



Stezzano, 11 May 2020

BREMBO: Q1 REVENUES €75.9 MILLION (-13.7% OR -13.3% ON A LIKE-FOR-LIKE CONSOLIDATION BASIS), EBITDA AT €102 MILLION (EBITDA MARGIN: 17.7%), NET PROFIT AT €29.8 MILLION

Compared to Q1 2019:

- **Revenues** to €75.9 million (-13,7% or -13.3% on a like-for-like consolidation basis)
- **EBITDA** margin at 17.7% to €102.0 million; **EBIT** margin at 8.7% to €50.3 million
- **Net investments for the quarter** amounted to €39.5 million
- **Net financial debt** at €450.4 million (€254.7 million prior to the application of IFRS 16), up €61.2 million compared to 31 March 2019

Q1 2020 results:

(€ million)	2020	2019	Change
Revenue	575.9	667.1	-13.7%
EBITDA % of sales	102.0 17.7%	134.2 20.1%	-24.0%
EBIT % of sales	50.3 8.7%	87.0 13.0%	-42.2%
Pre-tax profit % of sales	42.5 7.4%	83.9 12.6%	-49.4%
Net profit % of sales	29.8 5.2%	64.4 9.7%	-53.8%
	31.03.20	31.03.19	Change
Net financial debt	450.4	389.2	+61.2
Net financial debt prior to IFRS 16 FTA	254.7	212.9	+41.8

Brembo Chairman **Alberto Bombassei** stated:

“Brembo's results for the first quarter of the year were impacted by the crisis triggered by a pandemic without equal in contemporary history.

In a context of global emergency, Brembo's reaction was based on four key drivers, and, of course, on ensuring the total safety of human capital that has faced this moment with a sense of responsibility:

- increasing innovation investments through new technologically advanced and eco-friendly products and services based on Artificial Intelligence (AI);
- keeping daily and constructive collaboration relationships with all the customers and suppliers worldwide;
- strengthening the Net Financial Position, through reduced characteristic investments and the suspension of dividends;
- a long-term, growth-oriented vision, also including M&As.

Although the sector where we operate is one of the most impacted by the general uncertainty, we are confident we will resume growth, with even greater strength and determination, in the medium/long-term.”

Results for the First Quarter of 2020

Brembo's Board of Directors chaired by Alberto Bombassei examined and approved the Group's quarterly results at 31 March 2020.

In the first quarter of 2020, net consolidated revenues amounted to €575.9 million, down 13.7% compared to the first quarter of the previous year (-13.3% on a like-for-like consolidation basis, i.e., excluding the effects of the reclassification of the figures relating to the company Brembo Argentina S.A. to the item "Result from discontinued operations").

As expected, Q1 2020 results were severely impacted by the gradual spread of the COVID-19 pandemic at global level.

Within this scenario, Brembo's sales for the car segment declined by 13.4%, motorbike applications by 11.7%, applications for commercial vehicles by 19.3% and those for racing vehicles by 10.5% compared to the same quarter of 2019.

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

Sales dropped by 10.9% in Italy, by 17.6% in Germany, by 24.7% in France and by 15.3% in the United Kingdom. In Asia, India declined by 12.6% and China by 29.3%, whereas Japan grew by +3.0%. The North American market (USA, Mexico and Canada) shrank by 9.4% and the South American market (Brazil and Argentina) by 17.1% (+3.9% on a like-for-like consolidation basis).

In Q1 2020, the cost of sales and other net operating costs amounted to €346.7 million, with a 63.3% ratio to sales, up in percentage terms compared to the same period of the previous year (Q1 2019: €417.3 million; 62.5% of sales).

Personnel expenses amounted to €110.3 million, with a 19.2% ratio to sales, increasing compared to the same period of the previous year (17.8% of sales). At 31 March 2020, workforce numbered 11,022, compared to 10,868 at 31 December 2019 and 10,693 at 31 March 2019.

EBITDA for Q1 2020 amounted to €102.0 million (EBITDA margin: 17.7%), compared to €134.2 million for the first quarter of 2019 (EBITDA margin: 20.1%).

EBIT was €50.3 million (EBIT margin: 8.7%) compared to €87.0 million (EBIT margin: 13.0%) for Q1 2019.

Net interest expense for the quarter amounted to €7.8 million (€3.2 million in Q1 2019); this item includes interest expense amounting to €2.9 million (€3.8 million in Q1 2019) and net exchange losses of €4.9 million (net exchange gains of €0.7 million in Q1 2019).

Pre-tax profit was €42.5 million (7.4% of sales), compared to €83.9 million (12.6% of sales) for Q1 2019.

Based on the tax rates applicable under current tax regulations in force in each country, estimated taxes amounted to €13.0 million (€19.3 million in Q1 2019), with a tax rate of 30.5% compared to 23.0% for the same period of 2019.

The period ended with a net profit of €29.8 million (5.2% of sales) compared to €64.4 million for the same period of the previous year.

Net financial debt at 31 March 2020 amounted to €450.4 million, increasing by €61.2 million compared to 31 March 2019. Without the impact of IFRS 16, net financial debt would have been €254.7 million, up €41.8 million compared to 31 March 2019.

Measures adopted to combat the COVID-19 emergency

The World Health Organization (WHO) announced the spread of the disease COVID-19 from China, particularly from the Wuhan district, in early January 2020; it then declared COVID-19 a global health emergency of international concern on 30 January. February saw the virus spread to Europe and America, resulting to the global lockdown in March and April. Italy — the first European country to be struck by the pandemic, and still today one of the most affected — adopted particularly restrictive measures to contain the spread of the virus. The circumstances and timing of the resumption of social life and economic activities differ from one country to the next and remain uncertain for North and South America, whereas in China and, to a partial extent, in Europe reopening has already begun.

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

In view of reopening, further extraordinary measures aimed at combating the virus and protecting the health of employees and contractors have been taken (rearrangement of production layouts, sanitisation of the premises, personal protective equipment, temperature measurement, heat scans, blood tests, hygiene rules and social distancing, extended remote working, etc.).

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

With reference to financial aspects, in adopting the prudential approach proposed by the Board of Directors in its extraordinary meeting on 20 March 2020, the Shareholders' Meeting held on 23 April resolved not to distribute dividends drawing on the 2019 profit. This decision was made in order to support the Group's financial solidity and limit future economic and financial impacts. A dividend may be proposed when the current situation relating to COVID-19 has been overcome.

To face this difficult time for the market, between April and May 2020, the Group's financial structure was further reinforced by entering into new medium/long-term loans for a total amount of €425 million, in addition to available short-term credit lines for €348 million, which have not been used. These new loans enabled the Group to extend the average life of its debt, at costs in line with current levels.

Foreseeable Evolution

The Group decisively designed and implemented a series of measures intended to mitigate the financial impact of COVID-19, focusing in particular on strengthening investment on innovation, significant cost-cutting, protecting net financial position and reinforcing its already sound financial position. The results of these actions will become more visible in the coming quarters, although the general lockdown measures adopted in most countries worldwide will continue to reflect the adverse effects of COVID-19.

Given the present state of uncertainty as to the future course of the pandemic, the measures to be adopted by governments and the swiftness of the recovery of the economic cycle — and of the automotive sector in particular — it is difficult to make quantitative projections on the Group's economic and financial performance; however, the effects are expected to remain significant also in the coming quarters of 2020. The Company continues to monitor events very closely and is prepared to manage this situation professionally and with the utmost commitment, maintaining the forward-looking perspective that has always set it apart.

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

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

CONSOLIDATED STATEMENT OF INCOME

<i>(euro million)</i>	31.03.2020	31.03.2019	Change	%
Revenue from contracts with customers	575.9	667.1	(91.2)	-13.7%
Other revenues and income	4.3	5.1	(0.8)	-15.5%
Costs for capitalised internal works	6.1	7.7	(1.6)	-20.8%
Raw materials, consumables and goods	(266.5)	(315.9)	49.4	-15.6%
Income (expenses) from non-financial investments	1.1	3.4	(2.3)	-67.1%
Other operating costs	(108.5)	(114.1)	5.6	-4.9%
Personnel expenses	(110.3)	(119.0)	8.7	-7.3%
GROSS OPERATING INCOME	102.0	134.2	(32.2)	-24.0%
% of revenue from contracts with customer	17.7%	20.1%		
Depreciation, amortisation and impairment losses	(51.7)	(47.2)	(4.5)	9.5%
NET OPERATING INCOME	50.3	87.0	(36.7)	-42.2%
% of revenue from contracts with customer	8.7%	13.0%		
Net interest income (expense) and interest income (expense) from investments	(7.8)	(3.1)	(4.7)	152.0%
RESULT BEFORE TAXES	42.5	83.9	(41.4)	-49.4%
% of revenue from contracts with customer	7.4%	12.6%		
Taxes	(13.0)	(19.3)	6.3	-32.8%
Result from discontinued operations	0.1	0.0	0.1	N/A
RESULT BEFORE MINORITY INTERESTS	29.6	64.6	(35.0)	-54.2%
% of revenue from contracts with customer	5.1%	9.7%		
Minority interests	0.2	(0.2)	0.4	-183.9%
NET RESULT FOR THE PERIOD	29.8	64.4	(34.6)	-53.8%
% of revenue from contracts with customer	5.2%	9.7%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.09	0.20		

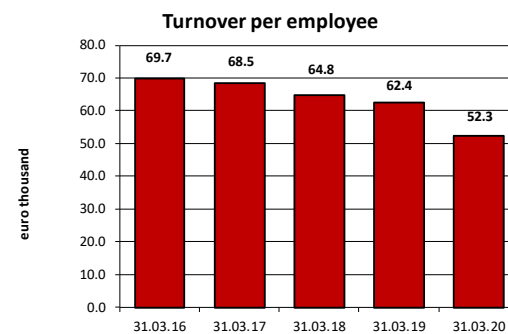
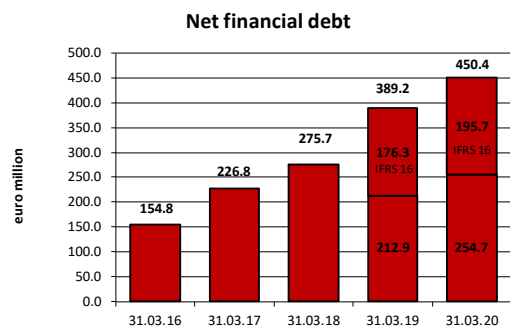
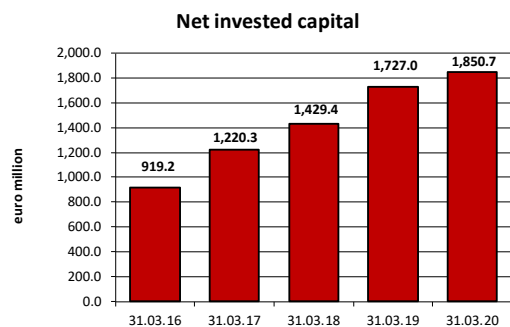
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro million)</i>	31.03.2020	31.12.2019	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	1,035.1	1,064.3	(29.2)
Right of use assets	189.2	194.5	(5.3)
Development costs	90.6	87.2	3.3
Goodwill and other indefinite useful life assets	83.8	83.9	(0.1)
Other intangible assets	55.8	57.2	(1.4)
Shareholding valued using the equity method	40.0	43.1	(3.1)
Other financial assets (including investments in other companies and derivatives)	79.7	7.1	72.6
Receivables and other non-current assets	12.2	12.9	(0.7)
Deferred tax assets	57.2	54.6	2.6
TOTAL NON-CURRENT ASSETS	1,643.6	1,604.8	38.8
CURRENT ASSETS			
Inventories	366.3	342.2	24.1
Trade receivables	383.4	391.9	(8.5)
Other receivables and current assets	93.6	95.9	(2.2)
Current financial assets and derivatives	1.8	1.4	0.4
Cash and cash equivalents	228.5	304.8	(76.3)
TOTAL CURRENT ASSETS	1,073.6	1,136.2	(62.6)
ASSETS FROM DISCONTINUED OPERATIONS	1.3	1.4	(0.2)
TOTAL ASSETS	2,718.4	2,742.5	(24.0)
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34.7	34.7	0.0
Other reserves	80.2	107.3	(27.1)
Retained earnings/(losses)	1,201.0	983.8	217.2
Net result for the period	29.8	231.3	(201.5)
TOTAL GROUP EQUITY	1,345.7	1,357.2	(11.5)
TOTAL MINORITY INTERESTS	30.8	30.9	0.0
TOTAL EQUITY	1,376.5	1,388.0	(11.5)
NON-CURRENT LIABILITIES			
Non-current payables to banks	178.4	196.6	(18.1)
Long-term lease liabilities	176.5	177.3	(0.8)
Other non-current financial payables and derivatives	1.2	1.2	0.0
Other non-current liabilities	11.2	9.5	1.8
Non-current provisions	13.9	12.5	1.4
Provisions for employee benefits	24.8	25.6	(0.8)
Deferred tax liabilities	28.7	28.4	0.3
TOTAL NON-CURRENT LIABILITIES	434.8	451.0	(16.2)
CURRENT LIABILITIES			
Current payables to banks	303.7	257.7	46.1
Short-term lease liabilities	19.2	18.7	0.5
Other current financial payables and derivatives	1.6	1.1	0.6
Trade payables	447.9	474.0	(26.1)
Tax payables	2.8	6.1	(3.3)
Current provisions	1.8	2.1	(0.2)
Other current liabilities	129.5	143.3	(13.8)
TOTAL CURRENT LIABILITIES	906.6	902.9	3.8
LIABILITIES FROM DISCONTINUED OPERATIONS	0.5	0.6	(0.1)
TOTAL LIABILITIES	1,341.9	1,354.5	(12.6)
TOTAL EQUITY AND LIABILITIES	2,718.4	2,742.5	(24.0)

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA AND BY APPLICATION

<i>(euro million)</i>	31.03.2020	%	31.03.2019	%	Change	%
GEOGRAPHICAL AREA						
Italy	64.3	11.2%	72.1	10.8%	(7.9)	-10.9%
Germany	114.2	19.8%	138.5	20.8%	(24.3)	-17.6%
France	19.2	3.3%	25.5	3.8%	(6.3)	-24.7%
United Kingdom	48.5	8.4%	57.3	8.6%	(8.7)	-15.3%
Other European countries	73.9	12.8%	77.4	11.6%	(3.5)	-4.5%
India	20.5	3.6%	23.5	3.5%	(3.0)	-12.6%
China	49.7	8.6%	70.3	10.5%	(20.6)	-29.3%
Japan	7.6	1.3%	7.4	1.1%	0.2	3.0%
Other Asian Countries	7.9	1.4%	7.6	1.1%	0.4	4.7%
South America (Argentina and Brazil)	11.8	2.1%	14.3	2.1%	(2.4)	-17.1%
North America (USA, Mexico & Canada)	152.6	26.5%	168.4	25.3%	(15.8)	-9.4%
Other Countries	5.8	1.0%	5.1	0.8%	0.7	13.9%
Total	575.9	100.0%	667.1	100.0%	(91.2)	-13.7%

<i>(euro million)</i>	31.03.2020	%	31.03.2019	%	Change	%
APPLICATION						
Passenger Car	426.7	74.1%	492.6	73.9%	(65.9)	-13.4%
Motorbike	60.9	10.6%	68.9	10.3%	(8.0)	-11.7%
Commercial Vehicle	55.3	9.6%	68.5	10.3%	(13.2)	-19.3%
Racing	33.0	5.7%	36.9	5.5%	(3.9)	-10.5%
Miscellaneous	0.0	0.0%	0.2	0.0%	(0.2)	-79.1%
Total	575.9	100.0%	667.1	100.0%	(91.2)	-13.7%



	31.03.2016	31.03.2017	31.03.2018	31.03.2019	31.03.2020
Net operating income/Revenue from contract with customers	14.9%	14.7%	13.9%	13.0%	8.7%
Result before taxes/Revenue from contract with customers	14.1%	14.4%	13.7%	12.6%	7.4%
Net investments/Revenue from contract with customers	9.1%	9.6%	7.0%	6.0%	6.9%
Net Financial indebtedness/Equity	21.1%	23.6%	24.5%	29.7%	32.7%
Adjusted net interest expense(*)/Revenue from contract with customers	0.4%	0.3%	0.3%	0.6%	0.5%
Adjusted net interest expense(*)/Net operating income	2.7%	2.1%	2.3%	4.4%	5.8%
ROI	37.1%	30.8%	26.0%	20.4%	11.0%
ROE	33.4%	28.9%	24.8%	20.0%	8.7%

Note:

ROI: Net operating income/Net invested capital x annualisation factor(days in the year/days from January 1st).

ROE: Result before minority interests (net of Result from discontinued operations)/Equity x annualisation factor(days in the year/days from January 1st).

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