



Designing developing manufacturing

**Determined to always
be one step ahead**



Designing, developing, manufacturing. Determined to always be one step ahead

1.1 Group profile and main applications

The Brembo Group — global leader and recognised innovator in brake disc technology for vehicles — researches, designs, develops, manufactures, assembles and sells braking systems, vehicle wheels and light alloy and metal castings.



It supplies high performance braking systems, as well as clutches and other components for racing, to the most important manufacturers of cars, motorbikes and commercial vehicles worldwide.

The Group currently operates in 15 countries in 3 continents, with a workforce of over 10,600.

Figures for the three-year period 2016 – 2017 – 2018



Employees
9,042 – 9,837
10,634



Investments
264 – 361
288
€ million



Turnover
2,279 – 2,464
2,640
€ million



Ebitda
444 – 480
501
€ million



Net debt
196 – 219
137
€ million



Net profit
241 – 263
238
€ million

Main applications

Cars

This is Brembo's main area of operation and includes brake discs, brake calipers, wheel-side modules and complete braking systems, inclusive of the integrated engineering services that accompany the development of new models for car manufacturers. In addition to its Original Equipment Manufacturing (OEM) line, Brembo also serves the aftermarket segment, offering a wide range suited to nearly all vehicles on the road in Europe, including brake discs, pads, drums, brake shoes, drum brake kits and hydraulic components.



76.5%
on total sales

Commercial vehicles

This segment includes components for original equipment brake systems for manufacturers of commercial and industrial vehicles of all kinds (light and medium) and discs for heavy vehicles. In addition to its OEM line, Brembo offers replacement parts and maintenance products for commercial vehicle brake systems.



9.7%
on total sales

Racing

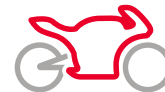
This segment includes the design and manufacture of braking systems and clutches for the racing sector, intended for teams participating in major racing competitions. Despite its limited impact on revenues, it is a market of strategic importance for the Group since it is a frontier sector for innovation by Brembo. The most advanced products, technologies, production concepts and development methods are conceived for the racing market and the benefits then trickle down to the production series developed by the Group for its customers. The racing line is rounded out by a range of products intended for enthusiasts, preparers and, more generally, those who wish to improve the look and performance of their vehicles using parts ready for the track.



4.4%
on total sales

Motorbikes

This area includes brake discs and calipers, but also brake pumps, light alloy wheels and complete braking systems, intended for the models offered by the world's most prestigious manufacturers. Europe, the United States and the Asian countries are the most important markets for Brembo in this sector.



9.4%
on total sales



1.2 Brembo's history

1960s - Innovation

Brembo is founded in 1961, near Bergamo, by Emilio Bombassei, his sons Sergio and Alberto, and his brother-in-law Italo Breda. The company initially carries out mechanical production for third parties, serving clients such as Alfa Romeo and Pirelli.

However, thanks in part to a fortuitous event, it establishes a winning business model in 1964: producing car brake discs, the first in Italy. In 1965, Brembo has just twenty-eight employees, but it is already focusing on innovation in both materials and production processes.

1970s - Performance

Brembo invests in research and development, coming up with new solutions, and registers its first patent in 1970. It creates the first highly innovative disc brake system for Moto Guzzi in 1972. The turnaround comes in 1975, when Enzo Ferrari asks Brembo to equip his Formula 1 vehicles. Brembo enters the world of motor sport. This is followed by a partnership with MV Agusta for the MotoGP.

Challenge and innovation: providing better and better performances becomes one of Brembo's distinguishing features.

1980s - Comfort

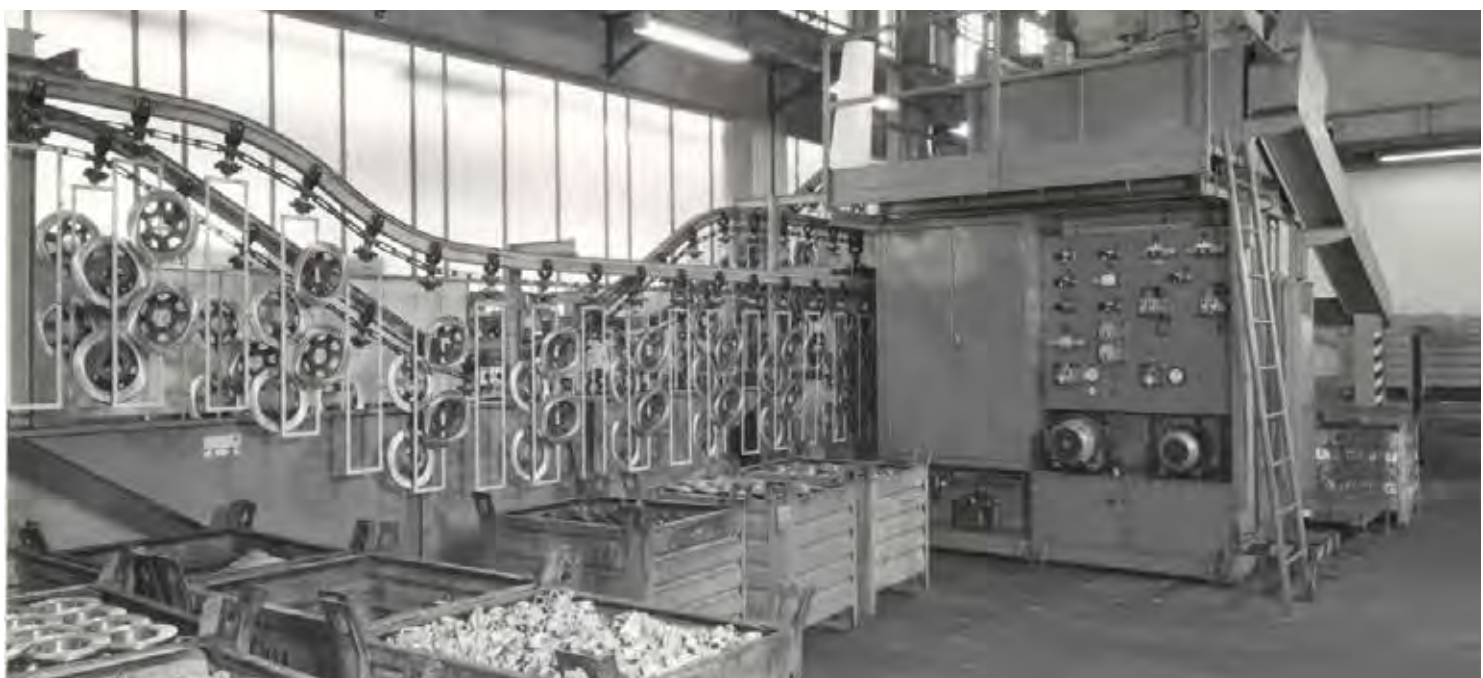
Brembo devotes itself to studying innovative materials. In 1980, it develops the first aluminium caliper — adopted by Porsche, BMW, Lancia, Nissan and Chrysler among others — followed, in 1984, by the first carbon brake disc for Formula 1.

In addition to top performances, clients demand comfort and no noise or vibrations. The company begins to carry out its first tests on a sophisticated dynamic test bench. In 1985, Brembo becomes a strategic supplier for industrial vehicles built by Iveco, Renault and Mercedes.

1990s - The world

Brembo continues to grow: in 1995 the company is listed on the Milan Stock Exchange. This marks the start of a strategic process that will lay the foundations for market and production globalisation. Brembo starts manufacturing in Spain, Poland and Mexico, and also for the US market, where Chrysler is its first client.

These are years of radical innovation, with the first Monobloc brake calipers for cars and the first radial-mount calipers for motorbikes.



2000s - Style

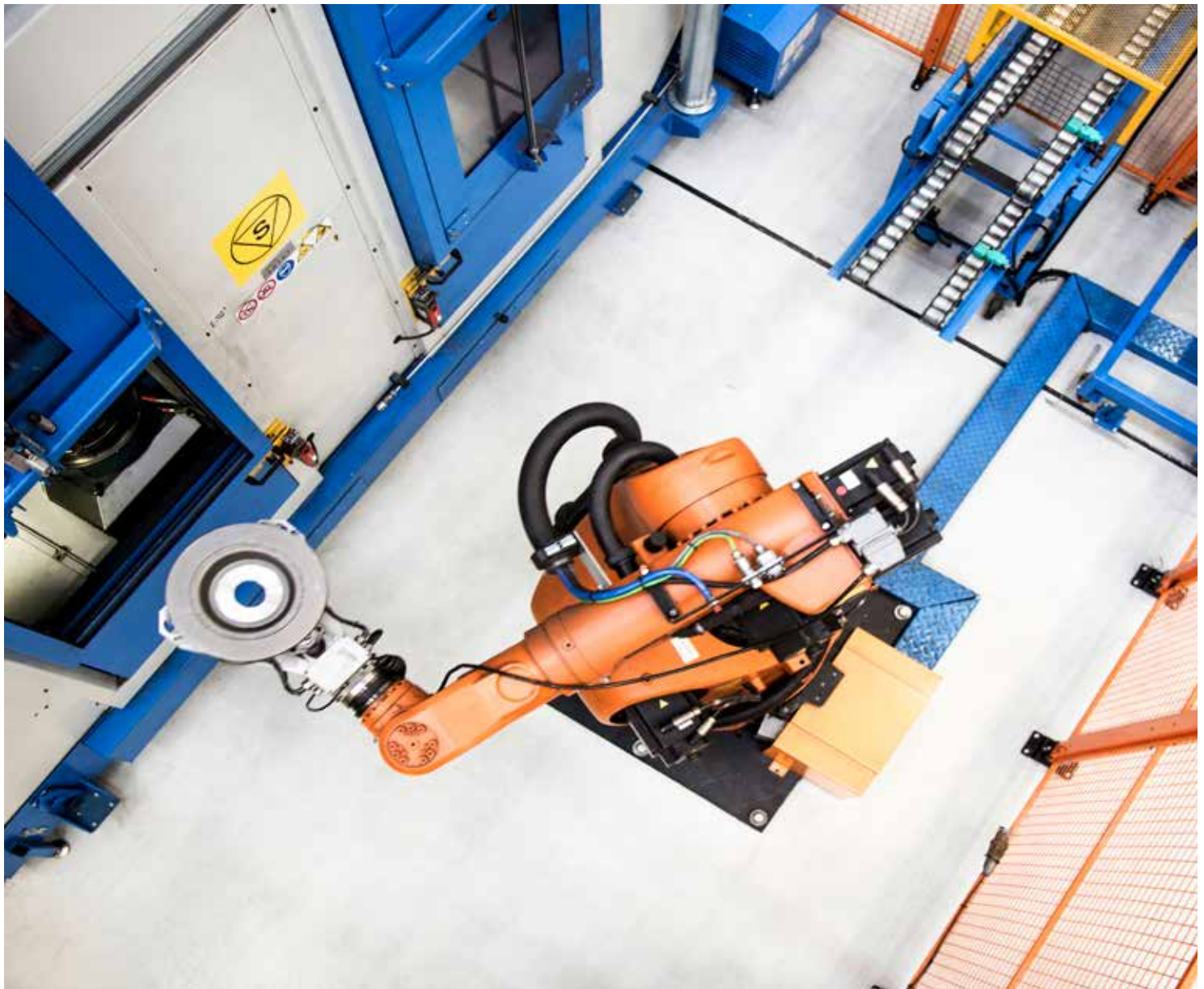
Brembo continues its expansion, encompassing Brazil, the UK, China, Japan, India and the USA. The braking system with carbon-ceramic discs makes its debut, winning the prestigious Compasso d'Oro in 2004: style and design characterise the world of Brembo more than ever before. The Brembo Research & Development Centre is opened in the Kilometro Rosso Science and Technology Park in 2007.

Its success in the world of sport continues: Brembo is world champion in the majority of racing championships.

Since 2010 - The future

Brembo looks to the future. The Group complements the launch of new hubs and production lines in the USA, Mexico, China and Poland with the opening of R&D centres also in China and the USA. A milestone honours a history of success: in 2017 Brembo's President Alberto Bombassei is added to Detroit's Automotive Hall of Fame.

Always ready for the next technology challenge, Brembo decisively opts for the world of electric vehicles, and as of 2018 it has become the exclusive supplier of braking systems for the Formula E racing cars.





















1.3 Global footprint

Brembo S.p.A.'s headquarters are located in Italy, Curno (Bergamo).

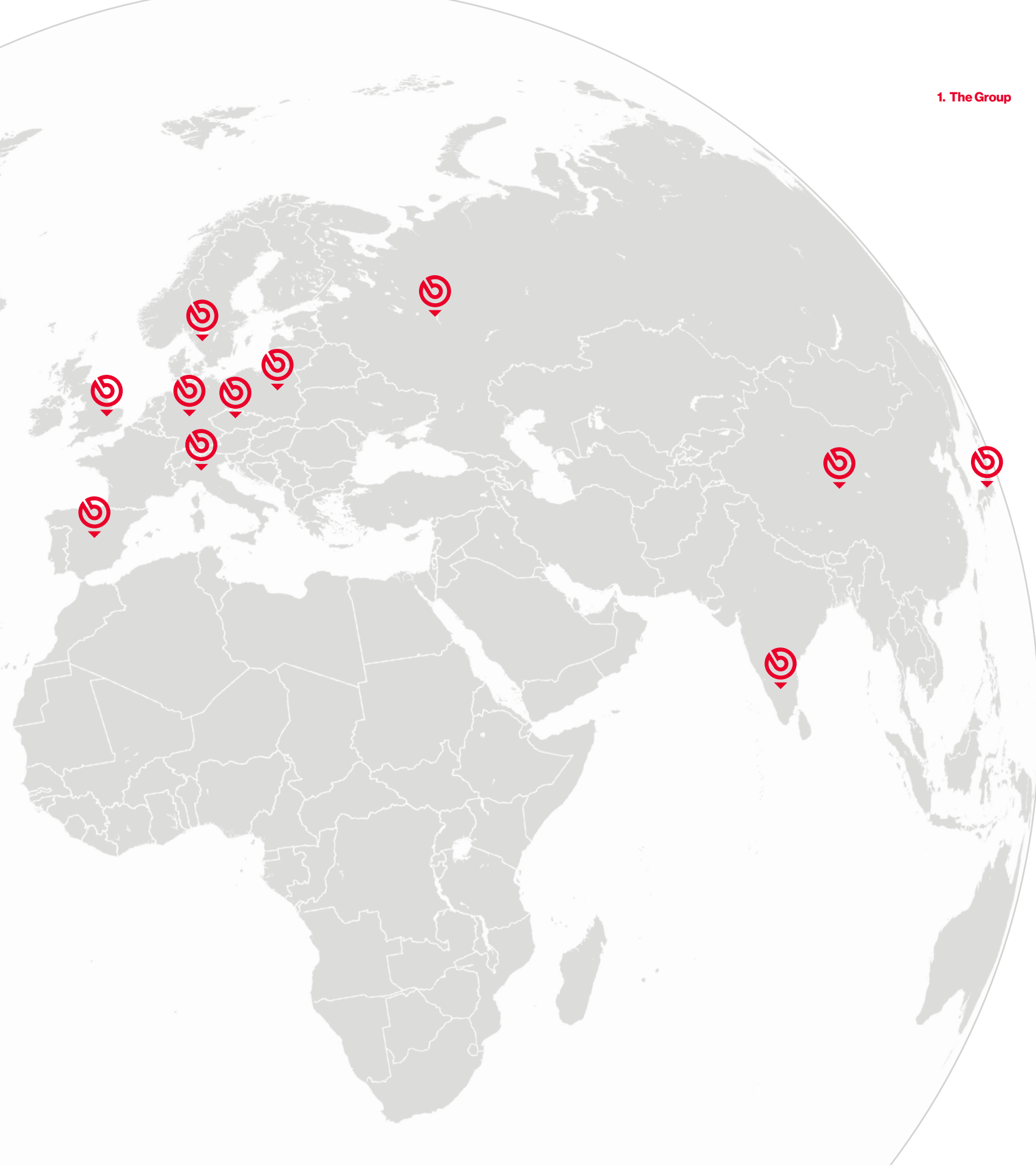
Manufacturing plants

-  **Italy**
Stezzano, Curno, Mapello, Sellero
-  **Poland**
Czestochowa, Dabrowa Gornicza, Niepolomice
-  **United Kingdom**
Coventry
-  **Czech Republic**
Ostrava-Hrabová
-  **Mexico**
Apodaca, Escobedo
-  **Brazil**
Betim
-  **Argentina**
Buenos Aires
-  **China**
Nanjing, Langfang
-  **India**
Pune
-  **United States**
Homer

Distribution and sales

-  **Spain**
Zaragoza
-  **Sweden**
Göteborg
-  **Germany**
Leinfelden-Echterdingen
-  **China**
Qingdao
-  **Japan**
Tokyo
-  **Russia**
Moscow





15

Countries
in the world



19

Manufacturing
sites



5

Research and
Development
centres

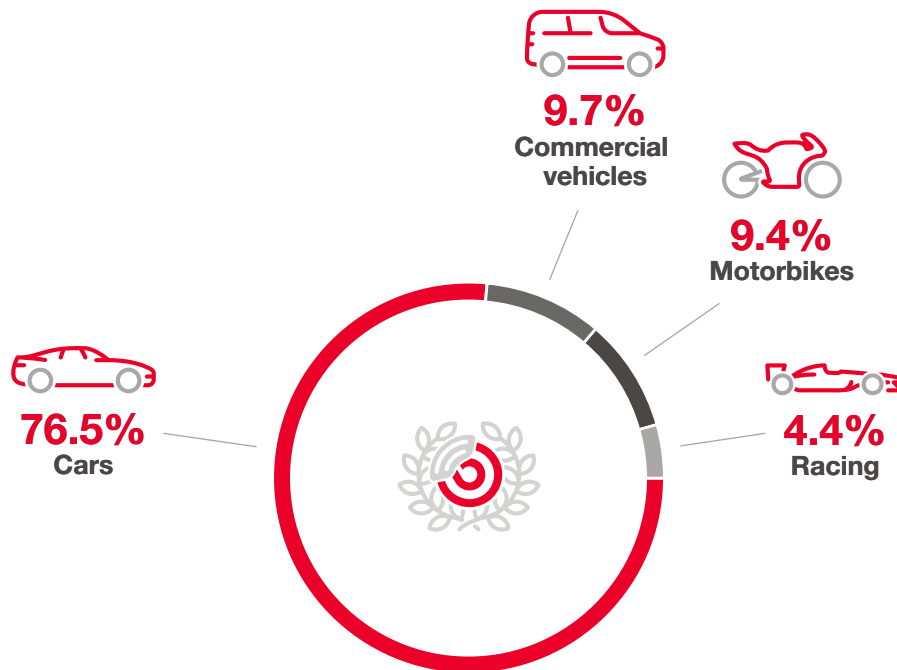


1.4 Target markets and brands

Brembo's **reference market** is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes.

Overall in 2018, Brembo's consolidated net sales amounted to €2,640 million, up 7.2% compared to €2,464 million in 2017.

Breakdown of net sales by application (% on total)



Performance of the industry of reference

In 2018, the automotive industry — which generates over three quarters of Brembo's turnover — recorded a 0.5% total decrease in sales worldwide compared to 2017 following a

market downturn in Western Europe and Asia, particularly in China, which was offset by a positive sales performance of light vehicles in Eastern Europe and in the Americas.

Brembo has proven itself more than capable of seizing and exploiting trends in the target markets:

In 2018, the target car market changed compared to the previous year by:

- 0.8%

in Western Europe, with markets growing only in France and Spain. By contrast, Eastern Europe showed a positive trend, with a growth of 8.0% compared to 2017

- 3.1%

in China, which however is still the world's top car market

+ 0.6%

in North America, second market after China

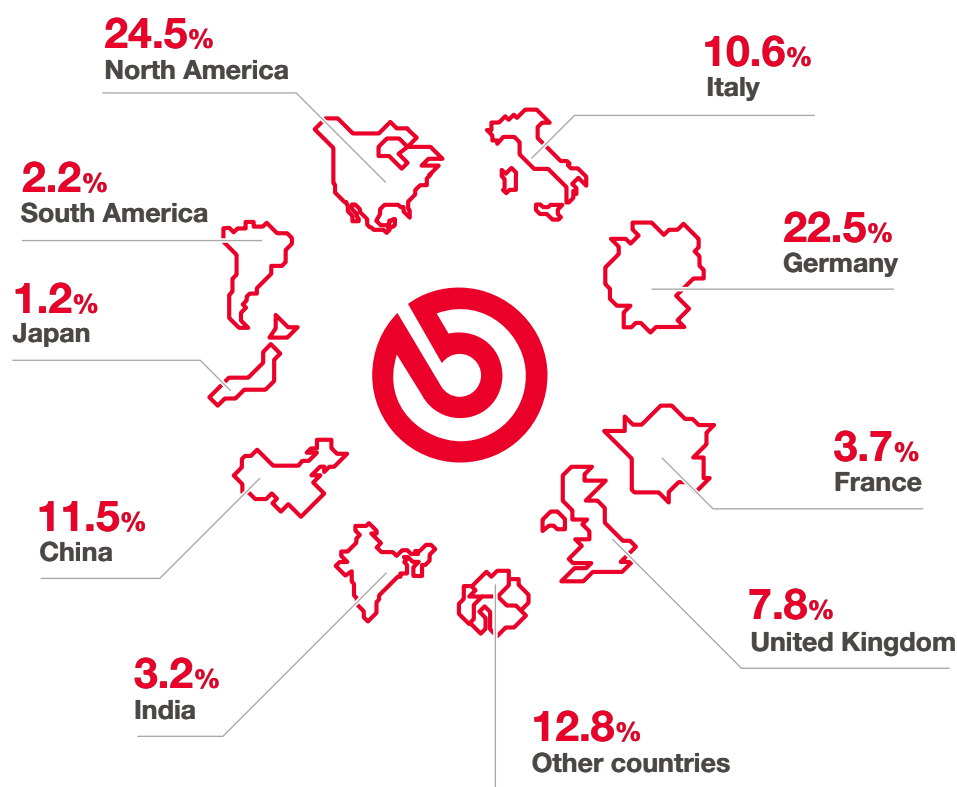
In the same period, Brembo's sales reported the following results:

+ 8.3% in Europe

+ 12.0% in China

+ 3.9% in North America

Net sales breakdown by geographical area (% on total)





The brands

Brembo markets its products with the following 7 brands:



Brembo is the leading brand in the design and manufacturing of braking systems for high-performance road and racing cars and motorbikes and for commercial vehicles. Performance, Comfort and Design are the brand's distinctive traits, which make Brembo's products the most prestigious braking systems and components.



Brembo Racing is the Brembo brand for the racing market. It identifies all products bound for the world of car and motorbike racing.

Brembo Racing products are designed to provide maximum performance under the most extreme conditions, and they are used by the best teams in the most prestigious F1, Indy, Nascar, Rally, MotoGP, Superbike, Enduro and Cross championships. Since December 2018, Brembo Racing is the exclusive supplier of braking systems for Spark Racing Technologies, the sole maker of Formula E championship racing cars.



AP Racing is the leading brand in the production of brakes and clutches for racing cars and motorbikes. AP Racing designs, manufactures and assembles its cutting-edge, high technology products for the main Formula 1, GT, Touring and Rally teams.



AP represents a brand of excellence in the world market of car braking systems and components. It embodies a long history punctuated by creativity and achievement, which guarantees top-notch levels of product quality and performance.



Marchesini is the leading brand in the design, production, and marketing of light-alloy wheels for road and racing motorbikes.



Acronym for "By Brembo", **ByBre** is the brand dedicated specifically to braking systems for scooters and small and mid-power motorbikes.



Breco is the brand dedicated to the sale of discs and drums in the aftermarket channel. Breco discs are certified as original or original-equivalent.

The Best Brand award

The Brembo brand keeps winning prestigious accolades cementing its reputation as one of the best-liked, most prestigious and most recognised brands both in Italy and abroad.

In 2018, Brembo was again voted “Best Brand” for braking systems by the readers of the main German industry magazines (including Motorrad, AutoZeitung, Motorsport Aktuell), a position it has held almost every year since 2006. More specifically, the prestigious Auto Motor und Sport fortnightly announced that

Brembo has topped the chart of braking system manufacturers with 70% of the votes.

The brand's success and recognition are mirrored in Italy where, also in 2018, it came third in the **Best Brands Italia** chart which GfK and Serviceplan prepare every year based on the well-known yearly survey of best Italian brands. For the second year in a row, Brembo asserted itself among the best-liked Italian brands in the “Corporate Brand” category, the only non-consumer brand featuring amongst Italian and foreign giants.





1.5 Stock performance

For a listed company, the value of its stock is an important indicator of its credibility and reputation. For this reason over the past few years the Group has paid particular attention to its trust and relational capital. In this regard, since 2017 the Brembo stock has been included into the main Italian stock market index, the FTSE MIB, which lists 40 among the leading companies with a high level of market capitalisation; the Brembo stock is also listed in a new Italian Stock Exchange index known as the FTSE Italia Brands, featuring 22 Italian companies that are considered excellent in terms of brand perception and competitive positioning.

The year 2018 was marked by strong uncertainty linked to higher international trading tensions, concerns about a possible slowdown of global economic growth and a potential downturn in Chinese productivity, all of which bore down on the automotive industry. Against this backdrop Brembo stressed its commitment to monitoring any new developments in its industry, thus guaranteeing the strength of its fundamentals and the dynamic nature of its operations on a global level, allowing it to remain cautiously optimistic about future prospects. For the whole of 2018 the company has resolutely continued on its path to growth and consolidation in both its main markets and in those where Brembo has further strengthened its manufacturing presence over recent years, like North America,

Poland, China and India. Furthermore, R&D has seen growing levels of commitment, both in terms of investment and in the construction of new dedicated facilities to provide the innovation needed to respond to, or even anticipate, the future needs of a rapidly changing automotive industry, as shown by the progressive expansion of electric vehicles.

The macro-economic and industry uncertainties of 2018, especially in the early months, have led to a drop in the stock price for the first time ever, with a **29.8%** fall compared to year-start. In the same period the FTSE MIB index (in which Brembo has been included since 2 January 2017) and the index monitoring European Automotive Components manufacturing (BEUAUTP Index) closed down by **16.2%** and **33.9%**, respectively. Compared to 31 December, the Brembo stock price has increased in value and on 25 January 2019 it was worth €10.32.

Analysing the 2016-2018 figures, the Brembo stock has had a moderate growth of 1.4%, bucking the trend of the main stock indices, which were experiencing negative performances during the same period. More specifically, the FTSE MIB index closed the three-year period with an 11.6% loss, whilst the European Automotive Components index (BEUAUTP Index) dropped by 13.5%.

Brembo stock Performance in 2018



