

DESIGNING OUR FUTURE

BREMBO
FIRST QUARTER
REPORT
2016



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STATEMENT PURSUANT TO ARTICLE 154-*bis*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-*bis*, OF ITALIAN LEGISLATIVE DECREE No. 58/1998

Company Officers

The General Shareholders' Meeting of the Parent Company Brembo S.p.A. held on 29 April 2014 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2014–2016, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016. The election was based on the two lists submitted respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding 2.11% of the share capital, overall).

BOARD OF DIRECTORS

Chairman	Alberto Bombassei ⁽¹⁾ ⁽⁹⁾
Executive Deputy Chairman	Matteo Tiraboschi ⁽²⁾ ⁽⁹⁾
Chief Executive Officer and General Manager	Andrea Abbati Marescotti ⁽³⁾ ⁽⁹⁾
Directors	Cristina Bombassei ⁽⁴⁾ ⁽⁹⁾ Barbara Borra ⁽⁵⁾ Giovanni Cavallini ⁽⁵⁾ Giancarlo Dallera ⁽⁶⁾ Bianca Maria Martinelli ⁽⁵⁾ ⁽⁷⁾ Umberto Nicodano ⁽⁸⁾ Pasquale Pistorio ⁽⁵⁾ ⁽¹⁰⁾ Gianfelice Rocca ⁽⁵⁾

BOARD OF STATUTORY AUDITORS ⁽¹¹⁾

Chairwoman	Raffaella Pagani ⁽⁷⁾
Acting Auditors	Sergio Pivato Milena T. Motta
Alternate Auditors	Marco Salvatore Myriam Amato ⁽⁷⁾

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A. ⁽¹²⁾

MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS

Matteo Tiraboschi ⁽¹³⁾

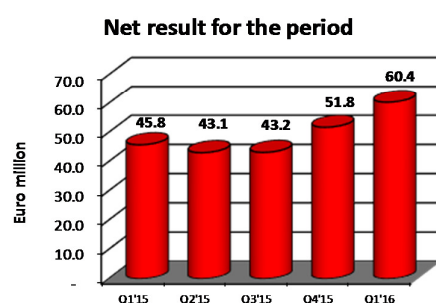
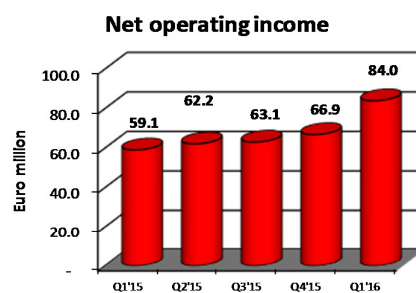
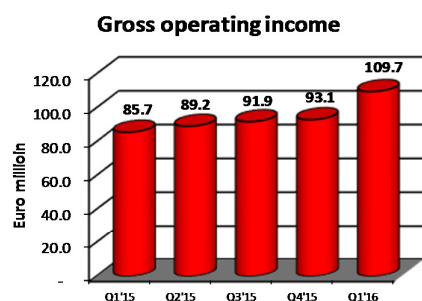
COMMITTEES

Audit & Risk Committee ⁽¹⁴⁾ ⁽¹⁵⁾	Pasquale Pistorio (Chairman) Giovanni Cavallini Bianca Maria Martinelli ⁽⁷⁾
Remuneration & Appointments Committee	Barbara Borra (Chairwoman) Giovanni Cavallini Umberto Nicodano
Supervisory Committee	Raffaella Pagani (Chairwoman of the Board of Statutory Auditors) ⁽⁷⁾ Sergio Pivato (Acting Auditor) Milena T. Motta (Acting Auditor) Alessandra Ramorino ⁽¹⁶⁾ Mario Bianchi ⁽¹⁷⁾ Mario Tagliaferri ⁽¹⁸⁾

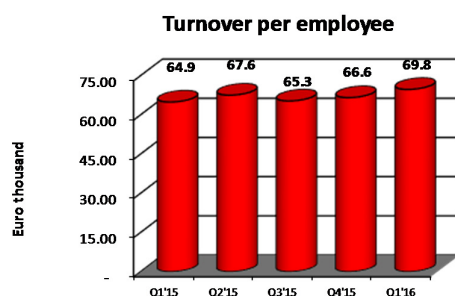
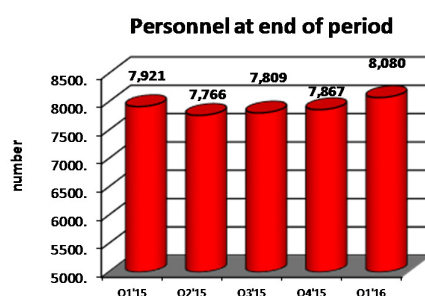
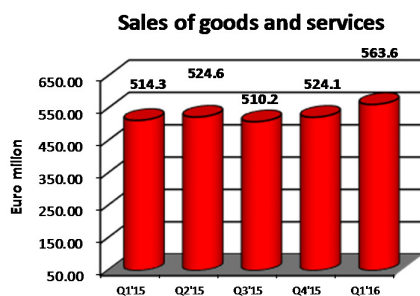
- (1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
- (2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
- (3) The Board of Directors granted the Chief Executive Officer and General Manager special powers to manage the Company, as well as powers, pursuant to Article 2381 of the Italian Civil Code, with reference to occupational health and safety (as per Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
- (4) The Director also holds the position of Executive Director in charge of the Internal Control and Risk Management System, as well as of CSR Officer.
- (5) Independent and Non-executive Directors pursuant to Article 148, paragraph 3, of 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 Article 3.C.1 of the Corporate Governance Code of Brembo S.p.A.
- (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) Director/Auditor elected from the list submitted by a group of Asset Management Companies and other institutional investors (holding 2.11% of share capital, overall).
- (8) Non-executive Director.
- (9) Executive Directors.
- (10) This Director also holds the position of Lead Independent Director.
- (11) This Board holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
- (12) The Shareholders' Meeting held on 23 April 2013 assigned the mandate until the approval of the 2021 Financial Statements.
- (13) Appointed by the Board of Directors on 29 April 2014. He also holds the position of Investor Relator.
- (14) This Committee also acts as the Related Party Transactions Committee.
- (15) Effective 1 January 2016, the Board of Directors' meeting approved a new composition of the Audit & Risk Committee, given that the terms of office provided for by Brembo S.p.A's Corporate Governance Code had been exceeded by Directors G. Cavallini (Chairman) and G. Dallera (member).
- (16) Internal Audit Director of the Brembo Group.
- (17) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
- (18) Certified Public Accountant and Certified Auditor, Private practice, Studio Lexis – Dottori Commercialisti associati in Crema.

Brembo S.p.A. Registered offices: CURNO (BG) - Via Brembo 25
Share capital: €34,727,914.00 – Bergamo Register of Companies:
Tax code and VAT Code No. 00222620163

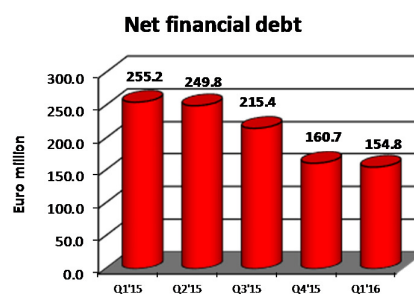
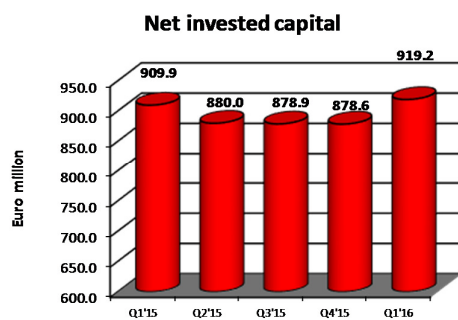
Summary of Group Results



ECONOMIC RESULTS (euro million)	A				B	% B/A
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	
Sales of goods and services	514.3	524.6	510.2	524.1	563.6	9.6%
Gross operating income	85.7	89.2	91.9	93.1	109.7	27.9%
% of sales	16.7%	17.0%	18.0%	17.8%	19.5%	
Net operating income	59.1	62.2	63.1	66.9	84.0	42.2%
% of sales	11.5%	11.9%	12.4%	12.8%	14.9%	
Result before taxes	59.0	58.8	60.8	64.9	79.5	34.7%
% of sales	11.5%	11.2%	11.9%	12.4%	14.1%	
Net result for the period	45.8	43.1	43.2	51.8	60.4	31.9%
% of sales	8.9%	8.2%	8.5%	9.9%	10.7%	



	A				B	
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	% B/A
FINANCIAL RESULTS (euro million)						
Net invested capital	909.9	880.0	878.9	878.6	919.2	1.0%
Equity	621.4	596.6	630.3	687.5	734.7	18.2%
Net financial debt	255.2	249.8	215.4	160.7	154.8	-39.3%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	7,921	7,766	7,809	7,867	8,080	2.0%
Turnover per employee (euro thousand)	64.9	67.6	65.3	66.6	69.8	7.4%
Investments (euro million)	29.1	35.0	29.8	62.1	52.1	79.0%



MAIN RATIOS	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Net operating income/Sales of goods and services	11.5%	11.9%	12.4%	12.8%	14.9%
Result before taxes/Sales of goods and services	11.5%	11.2%	11.9%	12.4%	14.1%
Investments/Sales of goods and services	5.7%	6.7%	5.8%	11.8%	9.2%
Net Financial debt/Equity	41.1%	41.9%	34.2%	23.4%	21.1%
Net interest expense(*)/Sales of goods and services	0.7%	0.6%	0.5%	0.5%	0.4%
Net interest expense(*)/Net operating income	6.0%	5.5%	4.4%	4.0%	2.7%
ROI	26.3%	28.4%	28.5%	30.2%	37.1%
ROE	30.0%	30.0%	27.2%	30.0%	33.4%

Notes:

ROI: Net operating income/ Net invested capital x annualisation factor(days in the year/days in the reporting period).

ROE: Result before minority interests/ Shareholders equity x annualisation factor(days in the year/days in the reporting period).

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

Consolidated Financial Statements at 31 March 2016

Consolidated Statement of Financial Position

<i>(euro thousand)</i>	31.03.2016	31.12.2015	Variazione
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	604,080	589,777	14,303
Development costs	42,380	40,843	1,537
Goodwill and other indefinite useful life assets	41,737	43,946	(2,209)
Other intangible assets	15,203	14,502	701
Shareholdings valued using the equity method	24,897	24,999	(102)
Other financial assets (including investments in other companies and derivatives)	11,679	11,631	48
Receivables and other non-current assets	4,980	5,116	(136)
Deferred tax assets	59,791	55,552	4,239
TOTAL NON-CURRENT ASSETS	804,747	786,366	18,381
CURRENT ASSETS			
Inventories	255,417	247,661	7,756
Trade receivables	378,477	311,217	67,260
Other receivables and current assets	36,552	36,386	166
Current financial assets and derivatives	714	814	(100)
Cash and cash equivalents	245,243	202,104	43,139
TOTAL CURRENT ASSETS	916,403	798,182	118,221
TOTAL ASSETS	1,721,150	1,584,548	136,602
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	123,886	137,250	(13,364)
Retained earnings/(losses)	509,874	325,912	183,962
Net result for the period	60,427	183,962	(123,535)
TOTAL GROUP EQUITY	728,915	681,852	47,063
TOTAL MINORITY INTERESTS	5,782	5,695	87
TOTAL EQUITY	734,697	687,547	47,150
NON-CURRENT LIABILITIES			
Non-current payables to banks	235,099	211,886	23,213
Other non-current financial payables and derivatives	3,183	3,263	(80)
Other non-current liabilities	2,358	1,026	1,332
Provisions	15,151	15,294	(143)
Provisions for employee benefits	29,707	30,334	(627)
Deferred tax liabilities	11,832	13,001	(1,169)
TOTAL NON -CURRENT LIABILITIES	297,330	274,804	22,526
CURRENT LIABILITIES			
Current payables to banks	161,335	147,398	13,937
Other current financial payables and derivatives	1,125	1,059	66
Trade payables	379,074	349,941	29,133
Tax payables	33,623	14,052	19,571
Short term provisions	4,370	2,830	1,540
Other current payables	109,596	106,917	2,679
TOTAL CURRENT LIABILITIES	689,123	622,197	66,926
TOTAL LIABILITIES	986,453	897,001	89,452
TOTAL EQUITY AND LIABILITIES	1,721,150	1,584,548	136,602

Consolidated Statement of Income

<i>(euro thousand)</i>	31.03.2016	31.03.2015	Change	%
Sales of goods and services	563,577	514,348	49,229	9.6%
Other revenues and income	3,165	2,194	971	44.3%
Costs for capitalised internal works	3,958	2,978	980	32.9%
Raw materials, consumables and goods	(283,408)	(261,994)	(21,414)	8.2%
Non-financial interest income (expense) from investments	2,889	1,278	1,611	126.1%
Other operating costs	(88,262)	(83,481)	(4,781)	5.7%
Personnel expenses	(92,253)	(89,612)	(2,641)	2.9%
GROSS OPERATING INCOME	109,666	85,711	23,955	27.9%
<i>% of sales of goods and services</i>	<i>19.5%</i>	<i>16.7%</i>		
Depreciation, amortisation and impairment losses	(25,665)	(26,627)	962	-3.6%
NET OPERATING INCOME	84,001	59,084	24,917	42.2%
<i>% of sales of goods and services</i>	<i>14.9%</i>	<i>11.5%</i>		
Net interest income (expense)	(4,473)	(39)	(4,434)	11369.2%
Interest income (expense) from investments	9	(19)	28	-147.4%
RESULT BEFORE TAXES	79,537	59,026	20,511	34.7%
<i>% of sales of goods and services</i>	<i>14.1%</i>	<i>11.5%</i>		
Taxes	(19,025)	(13,074)	(5,951)	45.5%
RESULT BEFORE MINORITY INTERESTS	60,512	45,952	14,560	31.7%
<i>% of sales of goods and services</i>	<i>10.7%</i>	<i>8.9%</i>		
Minority interests	(85)	(129)	44	-34.1%
NET RESULT FOR THE PERIOD	60,427	45,823	14,604	31.9%
<i>% of sales of goods and services</i>	<i>10.7%</i>	<i>8.9%</i>		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.93	0.70		

Consolidated Statement of Comprehensive Income

<i>(euro thousand)</i>	31.03.2016	31.03.2015	Change
RESULT BEFORE MINORITY INTERESTS	60,512	45,952	14,560
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:			
Effect (actuarial gain/loss) on defined-benefit plans regarding companies valued using the equity method	0	(4)	4
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	0	(4)	4
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:			
Effect of hedge accounting (cash flow hedge) of derivatives	0	19	(19)
Fiscal effect	0	(5)	5
Change in translation adjustment reserve	(13,362)	39,117	(52,479)
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	(13,362)	39,131	(52,493)
COMPREHENSIVE RESULT FOR THE PERIOD	47,150	85,079	(37,929)
Of which attributable to:			
– Minority Interests	87	117	(30)
– the Group	47,063	84,962	(37,899)

Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	31.03.2016	31.03.2015
Cash and cash equivalents at beginning of period	111,817	99,347
Result before taxes	79,537	59,026
Depreciation, amortisation/Impairment losses	25,665	26,627
Capital gains/losses	(6)	30
Interest income (expense) from investments, net of dividends received	102	5,741
Financial portion of provisions for defined benefits and payables for personnel	194	195
Long-term provisions for employee benefits	617	319
Other provisions net of utilisations	8,110	9,801
Cash flows generated by operating activities	114,219	101,739
Paid current taxes	(7,031)	(2,852)
Uses of long-term provisions for employee benefits	(802)	(832)
<i>(Increase) reduction in current assets:</i>		
inventories	(13,495)	(35,924)
financial assets	30	(524)
trade receivables	(67,581)	(76,322)
receivables from others and other assets	2,106	2,072
<i>Increase (reduction) in current liabilities:</i>		
trade payables	29,133	43,142
payables to others and other liabilities	3,935	4,568
Translation differences on current assets	(3,342)	11,960
Net cash flows from/(for) operating activities	57,172	47,027
<i>Investments in:</i>		
intangible assets	(6,145)	(3,764)
property, plant and equipment	(45,946)	(25,313)
Price for disposal or reimbursement value of fixed assets	641	278
Net cash flows from/(for) investing activities	(51,450)	(28,799)
Change in fair value of derivatives	107	(2,868)
Loans and financing granted by banks and other financial institutions in the period	50,000	0
Repayment of long-term loans	(18,233)	(25,394)
Net cash flows from/(for) financing activities	31,874	(28,262)
Total cash flows	37,596	(10,034)
Translation differences on cash and cash equivalents	(1,511)	2,330
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	147,902	91,643

Consolidated Net Financial Position

<i>(euro thousand)</i>	31.03.2016	31.12.2015
Cash	127	124
Other cash equivalents	245,116	201,980
Derivatives and securities held for trading	315	447
LIQUIDITY (A+B+C)	245,558	202,551
Current financial receivables	399	367
Current payables to banks	97,341	90,287
Current portion of non-current debt	63,994	57,111
Other current financial debts and derivatives	1,125	1,059
CURRENT FINANCIAL DEBT (F+G+H)	162,460	148,457
NET CURRENT FINANCIAL DEBT (I-E-D)	(83,497)	(54,461)
Non-current payables to banks	235,099	211,886
Bonds issued	0	0
Other non-current financial debts and derivatives	3,183	3,263
NON-CURRENT FINANCIAL DEBT (K+L+M)	238,282	215,149
NET FINANCIAL DEBT (J+N)	154,785	160,688

Consolidated Statement of Changes in Equity

	Share Capital	Other Reserves	Hedging reserve (*)	Retained earnings (losses)	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>										
Balance at 1 January 2015	34,728	109,319	(50)	257,922	129,054	530,973	(370)	5,727	5,357	536,330
Allocation of profit for the previous year				129,054	(129,054)	0	370	(370)	0	0
Components of comprehensive income:										
Effect (actuarial income /loss) on defined benefit plans, for companies valued using the equity method				(4)		(4)			0	(4)
Effect of hedge accounting (cash flow hedge) of derivatives (*)			14			14			0	14
Change in translation adjustment reserve		39,129				39,129		(12)	(12)	39,117
Net result for the period					45,823	45,823	129		129	45,952
Balance at 1 March 2015	34,728	148,448	(36)	386,972	45,823	615,935	129	5,345	5,474	621,409
Balance at 1 January 2016	34,728	137,250	0	325,912	183,962	681,852	1,843	3,852	5,695	687,547
Allocation of profit for the previous year				183,962	(183,962)	0	(1,843)	1,843	0	0
Components of comprehensive income:										
Change in translation adjustment reserve		(13,364)				(13,364)		2	2	(13,362)
Net result for the period					60,427	60,427	85		85	60,512
Balance at 31 March 2016	34,728	123,886	0	509,874	60,427	728,915	85	5,697	5,782	734,697

(*) 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 first quarter of 2016, prepared in compliance with recognition and measurement criteria provided for the IFRS endorsed by the European Union, was made available to the public in accordance with the requirements of Article 2.2.3 of Borsa Italiana S.p.A.'s Rules applicable to issuers that, as Brembo S.p.A., are listed in the "Star" segment. The interim report includes the Statement of Financial Position, the Statement of Income, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and brief Related Explanatory Notes.

Reference is made to the 2015 Financial Statements for the relevant international accounting standards and criteria adopted by the Group when preparing the above-mentioned Financial Statements. The preparation of the Interim Report requires management to make 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. Should 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 in full only during preparation of the Annual Financial Statements when all necessary information is available, unless impairment indicators require immediate analysis. It should also be pointed out that the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories at 30 November 2015 to the inventory accounting results at 31 March 2016. Actuarial valuations necessary to determine employee benefits are also typically performed during the preparation of the Annual Financial Statements. This Interim Report has not been audited.

Consolidation Area

The Financial Statements for the first quarter of 2016 include the Financial Statements of the Parent Company Brembo S.p.A., and the Financial Statements of the companies that Brembo S.p.A. directly or indirectly controls as per IFRS 10. Compared to the first quarter of 2015, the following corporate transactions were carried out:

- on 30 April 2015, Sabelt S.p.A. sold to the minority shareholders its 70% stake in the Slovakian company Belt & Buckle S.r.o. Therefore, as of 1 May 2015 the child safety business (0.1% of Brembo's 2014 consolidated turnover) was excluded from the Group's consolidation area;
- on 12 June 2015, Brembo S.p.A. reached an agreement with the minority shareholders for the sale of its controlling interest (65%) in Sabelt S.p.A., a manufacturer of seat belts and seats for top-range and racing cars. As a result of the agreement, which became effective retroactively from 1 June 2015, Sabelt S.p.A.'s business (1.8% of Brembo's 2014 consolidated turnover) was excluded from the Group's consolidation area.

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

In the first quarter of 2016, the performance of sales was highly positive, once again reaffirming the trend of constant increase in Group's turnover. Net sales for the first quarter of 2016 amounted to €563,577 thousand, with a 9.6% increase compared to the same period of 2015 (+12.0% on a like-for-like consolidation area).

Nearly all applications contributed to revenue growth. The car applications sector closed the first quarter of 2016 with an increase of 12.4% on the same period of 2015. Applications for motorbikes and commercial vehicles recorded a good performance as well (+6.3% and +23.8%, respectively), whereas the racing sector declined by 21.4% due to the elimination of Sabelt S.p.A. and Belt & Buckle S.r.o. from the consolidation area. On a like-for-like consolidation area, the increase in net sales in this segment would have been +4.9%.

At geographical level, almost all the areas in which the Group operates reported growth. In Europe, Germany — Brembo's second top market at 23.5% of sales — recorded a 11.4% increase compared to the first quarter of 2015; a good sales performance was also recorded in France (+13.7%) and the United Kingdom (+24.0%), whereas Italy showed a slight decline (-2.6%). North America — Brembo's top market at 28.8% of sales — rose by 12.6%, whilst South America showed a significant decline in sales (-37.7%). In the Far East, excellent performance was achieved by Japan (+39.9%), China (+13.9%) and India (+9.0%).

In the quarter under review, the **cost of sales** and **other net operating costs** amounted to €364,547 thousand, with a ratio of 64.7% to sales, down compared to 66.2% in the same period of the previous year. Within this item, **costs for capitalised internal works** recognised in intangible assets amounted to €3,958 thousand compared to €2,978 thousand for the first quarter of 2015.

Non-financial interest income (expense) from investments totalled €2,889 thousand, entirely attributable to the effects of valuing the investment in the BSCCB Group — whose operations are included in the Group's operating activities — using the equity method (€1,278 thousand in the first quarter of 2015).

Personnel expenses in the first quarter of 2016 amounted to €92,253 thousand, with a 16.4% ratio to sales, decreasing compared to the same period of the previous year (17.4%). At 31 March 2016, **workforce** numbered 8,080 (7,867 at 31 December 2015 and 7,921 at 31 March 2015).

Gross operating income for the quarter was €109,666 thousand (19.5% of sales) compared to €85,711 thousand for the first quarter of 2015 (16.7% of sales).

Net operating income amounted to €84,001 thousand (14.9% of sales), compared to €59,084 thousand (11.5% of sales) for the first quarter of 2015, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets for €25,665 thousand, compared to depreciation, amortisation and impairment losses amounting to €26,627 thousand in the same period of 2015.

Net interest expense, which amounted to €4,473 thousand (€39 thousand for the first quarter of 2015), included net exchange losses of €2,202 thousand (net exchange gains of €3,504 thousand for the first quarter of 2015) and net interest expense of €2,271 thousand (€3,543 thousand for the same period of the previous year).

Result before taxes was €79,537 thousand (14.1% of sales), compared to €59,026 thousand (11.5% of sales) in the first quarter of 2015.

Based on tax rates applicable for the year under current tax regulations, estimated **taxation** amounted to €19,025

thousand (€13,074 thousand for the first quarter of 2015). Tax rate was 23.9%, compared to 22.1% in the first quarter of 2015.

Group net result was €60,427 thousand for the reporting quarter compared to €45,823 thousand for the first quarter of 2015.

Net invested capital at the end of the reporting period amounted to €919,189 thousand, up by €40,620 thousand compared to 31 December 2015, when it amounted to €878,569 thousand.

Net financial debt at the end of the period amounted to €154,785 thousand compared to €160,688 thousand at 31 December 2015. The €5,903 thousand decrease in net financial debt reported during the period was mainly due to the combined effect of the following factors:

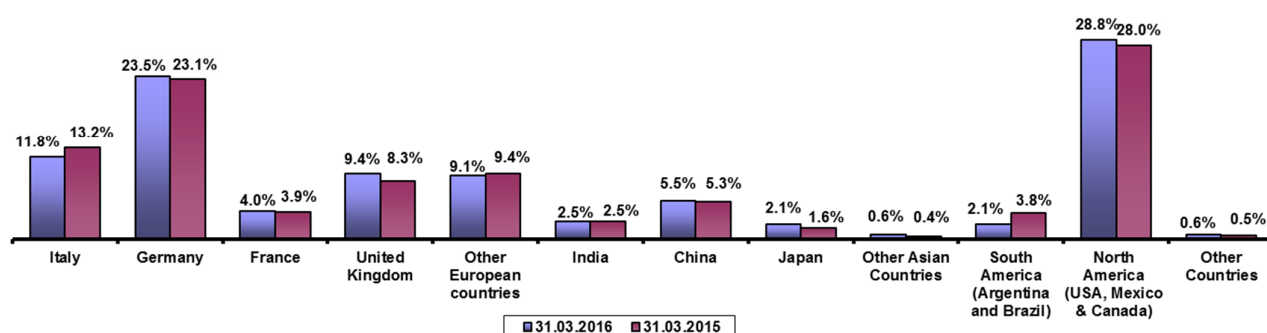
- net investments in property, plant, equipment and intangible assets for a total of €51,456 thousand, mainly in North America (43.9%), and Poland (24.8%); however, significant investments continued to be undertaken also in Italy (19.0%), with €3,824 thousand (7.4%) associated with development costs;
- a positive effect of the gross operating income of €109,666 thousand;
- a negative change in working capital due to increased business for a total amount of €48,469 thousand;
- payment of taxes paid in the amount of €7,031 thousand;
- dividends received by the associate BSCCB S.p.A. amounting to €3,000 thousand.

Sales Breakdown by Geographical Area and Application

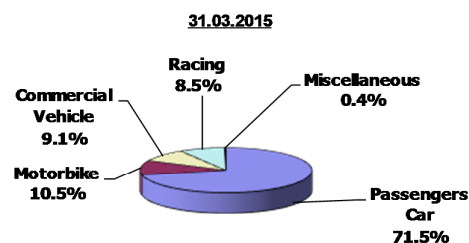
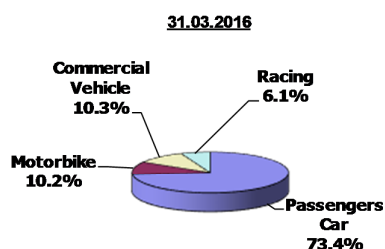
The following tables show net sales at 31 March 2016, broken down by geographical area and application.

(euro thousand)	31.03.2016	%	31.03.2015	%	Change	%
GEOGRAPHICAL AREA						
Italy	66,293	11.8%	68,075	13.2%	(1,782)	-2.6%
Germany	132,261	23.5%	118,686	23.1%	13,575	11.4%
France	22,721	4.0%	19,991	3.9%	2,730	13.7%
United Kingdom	52,797	9.4%	42,583	8.3%	10,214	24.0%
Other European countries	51,501	9.1%	48,140	9.4%	3,361	7.0%
India	13,925	2.5%	12,774	2.5%	1,151	9.0%
China	30,927	5.5%	27,164	5.3%	3,763	13.9%
Japan	11,748	2.1%	8,396	1.6%	3,352	39.9%
Other Asian Countries	3,285	0.6%	2,186	0.4%	1,099	50.3%
South America (Argentina and Brazil)	12,043	2.1%	19,344	3.8%	(7,301)	-37.7%
North America (USA, Mexico & Canada)	161,805	28.8%	143,736	28.0%	18,069	12.6%
Other Countries	4,271	0.6%	3,273	0.5%	998	30.5%
Total	563,577	100.0%	514,348	100.0%	49,229	9.6%

The incidence of the overall turnover



(euro thousand)	31.03.2016	%	31.03.2015	%	Change	%
APPLICATION						
Passengers Car	413,478	73.4%	367,955	71.5%	45,523	12.4%
Motorbike	57,460	10.2%	54,075	10.5%	3,385	6.3%
Commercial Vehicle	58,106	10.3%	46,948	9.1%	11,158	23.8%
Racing	34,385	6.1%	43,760	8.5%	(9,375)	-21.4%
Miscellaneous	148	0.0%	1,610	0.4%	(1,462)	-90.8%
Total	563,577	100.0%	514,348	100.0%	49,229	9.6%



Foreseeable Evolution

Order book projections confirm that revenues will show a good growth also in the remainder of the year. The ramp-up costs relating to the new American production facilities will be incurred beginning from the second half of the year.

Directors' Report on Operations and Significant Events

Macroeconomic Context

In order to properly assess Brembo's performance for the first quarter of 2016, the worldwide macroeconomic scenario should be taken into consideration, with particular reference to the increasing number of markets in which the Group operates.

According to the most recent estimates included in the January 2016 World Economic Outlook Update published by the International Monetary Fund (IMF), global gross domestic product (GDP) is expected to increase by 3.2% in 2016, in a continuing process of controlled growth of global economic activity, although the forecasts for 2016 and 2017 have since been revised downwards (by -0.2% and -0.1%, respectively) compared to the figures published in January 2016. In other words, the IMF reports a general increase in uncertainty, with the resulting risks of weaker growth scenarios.

According to the data published by ISTAT in April, growth in the **Eurozone** will be driven by domestic demand. An increase in the purchasing power of households, stimulated by the falling price of oil, is expected to contribute to supporting private consumption, whereas the significant influx of refugees, particularly into Germany, will drive public consumption and transfer payments. The recovery of investment, tied to the increasing use of production capacity, will accelerate in the first three quarters of 2016, favoured by the low cost of money. In line with global prospects, the forecasts for Europe have also been revised downwards compared to the numbers published at the beginning of the year, with estimated annual growth of 1.5% in 2016. Growth of 1.7% is expected in 2017, driven by Germany (1.6%) and France (1.3%), whereas growth is expected to slow to 2.3% in Spain and 1.3% in Portugal, down slightly compared to 2016.

In Italy, slight growth is expected for 2017 compared to 2016 (from 1.0% in 2016 to 1.1% in 2017). According to the Bank of Italy's April Economic Bulletin, cyclical recovery continued in Italy in the fourth quarter of 2015, although at a slower pace, supported by the consolidation of consumption and an acceleration of investments. The most recent indicators show that in the first few months of this year economic activity benefited from the recovery of the manufacturing sector, in addition to the consolidation of the recovery in services and construction.

According to Eurostat data, industrial production in the Eurozone declined by 0.8% in February, against a 2.1% increase in January. On an annual basis, industrial production increased by 0.8%, less than expected (+1.2%) and down sharply compared to the previous observation (+2.9%).

The unemployment rate in the Euro Area (EU19) declined constantly: in February, according to Eurostat, it reached 10.3% in the Eurozone (compared to 10.4% in January and 11.2% in February of the previous year), while in the EU28 it remained unchanged at 8.9% compared to January rate (it was 9.7% in the previous year). For the Eurozone, this is the lowest level recorded since August 2011. In Italy, the unemployment rate was 11.7% in February, slightly higher than in January (10.6%).

In the **United States**, the IMF's most recent estimates (April 2016) forecast a further growth of 2.4% during 2016, confirmed for 2017 as well (+2.5%). The country thus keeps maintaining a stable economic activity, as a result of ease of access to financing and the strengthening of its real-estate and job markets. According to the Federal Reserve, industrial production declined by 0.6% in March, thus marking an overall year-on-year reduction of 2.2% in the first quarter. During the same period, the manufacturing sector grew by 0.6% on a year-on-year basis. According to the U.S. Department of Commerce, durable goods orders increased by 0.8% in the United States in March compared to the previous month, when they had declined by 3.1% compared to the month before.

Aggregate demand was driven by household consumption, residential investments and federal public spending, with a negative contribution of exports, non-residential investments, decentralised public spending and changes in inventories. In March, the U.S. economy created 215,000 new jobs, more than the expected increase of 205,000. The unemployment rate remained at 5.0%.

In **Japan**, the IMF's most recent estimates indicate a slight increase in GDP in 2016 (+0.5%) and a slight decrease in 2017 (-0.1%), revised down from the estimates released in January, due in part to the increase of two percentage points in consumption taxes, making Japan thus the only economy expected to be in recession in 2017. The growth prospects of the country's economy in the medium and long term remain weak, primarily reflecting the gradual decline in the labour force.

The IMF has revised its projections for the **Chinese economy** upwards slightly, although the growth rate is expected to continue to fall constantly: from 6.5% in 2016 to 6.2% in 2017 (+0.2% compared to the January estimates). In confirmation of slowing Chinese growth, in the first quarter of the year the world's number-two economy grew at a rate of 6.7%, down slightly from 6.8% in the fourth quarter of the previous year, which was lowest level of growth since the beginning of the global financial crisis. However, this +6.7% in the first three months of 2016 is in line with the target set by the Chinese government of a 6.5%-7% growth in 2016. In March 2016, industrial production increased by 6.8% compared to the previous year, more than the expected 5.9%. In the first quarter, growth increased by 5.8% year-on-year, compared to 5.4% in the previous quarter.

In April, the IMF revised **emerging market** growth forecasts downwards: +4.1% in 2016 (from +4.3%) and +4.6% in 2017 (from +4.7%). In Russia, which contracted by 3.7% in 2015, the crisis continues, and 2016 will also conclude with a decrease of 1.8%.

As long as the political crisis in Brazil continues to worsen, due in part to the process of impeachment of the country's president, it is obvious that the economy of Latin America's most important country will struggle to recover. The IMF's GDP estimates for 2016 have been revised slightly downwards (-0.3%) compared to the numbers published in January and now foresee the same performance as in 2015 (-3.8%). The unemployment rate reached an average of 10.2% in the quarter ending in March (10.4 million individuals affected), according to the data published by the Brazilian Institute of Geography and Statistics (IBGE).

Turning to commodities trends, the average price of oil decreased gradually and significantly in the first quarter of the year. According to the figures published by the IMF, the arithmetic mean of the prices of the three qualities — Brent, Dubai and West Texas Intermediate (WTI) — decreased to 34.75 dollars a barrel, down 31.6% compared to the same period of 2015.

Currency Markets

In the first quarter of 2016, the **U.S. dollar**, after opening the period at 1.0742 on 6 January, lost ground to the euro until mid-February, after which it regained value in March but then depreciated once more near the end of the period, reaching 1.1385, above the quarterly average rate (1.101742).

Turning to the currencies of the other major markets on which Brembo operates at the industrial and commercial level, the **Pound sterling**, after reaching 0.73235 (5 January), depreciated constantly to 0.79155 on 31 March, above the quarterly average rate (0.770124).

After initially losing value to reach a low of 4.4943 on 21 January, the **Polish zloty** then gradually appreciated against the euro to 4.2498 (29 March). The closing rate was 4.2576, below the quarterly average rate (4.365846).

The **Czech koruna** opened the quarter at 27.021 (11 January) and then fluctuated between gains and losses, repeatedly reaching the rate of 27.021 in January and February. The currency then resumed sideways movement characterised by alternating periods of depreciation and appreciation, reaching 27.075 on 30 March. The closing rate was 27.051, above the quarterly average rate (27.039297).

The **Swedish krona**, after opening the reporting period at 9.1696 (4 January), began to lose value, reaching 9.5188 on 11 February and then regaining ground against the euro until the end of the quarter. The closing rate was 9.2253, below the quarterly average rate (9.325955).

In the Far East, the **Japanese yen** opened the reporting period with sideways movement until the end of January, when it reached 132.25 (29 January). The currency then regained value against the euro, reaching 122.86 on 24 February. The closing rate was 127.9, in line with the quarterly average rate (127.018310).

The **Chinese yuan/renminbi** opened the quarter at 7.0074 (5 January) and then depreciated overall until mid-February, reaching 7.4592 (11 February). In the second half of the month, the Chinese currency appreciated once again, to then lose value against the euro until the end of the reporting period. The closing rate was 7.3514, above the quarterly average rate (7.209024).

The **Indian rupee** opened the quarter at 71.5539 (5 January) and then depreciated overall in the first half of February, reaching 77.655 (11 February). In the second half of the month, the currency resumed appreciation, after which it then lost value against the euro until the end of the reporting period. The closing rate was 75.4298, above the quarterly average rate (74.407539).

In the Americas, the **Brazilian real** opened the quarter with sideways movement around 4.4 until mid-January, when it reached 4.523 (21 January). The real then regained value against the euro, reaching 3.972 on 10 March. The closing rate was 4.1174, below the quarterly average rate (4.305609).

The **Mexican peso**, after opening the reporting period at 18.5798 (5 January), depreciated constantly to a minimum of 21.6852 (12 February). The Mexican currency then appreciated once more, closing the quarter at 19.5903, below the quarterly average rate (19.893624).

The **Argentine peso**, after opening the reporting period at 14.220418 (4 January), depreciated gradually to 17.280551 on 1 March, to then reach values above the quarterly average rate (15.913525). The closing rate was 16.617.

Lastly, the **Russian rouble** lost ground to the euro in January, reaching 91.7660 (21 January). After moving

sideways above the quarterly average rate (82.472988), the Russian currency abruptly reversed the downtrend and then constantly regained value until the end of the period, reaching 75.8478 on 23 March. The closing rate was 76.3051.

Operating Structure and Reference Markets

Cars

During the first quarter of 2016, the global light vehicles market showed a 3.4% increase in sales, mainly driven by the Chinese, Western European and U.S. markets.

In fact, the Western European market (EU15+EFTA) continued to show signs of recovery, closing the first quarter of 2016 with car registrations at +7.6% compared to the first quarter of 2015. All five major European markets reported increases in car sales in the first quarter of 2016 compared to the first quarter of 2015: Germany +4.5%, the United Kingdom +5.1%, France +8.2%, Italy +20.8%, and Spain +6.9%. Car registrations rose also in Eastern Europe (EU12), up by 14.3% compared to the first quarter of the previous year.

By contrast, the downtrend in light vehicle registrations that began in 2013 in Russia continued and sales dropped by 16.9% in the first quarter of 2016 compared to the first quarter of the previous year. The Russian light vehicle market reflects the economic and political crisis in the country, where the severe depreciation of the rouble and high inflation and interest rates have brought the consumer confidence index to its lowest level since 2009.

In the first quarter 2016, the United States performed well, with light vehicle sales increasing by 3.4% overall, compared to the first quarter of 2015.

Brazil and Argentina continued on the downtrend that began in the previous year and closed the reporting quarter with an overall decline in sales of 22.2%.

In the Asian markets, China recorded a positive performance in the first quarter of 2016, with a 5.7% increase in sales of light vehicles compared to first quarter of 2015, once again confirming its position as the world's top market. By contrast, the Japanese market reported a negative performance for the first three months of the year, with a drop of 8.2% compared to the first quarter of 2015.

Within this scenario, Brembo reported €413,478 thousand net sales for car applications in the first quarter of 2016, accounting for 73.4% of the Group's turnover, up by 12.4% compared to the same period of 2015.

Commercial and Industrial Vehicles

In the first quarter of 2016, the European commercial vehicles market (EU15+EFTA), Brembo's reference market, showed an 8.0% increase in registrations.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) increased by 11.3% overall compared to the same period of 2015. All the countries showed growth: +30.0% in Italy, +9.3% in Germany, +9.6% in France, and +1.2% in the United Kingdom. In the first quarter of 2016, Eastern European countries alone witnessed an increase of 17.7% within this segment, compared to the same period of 2015.

Similarly, the segment for medium and heavy commercial vehicles (over 3.5 tonnes) improved in Europe in the first quarter of 2016, closing at +17.6% compared to the same period of the previous year. All the first five European markets by sales volume reported growth: +16.0% in France, +1.3% in Germany, +10.9 in Spain, +3.3% in the United Kingdom, and +22.0 in Italy. In Eastern Europe alone, sales of commercial vehicles over 3.5

tonnes rose by 20.5% compared to the same period of the previous year.

In the first quarter of 2016, Brembo's net sales of applications for this segment amounted to €58,106 thousand, increasing by 23.8% compared to the same period of 2015.

Motorbikes

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.

In the first quarter of 2016, motorbike registrations in Europe grew by 6.2% compared to the period of the previous year. As concerns the main markets of reference, Italy grew by 23.6%, Spain by 16.1% and the United Kingdom by 9.0%, while Germany and France closed the quarter with a decrease (-5.3% and -0.4%, respectively). With reference to segments, a good performance was shown by sport-touring motorbikes (+66.1%), trial motorbikes (+23.5%), cross motorbikes (+20.7%) and enduro motorbikes (+15.8%); by contrast, street and touring motorbikes recorded a downtrend (-28.1% and -15.5%, respectively). With reference to displacement, those between 750cc and 900cc grew sharply (+10.3%). Overall, motorbikes with displacement above 500cc — Brembo's target market — rose by 4.6% compared to the same period of the previous year.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) increased by 3.2% in the first quarter of 2016, compared to the same period of 2015. In detail, ATVs reported a 0.4% growth, whereas motorbikes and scooters increased by 4.5% overall, notwithstanding a 0.8% decline in scooters alone compared to the first quarter of 2015.

In the Japanese market, registrations of motorbikes with displacements of over 50cc reported a growth in the first quarter of 2016 (+14.7%) compared to the same period of the previous year, especially thanks to motorbikes with displacements under 125cc (+33.0%).

Brazil continued on its downtrend, and in the reporting period registrations of two-wheel vehicles declined by 12.5% compared to the first quarter of 2015.

In the first quarter of 2016, Brembo's net sales of motorbike applications amounted to €57,460 thousand, increasing by 6.3% compared to the same period of 2015.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three 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 racing motorbikes.

Brembo's net sales of racing applications in 2016 amounted to €34,385 thousand, down by 21.4% from €43,760 thousand in the first quarter of 2015, due in part to the exclusion from the scope of consolidation of Sabelt S.p.A. and Belt & Buckle S.r.o. (manufacturers of safety belts and car seats for high-end and racing vehicles). On a like-for-like consolidation area, the increase in net sales was +4.9%.

Significant Events During the Quarter

No significant events occurred in the first quarter of 2016.

Opt-out from the Obligations to Publish Disclosure Documents

The Company has adopted the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of the Rules for Issuers (Board's Resolution dated 17 December 2012), thus opting out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 21 April 2016 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking any investments, directly or through intermediaries, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods;
- buying back own shares as a medium-/long-term investment.

The maximum number of shares that may be purchased is 1,600,000 that with the 1,747,000 own shares already held (2.616% of share capital), represent 5.01% of the Company's share capital. The minimum purchase price was set at €0.52 (fifty-two euro cents) and the maximum purchase price at €60.00 (sixty euro), for a maximum expected outlay of €96,000,000. The authorisation to buy back own shares has a duration of 18 months from the date of the Shareholders' resolution.

Brembo has neither bought nor sold own shares during the reporting quarter.

Significant Events After 31 March 2016

The General Shareholders' Meeting of the parent company Brembo S.p.A. held on 21 April 2016 approved the Financial Statements for the year ended 31 December 2015, allocating the net profit for the year amounting to €103,313 thousand as follows:

- to the Shareholders, a gross ordinary dividend of €0.8 per ordinary share outstanding, excluding own shares (payment as of 25 May 2016, ex-coupon date 23 May 2016 and record date 24 May 2016);
- to the reserve pursuant to Article 6, paragraph 2 of Italian Legislative Decree No. 38/2005, €277 thousand;
- the remaining amount carried forward.

On 28 September 2015, Brembo S.p.A. signed an agreement to acquire a 66% stake in Asimco Meilian Braking System Co. Ltd., a Chinese company that owns a foundry and a plant for the manufacturing of cast-iron brake discs. This company supplies local car makers, mainly including joint ventures among Chinese firms and European and U.S. top players. The remaining 34% of the share capital will be owned by the state-owned company Langfang Assets Operation Co. Ltd. The Group believes it highly likely that the closing of the transaction will take place by the first half of 2016.

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 31 March 2016, approved on 10 May 2016.

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

DECLARE

in accordance with Article 154-*bis*, paragraph 2, 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 31 March 2016 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.

BREMBO S.p.A.

Registered offices: CURNO (Bergamo) - Via Brembo, 25

Share capital: €34,727,914.00

Tax Code (VAT Code) - Bergamo Register of Companies No. 00222620163