

BEING AT THE FOREFRONT,
NEXT TO OUR CUSTOMERS

BREMBO
FIRST QUARTER
REPORT
2017



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CHAPTER II, SECTION V-*bis*, OF ITALIAN LEGISLATIVE DECREE No. 58/1998

Company Officers

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2017 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2017-2019, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2019.

COMPOSITION OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MAIN GOVERNANCE FUNCTIONS AT THE DATE OF APPROVAL OF THE FIRST QUARTER REPORT 2017 (11 May 2017)

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)}
	Valerio Battista ^{(5) (10)}
	Barbara Borra ⁽⁵⁾
	Giovanni Canavotto ⁽⁶⁾
	Laura Cioli ⁽⁵⁾
	Nicoletta Giadrossi ^{(5) (7)}
	Umberto Nicodano ⁽⁸⁾
	Gianfelice Rocca ⁽⁵⁾

BOARD OF STATUTORY AUDITORS ⁽¹¹⁾

Chairwoman	Raffaella Pagani ⁽⁷⁾
Acting Auditors	Alfredo Malguzzi Mario Tagliaferri
Alternate Auditors	Marco Salvatore Myriam Amato ⁽⁷⁾

INDEPENDENT AUDITORS

EY S.p.A. ⁽¹²⁾

MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS

Matteo Tiraboschi ⁽¹³⁾

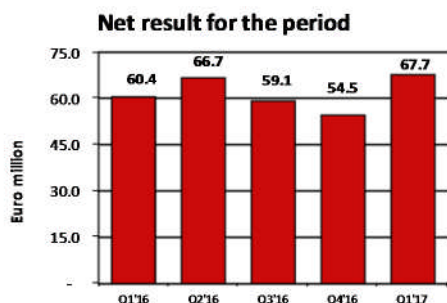
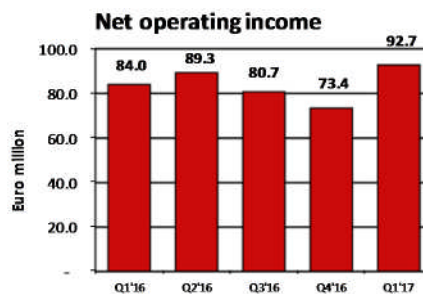
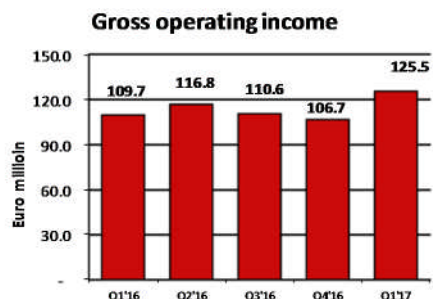
COMMITTEES

Control, Risks and Sustainability Committee ⁽¹⁴⁾	Laura Cioli (Chairwoman) Barbara Borra Nicoletta Giadrossi
Remuneration & Appointments Committee	Barbara Borra (Chairwoman) Nicoletta Giadrossi Umberto Nicodano
Supervisory Committee	Alessandro De Nicola (Chairman) ⁽¹⁵⁾ Laura Cioli Alessandra Ramorino ⁽¹⁶⁾

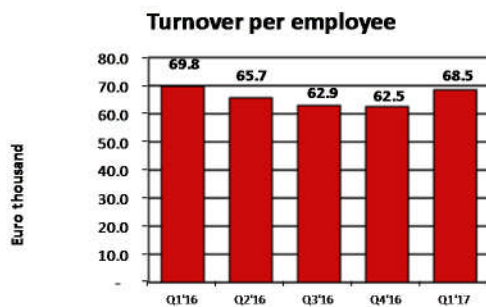
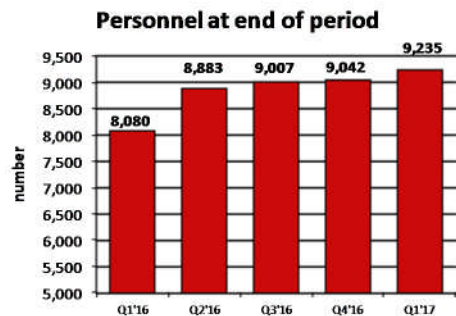
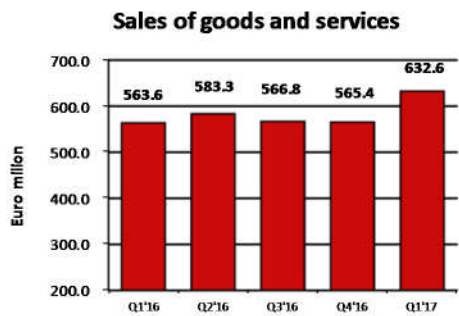
- (1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
- (2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
- (3) The Board of Directors 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) Executive Director also holding the position of General Manager of the Systems Division of Brembo.
- (7) Candidate for the position of Director proposed by a group of minority shareholders and elected by the Shareholders' Meeting/Statutory Auditor elected from a minority list.
- (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 the Internal Control & Audit Committee 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 20 April 2017. He also holds the position of Investor Relator.
- (14) This Committee also acts as the Related Party Transactions Committee.
- (15) Private practice lawyer - Senior Partner of Orrick Italian offices.
- (16) Internal Audit Director of the Brembo Group.

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

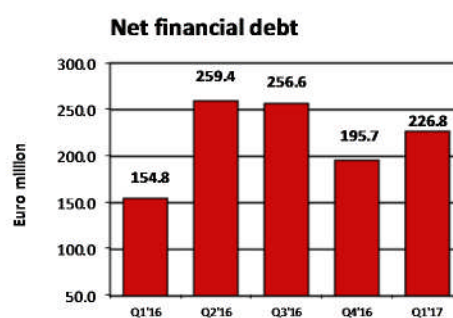
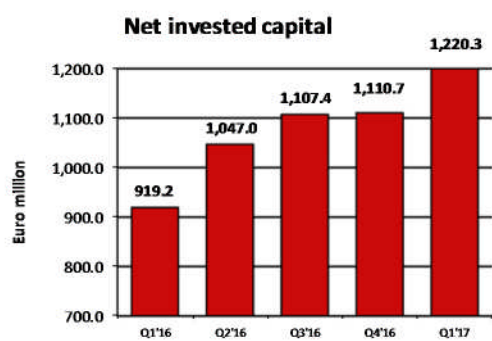
Summary of Group Results



ECONOMIC RESULTS (euro million)	A				B	% B/A
	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	
Sales of goods and services	563.6	583.3	566.8	565.4	632.6	12.2%
Gross operating income	109.7	116.8	110.6	106.7	125.5	14.5%
<i>% of sales</i>	19.5%	20.0%	19.5%	18.9%	19.8%	
Net operating income	84.0	89.3	80.7	73.4	92.7	10.4%
<i>% of sales</i>	14.9%	15.3%	14.2%	13.0%	14.7%	
Result before taxes	79.5	86.5	76.3	69.9	91.4	14.9%
<i>% of sales</i>	14.1%	14.8%	13.5%	12.4%	14.4%	
Net result for the period	60.4	66.7	59.1	54.5	67.7	12.0%
<i>% of sales</i>	10.7%	11.4%	10.4%	9.6%	10.7%	



	A				B	% B/A
	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	
FINANCIAL RESULTS (euro million)						
Net invested capital	919.2	1,047.0	1,107.4	1,110.7	1,220.3	32.8%
Equity	734.7	756.1	819.8	882.3	961.0	30.8%
Net financial debt	154.8	259.4	256.6	195.7	226.8	46.5%
PERSONNEL AND CAPITAL EXPENDITURE						
Personnel at end of period (No.)	8,080	8,883	9,007	9,042	9,235	14.3%
Turnover per employee (euro thousand)	69.8	65.7	62.9	62.5	68.5	-1.8%
Investments (euro million)	52.1	63.5	62.8	85.2	61.2	17.5%



MAIN RATIOS	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Net operating income/Sales of goods and services	14.9%	15.3%	14.2%	13.0%	14.7%
Result before taxes/Sales of goods and services	14.1%	14.8%	13.5%	12.4%	14.4%
Investments/Sales of goods and services	9.2%	10.9%	11.1%	15.1%	9.7%
Net Financial debt/Equity	21.1%	34.3%	31.3%	22.2%	23.6%
Net interest expense(*)/Sales of goods and services	0.4%	0.4%	0.4%	0.5%	0.3%
Net interest expense(*)/Net operating income	2.7%	2.6%	3.1%	3.9%	2.1%
ROI	37.1%	34.2%	28.9%	26.2%	30.8%
ROE	33.4%	35.5%	29.1%	24.9%	28.9%

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 2017

Consolidated Statement of Financial Position

<i>(euro thousand)</i>	31.03.2017	31.12.2016	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	777,601	746,932	30,669
Development costs	52,616	49,324	3,292
Goodwill and other indefinite useful life assets	88,657	88,880	(223)
Other intangible assets	50,281	52,059	(1,778)
Shareholdings valued using the equity method	29,789	26,969	2,820
Other financial assets (including investments in other companies and derivatives)	6,917	6,887	30
Receivables and other non-current assets	4,764	4,794	(30)
Deferred tax assets	63,805	57,691	6,114
TOTAL NON-CURRENT ASSETS	1,074,430	1,033,536	40,894
CURRENT ASSETS			
Inventories	299,701	283,191	16,510
Trade receivables	445,045	357,392	87,653
Other receivables and current assets	46,183	43,830	2,353
Current financial assets and derivatives	833	901	(68)
Cash and cash equivalents	318,189	245,674	72,515
TOTAL CURRENT ASSETS	1,109,951	930,988	178,963
TOTAL ASSETS	2,184,381	1,964,524	219,857
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	146,055	135,719	10,336
Retained earnings/(losses)	687,465	446,834	240,631
Net result for the period	67,678	240,632	(172,954)
TOTAL GROUP EQUITY	935,926	857,913	78,013
TOTAL MINORITY INTERESTS	25,110	24,397	713
TOTAL EQUITY	961,036	882,310	78,726
NON-CURRENT LIABILITIES			
Non-current payables to banks	348,956	210,659	138,297
Other non-current financial payables and derivatives	2,710	5,245	(2,535)
Other non-current liabilities	10,031	8,653	1,378
Provisions	24,004	21,667	2,337
Provisions for employee benefits	32,438	32,706	(268)
Deferred tax liabilities	31,360	31,622	(262)
TOTAL NON -CURRENT LIABILITIES	449,499	310,552	138,947
CURRENT LIABILITIES			
Current payables to banks	190,889	225,592	(34,703)
Other current financial payables and derivatives	3,304	756	2,548
Trade payables	442,605	428,530	14,075
Tax payables	24,360	11,837	12,523
Short term provisions	2,220	2,547	(327)
Other current payables	110,468	102,400	8,068
TOTAL CURRENT LIABILITIES	773,846	771,662	2,184
TOTAL LIABILITIES	1,223,345	1,082,214	141,131
TOTAL EQUITY AND LIABILITIES	2,184,381	1,964,524	219,857

Consolidated Statement of Income

<i>(euro thousand)</i>	31.03.2017	31.03.2016	Change	%
Sales of goods and services	632,553	563,577	68,976	12.2%
Other revenues and income	4,496	3,165	1,331	42.1%
Costs for capitalised internal works	6,599	3,958	2,641	66.7%
Raw materials, consumables and goods	(308,252)	(283,408)	(24,844)	8.8%
Non-financial interest income (expense) from investments	2,779	2,889	(110)	-3.8%
Other operating costs	(104,962)	(88,262)	(16,700)	18.9%
Personnel expenses	(107,697)	(92,253)	(15,444)	16.7%
GROSS OPERATING INCOME	125,516	109,666	15,850	14.5%
% of sales of goods and services	19.8%	19.5%		
Depreciation, amortisation and impairment losses	(32,771)	(25,665)	(7,106)	27.7%
NET OPERATING INCOME	92,745	84,001	8,744	10.4%
% of sales of goods and services	14.7%	14.9%		
Net interest income (expense)	(1,396)	(4,473)	3,077	-68.8%
Interest income (expense) from investments	40	9	31	344.4%
RESULT BEFORE TAXES	91,389	79,537	11,852	14.9%
% of sales of goods and services	14.4%	14.1%		
Taxes	(22,882)	(19,025)	(3,857)	20.3%
RESULT BEFORE MINORITY INTERESTS	68,507	60,512	7,995	13.2%
% of sales of goods and services	10.8%	10.7%		
Minority interests	(829)	(85)	(744)	875.3%
NET RESULT FOR THE PERIOD	67,678	60,427	7,251	12.0%
% of sales of goods and services	10.7%	10.7%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	1.04	0.93		

Consolidated Statement of Comprehensive Income

<i>(euro thousand)</i>	31.03.2017	31.03.2016	Change
RESULT BEFORE MINORITY INTERESTS	68,507	60,512	7,995
<i>Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:</i>			
Change in translation adjustment reserve	10,219	(13,362)	23,581
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	10,219	(13,362)	23,581
COMPREHENSIVE RESULT FOR THE PERIOD	78,726	47,150	31,576
Of which attributable to:			
– Minority Interests	713	87	626
– the Group	78,013	47,063	30,950

Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	31.03.2017	31.03.2016
Cash and cash equivalents at beginning of period	63,929	111,817
Result before taxes	91,389	79,537
Depreciation, amortisation/Impairment losses	32,771	25,665
Capital gains/losses	148	(6)
Interest income (expense) from investments, net of dividends received	(2,819)	102
Financial portion of provisions for defined benefits and payables for personnel	150	194
Long-term provisions for employee benefits	568	617
Other provisions net of utilisations	9,512	8,110
Cash flows generated by operating activities	131,719	114,219
Paid current taxes	(12,117)	(7,031)
Uses of long-term provisions for employee benefits	(1,070)	(802)
<i>(Increase) reduction in current assets:</i>		
inventories	(23,720)	(13,495)
financial assets	(24)	30
trade receivables	(87,516)	(67,581)
receivables from others and other assets	(5,338)	2,106
<i>Increase (reduction) in current liabilities:</i>		
trade payables	14,075	29,133
payables to others and other liabilities	7,652	3,935
Translation differences on current assets	345	(3,342)
Net cash flows from/(for) operating activities	24,006	57,172
<i>Investments in:</i>		
intangible assets	(7,366)	(6,145)
property, plant and equipment	(53,859)	(45,946)
Price for disposal or reimbursement value of fixed assets	334	641
Net cash flows from/(for) investing activities	(60,891)	(51,450)
Change in fair value of derivatives	67	107
Loans and financing granted by banks and other financial institutions in the period	155,039	50,000
Repayment of long-term loans	(18,560)	(18,233)
Net cash flows from/(for) financing activities	136,546	31,874
Total cash flows	99,661	37,596
Translation differences on cash and cash equivalents	5,468	(1,511)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	169,058	147,902

Consolidated Net Financial Position

<i>(euro thousand)</i>	31.03.2017	31.12.2016
Cash	135	139
Other cash equivalents	318,054	245,535
Derivatives and securities held for trading	489	556
LIQUIDITY (A+B+C)	318,678	246,230
Current financial receivables	344	345
Current payables to banks	149,131	181,745
Current portion of non-current debt	41,758	43,847
Other current financial debts and derivatives	3,304	756
CURRENT FINANCIAL DEBT (F+G+H)	194,193	226,348
NET CURRENT FINANCIAL DEBT (I-E-D)	(124,829)	(20,227)
Non-current payables to banks	348,956	210,659
Bonds issued	0	0
Other non-current financial debts and derivatives	2,710	5,245
NON-CURRENT FINANCIAL DEBT (K+L+M)	351,666	215,904
NET FINANCIAL DEBT (J+N)	226,837	195,677

Consolidated Statement of Changes in Equity

	Other Reserves			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
	Share Capital	Reserves	Treasury Shares							
<i>(euro thousand)</i>										
Balance at 1 January 2016	34,728	150,726	(13,476)	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
<i>Components of comprehensive income:</i>										
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	137,362	(13,476)	509,874	60,427	728,915	85	5,697	5,782	734,697
Balance at 1 January 2017	34,728	149,195	(13,476)	446,834	240,632	857,913	2,363	22,034	24,397	882,310
Allocation of profit for the previous year				240,632	(240,632)	0	(2,363)	2,363	0	0
Reclassification		1		(1)		0			0	0
<i>Components of comprehensive income:</i>										
Change in translation adjustment reserve		10,335				10,335		(116)	(116)	10,219
Net result for the period					67,678	67,678	829		829	68,507
Balance at 31 March 2017	34,728	159,531	(13,476)	687,465	67,678	935,926	829	24,281	25,110	961,036

Explanatory Notes to the Financial Statements

Accounting Principles and Valuation Criteria

The interim report for the first quarter of 2017, prepared in compliance with recognition and measurement criteria provided for by 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 by reason of Brembo S.p.A.'s voluntary listing in the "STAR" segment at 31 March 2017. 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 Explanatory Notes.

Reference is made to the 2016 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 is also pointed out that the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories at 30 November 2016 to the inventory accounting results at 31 March 2017. 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 2017 include the financial statements of the Parent Brembo S.p.A. and the financial statements of the companies that Brembo S.p.A. controls as per IFRS 10. Compared to the first quarter of 2016, the following corporate transactions were carried out:

- on 8 April 2016, the new company Brembo (Nanjing) Automobile Components Co. Ltd., with registered office in Nanjing, was formed. Once fully operational, the company, which is 60% owned by Brembo S.p.A. and 40% owned by Brembo Brake India Pvt. Ltd., will carry out casting, processing and assembly of braking systems for cars and commercial vehicles;
- on 19 May 2016, Brembo S.p.A. acquired a 66% stake in Asimco Meilian Braking Systems (Langfang) 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 manufacturers, mainly including joint ventures among Chinese firms and European and U.S. top players. The remaining 34% of the share capital will continue to be owned by the public company Langfang Assets Operation Co. Ltd., controlled by the Municipality of Langfang;
- October 2016 saw the finalisation of the winding-up of the company Brembo Beijing Brake Systems Co. Ltd., with its ensuing exclusion from the Group consolidation scope.

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

The Group's sales performed very well in the first quarter of 2017, confirming once again an ongoing sales uptrend. In the first quarter of 2017, net sales amounted to €632,553 thousand, up by 12.2% compared to the same period of 2016 (+9.0% on a like-or-like consolidation basis, thus excluding the contribution of the company Asimco Meilian Braking Systems (Langfang) Co. Ltd.).

Nearly all applications contributed to revenue growth. The car applications sector closed the first quarter of 2017 with an increase of 15.2% compared to the same period of 2016 (+10.8% excluding the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd.). The motorbike applications sector and the racing sector recorded a good performance as well (+9.1% and +3.8%, respectively), whereas the commercial vehicle sector declined slightly (-0.8%).

At geographical level, almost all the areas in which the Group operates reported growth. In Europe, Germany — which is the Group's second reference market with 22.2% of sales — showed a 6.1% increase compared to the first quarter of 2016; Italy also recorded a good performance (+18.0%). In France and the United Kingdom instead sales fell by -4.7% and -1.6%, respectively. North America — which confirmed its position as Brembo's top market accounting for 27.0% of sales — rose by 5.7%. South America showed the first positive signs, with a 28.4% increase in turnover. As regards the Far East, Brembo reported sharp growth in China (+45.4% on a like-for-like consolidation basis). India also performed well (+22.2%), whereas Japan declined by 29.8%.

In the quarter under review, the **cost of sales** and **other net operating costs** amounted to €402,119 thousand, with a ratio of 63.6% to sales, down compared to 64.7% for the same period of the previous year. Within this item, **costs for capitalised internal works** recognised as intangible assets amounted to €6,599 thousand compared to €3,958 thousand for the first quarter of 2016.

Income (expense) from non-financial investments totalled €2,779 thousand (€2,889 thousand in the first quarter of 2016), entirely attributable to the effects of valuing the investment in the Brembo SGL Carbon Ceramic Brakes (BSCCB) Group using the equity method.

Personnel expenses in the first quarter of 2017 amounted to €107,697 thousand or 17.0% of sales, increasing compared to the same period of the previous year (16.4%). At 31 March 2017, **workforce** numbered 9,235 (9,042 at 31 December 2016 and 8,080 at 31 March 2016). The increase in Group workforce compared to the first quarter of 2016 (+1,155 staff) was attributable for 671 staff to the inclusion of Asimco Meilian Braking Systems (Langfang) Co. Ltd.

Gross operating income for the quarter under review was €125,516 thousand (19.8% of sales) compared to €109,666 thousand for the first quarter of 2016 (19.5% of sales).

Net operating income amounted to €92,745 thousand (14.7% of sales), compared to €84,001 thousand (14.9% of sales) for the first quarter of 2016, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets of €32,771 thousand, compared to depreciation, amortisation and impairment losses amounting to €25,665 thousand for the same period of 2016.

Net interest expense, which amounted to €1,396 thousand (€4,473 thousand for the first quarter of 2016), included net exchange gains of €597 thousand (net exchange losses of €2,202 thousand for the first quarter of 2016) and interest expense of €1,993 thousand (€2,271 thousand for the same period of the previous year).

Result before taxes was €91,389 thousand (14.4% of sales), compared to €79,537 thousand (14.1% of sales) in the first quarter of 2016.

Based on tax rates applicable for the year under current tax regulations in force in each country, estimated **taxes** amounted to €22,882 thousand (€19,025 thousand for the first quarter of 2016). Tax rate was 25.0%, compared to 23.9% in the first quarter of 2016.

Group net result for the quarter was €67,678 thousand compared to €60,427 thousand for the first quarter of 2016.

Net Invested Capital at the end of the reporting period amounted to €1,220,311 thousand, up by €109,618 thousand compared to €1,110,693 thousand at 31 December 2016.

Net financial debt at 31 March 2017 amounted to €226,837 thousand compared to €195,677 thousand at 31 December 2016. The €31,160 thousand increase reported during the period was mainly due to the combined effect of the following factors:

- a positive effect of the gross operating income of €125,516 thousand;
- net investments in property, plant, equipment and intangible assets for a total of €60,743 thousand, mainly in North America (29.9%), Poland (17.4%) and China (12.8%); however, significant investments continued to be undertaken also in Italy (27.7%), with €5,589 thousand (9.2%) associated with development costs;
- a negative change in working capital due to increased operations for a total amount of €94,069 thousand;
- payment of taxes for €12,117 thousand.

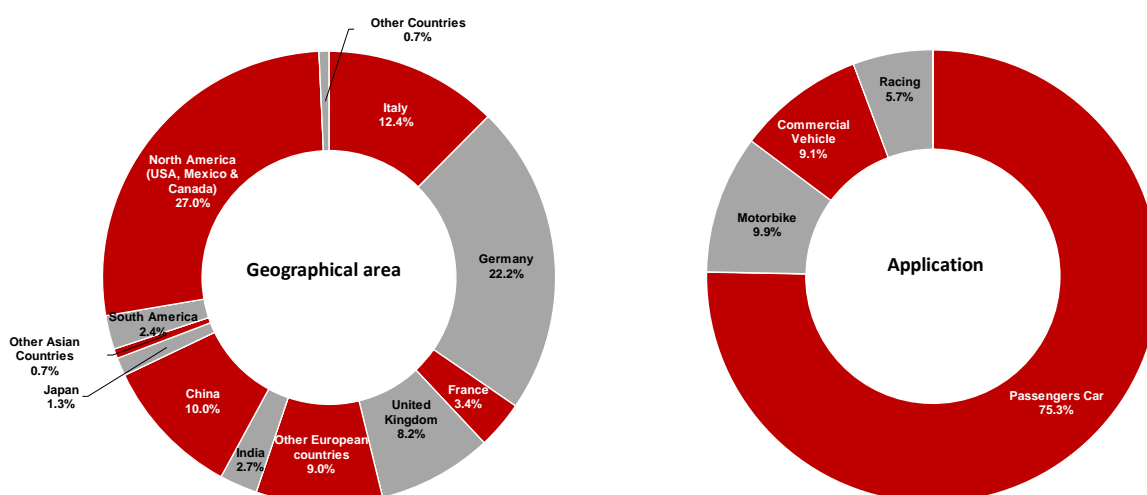
Sales Breakdown by Geographical Area and Application

The following tables show net sales at 31 March 2017, broken down by geographical area and application.

<i>(euro thousand)</i>	31.03.2017	%	31.03.2016	%	Change	%
GEOGRAPHICAL AREA						
Italy	78,232	12.4%	66,293	11.8%	11,939	18.0%
Germany	140,375	22.2%	132,261	23.5%	8,114	6.1%
France	21,643	3.4%	22,721	4.0%	(1,078)	-4.7%
United Kingdom	51,965	8.2%	52,797	9.4%	(832)	-1.6%
Other European countries	56,987	9.0%	51,501	9.1%	5,486	10.7%
India	17,011	2.7%	13,925	2.5%	3,086	22.2%
China	63,227	10.0%	30,927	5.5%	32,300	104.4%
Japan	8,245	1.3%	11,748	2.1%	(3,503)	-29.8%
Other Asian Countries	4,206	0.7%	3,285	0.6%	921	28.0%
South America (Argentina and Brazil)	15,464	2.4%	12,043	2.1%	3,421	28.4%
North America (USA, Mexico & Canada)	171,045	27.0%	161,805	28.8%	9,240	5.7%
Other Countries	4,153	0.7%	4,271	0.6%	(118)	-2.8%
Total	632,553	100.0%	563,577	100.0%	68,976	12.2%

<i>(euro thousand)</i>	31.03.2017	%	31.03.2016	%	Change	%
APPLICATION						
Passengers Car	476,388	75.3%	413,478	73.4%	62,910	15.2%
Motorbike	62,706	9.9%	57,460	10.2%	5,246	9.1%
Commercial Vehicle	57,636	9.1%	58,106	10.3%	(470)	-0.8%
Racing	35,707	5.7%	34,385	6.1%	1,322	3.8%
Miscellaneous	116	0.0%	148	0.0%	(32)	-21.6%
Total	632,553	100.0%	563,577	100.0%	68,976	12.2%

RATIO TO SALES



Foreseeable Evolution

Order book projections allow us to look to the future with cautious optimism, despite the scenario of strong global volatility.

Directors' Report on Operations and Significant Events

Macroeconomic Context

To correctly assess Brembo's performance in the first quarter of 2017, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the Group operates.

The global economy is growing: the International Monetary Fund (IMF) has revised its estimates for global gross domestic product (GDP) growth in 2017 upwards slightly to +3.5%, an increase of 0.1 percentage points on its January forecasts. The growth forecast for 2018 remains unchanged at +3.6%. According to the estimates provided in the April 2017 World Economic Outlook published by the IMF, global GDP is expected to increase, although some protectionist measures and the normalisation of monetary policy by the Federal Reserve may have an adverse impact on growth rates. The IMF has confirmed its growth rates for the United States (+2.3% in 2017 and +2.5% in 2018), which are higher than that forecast for the Eurozone, which is expected to reach +1.7% in 2017 and +1.6% in 2018. Among the major Euro Area countries, the IMF's economists expect Germany's GDP to increase by 1.6% in 2017 and by 1.5% in 2018, France's by 1.4% in 2017 and 1.6% in 2018, and Spain's by 2.6% and 2.1%, respectively.

In the **Eurozone**, the economic recovery of the Euro Area is expected to continue, but IMF emphasises that "political uncertainty as elections approach in several countries, coupled with uncertainty about the European Union's future relationship with the United Kingdom, is expected to weigh on activity." Despite Brexit, the IMF has revised its growth estimates for the United Kingdom upwards by half a percentage point: its GDP will increase by 2.0% in 2017, 0.5 percentage points more than estimated in January. In 2018, its economy is expected to slow to +1.5%, still 0.1 percentage points more than previously forecast.

According to the IMF's forecasts, Italy is expected to grow by 0.8% in 2017, less than the target of 1.1% set by the Italian government as its formal target in its financial planning document for the two years concerned. According to a study published by Confindustria Research Centre, the Italian economy is continuing down the path to a slow, uneven recovery on which it embarked in 2015. Qualitative indicators have improved significantly and suggest that the recovery is gaining momentum, due in part to renewed foreign demand. In Italy unemployment is expected to fall from 11.7% in 2016 to 11.4% in 2017 and then to 11% in 2018, although still representing the highest level in the Eurozone after Spain and Greece. According to a survey conducted by Markit Economics in March, the growth of output in the Eurozone has gained momentum in manufacturing and services, bringing growth rates to record levels for nearly six years in both segments.

In the **United States**, the IMF has maintained its forecast of faster U.S. GDP growth, expected to rise from 2.3% in 2017 to 2.5% in 2018. As pointed out by IMF economists, these forecasts were plotted before the details of the change in U.S. budgetary policies were known and reflect an increase in general confidence in the country.

The **Japanese economy** is growing and its overall activity indicator is improving. According to Japan's Ministry of Economy and Industry, the indicator increased by 0.7% in February, following on the revised -0.4% in January. The figure exceeded analysts' expectations of an increase of 0.6%. The growth of manufacturing activity in Japan picked up speed in April, remaining in expansionary territory for the eighth consecutive month. The preliminary reading of the Purchasing Manager's Index (PMI) index prepared by Markit/Nikkei shows that it closed the month at 52.8 points, up from the final reading of 52.4 points in March.

The BRICS (Brazil, Russia, India and China) continue to grow, driven by the rapid progress made by China and India. According to the IMF's estimates, the **Indian economy** will grow by 7.2% in 2017 and by 7.7% in 2018,

whereas growth in China will be +6.6% in 2017 and +6.2% in 2018. The PMI for the Chinese manufacturing industry stood at 51.8 in March, remaining above 51 for six months to date. The Chinese economy performed well in the first quarter, driven by many favourable factors, such as the constant progress of structural reforms on the supply side, flourishing entrepreneurial innovation and the constant realisation of the potential of domestic demand.

Following on the decline of 0.2% in 2016, the **Russian economy** will grow by 1.4% in 2017 and 2018, 0.3 and 0.2 percentage points above the January estimates.

Brazil is also recovering; it is expected to emerge from the recession and grow by 0.2% in 2017 and by 1.7% in 2018.

Turning to commodities trends, the average price of oil increased gradually and significantly in the first quarter of the year, reaching over 50 dollars a barrel, after two consecutive years of decline. According to the data published by the IMF, the arithmetic mean of the prices of the three benchmarks Brent, Dubai and West Texas Intermediate (WTI) increased by 9.0% compared to the same period of 2016. By the end of 2017, prices are expected to increase by 28.9 percentage points.

Currency Markets

In the first quarter of 2017, the **U.S. dollar**, after opening the period considered at 1.0385 on 3 January, lost ground against the euro until early February, when it entered a recovery. It then moved sideways until mid-March, when it entered a depreciation that continued to the end of the period, reaching 1.0889 (27 March). At the end of the period, the currency stood at 1.0691, in line with the average for the period (1.064725).

Turning to the other currencies of Brembo's major markets of operation at the industrial and commercial level, the **pound sterling** opened the period considered by depreciating against the euro, a trend that had continued since 23 June 2016, due to the reaction of the markets following the Brexit referendum, bringing the exchange rate to reach 0.87808 on 16 January. The currency then recovered against the euro, reaching 0.8445 (22 February), after which it depreciated once more until mid-March, to then finally appreciate again near the end of the period. At the end of the period, the currency stood at 0.85553, in line with the average for the period (0.859779).

After opening the quarter at 4.4123 on 2 January, the **Polish zloty** moved sideways, appreciating constantly to reach 4.2233 on 30 March. At the end of the period, the currency stood at 4.2265, below the quarterly average rate (4.320773).

The **Czech koruna** opened the reporting period at 27.02 (3 January), consistent with the quarterly average of 27.021268. During the quarter, the currency showed essentially consistent lateral movement around the average, with the exception of two depreciations: the first in the second half of January and the second at the end of March, reaching 27.03 on 31 March.

The **Swedish krona** opened the quarter by appreciating against the euro, reaching 9.4183 on 2 February, and then depreciated to below the average for the period of 9.505036. The loss of value became more marked in late February, reaching 9.5778 on 10 March. Closing rate: 9.5322.

In the Far East, the **Japanese yen** opened the reporting period by fluctuating between appreciation and depreciation against the euro, reaching 123.01 on 27 January. The currency then appreciated once more, reaching

to 118.79 by the end of February (22 February). Periods of depreciation and appreciation alternated in March until the end of the quarter. At the end of the period, the currency stood at 119.55, below the quarterly average rate (120.993332).

The **Chinese yuan/renminbi** opened the quarter at 7.2285 (3 January), depreciating overall until early February, after which it appreciated and then lost ground to the euro again in March to 7.4895 (27 March). At the end of the period, the currency stood at 7.3642, above the average rate for the period (7.33412).

The **Indian rupee** opened the quarter by losing ground to the euro, reaching 73.189 on 24 January. The currency then appreciated constantly, staying below the quarterly average of 71.298951 since the second half of February. Closing rate: 69.3965.

In the Americas, the **Brazilian real** opened the quarter by alternating between periods of appreciation and losses against the euro, reaching 3.4367 on 18 January. The currency then appreciated once more, reaching 3.2402 on 16 February, after which it depreciated constantly until the end of the quarter. At the end of the period, the currency stood at 3.38, value above the average rate for the period (3.345493).

The **Mexican peso** opened the quarter by depreciating against the euro, reaching 23.4441 on 19 January. The currency then appreciated constantly, reaching 20.0175 at the end of the period. Since the second half of February, the Mexican currency remained below the quarterly average of 21.631172.

The **Argentine peso** opened the quarter by depreciating against the euro, reaching 17.153135 on 24 January, to then reverse the trend and rally, reaching 16.18156 on 2 March. In the second half of the month, the currency depreciated further, but then went on to appreciate again near the end of the period, however remaining below the quarterly average of 16.690217. Closing rate: 16.4589.

Finally, the **Russian rouble** opened the reporting period by alternating between periods of appreciation and depreciation against the euro, reaching 64.8674 on 1 February. The currency then recovered and moved sideways from mid-February to mid-March at values below the average for the period of 62.51982. In the second half of March, the Russian currency began to depreciate once more, but then went on to appreciate at the end of the period, reaching 60.313.

Operating Structure and Reference Markets

Cars

During the first quarter of 2017, the global light vehicles market showed a 5.2% increase in sales, mainly driven by the Chinese and Western European markets.

In fact, the Western European market (EU15+EFTA) continued to show signs of recovery, closing the first quarter of 2017 with car registrations at +8.2% compared to the first quarter of 2016. All five major European markets reported increases in car sales in the first quarter of 2017 compared to the first quarter of 2016: Germany +6.7%, the United Kingdom +6.2%, France +4.8%, Italy +11.9%, and Spain +7.9%. Car registrations rose also in Eastern Europe (EU12), up by 18.2% compared to the first quarter of the previous year.

Light vehicle registrations in Russia also started to show some positive signs, reporting an increase of 1.0% for the first quarter of 2017 compared to the first quarter of the previous year.

In the United States, the first quarter of 2017 recorded a slightly negative performance, with light vehicle sales

decreasing by 1.4% overall compared to the first quarter of 2016. The Brazilian and Argentine markets began instead to show signs of recovery and closed the first quarter of 2017 with sales up by 9.8% overall.

In the Asian markets, China recorded a positive performance in the first quarter, with a 5.5% increase in sales of light vehicles compared to first quarter of 2016, once again confirming its position as the world's top market.

Japan also closed positively the first three months of the year with a 7.6% rise in sales.

Within this scenario, Brembo reported €476,388 thousand net sales for car applications in the first quarter of 2017, accounting for 75.3% of the Group's turnover, up by 15.2% compared to the same period of 2016 (+10.8% excluding the contribution of Asimco Meilian Braking Systems (Langfang) Co. Ltd.).

Commercial and Industrial Vehicles

In the first quarter of 2017, the European commercial vehicles market (EU15+EFTA), Brembo's reference market, showed a 7.6% increase in registrations.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) increased by 8.1% overall compared to the same period of 2016. Among the first five European markets by sales volume, a positive performance was reported by Italy (+9.4%), Germany (+8.9%), Spain (+23.6%) and France (+10.2%). An opposing trend was recorded by the United Kingdom, which decreased slightly (-0.9%) compared to the first quarter of 2016. Within this segment, Eastern European countries alone saw an increase of 5.9% in the first quarter of 2017 compared to the same period of the previous year.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) also improved in Europe closing the first quarter of 2017 with a +5.0% growth compared to the same period of the previous year. In detail, Italy stood out against all the top five European markets in terms of sales volumes, with growth of 42.5% compared to the same period of 2016. The same uptrend was recorded in Germany (+3.4%), Spain (+1.6%), France (+5.9%) and the United Kingdom (+5.0%). In the Eastern European countries, sales of commercial vehicles increased slightly by 0.2% in the first quarter of 2017 compared to the same period of the previous year.

In the first quarter of 2017, Brembo's net sales of applications for this segment totalled €57,636 thousand, down by 0.8% compared to the first quarter of 2016.

Motorbikes

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

In the first quarter of 2017, as concerns the main markets of reference, only Italy grew by 2.2%. Registrations of motorbikes with displacement above 500cc rose by 2.4% compared to the same period of the previous year. The United Kingdom, Germany, France and Spain closed the quarter with a decrease compared to the first quarter of 2016.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) decreased by 652% for the first quarter of 2017, compared to the same period of 2016. In detail, ATVs reported a 11.4% decrease, whereas motorbikes and scooters decreased by 4.4% overall.

Brazil continued on its downtrend, and in the reporting period registrations of two-wheel vehicles declined by 26.3% compared to the first quarter of 2016, the Indian market decrease is about 2.0%.

In the first quarter of 2017, Brembo's net sales of motorbike applications amounted to €62,706 thousand,

increasing by 9.1% compared to the first quarter of 2016.

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.

In the reporting period, Brembo's net sales of racing applications amounted to €35,707 thousand, up by 3.8% compared to the first quarter of 2016.

Significant Events During the Quarter

No significant events occurred in the first quarter of 2017.

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 20 April 2017 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 (8,000,000, after the stock split mentioned in the following section) which, together with 1,747,000 (8,735,000, after the stock split mentioned in the following section) own shares already held by Brembo (2.616% of share capital), represents 5.01% of the Company's share capital. Own shares shall be purchased and sold at a minimum price of no more than 10% below and at a maximum price of no more than 10% above the price of the shares during the trading session on the day before each transaction is undertaken, up to a maximum of €120 million. 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 2017

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2017 approved the Financial Statements for the financial year ended 31 December 2016, allocating the net income for the year amounting to €138,393 thousand as follows:

- to the Shareholders, a gross ordinary dividend of €1.0 per ordinary share outstanding, excluding own shares (payment as of 24 May 2017, ex-coupon date 22 May 2017, and record date 23 May 2017);
- the remaining amount carried forward.

The same General Shareholders' Meeting approved the stock split of the Company's total 66,784,450 ordinary shares (without nominal value) into 333,922,250 newly issued ordinary shares, through the withdrawal of the outstanding ordinary shares and the assignment of 5 (five) newly issued shares for each share withdrawn and cancelled. The transaction, whose execution is scheduled for 29 May 2017, will entail a reduction of the book value of each share but will not have any effect on the amount of the Company's share capital or the characteristics of its shares.

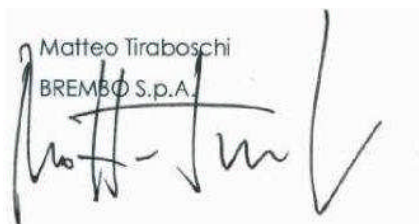
Statement Pursuant to Article 154-*bis*, Paragraph 2, Part IV, Title III, Chapter II, Section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998: “Consolidation Act on Financial Brokerage Pursuant to Articles 8 and 21 of Italian Law No. 52 of 6 February 1996”

RE: Interim Report at 31 March 2017, approved on 11 May 2017.

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 2017 corresponds with the documented results, books and accounting records.



Matteo Tiraboschi
BREMBO S.p.A.

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