.5 tonnes also continued to decline considerably during the third quarter of 2012, registering an overall decrease in registrations of 10.8% compared to the same period of 2011. Losses were reported in all of the main Western European markets. Registrations decreased by 13.6% on the German market. Sales fell by 12.2% in France and by 22.3% in Spain. The situation in the Italian market was cause for concern, with a decline of approximately 30%. In Eastern Europe, sales of medium and heavy commercial vehicles remained essentially stable for the third quarter, showing a +0.6% increase compared to the same period of 2011.

In the third quarter of 2012, Brembo's net sales of applications for this segment amounted to €44,702 thousand, down by 9% compared to €49,177 thousand in the same period of the previous year.

## **Motorbikes**

Motorbike registrations contracted further in the third quarter of 2012. Compared to the same period of 2011, sales decreased by 7% in the third quarter. All the main European reference markets reported losses, except Germany and Great Britain, where sales increased by 5% and 2%, respectively in the third quarter of the year. Italy showed the most significant decrease (-14%), followed by Spain (-13%) and France (-5%). Overall, in the first nine months of the year the decline in registrations was nearly -11% compared to the same period of the previous year. The decline was sharper in Italy and Spain (-19% and -18%, respectively) and spread across all displacements, except for those between 650 and 750 cc, which increased by approximately 18% compared to the previous year.

The U.S. market for motorbikes with displacements in excess of 650 cubic centimetres declined by approximately 5% in the third quarter of 2012 compared to the same period of 2011. In the first nine months of the year, the large-displacement motorbike market nonetheless reported growth of nearly 4%, owing to the results for the first half of the year.

The Japanese motorbike market with displacements exceeding 50cc decreased 12.7% in the third quarter of 2012 over the same period in 2011. Considering the first nine months of the year, registrations fell by 1.4% compared to 2011. This result was due to a decrease in motorbikes with small displacements (51-125 cc), which declined by 7.2%, whereas all larger displacements showed increases compared to the previous year: in further detail, 125-250 cc motorbikes increased by 25.8%, whereas those with displacements in excess of 250 cc rose by 26.2%.

Among emerging markets, after the abrupt slowdown in the final two months of the quarter, the Indian market closed the first nine months of 2012 with overall growth of motorbikes and scooters of 5.6%.

In this scenario, Brembo's net sales of motorbike applications in the third quarter of 2012 amounted to €29,273, down 10.3% compared to the same period of the previous year.

## Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years with over 200 world championships currently won, the Group operates through four leading brands: Brembo Racing (braking systems for race cars and motorbikes), AP Racing (braking systems and clutches for race cars), Marchesini (magnesium and aluminium wheels for race motorbikes), and Sabelt (seats and seat belts).

Brembo began operating in the passive safety segment with the acquisition of Sabelt S.p.A in 2008. The company operates in three different segments: the racing segment, the OEM seatbelt and racing seat market and the children's segment with retention systems for children's car seats.

In the third quarter of 2012, Brembo reported a 2.5% increase in net sales, which amounted to €24,789 thousand compared to €24,173 thousand in the third quarter of 2011.

## Significant Events During the Quarter

On 13 July 2012, the company La.Cam S.p.A., in which Brembo S.p.A. holds a 100% stake, signed a notarial deed to purchase the IMMC business unit, for an amount of €4.9 million. Consideration for the above purchase was partly paid in cash and partly (€2.3 million) settled by novating debts carried by IMMC, chiefly to staff and leasing companies. The La.Cam revenues have already been fully consolidated in the Brembo Group's financial statements since 22 October 2010, the date on which La.Cam had signed two lease contracts for the IRAL and IMMC companies, owned by one of Brembo's important suppliers of mechanical parts manufactured using high-tech processing techniques. The transaction was required in order to respond to the financial difficulties faced by the companies and safeguard their know-how. The lease agreement for IRAL was concurrently extended until 31 March 2013. At the acquisition date, the workforces of IMMC and IRAL numbered 107 and 106, respectively. The acquisition has been accounted for as a business combination pursuant to the revised version of IFRS 3. The measurement of the fair value of the net assets acquired and liabilities assumed — to be considered provisional at the date of publication of this report — yields an overall net value of €2.9 million. The final accounting treatment of the transaction will take place within 12 months of the date of the transaction.

On 2 August 2012, Brembo S.p.A. acquired from Simest its 32.26% equity investment in Brembo China Brake Systems Co. Ltd., a company incorporated in 2005; its business consists of promotion and development of the Chinese market. According to the contractual clauses set forth in the agreement entered into with Simest in July 2005, the price was €4.1 million. As a result of this acquisition, Brembo S.p.A. now owns 100% of the shares in Brembo China Brake Systems Co. Ltd.

## Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 20 April 2012 passed a new buy-back and sale of own shares, aimed at carrying out any investments, also to sustain the stock's liquidity on the market; implementing any stock incentive plans reserved for directors, employees and collaborators of the company and/or its subsidiaries; pursuing any equity swap transactions, as part of industrial projects. The maximum number of shares that may be purchased is 2,680,000, representing 4.01% of Brembo S.p.A.'s share capital. The minimum purchase price is €0.52 (fifty-two euro cents) and the maximum purchase price is €12.00 (twelve euro), for a maximum expected outlay of €32,160,000. The authorisation to buy back own shares has a duration of 18 months from the date of

the shareholders' resolution.

At today's date, the Company holds a total of 1,747,000 ordinary shares, representing 2.616% of share capital, purchased based on previous plans. Brembo neither bought nor sold own shares in 2012.

## Significant Events After 30 September 2012

**T**here were no significant events after 30 September 2012.



**Statement Pursuant to Article 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: Interim Report at 30 September 2012, approved on 12 November 2012.

I, the undersigned, Matteo Tiraboschi, the Executive Officer in charge of the financial reports of BREMBO S.p.A. hereby

**DECLARE**

in accordance with the second paragraph of Article 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 Interim Report at 30 September 2012 corresponds with the documented results, books and accounting records.

A handwritten signature in black ink is written over a rectangular stamp. The stamp contains the text "Matteo Tiraboschi" on the top line and "BREMBO S.p.A." on the bottom line. The signature is a stylized, cursive script.

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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