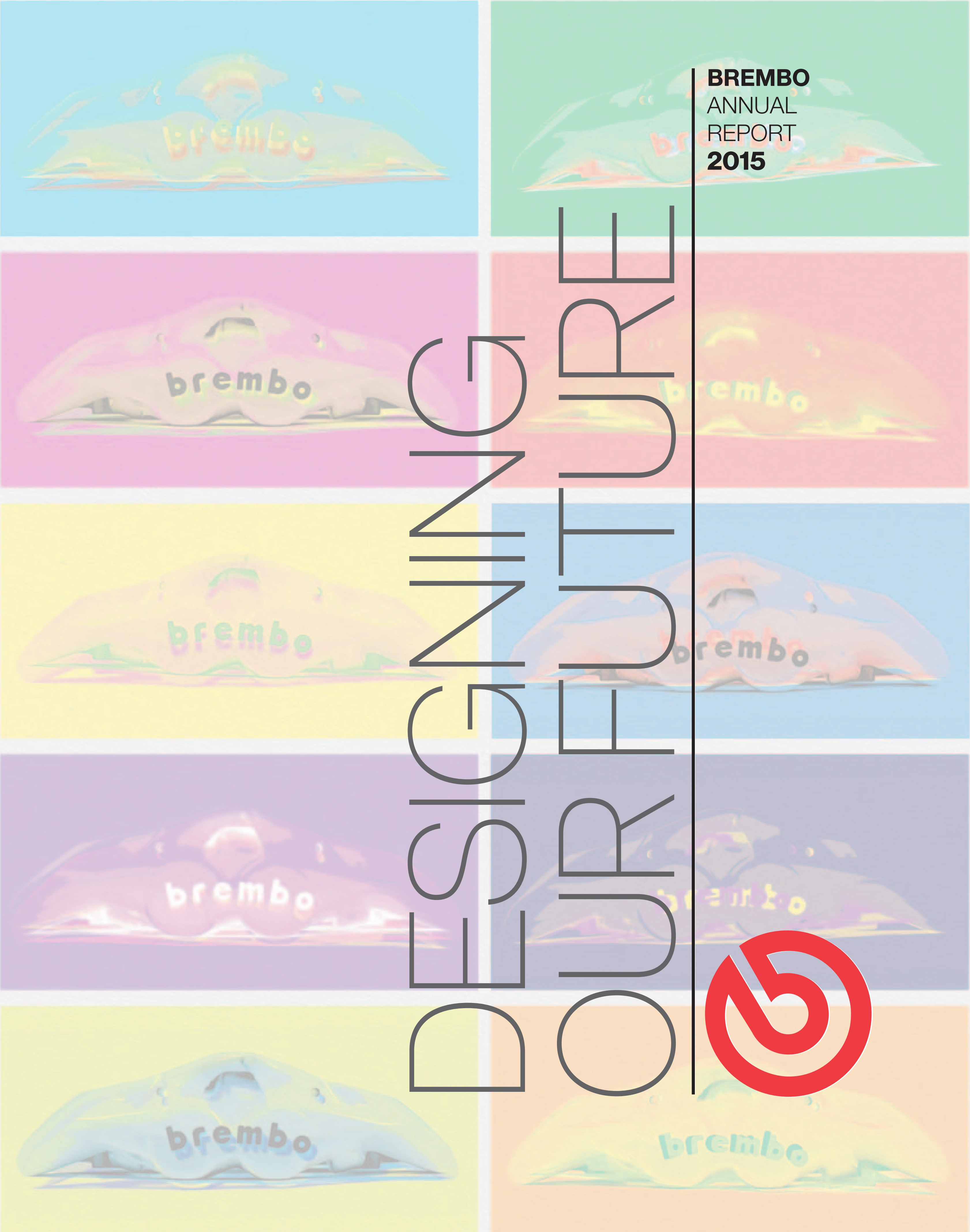

BREMBO
ANNUAL
REPORT
2015

DESIGNING
OUR FUTURE

We give shape and meaning to our products guided by design and continuous innovation. Because beauty comes from within, when the right materials and suitable forms are used. Indeed, the carbon ceramic braking system for road vehicles earned Brembo the *Golden Compass Award,* the oldest but above all the most prestigious design prize worldwide. Italian creativity is recognised throughout the world for its high qualitative content, attention to detail and, last but not least, the beauty of the products it generates. So it is only natural that Brembo, an Italian company, was the first in its industry to also believe in the importance of brake system aesthetics.
After years of commitment and passion spent reconciling performance and design in its products, an important acknowledgment also arrived from the United States: at last year's American SEMA Show, the Brembo B-M8 caliper received the *Best Engineered New Product Award,* won due to its innovative features in engineering, technology and and design.

BREMBO ANNUAL REPORT 2015

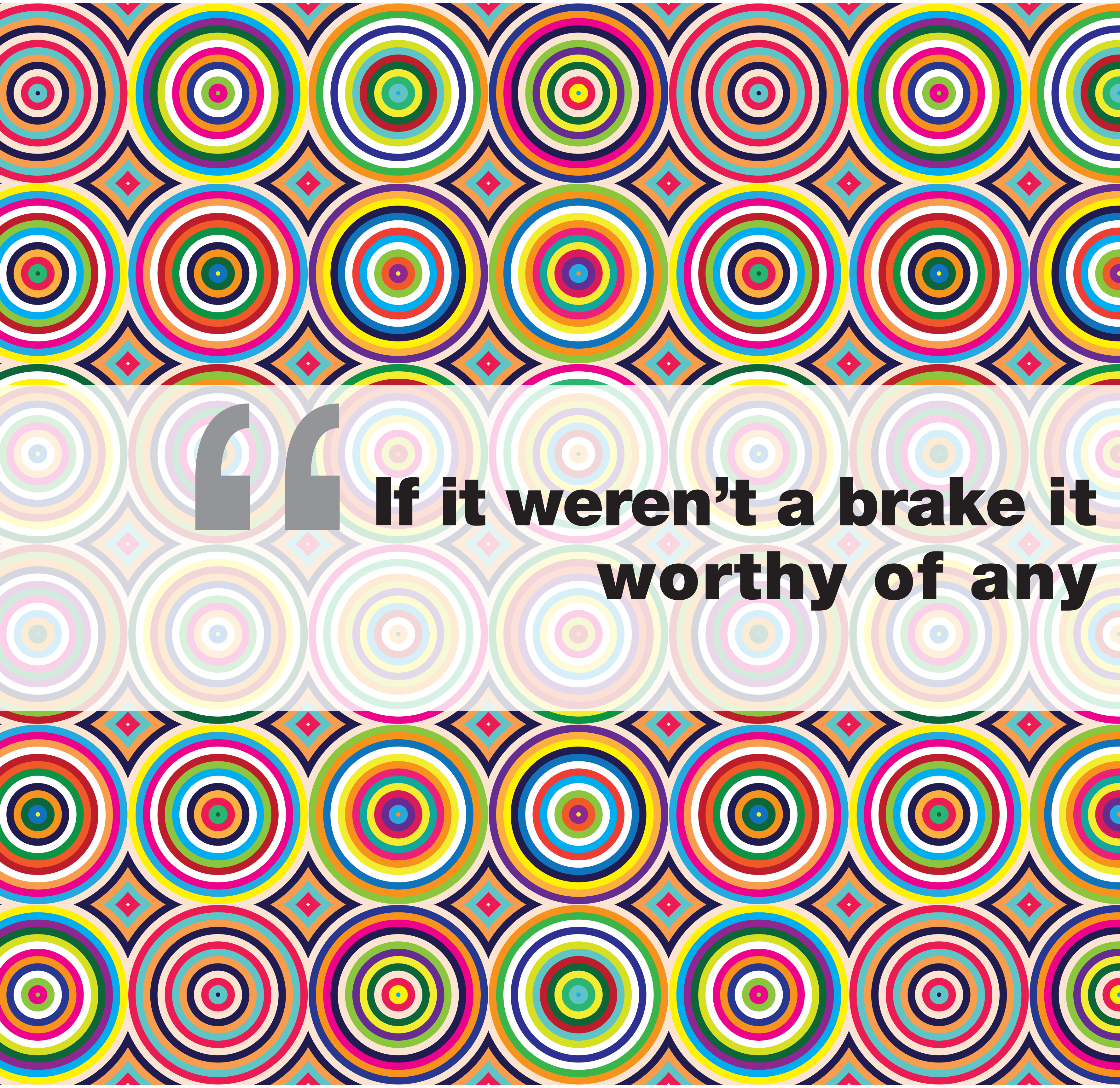

Illustration inspired by Victor Vasarely, Op Art.

would be a sculpture museum of modern art"

Reason of the Italian Association for the Industrial Design (ADI) when awarding the Golden Compass Award for the brake system, caliper and carbon ceramic brake disc.

CALLING OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS

The Shareholders are convened to the Ordinary and Extraordinary Shareholders' Meetings to be held at the Company offices at Viale Europa 2, 24040 Stezzano (Bergamo) on **21 April 2016 at 10:30a.m.** CET (first call) or, if necessary, on 22 April 2016, at the same place and time (second call), to resolve on the following

AGENDA

Ordinary Meeting

1. Presentation of the Financial Statements of Brembo S.p.A. for the year ended 31 December 2015, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of the Company's Financial Reports. Ensuing resolutions.
2. Proposal for distribution of net income for the year. Ensuing resolutions.
3. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2015, with the Directors' Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in Charge of Company's Financial Reports.
4. Authorisation for the buy-back and disposal of own shares. Ensuing resolutions.
5. Presentation of the Remuneration Report of Brembo S.p.A. Resolutions pursuant to Article 123-*ter* of TUF.

Extraordinary Meeting

1. Proposed amendments to the By-laws, with reference to Articles 4 (Purpose), 5 (Share capital), 10 (Calling), 10-*bis* (Addition of items to the agenda), 11 (Participation in and representation at General Shareholders' Meetings), 13 (Quora and resolutions of the General Shareholders' Meeting), 15 (Composition of the Board of Directors), 15-*bis* (Appointment of the members of the Board of Directors), 18 (Board meetings), 22 (Composition and appointment of the Board of Statutory Auditors) and addition of the new article 10-*ter* (Right to pose questions prior to the General Shareholders' Meeting). Ensuing resolutions.

Stezzano, 18 March 2016

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

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LETTER FROM THE CHAIRMAN

Shareholders,

Italy finally started to emerge from recession in 2015, although the signs of recovery, after the years of crisis following the collapse of Lehman Brothers in 2007, are still tentative, not just for the this country, but for the world's entire economic system. During the year, emerging countries, and particularly Brazil, continued to slowdown, and the Russian economy significantly weakened. Similarly, China, which remains the country that mostly influences the world development, was affected by the crisis: despite still experiencing, together with India, far higher growth rates than the western economies, the country is showing a slow but steady slowdown. By contrast, the United States confirmed that it has entered a phase of stable, albeit modest, growth, whilst the euro countries, including Germany, have not yet rediscovered the necessary momentum for a genuine recovery able to free Europe from the quagmire in which it finds itself.

The car market, which generates three quarters of Brembo's turnover, recorded a 2% increase at global level, almost half the previous year's figure but still positive, thanks primarily to China, Western Europe and the United States. The Chinese market confirmed itself as the world's top car market, even though growth was more moderate (+5.3%) than in recent years. Western Europe consolidated the change of direction started in 2014 and almost doubled the growth rate (+9%), with particularly high peaks in Italy and Spain, and with Germany in first place in terms of sales volumes. Eastern European countries — apart from Russia, which fell by almost 36% — again reported double-digit growth (+12.1%), though lower than in 2014. A positive trend continued in the United States (+5.8%) whilst, with reference to the Company's key markets, Brazil, Argentina and Japan reported a sharp decline.

For Brembo 2015 was another highly positive year, confirming the Group's ability to continue on its path of growth and value creation, albeit in a still turbolent world economic context. In the year, revenues — which have more than doubled in five years — exceeded €2,073 million, up by 15% compared to 2014. Gross operating profit reached nearly €360 million, increasing by 28.6%, whereas net profit was €184 million, up by 42.5% compared to the previous year. At year-end, net debt amounted to €160.7 million, improving by €109.7 million compared to 31 December 2014. These figures show, amongst other things, how Group profitability has grown significantly more than turnover. This testifies to Brembo's effective optimisation of its production processes.

Contributing to these results are both the Italian and European business components and those in other key geographical areas, such as the United States and China, where Brembo has developed a keen investment strategy in recent years, establishing itself as a global player able to operate on worldwide markets. Today, the Group employs nearly 10,000 people, including some hundreds new recruits, of whom 270 in Italy, and currently operates in 15 countries on 3 continents through its manufacturing and commercial sites. Apart from Italy, manufacturing plants are located in Germany, Poland, the United Kingdom, the Czech Republic, the United States, Mexico, Brazil, Argentina, China and India. An additional €154 million was invested in 2015 alone, of which more than €40 million in Italy, which continues to be one of the countries in which Brembo invests most in research and development and to maintain technologically cutting-edge plants. The remaining amount was invested primarily in Central-North America, China, Poland and the Czech Republic.

In North America, works are nearing completion on the building of a cast-iron foundry in Michigan, close to the new Homer facilities, which will begin operations in the first months of 2016, thus allowing Brembo to start a vertical integration process of its production capacity in the United States as well. In Mexico, a new foundry and plant for aluminium caliper processing and assembly were inaugurated in October 2015, to supply original equipment to the major European, Asian and Central-North American manufacturers.

In Eastern Europe, investments aimed at increasing production capacity are still underway in the integrated industrial hubs in Dabrowa Górnicza (Poland) and Ostrava-Hrabová (Czech Republic), devoted respectively to the casting and processing of brake discs for cars and commercial vehicles, and the casting, processing and assembly of brake calipers and other aluminium components. A new investment plan was also launched at the same time that will be developed from 2014 to 2017, for a total expenditure of approximately €34 million, aimed at starting up a new plant in Niepolomice (Poland) specialising in the processing of steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in Poland, China and the United States.

In China, where Brembo has been successfully operating for many years through its own plants, an agreement was signed in September 2015 to acquire a majority 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 regional car makers, mainly including joint ventures between Chinese companies and European and U.S. top players.

The significant cash generation reported by the Group enables us to face, from a position of strength, a new cycle of investments in support of future growth, with the aim of further expanding our production capacity — particularly in China and the United States — and improving our research and development activities to maintain and consolidate the leadership in technology and innovation that has always distinguished us. In this regard, Brembo is primarily focused on mechatronic systems for the plants of the future and the development of new materials. This means laying the foundations for the next ten years, which will see a sharp rise in vehicle electrification alongside a significant brake system integration and a ongoing search for weight-reduction solutions. Our achievements and the new opportunities that are currently marking the automotive industry allow us to look to the future with prudent optimism. This is also because behind the positive figures lies the strong commitment of Brembo's management and all those who, in Italy and throughout the world, work capably, passionately and intelligently within the Group to achieve constantly changing and challenging goals.

The Chairman
Alberto Bombassei

COMPANY OFFICERS

The General Shareholders' Meeting 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, 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).

COMPOSITION OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MAIN GOVERNANCE FUNCTIONS AT 31 DECEMBER 2015

BOARD OF DIRECTORS	
Chairman	Alberto Bombassei (1) (8)
Executive Deputy Chairman	Matteo Tiraboschi (2) (8)
Chief Executive Officer and General Manager	Andrea Abbati Marescotti (3) (8)
Directors	Cristina Bombassei (4) (8) Barbara Borra (5) Giovanni Cavallini (5) Giancarlo Dallera (5) Bianca Maria Martinelli (5) (6) Umberto Nicodano (7) Pasquale Pistorio (5) (9) Gianfelice Rocca (5)
BOARD OF STATUTORY AUDITORS (10)	
Chairwoman	Raffaella Pagani (6)
Acting Auditors	Sergio Pivato Milena T. Motta
Alternate Auditors	Marco Salvatore Myriam Amato (6)
INDEPENDENT AUDITORS	Reconta Ernst & Young S.p.A. (11)
MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS	Matteo Tiraboschi (12)

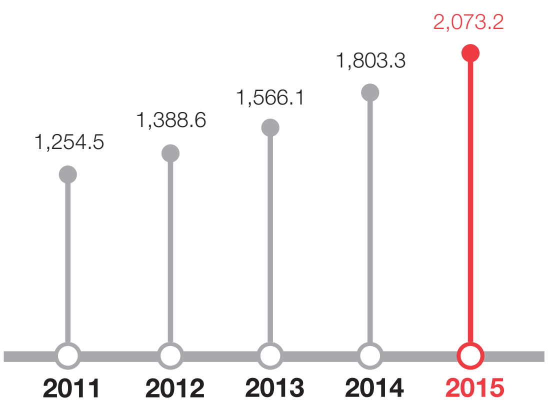
COMMITTEES

Audit & Risk Committee (13) (14)	Giovanni Cavallini **(Chairman)** Giancarlo Dallera Bianca Maria Martinelli (6)
Remuneration & Appointments Committee	Barbara Borra **(Chairwoman)** Giovanni Cavallini Umberto Nicodano
Supervisory Committee	Raffaella Pagani **(Chairwoman of the Board of Statutory Auditors)** (6) Sergio Pivato **(Acting Auditor)** Milena T. Motta **(Acting Auditor)** Alessandra Ramorino (15) Mario Bianchi (16) Mario Tagliaferri (17)

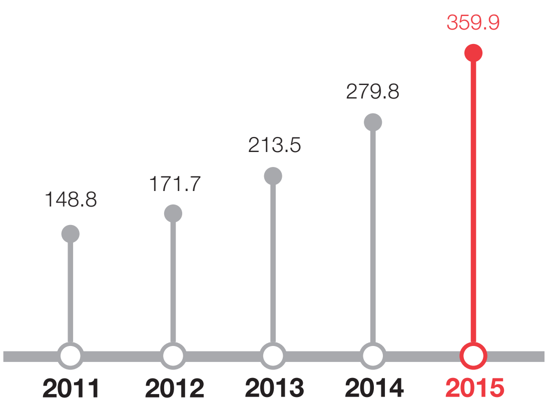
(1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
(2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
(3) The Board of Directors granted 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) 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).
(7) Non-executive Director.
(8) Executive Directors.
(9) This Director also holds the position of Lead Independent Director.
(10) This Board holds the role of Audit Committee and Accounting Audit pursuant to Article 19 of Legislative Decree No. 39/2010.
(11) The Shareholders' Meeting held on 23 April 2013 assigned the mandate until the approval of the 2021 Financial Statements.
(12) Appointed by the Board of Directors on 29 April 2014. He also holds the position of Investor Relator.
(13) This Committee also acts as the Related Party Transactions Committee.
(14) 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).
(15) Internal Audit Director of the Brembo Group.
(16) Private practice lawyer - Studio Castaldi Mourre & Partners, Milan.
(17) Cerified Public Accountant and Certified Auditor, Private practice, Studio Lexis – Dottori Commercialisti associati in Crema.

SUMMARY OF GROUP RESULTS

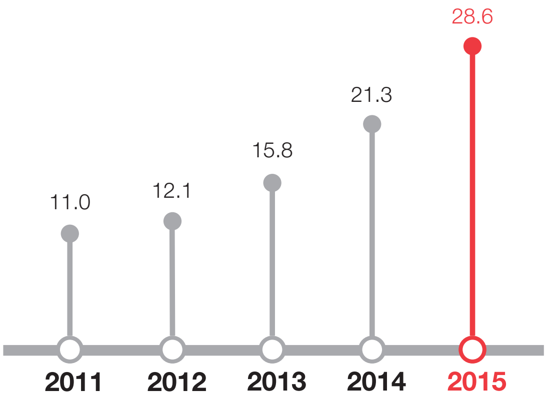
SALES OF GOODS AND SERVICES
(euro million)



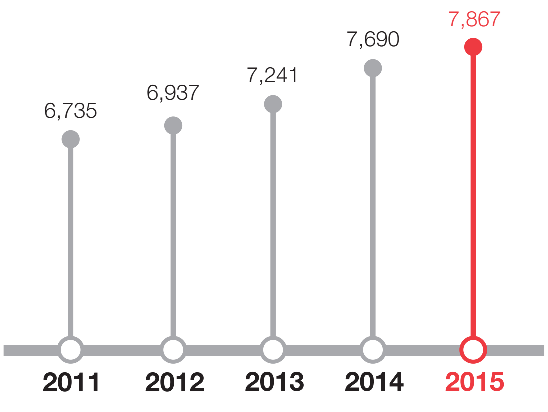
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PERSONNEL AT END OF YEAR
(No.)



Economic results

(euro thousand)	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	% 2015/2014
Sales of goods and services	1,254,513	1,388,637	1,566,143	1,803,335	2,073,246	*15.0%*
Gross operating income	148,785	171,709	213,502	279,800	359,919	*28.6%*
% on sales	*11.9%*	*12.4%*	*13.6%*	*15.5%*	*17.4%*	
Net operating income	73,347	89,543	122,848	178,449	251,282	*40.8%*
% on sales	*5.8%*	*6.4%*	*7.8%*	*9.9%*	*12.1%*	
Result before taxes	54,696	82,853	104,385	164,916	243,499	*47.7%*
% on sales	*4.4%*	*6.0%*	*6.7%*	*9.1%*	*11.7%*	
Net result for the year	42,937	77,845	89,016	129,054	183,962	*42.5%*
% on sales	*3.4%*	*5.6%*	*5.7%*	*7.2%*	*8.9%*	

Financial results

(euro thousand)	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	% 2015/2014
Net invested capital (1)	669,516	741,221	776,735	839,510	878,569	*4.7%*
Equity	330,689	393,824	429,207	536,330	687,547	*28.2%*
Net financial debt (1)	315,003	320,694	320,489	270,387	160,688	*-40.6%*

Personnel and investments

(euro thousand)	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015	% 2015/2014
Personnel at end of year (No.)	6,735	6,937	7,241	7,690	7,867	*2.3%*
Turnover per employee	186,3	200,2	216,3	234,5	263,5	*12.4%*
Investments	165,326	140,601	133,078	126,776	155,908	*23.0%*

Main ratios

	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Net operating income/Sales	*5.8%*	*6.4%*	*7.8%*	*9.9%*	*12.1%*
Income before taxes/Sales	*4.4%*	*6.0%*	*6.7%*	*9.1%*	*11.7%*
Investments/Sales	*13.2%*	*10.1%*	*8.5%*	*7.0%*	*7.5%*
Net financial debt/Equity	*95.3%*	*81.4%*	*74.7%*	*50.4%*	*23.4%*
Net interest expense(*)/Sales	*0.9%*	*0.8%*	*0.7%*	*0.7%*	*0.6%*
Net interest expense (*)/Net operating income	*14.8%*	*12.9%*	*9.1%*	*7.1%*	*4.9%*
ROI (2)	*11.0%*	*12.1%*	*15.8%*	*21.3%*	*28.6%*
ROE (3)	*13.1%*	*19.7%*	*20.8%*	*24.0%*	*27.0%*

Notes:
(1) A breakdown of these items is provided in the Statement of Financial Position included in this Directors' Report on Operations.
(2) Net operating income / Net invested capital x annualisation factor (days in the year/days in the reporting period).
(3) Net income (loss) before minority interests / Equity x annualisation factor (days in the year/days in the reporting period).

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

Directors' Report on Operations

Work inspired by Edward Hopper, American realism.
Illustration by Fabrizio Spadini.

BREMBO AND THE MARKET

Macroeconomic Context

In order to properly assess Brembo's performance in 2015, the worldwide macroeconomic scenario should be taken into consideration, with particular reference to the markets in which the Group operates.

According to the most recent estimates included in the World Economic Outlook Update published in January 2016 by the International Monetary Fund (IMF), in 2015 global gross domestic product (GDP) grew by 3.1%, confirming a moderate increase in global economic activity. However, the forecasts for 2016 and 2017, +3.4% and +3.6%, respectively, were revised downwards by 0.2pps compared to the figures published in October 2015. This downward revision reflects, above all, albeit not exclusively, a weaker recovery by emerging countries than previously forecast. The growth rates for these countries decreased for the fifth consecutive year, while the economies of advanced countries essentially recovered. Particular noteworthy was the decline in oil prices, which contributed to the emergence of new downside risks for inflation and growth, which became clearer in the final months of the year.

In the fourth quarter of the year, the Eurozone recorded further economic growth of 0.7%, bringing the annual growth forecast to +1.5%, driven in part by the increase in private consumption, a decrease in the price of oil and greater ease of access to financing. The increase in GDP in the Eurozone for 2016 was estimated at 1.7% by the IMF, and growth in the first quarter alone is expected to amount to 0.5%. The PMI (Purchasing Managers' Index) for the manufacturing industry reached its highest value since April 2014, with an average of 52.8. In Italy, the index reached the level of 55.6, the highest recorded in the past 57 months, while in Germany it amounted to 53.2. In general, all of the countries monitored exceeded the minimum threshold of 50 points, which separates economic growth from contraction. In Italy, the Bank of Italy's January Economic Bulletin indicates that the recovery is proceeding gradually. Exports, which, after having served as a solid driver of business in the past four years, are now affected by the weakness of non-European markets, are gradually being replaced as a driving force by domestic demand, in particular consumption and inventory restocking. According to the figures published by the IMF, the Italian economy recorded an increase in GDP of 0.8% in 2015, and further growth of 1.3% is expected for 2016.

According to the Eurostat data, in October 2015 industrial production in the Eurozone (EU19) increased by 0.6% compared to September of that same year, and a similar performance was also recorded for the EU28. Compared to the same month of 2014, the growth recorded was +1.9% in the Euro Area and +2.8% in the EU28. In the major European countries, industrial production increased in the United Kingdom (+2.1%), France (+2.8%), and in Italy (+2.9%), whereas there was a slight decline in Germany (-0.1%).

The unemployment rate in the Euro Area (EU19) declined constantly: from 11.5% in November 2014 to 10.5% in November 2015. The unemployment rate in the EU28 also declined, falling from 10.0% in November 2014 to 9.1% in November 2015. Italy presented a similar performance, with the unemployment rate declining from 12.2% in January 2015 to 11.3% in November 2015, a decrease of almost a percentage point. However, the Italian figure remains quite high if compared to that for Germany, the value of which fell below the threshold of 5.0%, making it the best unemployment rate in Europe, along with that of the Czech Republic.

In the **United States**, according to the IMF's most recent January 2016 estimates, 2015 is believed to have closed with GDP growth of 2.5%, and further growth of 2.6% is expected both in 2016 and in 2017. Although the forecast for the next two years is 0.2 percentage points below the previous estimates, the projections confirm that the U.S. will enjoy 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, in 2015 industrial production presented annual growth of +3.4%, although there was a slight decline in December (-0.4%) compared to the previous month due to the effect of the cuts in the service and extraction/mining sectors.

In **Japan**, the IMF's most recent estimates indicate a slight increase in GDP at the end of 2015 (+0.6%) and further growth of 1.0% in 2016, confirming the previous October's forecasts. In the fourth quarter of 2015, Japanese GDP increased by 1.5%, thanks to government tax support, low oil prices, accommodating financing conditions and increased government revenues.

In the fourth quarter of the year, the **Chinese economy** recorded a 6.8% increase in GDP, the lowest level since 2009, primarily attributable to the financial sector. On an annual basis, GDP increased by +6.9% in 2015 compared to 2014, essentially in line with the government's target of 7.0%. The forecasts for 2016 and 2017, while positive, indicate a constant decrease in growth rates: +6.3% in 2016 and +6.0% in 2017. Slowing Chinese growth is confirmed by the PMI, whose value was below the neutral threshold of 50 points at 48.2 in December 2015, down 0.4 points from one month earlier. This was the lowest level seen in the last ten months of 2015 and emphasises that the Chinese economy is encountering obstacles on its journey.

In January the IMF revised **emerging market** growth forecasts downwards: +4.3% (from +4.5%) in 2016 and +4.7% (from +4.9%) in 2017, in line with the December estimates by the Confindustria Research Centre. In Russia, the decline in the price of oil will force the government to undertake new austerity measures, owing in part to the 2016 government budget drafted in autumn, with the price of oil of 50 dollars. In Brazil, GDP estimates at the end of 2015, according to the IMF, declined by 3.8% on an annual basis, and the projections for 2016 have been revised downwards by more than two percentage points compared to the October figures, in view of further weakening of the Brazilian economy (-3.5%), marked also by the performance in the fourth quarter of 2015, which saw a decline of 5.6%. According to the Central Bank of Brazil, the inflation rate in 2015 was 10.8%, far above the maximum limit of 6.5%, although according to the central bank inflation is expected to decline constantly in all of 2016 and 2017, until reaching the target level of 4.5% in the fourth quarter of 2017.

Turning to commodities trends, the average price of oil decreased gradually and significantly in the last quarter of the year. According to the figures published by the IMF, the arithmetic mean of the prices of the three Brent, Dubai and West Texas Intermediate (WTI) qualities decreased to 42.2 dollars a barrel, down 13.5% on the previous quarter and as much as 43.4% compared to the same period of 2014.

Currency Markets

After opening 2015 at 1.2043 (2 January), the **U.S. dollar** appreciated constantly, reaching 1.0552 on 13 April. In subsequent months, the dollar moved sideways, alternating between depreciation and appreciation within a range of 1.15 to 1.08. In the fourth quarter, the U.S. dollar appreciated in October and November and then lost ground to the euro to close at 1.0887, below the annual average of 1.109625.

Turning to the currencies of the other major markets in which Brembo operates at the commercial and industrial level, the **pound sterling** opened at 0.7842 on 6 January and appreciated constantly in the first quarter of the year, to then move sideways, reaching 0.6963 (5 August). The fourth quarter was characterised by depreciation in September to October, followed by further recovery against the euro in November, and then by depreciation near year-end, bringing the currency to 0.73395, above the annual average of 0.725986.

The **Polish zloty** appreciated against the euro in early 2015, essentially until April, when the currency reached 3.9683 (21 April). In the remainder of the year, the Polish currency depreciated against the euro once more, reaching a low of 4.3658 on 14 December, to then close the year at 4.2639, above the average for the period of 4.182785.

During the year, the **Czech koruna** gradually appreciated, opening at 28.405 (13 January) and reaching 27.021 on 12 August, to close the period at 27.023, below the annual average rate of 27.285003.

The **Swedish krona**, after appreciating in January, depreciated in February, to then resume appreciation against the euro until 12 March, when it reached 9.1141. From April to July, the currency fluctuated sideways and then depreciated, culminating at 9.6557 on 26 August. The fourth quarter was characterised by constant recovery against the euro, which brought the Swedish currency to close at 9.1895, below the annual average of 9.354485.

In the East, the **Japanese yen**, after opening the year at 145.21 on 2 January, appreciated constantly, reaching 126.52 (15 April). From the second half of April to June, the Japanese currency lost ground to the euro, to then enter a sideways trend, primarily above the average for the period of 134.286506 until October, when it appreciated once more, closing the year at 131.07.

The **Chinese yuan/renminbi** essentially mirrored the euro/dollar trend. After opening the year at 7.4759 (2 January), it appreciated, reaching 6.5552 (13 April). In the second half of April the currency entered a sideways trend, within a range of 7.05 to 6.75, to then lose ground once more in August, following the unexpected depreciation decided by the People's Bank of China, after which it climbed above the average for the period of 6.972997 until the end of October. The final two months of the year were characterised by renewed appreciation against the euro, followed by further depreciation, bringing the currency to close at 7.0608.

The **Indian rupee**, after initially appreciating against the euro, culminating with rate of 65.8671 on 13 April, lost ground in May to then stabilise around the annual average of 71.17522 until June. At the end of August, following further depreciation that culminated in a rate of 76.7681 (24 August), the Indian currency regained value until November, after which it depreciated once again, closing the year at 72.0215.

In the Americas, the **Brazilian real**, after opening 2015 with appreciation against the euro, reaching a rate of 2.9057 on 23 January, then depreciated constantly until September, when it reached the level of 4.7304 (24 September). In the fourth quarter, the downtrend gave way to a period of recovery, which brought the Brazilian currency to close at 4.3117, compared to an annual average of 3.691603.

The **Mexican peso** appreciated constantly, culminating in the rate of 16.0487 (10 April). The Mexican currency gradually began to lose value against the euro in the second half of April, reaching 19.6875 on 24 August. In the fourth quarter, after appreciating in November, the currency depreciated once more, closing the period at 18.9145, above the annual average rate of 17.599483.

In 2015, the **Argentine peso** remained essentially in line with the annual average of 10.249537, with a slight appreciation in March to 9.277746 (16 March). On 18 December, the currency reached 14.482041, closing the year at 14.0972. Between 17 and 18 December 2015, the Argentine currency lost approximately 38% of its value, following the decision by newly elected President Mauricio Macri to establish a "flexible exchange rate" regimen in order to deregulate the country's economy.

Finally, the **Russian rouble** appreciated constantly until April, when it reached 53.4111 (16 April). After a constant sideways trend in May, the Russian currency began to lose ground to the euro, reaching 81.442 (24 August). The fourth quarter was characterised by appreciation until November, followed by renewed depreciation until year-end, bringing the currency to close at 80.6736, above the annual average of 68.006843.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It currently operates in 15 countries on 3 continents, through its production and business sites, and employs over 7,800 people worldwide. Manufacturing plants are located in Italy, Poland (Czestochowa, Dabrowa Górnicza, Niepolomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Mexico (Apodaca and Escobedo), Brazil (Betim and Santo Antônio de Posse), Argentina (Buenos Aires), China

(Nanjing), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities.

Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development, factors that have always been fundamental to Brembo's philosophy, have earned the Group a strong international leadership position in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for car and the commercial vehicle applications includes brake discs, brake calipers, the side-wheel module and, increasingly often, the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. In addition to brake discs and brake calipers, motorbike manufacturers are also offered brake master cylinders, light-alloy wheels and complete braking systems. In the car aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and safe range of products allows the company to meet the needs of nearly all European vehicles.

In 2015, Brembo's consolidated net sales amounted to €2,073,246 thousand, up 15.0% compared to €1,803,335 thousand in 2014.

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

Cars

The global light vehicle market closed 2015 with an overall sales growth of 2.0% compared to 2014, especially thanks to China, Western Europe and the United States.

The Western European markets (EU15+EFTA) closed for the second consecutive year with a positive performance, with car registrations at +9.0% compared to 2014. All the main European markets contributed to growth, reporting sales increases: +5.6% in Germany, +6.3% in the United Kingdom, +6.8% in France, +15.8% in Italy and +20.9% in Spain. Germany remained the number-one country in Europe by sales volumes. Car registrations also rose in Eastern Europe (EU12), up by 12.1% compared to the previous year.

In Russia, light vehicle registrations continued the decline that began in 2013, closing 2015 with a decrease of 35.7% compared to the previous year, reflecting the severe economic crisis in progress in the country.

In the United States, the gains of recent years continued, with light vehicle sales up 5.8% overall compared to 2014. Brazil and Argentina continued to decline, closing 2015 with an overall drop in sales of 22.4%.

On Asian markets, China, despite slower growth than in recent years, closed 2015 on a positive note with light vehicle sales up 5.3% compared to 2014, remaining the number-one market in the world. The Japanese market instead declined, posting a 10.0% decrease in sales in 2015.

Within this scenario, Brembo reported €1,546,193 thousand in net sales for car applications in 2015, representing 74.6% of the Group's turnover, up by 18.8% compared to 2014.

Motorbikes

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

In western Europe, overall motorbike registrations increased by 8.6% in 2015 compared to the previous year. All of the major markets contributed to the growth, with the exception of France, which closed 2015 with a decrease of 1.3%. The greatest growth was recorded in Spain (+19.6%), followed by the United Kingdom (+15.6%), Italy (+9.5%) and Germany (+6.5%).

In Western Europe, the top-performing segment was sport-touring motorbikes (+25.5%), followed by naked motorbikes (+19.0%), whereas there were decreases in touring motorbikes (-19.0%), street motorbikes (-18.8%), trial motorbikes (-14.5%) and trikes (-12.0%). Registrations of motorbikes with displacements of 750cc to 1000cc increased 22.5%.

In the United States, motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) recorded an overall increase of 2.2% over 2014.

The most significant growth was in the dual segment (+7.8%), followed by on-highway motorbikes (+4.9%) and off-road and off-highway motorbikes (+1.9%). The scooter segment decreased by 10.3% compared to 2014.

The Japanese market declined by 10.6% overall, but by just 4.8% if only two-wheel vehicles with displacements over 50cc are considered.

In Brazil, registrations decreased by 11.0% compared to the previous year.

Against this background, Brembo's net sales of motorbike applications amounted to €193,878 thousand in 2015, up 11.6% compared to €173,649 in the previous year.

Commercial and Industrial Vehicles

In 2015, the European commercial vehicles market (EU15+EFTA), Brembo's reference market, showed an 11.2% increase in registration. Sales of light commercial vehicles (up to 3.5 tonnes) increased by 11.6% overall compared to 2014, with all the main markets growing: +12.0% in Italy, +4.2% in Germany, +15.6% in the United Kingdom, +2.0% in France and as much as +36.1% in Spain. Eastern Europe reported a 17.2% growth in this segment compared to 2014.

The medium and heavy commercial vehicles segment (over 3.5 tonnes) also witnessed an uptrend in Europe in 2015, closing at +13.3% compared to the previous year. All the main European markets by sales volume reported growth: Germany at +4.4%, Italy at +20.4%, United Kingdom at +24.5% and, once again, Spain with the highest value at +38.4%. In Eastern Europe sales of commercial vehicles over 3.5 tonnes closed 2015 at +27,3% on the previous year.

In 2015, Brembo's net sales of applications for this segment amounted to €207,038 thousand, up by 10.0% compared to €187,605 thousand for the previous year.

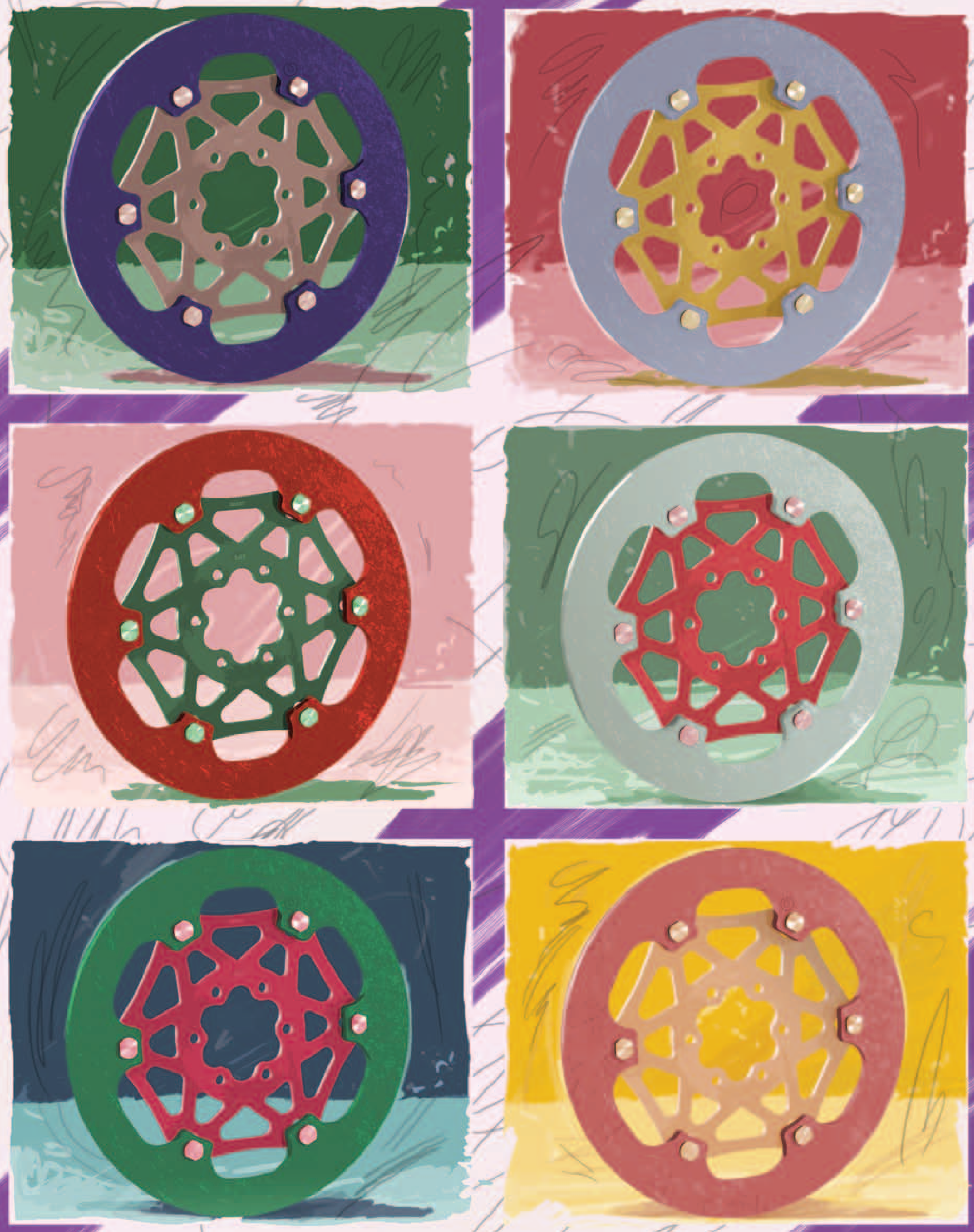
Racing

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.

From sales of applications for this segment in 2015, Brembo earned net sales of €124,924 thousand, down by 4.7% from €131,061 thousand in 2014, due in part to the removal 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 an equivalent consolidation basis, the increase in net sales would have been 10.8%.

Brembo MotoGP brake discs,
inspired by Andy Warhol, Pop Art.
Illustration by Maurizio Tacqui.

These carbon discs are distinguished by their very fine tolerances in the order of just a few microns. The special configuration allows the braking torque to be transferred more effectively whilst also improving resistance to thermo-mechanical stress.



SALES BREAKDOWN BY GEOGRAPHICAL AREA AND APPLICATION

Net sales breakdown by geographical area and application

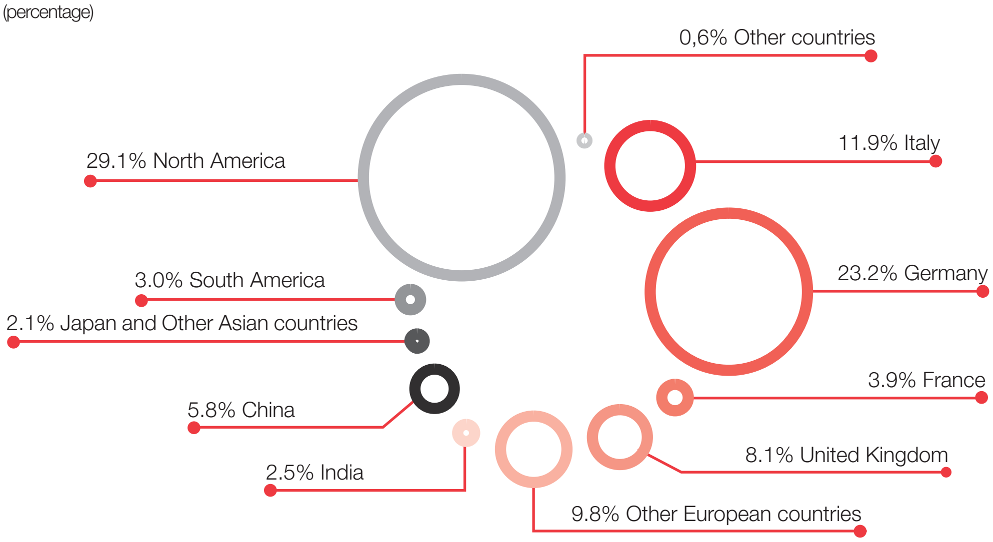
GEOGRAPHICAL AREA

(euro thousand)	31.12.2015	%	31.12.2014	%	Change	%
Italy	247,652	*11.9%*	242,130	*13.4%*	5,522	*2.3%*
Germany	481,439	*23.2%*	432,823	*24.0%*	48,616	*11.2%*
France	80,906	*3.9%*	81,893	*4.5%*	(987)	*-1.2%*
United Kingdom	167,533	*8.1%*	144,621	*8.0%*	22,912	*15.8%*
Other European countries	203,732	*9.8%*	180,734	*10.0%*	22,998	*12.7%*
India	51,824	*2.5%*	41,025	*2.3%*	10,799	*26.3%*
China	120,333	*5.8%*	93,127	*5.2%*	27,206	*29.2%*
Japan	32,268	*1.6%*	23,209	*1.3%*	9,059	*39.0%*
Other Asian countries	9,683	*0.5%*	9,709	*0.5%*	(26)	*-0.3%*
South America (Argentina and Brazil)	62,484	*3.0%*	79,130	*4.4%*	(16,646)	*-21.0%*
North America (USA, Mexico and Canada)	601,754	*29.1%*	463,060	*25.7%*	138,694	*30.0%*
Other countries	13,638	*0.6%*	11,874	*0.7%*	1,764	*14.9%*
Total	**2,073,246**	***100.0%***	**1,803,335**	***100.0%***	**269,911**	***15.0%***

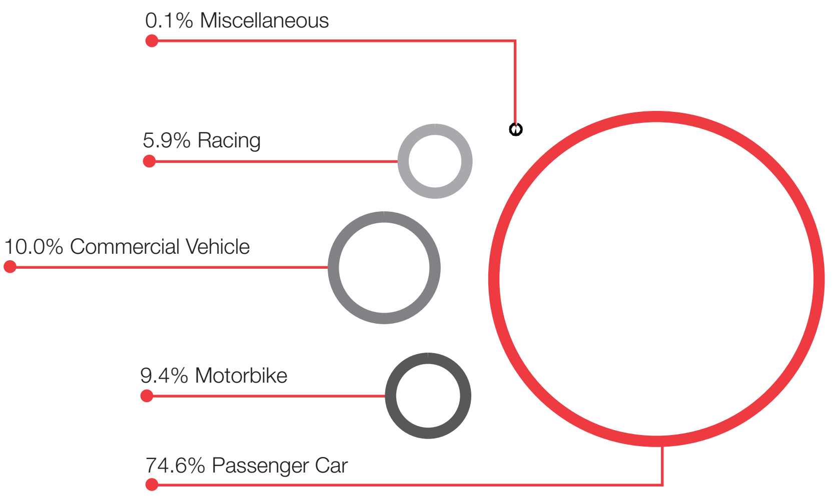
APPLICATION

(euro thousand)	31.12.2015	%	31.12.2014	%	Change	%
Passenger Car	1,546,193	*74.6%*	1,301,888	*72.2%*	244,305	*18.8%*
Motorbike	193,878	*9.4%*	173,649	*9.6%*	20,229	*11.6%*
Commercial Vehicle	207,038	*10.0%*	187,605	*10.4%*	19,433	*10.4%*
Racing	124,924	*5.9%*	131,061	*7.3%*	(6,137)	*-4.7%*
Miscellaneous	1,213	*0.1%*	9,132	*0.5%*	(7,919)	*-86.7%*
Total	**2,073,246**	***100.0%***	**1,803,335**	***100.0%***	**269,911**	***15.0%***

SALES BREAKDOWN BY GEOGRAPHICAL AREA
(percentage)



SALES BREAKDOWN BY APPLICATION
(percentage)



BREMBO'S CONSOLIDATED RESULTS

Statement of income

(euro thousand)	31.12.2015	31.12.2014	Change	%
Sales of goods and services	**2,073,246**	**1,803,335**	**269,911**	**15.0%**
Cost of sales, operating costs and other net charges/income*	(1,366,349)	(1,200,393)	(165,956)	13.8%
Non-financial interest income (expense) from investments	9,391	6,442	2,949	45.8%
Personnel expenses	(356,369)	(329,584)	(26,785)	8.1%
GROSS OPERATING INCOME	**359,919**	**279,800**	**80,119**	**28.6%**
% on sales of goods and services	*17.4%*	*15.5%*		
Depreciation, amortisation and impairment losses	(108,637)	(101,351)	(7,286)	7.2%
NET OPERATING INCOME	**251,282**	**178,449**	**72,833**	**40.8%**
% on sales of goods and services	*12.1%*	*9.9%*		
Net interest income (expense) from investments	(7,783)	(13,533)	5,750	*-42.5%*
RESULT BEFORE TAXES	**243,499**	**164,916**	**78,583**	**47.7%**
% on sales of goods and services	*11.7%*	*9.1%*		
Taxes	(57,694)	(36,232)	(21,462)	*59.2%*
RESULT BEFORE MINORITY INTERESTS	**185,805**	**128,684**	**57,121**	**44.4%**
% on sales of goods and services	*9.0%*	*7.1%*		
Minority interests	(1,843)	370	(2,213)	*-598.1%*
NET RESULT	**183,962**	**129,054**	**54,908**	**42.5%**
% on sales of goods and services	*8.9%*	*7.2%*		
Basic and diluted earnings per share (euro)	**2.83**	**1.98**		

* The item is obtained by adding the following items of the Consolidated Statement of Income: "Other revenues and income", "Costs for capitalised internal works", "Raw materials, consumables and goods" and "Other operating costs".

Sales results were highly positive, confirming the trend of constant increase in Group's turnover. Net sales amounted to €2,073,246 thousand in 2015, up by 15.0% compared to 2014.

Nearly all applications contributed to revenue growth. The largest contribution was from the car applications sector, which ended the year with an increase of 18.8%, but there were also significant increases in applications for motorbikes (+11.6%) and commercial vehicles (+10.4%), whereas the racing sector declined by 4.7% 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 10.8%.

At geographical level, almost all the areas in which the Group operates reported growth. In Europe, Germany — Brembo's second top market at 23.2% of sales — showed an increase by 11.2% compared to 2014; a good sales performance was also recorded in the U.K. market (+15.8%), whereas in Italy there was a more modest growth (+2.3%) and France showed a slight decrease (-1.2%). North America, Brembo's top market since 2014 at 29.1% of sales, increased by 30.0%, whereas South America showed a 21.0% decline. In the main Asian markets, results for 2015 were particularly positive in China (+29.2%), India (+26.3%) and Japan (+39.0%).

During 2015, the **cost of sales** and **other net operating costs** amounted to €1,366,349 thousand, with a ratio of 65.9% to sales, slightly down compared to 66.6% for the previous year. Within this item, costs for capitalised internal works included in intangible assets amounted to €11,982 thousand compared to €10,720 thousand for 2014.

Non-financial interest income (expense) from investments amounted to €9,391 thousand, attributable for €8,841 thousand (€6,442 thousand in 2014) 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, for €3,122 thousand to the gain from the disposal of Belt & Buckle S.r.o. to third parties and €2,572 thousand to the loss from the disposal of Sabelt S.p.A. to minority shareholders.

Personnel expenses amounted to €356,369 thousand in 2015, with a 17.2% ratio to net sales, lower than the previous year (18.3%). At 31 December 2015, workforce numbered 7,867 (7,690 at 31 December 2014). The rise of 177 resources is due to the need to manage the increased level of production arising from the rise in sales.

Gross operating income for 2015 was €359,919 thousand compared to €279,800 thousand in the previous year, with a ratio to sales of 17.4% (15.5% in 2014).

Net operating income amounted to €251,282 thousand (12.1% of sales), compared to €178,449 thousand (9.9% of sales) in 2014, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets for €108,637 thousand, compared to €101,351 thousand in 2014. The increase in the item "Depreciation, amortisation and impairment losses" relates primarily to the start of the amortisation process for new production investments recently put in place.

Net interest expense amounted to €7,801 thousand (€13,678 thousand in 2014) and consist of net exchange gains of €4,600 thousand (net exchange losses of €1,000 thousand In 2014) and other net interest expense of €12,401 thousand (€12,678 thousand in the previous year).

Interest income from investments amounted to €18 thousand (€145 thousand in 2014) and was attributable to the effects of measuring investments in associate companies using the equity method.

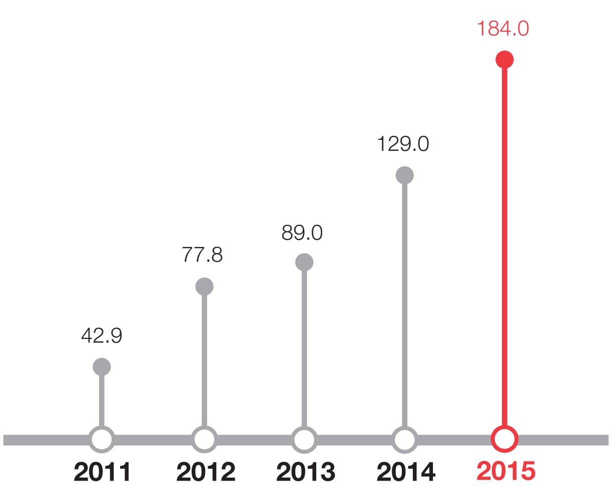
Result before taxes was €243,499 thousand, compared to €164,916 thousand for the previous year. Estimated taxation amounted to €57,694 thousand, with a tax rate of 23.7% compared to 22.0% for 2014.

Group net result was €183,962 thousand, up 42.5% compared to €129,054 thousand for the previous year.

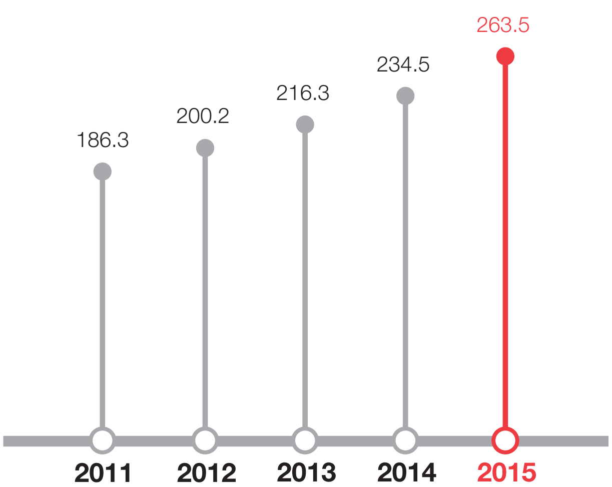
Statement of financial position

(euro thousand)	31.12.2015	31.12.2014	Change
Property, plant and equipment	589,777	539,977	49,800
Intangible assets	99,291	99,158	133
Net financial assets	36,630	29,356	7,274
Other receivables and non-current liabilities	59,642	47,332	12,310
(a) Fixed capital	*785,340*	*715,823*	*69,517*
			9.7%
Inventories	247,661	230,655	17,006
Trade receivables	311,217	286,893	24,324
Other receivables and current assets	36,386	38,559	(2,173)
Current liabilities	(470,910)	(407,572)	(63,338)
Provisions / deferred taxes	(31,125)	(24,848)	(6,277)
(b) Net working capital	*93,229*	*123,687*	*(30,458)*
			(24,6%)
(c) NET INVESTED CAPITAL (a)+(b)	**878,569**	**839,510**	**39,059**
			4.7%
(d) Equity	*687,547*	*536,330*	*151,217*
(e) Employees' leaving entitlement and other personnel provisions	*30,334*	*32,793*	*(2,459)*
Medium/long-term financial debt	215,149	277,277	(62,128)
Short-term net financial debt	(54,461)	(6,890)	(47,571)
(f) Net financial debt	*160,688*	*270,387*	*(109,699)*
			(40.6%)
(g) COVERAGE (d)+(e)+(f)	**878,569**	**839,510**	**39,059**
			4.7%

GROUP NET RESULT
(euro million)



TURNOVER PER EMPLOYEE
(euro thousand)



The Group's Statement of Financial Position reflects reclassifications of consolidated accounting statements, as described in the following pages. In detail:

- "Net financial assets" include the following items: "Shareholdings" and "Other financial assets";
- the item "Other receivables and non-current liabilities" is made up of the following items: "Receivables and other non-current liabilities", "Deferred tax assets" and "Other non-current liabilities";
- "Net financial debt" includes current and non-current payables to banks and other financial liabilities, net of cash and cash equivalents and current financial assets.

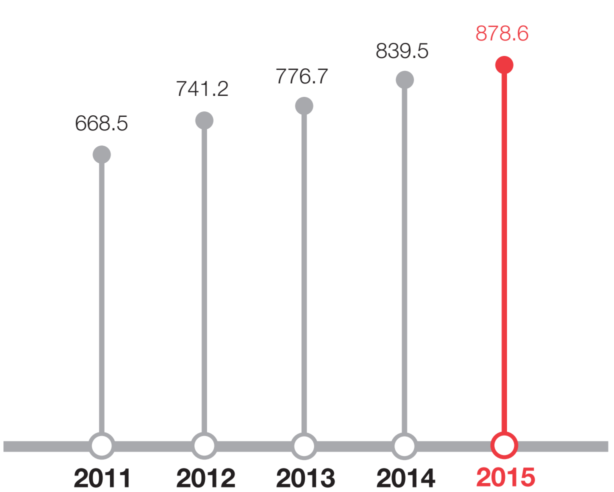
Net invested capital at the end of the year amounted to €878,569 thousand, up by €39,059 thousand compared to 31 December 2014, when it amounted to €839,510 thousand. Net financial debt was €160,688 thousand in 2015, compared to €270,387 thousand at 31 December 2014.

The €109,699 thousand decrease of net financial debt reported during the year was mainly due to the following factors:

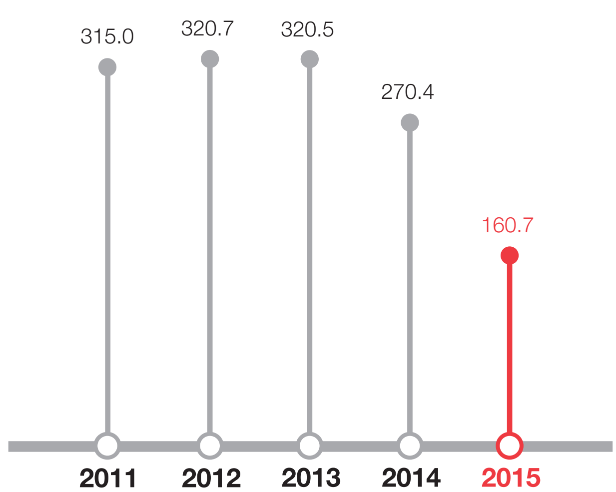
- the gross operating income of €359,919 thousand had a positive effect, with a €1,674 thousand decrease in working capital;
- net investments in property, plant, equipment and intangible assets totalled €154,101 thousand;
- the Parent Company paid the approved ordinary and extraordinary dividends, in the amount of €52,030 thousand;
- taxes paid amounted to €61,186 thousand.

The Explanatory Notes to the Consolidated Financial Statements provide detailed information on the financial position and its assets and liabilities items.

NET INVESTED CAPITAL
(euro million)



NET FINANCIAL DEBT
(euro million)



Statement of Cash Flows

(euro thousand)	31.12.2015	31.12.2014
Net financial position at beginning of year (*)	**(270,387)**	**(320,489)**
Net operating income	**251,282**	**178,449**
Depreciation, amortisation and impairment losses	108,637	101,351
Gross operating income	**359,919**	**279,800**
Investments in property, plant and equipment	(137,511)	(109,417)
Investments in intangible assets	(18,397)	(17,359)
Investments in financial assets	(209)	0
Amounts received (paid) for changes in minority interests	0	1,700
Amounts received for disposal of subsidiarie, net of cash disposed of	12,396	0
Disposals	1,807	3,367
Net investments	**(141,914)**	**(121,709)**
Change in inventories	(27,502)	(26,093)
Change in trade receivables	(37,021)	(36,938)
Change in trade payables	54,207	7,392
Change in other liabilities	12,322	14,964
Change in receivables from others and other assets	(8,607)	3,756
Translation reserve not allocated to specific items	4,927	14,923
Change in working capital	**(1,674)**	**(21,996)**
Change in provisions for employee benefits and other provisions	11,823	7,291
Operating cash flows	**228,154**	**143,386**
Interest income and expense	(7,012)	(12,687)
Current taxes paid	(61,186)	(32,515)
Capital contributions to consolidated companies by minority shareholders	0	640
(Interest income)/expense from investments, net of dividends received	2,629	(6,442)
Dividends paid	(52,030)	(32,519)
Net cash flows	**110,555**	**59,863**
Effect of translation differences on net financial position	(856)	(9,761)
Net financial position at end of year (*)	**(160,688)**	**(270,387)**

(*) See Note 13 of the Explanatory Notes of the Consolidated Financial Statements for a reconciliation with financial statements data.

Brembo CCM car brake disc,
inspired by René Magritte, Surrealism.
Illustration by Fabrizio Spadini.

The carbon ceramic material offers advantages in terms of performance on wet and dry surfaces, weight, comfort, corrosion resistance and durability.

BREMBO STRUCTURE

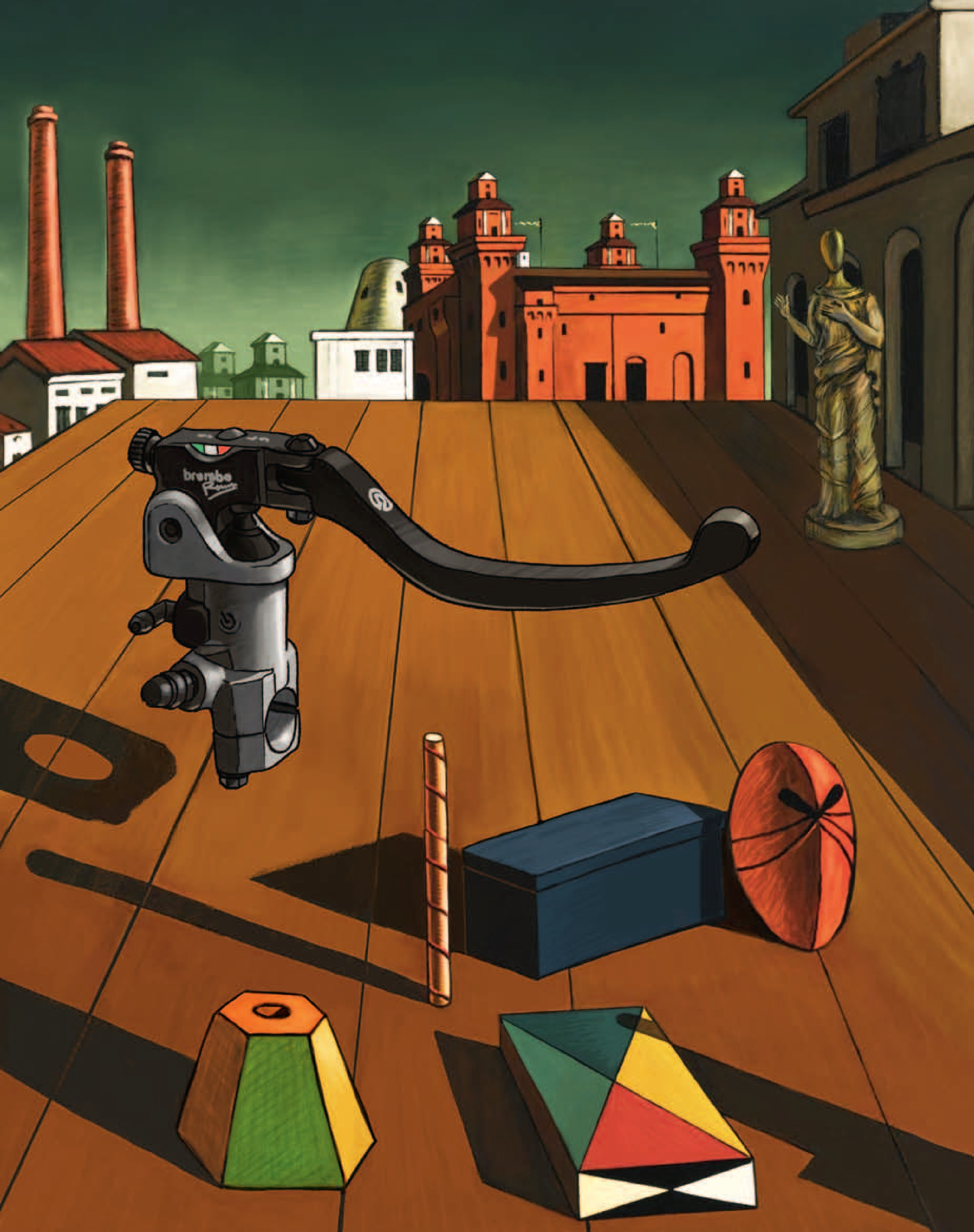
BREMBO S.P.A.

- 100% **AP RACING LTD.** Coventry UK
- 100% **BREMBO CZECH S.R.O.** Ostrava-Hrabová Czech Republic
- 100% **BREMBO DEUTSCHLAND GMBH** Leinfelden-Echterdingen - Germany
- 100% **BREMBO POLAND SPOLKA ZO.O.** Dabrowa Gornicza - Poland
- 100% **BREMBO SCANDINAVIA A.B.** Göteborg Sweden
- 100% **BREMBO RUSSIA LLC.** Moscow Russia
- 100% **LA.CAM (LAVORAZIONI CAMUNE) S.R.L.** Stezzano - Italy
- 68% **CORPORACION UPWARDS 98 S.A.** Zaragoza - Spain
- 50% **BREMBO SGL CARBON CERAMIC BRAKES S.P.A.** Stezzano - Italy
  - 100% **BREMBO SGL CARBON CERAMIC BRAKES GMBH** Meitingen - Germany
- 30% **INNOVA TECNOLOGIE S.R.L.** In liquidazione Almenno San Bartolomeo - Italia
- 20% **PETROCERAMICS S.P.A.** Milan Italy
- 10% **INTERNATIONAL SPORT AUTOMOBILE S.A.R.L.** Levallois Perret - France
- 2.8% **E-NOVIA S.R.L.** Milan Italy
- 100% **BREMBO JAPAN CO. LTD.** Tokyo Japan
- 100% **BREMBO NANJING FOUNDRY CO. LTD.** Nanjing - China
- 100% **QINGDAO BREMBO TRADING CO. LTD.** Qingdao - China
- 100% **BREMBO BEIJING BRAKE SYSTEMS CO. LTD.** Beijing - China
- 100% **BREMBO NANJING BRAKE SYSTEMS CO. LTD.** Nanjing - China
- 99.99% **BREMBO BRAKE INDIA PVT. LTD.** Pune - India
- 1.20% **FUJI CO.** Tokyo Japan
- 100% **BREMBO NORTH AMERICA INC.** Wilmington, Delaware - USA
  - 51% **BREMBO MEXICO S.A. DE C.V.**
- 49% **BREMBO MEXICO S.A. DE C.V.** Apodaca - Mexico
- 99.99% **BREMBO DO BRASIL LTDA.** Betim Brazil
  - 1.38% **BREMBO ARGENTINA S.A.**
- 98.62% **BREMBO ARGENTINA S.A.** Buenos Aires - Argentina

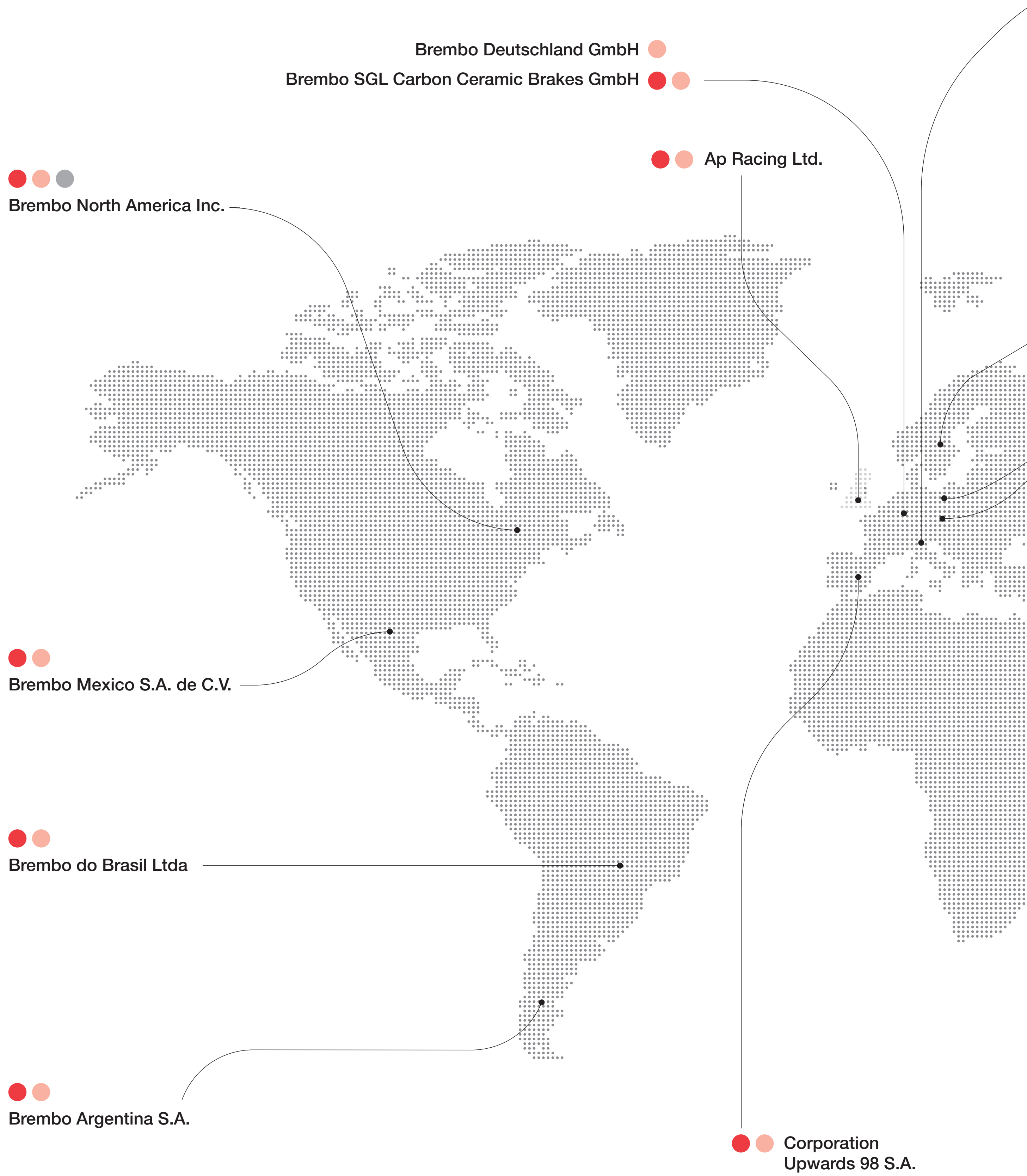
This table complies with Art. 125 of Consob Resolution No. 11971 dated 14 May 1999.

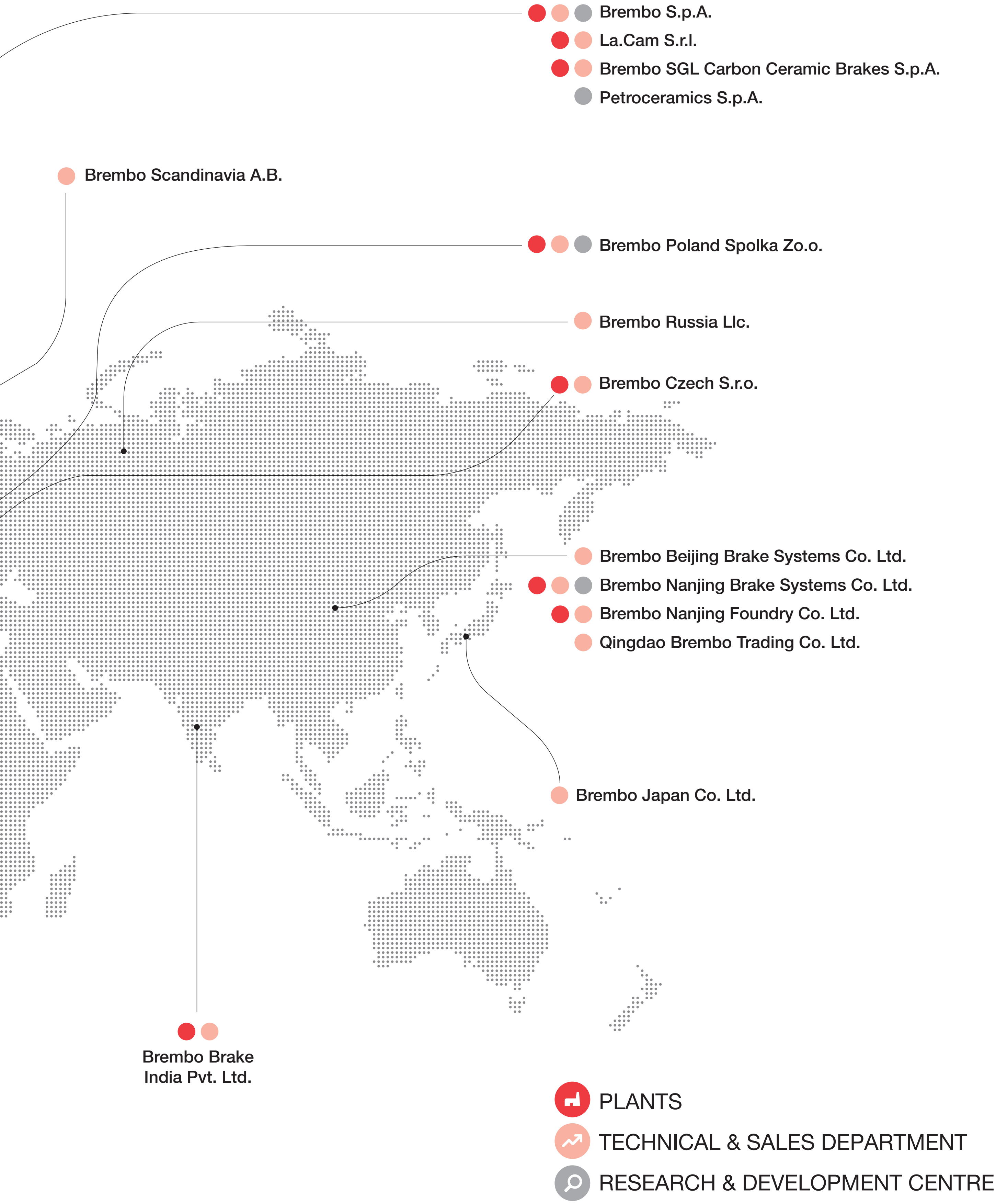
Brembo 14 RCS motorbike brake master cylinder, inspired by Giorgio De Chirico, Metaphysical Art.
Illustration by Fabrizio Spadini

Powerful braking capacity that can be adapted to road and weather conditions, the driver's sensibilities and feel with the motorbike thanks to the RCS (Ratio Click System).


brembo

BREMBO WORLDWIDE




Brembo S.p.A.
La.Cam S.r.l.
Brembo SGL Carbon Ceramic Brakes S.p.A.
Petroceramics S.p.A.
Brembo Scandinavia A.B.
Brembo Poland Spolka Zo.o.
Brembo Russia Llc.
Brembo Czech S.r.o.
Brembo Beijing Brake Systems Co. Ltd.
Brembo Nanjing Brake Systems Co. Ltd.
Brembo Nanjing Foundry Co. Ltd.
Qingdao Brembo Trading Co. Ltd.
Brembo Japan Co. Ltd.
Brembo Brake India Pvt. Ltd.
PLANTS
TECHNICAL & SALES DEPARTMENT
RESEARCH & DEVELOPMENT CENTRE

PERFORMANCE OF BREMBO COMPANIES

The following figures were taken from the accounting situations and/or draft financial statements prepared by the companies in accordance with IAS/IFRS and approved by the respective Boards of Directors.

BREMBO S.P.A.
CURNO (ITALY)

Activities: analysis, design, development, application, production, assembly and sale of braking systems, light alloy castings for various sectors, including the car and motorbike industries.

Brembo S.p.A. closed 2015 with sales of goods and services amounting to €780,802 thousand, up 9.5% compared to €713,357 thousand in 2014. The item "Other revenues and income" amounted to €32,984 thousand in 2015 compared to €26,904 thousand in 2014, whereas capitalised development costs in the year amounted to €11,326 thousand.

Gross operating income went from €85,832 thousand (12.0% of sales) in 2014 to €112,156 thousand (14.4% of sales) in 2015. Net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €34,859 thousand, closed at €77,297 thousand compared to €48,713 thousand for the previous year.

Net interest expense from financing activities amounted to €3,767 thousand, compared to €6,330 thousand for 2014. Income from shareholdings amounted to €54,508 thousand and was mainly attributable to the distribution of dividends by some subsidiaries (Brembo Poland Spolka Zo.o., Brembo Scandinavia A.B., AP Racing Ltd., Brembo Russia LLC. and Brembo SGL Carbon Ceramic Brakes S.p.A.).

During the reporting year, net income amounted to €103,313 thousand, compared to €68,824 thousand in 2014.

The workforce numbered 2,971 at 31 December 2015, increasing by 111 compared to 2,860 at the end of 2014.

Companies Consolidated on a Line-by-Line Basis

AP RACING LTD.
COVENTRY (UNITED KINGDOM)

Activities: production and sale of braking systems and clutches for road and racing vehicles.

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes.

The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main F1, GT, Touring and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.

Net sales for 2015 amounted to GBP 38,083 thousand (€52,457 thousand), compared to GBP 36,700 thousand (€45,509 thousand) in 2014. In the reporting year, net income amounted to GBP 3,882 thousand (€5,348 thousand), compared to GBP 3,906 thousand (€4,844 thousand) in 2014.

The workforce numbered 126 at 31 December 2015, unchanged compared to the end of 2014.

BREMBO ARGENTINA S.A.
BUENOS AIRES (ARGENTINA)

Activities: production and sale of car brake discs for the original equipment market.

The company is based in Buenos Aires, Argentina. Brembo acquired a 75% stake in the company in 2011. Under the agreement, Brembo exercised an option right on the remaining 25% in 2013; therefore, the company is currently fully owned by the Brembo Group.

Net sales amounted to ARS 191,205 thousand (€18,655 thousand), with a net loss of ARS 29,447 thousand (€2,873 thousand). In 2014, net sales amounted to ARS 199,546 thousand (€18,520 thousand) and net loss to ARS 13,188 thousand (€1,224 thousand).

The workforce numbered 124 at 31 December 2015, one more compared to 31 December 2014.

BREMBO BEIJING BRAKE SYSTEMS CO. LTD.

BEIJING (CHINA)

Activities: promotion and development of the Chinese market.

Fully owned by Brembo S.p.A., the company sold its 31.12% stake in Brembo Nanjing Brake Systems Co. Ltd. to its Parent Company in 2014. It subsequently changed its company name from Brembo China Brake Systems Co. Ltd. to the current Brembo Beijing Brake Systems Co. Ltd.

At 31 December 2015, it did not report any sales. The net loss at 31 December 2015 was CNY 365 thousand (€52 thousand), compared to a net income of CNY 26,141 thousand (€3,193 thousand) for 2014 attributable to the gain from the sale of the stake in BNBS Co. Ltd. to Brembo S.p.A.

At the end of the year, the company had no employees.

BREMBO BRAKE INDIA PVT. LTD.

PUNE (INDIA)

Activities: development, production and sale of braking systems for motorbikes.

The company is based in Pune, India, and was originally set up in 2006 as a joint venture held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. Since 2008, the company has been wholly owned by Brembo S.p.A.

In 2015, net sales totalled INR 3,959,154 thousand (€55,625 thousand), with a net income of INR 278,236 thousand (€3,909 thousand). In 2014, net sales amounted to INR 3,581,747 thousand (€44,182 thousand), with a net income of INR 276,109 thousand (€3,406 thousand).

The workforce numbered 232 at 31 December 2015, compared to 230 at 31 December 2014.

BREMBO CZECH S.R.O.

OSTRAVA-HRABOVÁ (CZECH REPUBLIC)

Activities: casting, production and sale of braking systems for cars.

The company was formed in 2009 and started its production activity in 2011. It carries out the casting, processing and assembly of brake calipers and other aluminium components.

In 2015, net sales amounted to CZK 6,428,851 thousand (€235,618 thousand) compared to CZK 5,066,962 thousand (€184,013 thousand) in 2014, closing the year with a net income of CZK 437,062 thousand (€16,018 thousand) compared to a net income of CZK 247,214 thousand (€8,978 thousand) in 2014.

The workforce numbered 788 at 31 December 2015, increasing compared to 614 for the previous year.

BREMBO DEUTSCHLAND GMBH

LEINFELDEN – ECHTERDINGEN (GERMANY)

Activities: purchase and resale of vehicles, technical and sales services.

The company, which is 100% owned by Brembo S.p.A., was formed in 2007. It specialises in buying cars for tests and encouraging and simplifying communication between Brembo and its German customers in the various phases of project planning and management.

At 31 December 2015, net sales amounted to €209 thousand (€200 thousand for 2014), with a net income of €28 thousand (€60 thousand for 2014).

The company has no employees and uses outside consultants only.

BREMBO DO BRASIL LTDA.
BETIM (BRAZIL)

Activities: production and sale of brake discs and flywheels for the original equipment market.

The company is headquartered in Betim, Minas Gerais, and promotes the presence of Brembo in the South American original-equipment market for car brake discs. The company also produces flywheels for the car industry in the Santo Antônio de Posse plant.

Net sales for 2015 amounted to BRL 156,642 thousand (€42,432 thousand), with a net loss of BRL 76,134 thousand (€20,624 thousand). In 2014, net sales amounted to BRL 186,704 thousand (€59,788 thousand), with a net loss of BRL 38,705 thousand (€12,394 thousand).

The workforce numbered 333 at 31 December 2015, compared to 503 at the end of the previous year.

BREMBO JAPAN CO. LTD.
TOKYO (JAPAN)

Activities: sale of braking systems for the racing sector and original equipment for cars.

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it provides primary technical support to the OEM customers in the area. It also renders services to the other Group companies operating in Japan.

Net sales for 2015 amounted to JPY 587,030 thousand (€4,371 thousand), compared to JPY 595,475 thousand (€4,242 thousand) in 2014. Net income for the reporting year amounted to JPY 54,342 thousand (€405 thousand), compared to JPY 50,246 thousand (€358 thousand) in 2014.

The workforce numbered 15 at 31 December 2015, one less than at the end of 2014.

BREMBO MÉXICO S.A. DE C.V.
APODACA (MEXICO)

Activities: production and sale of car brake discs for original equipment and the aftermarket and braking systems for cars and commercial vehicles.

As a result of the merger with Brembo México Apodaca S.A. de C.V. in 2010, the company is now 51% owned by Brembo North America Inc. and 49% owned by Brembo S.p.A.

In 2015, net sales amounted to USD 103,948 thousand (€93,679 thousand), with a net income of USD 4,554 thousand for the year (€4,104 thousand).

In 2014, net sales amounted to USD 98,035 thousand (€73,774 thousand), with a net income of USD 7,029 thousand (€5,290 thousand).

The workforce numbered 353 at 31 December 2015, compared to 263 at the end of 2014.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.
NANJING (CHINA)

Activities: development, production and sale of car brake discs for original equipment and braking systems for cars and commercial vehicles.

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. Brembo Group acquired control over the company in 2008. In 2013, Brembo Group acquired full control from the Chinese partner Donghua Automotive Industrial Co. Ltd.

At 31 December 2015, net sales amounted to CNY 756,262 thousand (€108,456 thousand) and net loss was CNY 701 thousand (€101 thousand); in 2014, sales amounted to CNY 667,154 thousand (€81,477 thousand) and net loss was CNY 6,377 thousand (€779 thousand).

The workforce numbered 284 at 31 December 2015, compared to 222 at the end of 2014.

BREMBO NANJING FOUNDRY CO. LTD.
NANJING (CHINA)

Activities: production and sale of foundry products for the automotive market, including the aftermarket.

The company, set up in 2009 and 100% held by Brembo S.p.A., acquired the foundry activities in 2010 from the Chinese company Donghua. The aim was to develop together with the company Brembo Nanjing Brake Systems Co. Ltd. an integrated industrial hub, including foundry and manufacture of brake calipers and discs for the car and commercial vehicle markets.

Net sales amounted to CNY 335,378 thousand at 31 December 2015 (€48,097 thousand), with a net income of CNY 4,364 thousand (€626 thousand), compared to net sales of CNY 359,999 thousand (€43,965 thousand) and a net income of CNY 87,258 thousand (€10,657 thousand) for 2014.

The workforce numbered 207 at 31 December 2015, compared to 175 at the end of 2014.

BREMBO NORTH AMERICA INC.
WILMINGTON, DELAWARE (USA)

Activities: development, production and sale of brake discs for car original equipment and the aftermarket, and braking systems for cars, motorbikes and the racing sector.

Brembo North America Inc. is based in Homer, Michigan. It produces and sells OEM and aftermarket brake discs, as well as high-performance car braking systems. In 2010, a Research and Development Centre was opened at the facility in Plymouth (Michigan) to develop and market new solutions in terms of materials and designs for the U.S. market, backed by Brembo S.p.A. and local technical staff.

Net sales for 2015 amounted to USD 467,501 thousand (€421,314 thousand) compared to net sales amounting to USD 422,649 thousand (€318,058 thousand) for the previous year.

Net income was USD 34,361 thousand (€30,966 thousand) at 31 December 2015, compared to net income of USD 20,921 thousand (€15,744 thousand) for 2014.

At the end of the year, the workforce numbered 560, an increase of 34 compared to the end of 2014.

BREMBO POLAND SPOLKA ZO.O.
DABROWA GÓRNICZA (POLAND)

Activities: development, casting, production and sale of brake discs and braking systems for cars and commercial vehicles.

On 1 October 2014, the merger of Brembo Spolka Zo.o. into Brembo Poland Spolka Zo.o., both wholly owned by Brembo S.p.A., became effective. The transaction was aimed at corporate streamlining, better organisational flexibility and rationalisation of structural costs.

The company produces OEM braking systems for cars and commercial vehicles in the Czestochowa plant. In the Dabrowa-Górnicza plant, it has a foundry for the production of cast-iron discs destined for use in its own production plant or by other Group companies. The Niepolomice plant processes steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in China, the United States, and in the Dabrowa-Górnicza plant as well.

In 2015, net sales amounted to PLN 1,559,500 thousand (€372,838 thousand), compared to PLN 1,421,046 thousand (€339,600 thousand) for 2014. At 31 December 2015, net income was PLN 343,609 thousand (€82,148 thousand), compared to PLN 272,547 thousand (€65,133 thousand) for the previous year.

The workforce numbered 1,581 at the end of the year, compared to 1,562 at the end of 2014.

BREMBO RUSSIA LLC.
MOSCOW (RUSSIA)

Activities: promotion of the sale of car brake discs.

Founded in July 2014, the Moscow-based company is wholly owned by Brembo S.p.A. It promotes the sale of car brake discs for the aftermarket.

Net sales reported by the company amounted to RUB 24,965 thousand (€367 thousand) compared to RUB 6,195 thousand (€121 thousand) in 2014; net income was RUB 8,697 thousand (€128 thousand) compared to RUB 304 thousand (€6 thousand) at 31 December 2014.

The workforce numbered 2 at the end of the year, unchanged compared to the end of 2014.

BREMBO SCANDINAVIA A.B.
GÖTEBORG (SWEDEN)

Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the car sector, destined exclusively for the aftermarket.

Net sales for the reporting year amounted to SEK 8,404 thousand (€898 thousand), with a net income of SEK 2,845 thousand (€304 thousand), compared to net sales of SEK 6,710 thousand (€738 thousand) and net income of SEK 1,080 thousand (€119 thousand) for 2014.

The workforce numbered 1 at 31 December 2015, unchanged compared to the same date of the previous year.

CORPORACIÓN UPWARDS '98 S.A.
ZARAGOZA (SPAIN)

Activities: sale of brake discs and drums for cars, distribution of the brake shoe kits and pads.

The company carries out sales activities only.

Net sales for 2015 amounted to €26,942 thousand, compared to €20,853 thousand for 2014. Net income amounted to €420 thousand compared to a net income of €1,509 thousand reported for 2014.

The workforce numbered 71 at 31 December 2015, compared to 69 at the end of 2014.

LA.CAM (LAVORAZIONI CAMUNE) S.r.l.
STEZZANO (ITALY)

Activities: precision mechanical processing, lathe work, mechanical component production and similar activities, on its own account or on behalf of third parties.

The company was incorporated by Brembo S.p.A. in 2010. In the same year it leased two companies from an important Brembo Group's supplier that was experiencing financial difficulties. The goal was to safeguard the continuity of supply, the expertise and technological assets obtained by these companies in their many years of collaboration with the Group. The lease transaction involved Immc S.n.c. and Iral S.r.l. These companies specialise in processing aluminium, steel and cast-iron pistons for brake calipers intended for use in the car, motorbike and industrial vehicle sectors, and in the production of other types of components, including small high-precision metallic parts and bridges for car brake calipers, as well as aluminium caliper supports for the motorbike sector, chiefly produced for the Brembo Group. In 2012, La.Cam. acquired the business units of both companies.

In 2015, net sales amounted to €35,872 thousand compared to €32,329 thousand in 2014, referring mainly to Brembo Group companies. Net income for 2015 was €993 thousand, compared to a net income of €489 thousand at the end of 2014.

The workforce numbered 198 at 31 December 2015, compared to 205 for the previous year.

QINGDAO BREMBO TRADING CO. LTD.
QINGDAO (CHINA)

Activities: logistics and sales activities in the economic and technological development hub of Qingdao.

Formed in 2009 and fully controlled by Brembo S.p.A., the company carries out logistics and sale activities within the Qingdao technological hub.

In 2015, net sales amounted to CNY 150,372 thousand (€21,565 thousand), compared to CNY 130,452 thousand (€15,932 thousand) for the previous year. Net income for the year was CNY 4,414 thousand (€633 thousand), up compared to CNY 3,228 thousand (€394 thousand) for 2014.

The workforce numbered 21 at 31 December 2015, six more than at the same date of 2014.

Companies Valued Using the Equity Method

BREMBO SGL CARBON CERAMIC BRAKES S.P.A.
STEZZANO (ITALY)

Activities: design, development, production and sale of carbon ceramic brake discs.

As a result of the joint venture agreements finalised in 2009 between Brembo and SGL Group, the company is 50% owned by Brembo S.p.A. and in turn controls 100% of the German company Brembo SGL Carbon Ceramic Brakes GmbH. Both companies carry out design, development, production and sale of braking systems in general, and particularly of OEM carbon ceramic brake discs for top-performance cars, as well as research and development activities concerning new materials and applications.

Net sales at 31 December 2015 totalled €52,784 thousand, up compared to €44,689 thousand in 2014. In the reporting year, net income amounted to €7,746 thousand compared to net income of €12,161 thousand in 2014.

The workforce numbered 130 at 31 December 2015, 19 more than at the end of 2014.

BREMBO SGL CARBON CERAMIC BRAKES GMBH
MEITINGEN (GERMANY)

Activities: design, development, production and sale of carbon ceramic brake discs.

The company was formed in 2001. In 2009, in executing the joint venture agreement between Brembo and SGL Group, Brembo SGL Carbon Ceramic Brakes S.p.A. acquired 100% of the company.

Net sales for 2015 amounted to €91,693 thousand, up compared to €79,416 thousand for the previous year. At 31 December 2015, net income totalled €11,148 thousand, compared to a net income of €7,953 thousand in the previous year.

The workforce numbered 296 at 31 December 2015, compared to 275 at the end of 2014.

PETROCERAMICS S.P.A.
MILAN (ITALY)

Activities: research and development of innovative technologies for the production of technical and advanced ceramic materials, geomaterial processing and rock mass characterisation.

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in 2006.

Net sales for 2015 amounted to €1,594 thousand, with a net income of €58 thousand. In 2014, net sales were €1,840 thousand and net income amounted to €372 thousand.

RESEARCH AND DEVELOPMENT

All of Brembo's R&D activities can be related to a single "friction system" concept, which permeates the specific qualities of each Division and Business Unit. According to this concept, each component (calipers, discs, pads, suspensions) is complementary to the others in optimising the braking function (the "friction system" as an element that integrates all of the components), which is constantly improved in all respects, not merely in terms of pure performance, but also of comfort, duration, aesthetics, etc.

In many sectors, mechatronic products — an area to which Brembo may apply the expertise it has developed in its research activities since 2000 (Electric Parking Brake and Brake By Wire) — are becoming increasingly widespread.

The market is demanding increasingly tight new product development times. To meet these requirements, Brembo is committing significant resources to perfecting ever more sophisticated virtual simulation methodologies, alongside uniform development processes in Brembo's Technical Centres located in Italy, North America and China.

In 2015, the main R&D activities in the various sectors focused on the following aspects.

New calculation and simulation methodologies continued to be developed for **cast-iron discs**, focused on identifying and optimising technical and process parameters. The R&D departments (technical and foundry) have started the joint development of a simulation methodology which also includes process parameters that may influence the disc's vibratory capacities (own frequencies). The first simulations were successfully completed in the second half of 2015. In the future, this will allow Brembo to define with even greater accuracy, early in the design stage, the qualities that could improve the brake system's comfort characteristics.

A new technical solution also continued to be developed to significantly reduce problems related to vehicle comfort, with the production of prototypes for an application development currently in the testing stage.

Work has also continued on improving the performance of cast-iron discs on heavy commercial vehicles. The study of new geometries has resulted in a significant reduction in mass and an improvement in the disc's cooling and ventilation capacity, with a consequent reduction in the braking system's operating temperatures. The new technical solutions have been patented and are in the application development stage with various customers.

Product and process improvement work is progressing for cast-iron discs for car applications. These will be subsequently introduced in normal application developments for the world's leading car manufacturers.

Particular attention is paid to reducing disc weight, which translates into a reduction in fuel consumption and the resultant environmental impact of the car (lower CO_2 emission), a factor that drives the automotive market and all of Brembo's development activities.

The new disc concept has to be seen in this light. Its production is now extending to the entire range of the Mercedes MRA platform, which combines two different materials: cast iron for the braking ring and thin steel laminate for the disc hat, resulting in a guaranteed weight reduction of up to 15%. Particular attention was also paid to disc aesthetics during 2015, with a restyling of the co-cast disc, which could be extended to the entire product range in the future.

Research, development and testing of non-conventional solutions is ongoing, a process that has also led to a number of patent applications being filed, for application to the cast iron discs or the new generation of "light" discs. These activities include the study of forms, materials, technologies and surface treatments able to meet the needs of the new-generation vehicles, with a particular focus on environmental impact aspects (CO_2 and particulates emission, minimising disc wear).

The development of innovative friction materials, complying with future legislative limits and designed for these types of disc, is also highly important. Brembo can be considered to be the only manufacturer with the in-house expertise for this type of development.

As far as **street motorbikes** are concerned, testing is currently taking place on carbon ceramic motorbike discs with new formulations. This testing also involves identifying the best couplings with friction materials that will be defined in the first half of 2016.

The mid-range front cylinder project was successfully completed, and a patent application filed. The prototypes for the functional validation will be prepared in the first few months of 2016. One of the advantages that our customers have also appreciated is the possibility of cylinder customisation with a modest level of investment.

The concept of a combined system for motorbikes, with a rear drum brake and front disc, has been received very positively by the Indian market, also due to the proposed legislation which will make combined systems obligatory in that country on vehicles under 125 cc. Tests on several vehicles have hence been started, with the aim of being able to achieve standard supplies by the first quarter of 2017.

Lastly, magnesium alloy brake levers for road applications were validated during the year and a number of concepts were defined for future top of the range calipers. Moreover a disc concept is being developed that is expected to deliver benefits in terms of feel and comfort.

Activities planned for the first few months of 2016 on motorbike applications: work on acquiring know-how on vehicle dynamics will be completed, and the basic skills defined for future developments; the evaluations of BBW (Brake By Wire) for motorbikes will be further analysed in safety terms, both in-house and working together with customers; a decision will be taken whether to start up development of the first ECS motorbike caliper, adopting concepts and components taken from our experience with car applications.

Within the **racing applications** field, the fine tuning of the new carbon material for F1 and GT applications has been completed and a material developed entirely by Brembo is being used on the track for the first time since 1999. This material has become a benchmark for performance in all the categories where use of carbon is permitted: F1, GT, and IRL (Indy Racing League). The focus for 2015 was aimed at stabilising the production chain and improving the mechanical characteristics without reducing system performance. These activities will continue to be the main working areas throughout 2016.

The new disc drive concept used in F1, known as WS (Wide Spline), has enabled the composite material to be used, providing higher safety margins than the old drive system. This was tried out successfully on the LMP1 cars (Le Mans Prototype 1) towards the end of 2015. A top team in this category will start the 2016 season directly with the new concept. In addition, work is continuing on the mechanical simulation part of the composite disc for F1/LMP1 applications, after refining the initial simulation methodologies for the thermo-elastic phenomena of the disc and pad material.

At systems level, the new products developed and fine-tuned in recent months continue to be used successfully by the various teams. These include the new hydraulic systems, in particular, offered by Brembo to meet customer needs concerning by-wire braking, which combine with the new power units and energy recovery systems currently allowed by F1 and LMP1 regulations.

BBW systems are currently at the implementation phase for 5 F1 teams. A complete BBW system (an electro-hydraulic Brake by Wire system with integrated solenoid valve) will be implemented with one of these and will be Brembo's most complete and representative product of such brake control systems.

In the motorbike field, in the MotoGP class, one team, following on from specific development contracts, has exclusive use of a new brake caliper containing two ground-breaking concepts that have proved to be particularly interesting and will also be offered to other teams in 2016.

The year 2016 will bring several regulatory changes in the MotoGP class, the most important of which will be the abolition of aluminium-lithium alloys from brake calipers. This regulatory change meant that Brembo had to completely redo all the 2016 systems and the return to the "traditional" material has not been painless: two development cycles were needed to achieve the same performance as the aluminium-lithium system.

Development continues of an "instrumented wheel" system (front and rear) in collaboration with the Milan Polythechnic, and one of its spin offs. This is a system that allows engineers to obtain information on the torque and the force transmitted to the ground by the tyre. This has proved to be an excellent development tool for correlating telemetry measures, the driver's feel and the force actually transmitted.

In other projects with Milan Polytechnic, research is currently being conducted to improve the final performance of the rim-tyre system, through an analysis of the two components jointly rather than as two separate objects.

2016 will see a change in tyre supplier for MotoGP (from Bridgestone to Michelin) and Brembo's instrumented wheel will provide the team, which is developing it with the Group's technical office, with valuable information on the motorbike's performance with the new tyres.

For the Aeronautic project, after the "APDOA" technical certification was obtained from EASA (European Aviation Safety Agency) in 2014, the early part of 2015 saw Brembo also starting the production certification process through ENAC, the Italian Civil Aviation Authority. Development of the design of the complete braking system (calipers, discs, wheels, parking brakes and pumps), officially assigned to Brembo in June 2014, is progressing according to the plan agreed with Agusta and passed the Preliminary Design Review (PDR) in early 2015. A new project has also been awarded to Brembo for a complete brake system for a class CS 23 seaplane.

Partnership contracts continued with several universities (including the above-mentioned Milan Polytechnic and the University of Padua) in pursuit of important goals in various areas of technical development: from electronic control systems to the development of new system concepts, simulations of carbon components, tests of aeronautic components and other subjects.

In addition to calipers and brake discs, Brembo also supplies high-performance, high-reliability and top-quality **pads**. Brembo Friction is a long-established business which is continuing to develop new materials that best reflect Brembo's philosophy of innovation and technological development.

The copper-free friction materials, selected by various customers for their high performance, are suitable both for the European market (more demanding in performance terms), and the American market (more demanding as far as comfort is concerned). These materials have been developed both for applications that use cast-iron discs and for those that feature carbon ceramic discs.

In conjunction with the materials for traditional applications, Brembo Friction is developing materials to accommodate the needs of the most recent Brembo calipers such as, for example, those for electric parking brakes.

Brembo's research is also engaged in identifying solutions for future market needs: motorbikes, heavy commercial vehicles and vehicles for special applications require discs with very high performances and, hence, increasingly intensive development of unconventional friction materials.

For brake pads as well, the company's focus is on developing lighter materials and innovative components that can help reduce the environmental impact and the emission of CO_2 and particulates into the atmosphere.

This also applies to brake calipers, with the development of new solutions including: the use of methodologies to minimise caliper mass for the same performance, the improvement of caliper functionality thanks to new characteristics for the pairing of seal and piston and optimisation of a new-concept pad sliding system.

The product and process improvement work is ongoing in the same way as the search for solutions to reduce mass, increase performance and improve styling. During the first half of the year a study was completed of a new type of caliper with a view to gaining new market segments: the concept approval phase had been finalised and the application development underway with a major European customer.

During 2016 Brembo will be in a position to carry out standard production of a caliper made using aluminium alloy in a thixotropic state (lower temperature than that of casting). The process used, for which a patent has been filed, is named BSSM (Brembo semi-solid metal casting). This technology produces a weight saving, with the same performance, ranging from 5 to 10% and depends on caliper geometry.

In addition, the Technical Development Centres continue to grow as planned in support of Brembo's expansion in China and the USA, in line with the acquisition of important businesses in these two markets.

Mechatronic products, namely various configurations of electric parking brakes, already approved in-house both for cars and commercial vehicles, are being promoted with Brembo's customers. In this area, Brembo has been selected by a major European customer to supply a caliper with integrated electric parking brake for commercial vehicles. Production is scheduled to start in 2018.

The ongoing evolution of simulation methodologies is focused on aspects linked to brake system comfort and caliper functionality. Brembo's current objective is to develop the simulation capacity for the latest brake system component not yet simulated: friction material. From this standpoint, the possibility of using the friction project, thus being able to produce in-house advanced friction materials, is one of the strengths of Brembo which can position itself as a supplier of complete brake systems. On the other hand, the development of a methodology for simulating caliper functionality is aimed at establishing, during the design stage, the caliper characteristics that influence the car's pedal feel.

Advanced R&D activities focus on mechatronic systems for the brake systems of the future and on developing new structural materials. Through these activities, Brembo is preparing to meet market demand expected in the coming years, when the strong drive towards vehicle electrification will result in a significant integration of the brake system with the rest of the vehicle and a constant search for weigth-reduction solutions.

The high level of integration will bring the brake system to dialogue with other vehicle systems, such as electric drive motors and new suspension-steering concepts, and enable an increase in active safety and optimisation of functions such as regenerative braking.

Within this context, Brembo is continuing to develop a Brake By Wire system with the aim of hastening the development of individual brake system components and holding on to its lead as a product innovator. This system concept will be able to be applied to all future vehicles: not only cars, but also commercial vehicles and motorbikes. Additional developments involving system integration are in the study phase for some time now, particularly with electric drive systems and the associated next-generation architecture. In an advanced stage of study is also innovative vehicle wheel-side architecture with electric drive motor and integrated, electronically controlled Brake By Wire brakes, presented at the last Frankfurt Motor Show.

Also within the advanced R&D activities, Brembo continued to cooperate with international Universities and Research Centres with the aim to constantly seek out new solutions to apply to brake discs and calipers, in terms of new materials, innovative technologies and mechanical components. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials, such as technopolymers or reinforced light metal alloys, to produce structural components. These partnerships also extend to methodological activities relating to development, involving the creation and use of increasingly sophisticated simulation and calculation tools.

The Rebrake project funded by the European Union under the Marie Curie programme and coordinated by Brembo together with Stockholm's Royal Institute of Technology (KTH) and Trento University, is part of these initiatives. This project represents a major step forward for understanding the phenomena linked to tribology, namely the science that studies the behaviour and wear of friction materials, with a particular focus on the PM10 for which there is a 50% reduction target.

The logical continuation of the Rebrake project is represented by the LowBraSys project, which is also funded by the European Union as part of the Horizon 2020 programme. The project started in the second half of 2015 and will last 36 months, involving a consortium of 10 partners with Brembo in the role of coordinator. The methodologies and products partly developed in the Rebrake project will be applied to certain vehicles in this programme, with the aim of concretely proving their efficacy in terms of particulate emission reduction.

The COBRA project is also ongoing. This was launched in 2014 and funded under the "Life +" European programmes, in collaboration with the partners of Kilometro Rosso, Italcementi and Istituto Mario Negri, and with the consultancy firm PNO Italia. The aim of the project is to develop low environmental impact technology aimed at reducing water and energy consumption in the life cycle of the pad component, by replacing organic origin binders (phenol) with cement binders.

Finally, the early part of 2015 saw the funding of the "LIBRA" project, which aims to develop brake pads that use composite material (typically resin), rather than steel, with the ensuing advantage in terms of lightness.

INVESTMENTS

In 2015, Brembo's investment management policy continued to develop along the lines that were followed for the past several years, aiming to strengthen the Group's presence both in Italy and, above all, internationally.
The most significant investments were concentrated in Italy (27%), North America (40%), Poland (15%), China (9%) and the Czech Republic (6%).

Investments in Italy chiefly involved the purchase of production plant, machinery and equipment, in addition to €11,644 thousand for development costs.

As part of its strategy of consolidation and development at the global level, Brembo continued and continue to invest in North America, its preferred industrial hub for expanding and internationalising the Group on the North American market. Several investment plans are currently being implemented in this area:

- the construction of a cast-iron foundry in Michigan, close to the new Homer facilities, which will allow Brembo to start a vertical integration process of its production capacity in the United States as well. Work started during the year and will be completed in 2017, making it possible for all production phases to take place in a single site thus guaranteeing a greater efficiency of the production process. The €74 million investment plan will be funded through the Group's cash generation and will benefit from the incentives provided by the State of Michigan;
- the opening of a new foundry and a plant for the processing and assembly of aluminium calipers in Mexico, near Monterrey; on 21 October 2015, the Chairman cut the ribbon of the new plant sitting on over 35 sq m that, once fully operational, will have a production capacity of approximately two million aluminium calipers per year, destined for the major OEM manufacturers in Europe, Asia, United States and Mexico. The investment will total €32 million in the three-year period 2015 – 2017.

In Eastern Europe, investments aimed at increasing production capacity are still underway in the integrated industrial hubs in Dabrowa Górnicza (Poland) and Ostrava-Hrabová (Czech Republic), devoted respectively to the casting and processing of brake discs for cars and commercial vehicles, and the casting, processing and assembly of brake calipers and other aluminium components. A new investment plan was also launched simultaneously and is to be developed from 2014 to 2017, for a total expenditure of approximately €34 million, aimed at building and starting up a new plant in Niepolomice (Poland) specialising in the processing of steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in Poland, China and the United States.

Group's total investments undertaken in 2015 at all operations amounted to €155,909 thousand, of which €137,512 thousand was invested in property, plant and equipment and €18,397 thousand in intangible assets.

RISK MANAGEMENT POLICY

Effective risk management is a key factor in maintaining the Group's value over time.
In order to optimise this value, Brembo's Internal Control and Risk Management System (ICRMS) complies with the principles set out in Article 7 of the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. as amended in July 2015 (hereafter referred to as "Corporate Governance Code") and, more generally, with national and international best practices;

This system represents the set of organisational structures, rules and procedures that allow the main business risks within the Group to be identified, measured, managed and monitored, while helping the company to be run in a manner that is sound, correct and consistent with the objectives defined by the Board of Directors, and favouring the adoption of informed decisions consistent with the risk profile, as well as dissemination of a proper understanding of risks, legality and corporate values.

The Board of Directors is tasked with defining the general guidelines of the ICRMS, so that the main risks pertaining to Brembo S.p.A. and Group subsidiaries are properly identified, as well as adequately measured, managed and monitored. It shall also set criteria to ensure that such risks are compatible with sound and proper management of the company. The Board of Directors is aware that the control processes cannot provide absolute assurances that the company objectives will be achieved and the intrinsic risks of business prevented; however, it believes that the ICRMS may reduce and mitigate the likelihood and impact of risk events associated with wrong decisions, human error, fraud, violations of laws, regulations and company procedures, as well as unexpected events. The ICRMS is therefore subject to regular examination and controls, taking account of developments in the company's operations and reference context, as well as national and international best practices.

The Board of Directors has identified[1] the other main corporate committees/functions relevant for risk management purposes, by defining their respective duties and responsibilities within the ICRMS scope. More specifically:

- the Audit & Risk Committee, tasked with supporting the Board of Directors on internal control and risk management issues;
- the Executive Director responsible for the Internal Control and Risk Management System, tasked with identifying the main corporate risks by executing risk management guidelines and verifying their adequacy;
- the Managerial Risk Committee, responsible for identifying and weighing the macro-risks and working with the system stakeholders to mitigate them;
- the Risk Manager, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified, adequately measured, managed, monitored, and integrated within a corporate governance system consistent with the strategic objectives.

Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical

1 Please refer to the Corporate Governance Manual, the Organisation, Management and Control Model, the reference layout for preparing accounting documents, and the guidelines for the Internal Control and Risk Management System (documents published on Brembo's website in the "Investors/Corporate Governance/Principles and Codes" section).

region in which Brembo operates. The meetings also focus on determining the actions required to mitigate any risks. Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Manual, in the risk management policy and procedure, in the Organisation, Management and Control Model (as per Italian Legislative Decree No. 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-bis of TUF), to which the reader is referred.

The Executive Director responsible for the Internal Control and Risk Management System fully enforces the risk management guidelines based on principles of prevention, cost effectiveness and ongoing improvement, as approved by the Board of Directors. In order to provide the organisation with the instruments for identifying and classifying the risk categories to which attention should be drawn, Brembo has developed a model which groups risk classes by type, based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.

The Internal Audit function evaluates the effectiveness and efficiency of the overall Internal Control and Risk Management System on a regular basis and reports the results to the Chairman, the Executive Deputy Chairman, the Chief Executive Officer, the Board of Statutory Auditors, the Audit & Risk Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001. On an annual basis, it also reports to the Board of Directors.

The first-tier family risks based on the new risk management policy are:

a External risks

b. Strategic Risks

c. Operating Risks

d. Financial Risks

Brembo's top risks for each of the above-mentioned risk families are discussed below. The order in which they are discussed does not imply classification in terms of probability of occurrence or possible impact.

External risks

Country risk

Based on its international footprint, Brembo is exposed to the country risk, which is however mitigated by the adoption of a policy of business diversification by product and geographical area so that the risk can be balanced at Group level.

In addition, Brembo constantly monitors the development of political, financial and security risks associated with countries in which the general political and economic climate and tax system could prove unstable in the future, so as to take any measures suited to mitigating the potential risks.

Strategic Risks

Innovation

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. In order to maintain its competitive edge, Brembo invests sizeable resources in R&D, conducting applied and basic research on both existing and newly applied technologies, such as mechatronics. For additional information, see the "Research and Development" section in this Directors' Report on Operations. Product and process innovations — those currently being used, as well as those that may be used for production in the future — are patented to protect the Group's technological leadership.

Market

Brembo targets the Luxury and Premium segments of the automotive sector and, in terms of geography, generates most of its sales from mature markets (Europe, North America and Japan). In order to mitigate the risk of segment/market saturation in the countries where it operates, the Group has long ago implemented a strategy aimed at diversifying into other geographical areas and is gradually broadening its product range, also by focusing on the mid-premium segment.

Investments

Investments in certain countries may be influenced by major modifications of the local regulatory framework, which could result in changes in the economic conditions existing at the time of the investment. For this reason, before investing in foreign countries, Brembo assesses the country risk carefully in the short, medium and long term. In general, M&A activities are accurately coordinated in all their aspects in order to mitigate any investment risks.

Operating Risks

The main operating risks inherent in the nature of the business are associated with the supply chain, the unavailability of production facilities, product marketing, international economic conditions, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.

Supply Chain

Supply chain risk manifests as the volatility of raw material prices and dependence on strategic suppliers, which could jeopardise the company's production process and ability to fill orders from clients in a timely manner by suddenly suspending supply arrangements. To mitigate this risk, the Purchasing Department identifies alternate suppliers to ensure the availability of critical materials (supplier risk management programme). The supplier selection process, including an assessment of suppliers' financial solidity — an aspect that has taken on growing importance in the current scenario — has been reinforced. By diversifying its sources, Brembo can also reduce its risk exposure to price increases (a risk that is however partially offset by reflecting price increases in sales prices).

Business Interruption

With reference to the risk of operational downtime at production facilities and continuity of operation, the company reinforced its risk mitigation process, through the planning of loss prevention engineering on the basis of U.S. NFPA (National Fire Protection Association) standards. The aim of this process was to eliminate risk factors in terms of probability of occurrence and to implement protective measures aimed at limiting the impact of this risk, thereby constantly enhancing the current operating continuity levels of the Group's production facilities.

Product Quality

Brembo considers the risk relating to the marketing of its products, in terms of their quality and safety, to be of fundamental importance. The Group has always been committed to mitigating this risk through robust quality controls. As part of this process, it has instituted a worldwide Supplier Quality Assurance function, specifically dedicated to quality control of components that do not meet Brembo's quality standards, in addition to constantly optimising its Failure Mode & Effect Analysis (FMEA).

Environment, Safety and Health

The Group's primary risks relating to health, job safety and the environment can be of the following types:

- inadequate protection of employee health and safety, which can lead to serious accidents or work-related illnesses;
- environmental pollution resulting from sources such as uncontrolled emissions, inadequate waste disposal or the spreading of dangerous substances onto the ground;
- partial or non-compliance with laws and regulations governing the sector.

The occurrence of these facts could result in substantial criminal and/or administrative penalties or pecuniary fines against Brembo. Furthermore, in particularly serious cases, the actions of public entities in charge of assessing the situation could interfere with Brembo's normal production activities, even causing production lines to halt or forcing the production facility to close. Brembo manages this type of risk by carrying out ongoing and systematic evaluations of its exposure to specific risks and reducing or eliminating those considered unacceptable. This procedure is organised within a Management System (which is compliant with international ISO 14001 and OHSAS 18001 standards and certified by an independent body) that covers health, job safety and environmental aspects.

Brembo therefore implements the activities necessary to allow it to effectively monitor and manage these aspects while scrupulously complying with applicable laws.

Some examples of activities that are currently underway include the definition and yearly review of:

- "Management Plans" for Safety and the Environment that define the objectives to be achieved;
- "Supervisory Plans", which list the activities to be carried out under the laws governing the sector or regulations imposed by the Group (e.g., authorisation renewals, periodic controls, reports to public entities, etc.);
- "Audit Plans", which monitor the extent to which the System is being applied and encourage continuous improvement.

In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents, as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the company's highest officers and the application of the highest international management standards are the best way to guarantee the company's commitment to health, job safety and the environment.

The internationalisation strategies and, particularly, international industrial footprint development have also highlighted the need to strengthen operational management able to operate locally and communicate effectively with the functional departments of Business Units and Central Functions, in order to improve the efficiency and effectiveness of the quality system and the capacity of production processes.

Legal & Compliance

Brembo is exposed to risks arising from the failure to rapidly comply with changing laws and new regulations in the sectors and markets in which it operates. To mitigate this risk, each compliance function stays abreast of the relevant legal and regulatory developments, with the assistance of outside consultants, where necessary, through a constant process of legal and regulatory updates and research.

Due to the complexity, lack of clarity and uncertain timetable of the laws and regulations concerning Worker Safety and Environmental Protection, in managing compliance risk in this field, the Group relies on a specific Quality & Environment Department (see operational risks - Environment, Safety and Health section) to obtain permits and licences and ensure that the related complexities are handled properly.

For information concerning other compliance risks, including those arising as a result of Brembo's listing within Borsa Italiana's STAR Segment, see the Corporate Governance and Ownership Structure Report available on Brembo's website (www.brembo.com, section Investors/Corporate Governance/Corporate Governance Reports).

Compliance risk includes the risk that the company may incur administrative liability, which may be broken down into three levels:

1. risk arising from Legislative Decree No. 231/2001, applicable to Brembo S.p.A. and the Group's Italian companies, and the possible attribution of liability to the Parent Company for the related offences committed outside Italy;
2. risk arising from local statutes concerning the liability of companies, as applicable to each subsidiary;
3. risk arising from extra-territorial statutes concerning the liability of companies (such as the FCPA and Bribery Act) applicable to both Brembo S.p.A. and its subsidiaries.

The risk deemed most significant for the Group at a theoretical level relates to the case indicated in point 2 above, for the following reasons:

- different regulations for each country, based on different legal systems, often presenting complexities and interpretative challenges;
- a lack of a system of exemption from liability similar to the one in force in Italy in other legal orders;
- failure by subsidiaries to provide information to, and communicate with, the Parent Company in a consistently timely manner;
- the strategic importance of certain local markets;
- cultural diversity and possible critical issues in the management of local personnel.

The probability that liability for offences committed outside Italy may be ascribed to the Parent Company is regarded as remote in light of the connection criteria set forth in the Italian Penal Code. However, it is theoretically plausible that a top manager or employee of Brembo S.p.A. might take action outside Italy in the context of his or her duties to the Parent Company or a foreign subsidiary. In the matter of corruption involving public officials, given the nature of its business, the Brembo Group does not engage in dealings with government officials, except in managing permits (such as building permits). As a result, offence-risk opportunities are considered to be very limited.

The mitigating measures taken by the Group are regarded as sufficient to significantly reduce its exposure to cases of risk and are aimed at ensuring the global spread of a culture of compliance through the establishment of specific principles of ethics and conduct, in addition to constant monitoring of legal changes, through implementation of the following:

- mapping (and periodic updates) by the Legal & Corporate Department of statutes that provide for administrative liability for companies in effect in all foreign countries in which the Group operates;
- reporting to the Country Committees of subsidiaries through a specific monitoring system on the main issues of concern in the areas of compliance, governance, legal/contracts and litigation;
- adoption and implementation (through training sessions) of a multiple-tier compliance system;
  - Brembo's Corporate & Compliance Tools (such as, for example, the Code of Ethics, the Anti-Bribery Code, the operating procedures applicable pursuant to Legislative Decree No. 231/2001, the authorisation matrices, etc.), disseminated and applied worldwide, laying down ethical and behavioural guidelines for managing stakeholder relations, including in light of the extraterritorial application of certain statutes such as the FCPA (USA) and Bribery Act (UK);
  - the launch of specific compliance programmes at the local level, so as to check the adequacy of measures aimed at preventing the commission of offences;
  - the Brembo Compliance Guidelines and Group Policies and Procedures issued by the Parent Company and disseminated and applied worldwide;
  - the 231 Model, prepared by the Parent Company pursuant to Legislative Decree No. 231/2001, from which the Brembo Compliance Guidelines disseminated throughout the Group have been drawn and that the management deems adequate and capable of effectively preventing offences.

With reference to litigation, the Legal & Corporate Department periodically monitors the progress of existing and potential litigations and determines the strategy to be applied and the most appropriate steps to take in managing them, involving specific corporate functions when needed. The Administration and Finance Department is responsible for the recognition of the appropriate checks or impairment losses in connection with such risks and their effects on the Statement of Income.

Planning and Reporting

The same ERP (Enterprise Resource Planning) software has been implemented at nearly all Group companies in order to prepare accurate and reliable financial reporting for the Group, while also improving the Internal Control and Risk Management System and the quality, timeliness and comparability of the data provided by the various consolidated companies.

Financial Risks

In conducting its business, the Brembo Group is exposed to various financial risks, including market, commodities, liquidity and the credit risks. Financial risk management is the responsibility of the Parent Company's Central Treasury & Credit Department, which, together with the Group's CFO, evaluates all the company's main financial transactions and the related hedging policies.

Market Risk

- **Interest Rate Risk Management**

Since most of the Group's financial debt is subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To partially reduce this risk, the Group has entered into several medium/long-term fixed rate loan agreements accounting for approximately 19.32% of gross financial position.

The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates. The Group's Central Treasury & Credit Department constantly monitors rate trends in order to evaluate in advance the need for any changes to the financial indebtedness structure.

- **Exchange Rate Risk Management**

Since Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate these risks, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged. Other hedging instruments used by the company, where advisable, include forward contracts, which are also used to offset differences between receivables and payables. This policy reduces exchange risk exposure.

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In 2015, no specific hedging transactions were undertaken. It should, however, be recalled that contracts in place with major customers include a periodic automatic indexation process linked to raw material price movements.

Liquidity Risk

Liquidity risk can arise from Brembo's inability to obtain the financial resources necessary to guarantee its operation. The Central Treasury & Credit Department implements the main measures indicated below in order to minimise such risk:

- it constantly assesses financial requirements to ensure that appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
- it obtains adequate credit lines;
- it optimises liquidity, where feasible, through cash-pooling arrangements;
- it ensures that the composition of net financial debt is adequate for the investments carried out;
- it ensures a proper balance between short- and long-term debt.

Credit Risk

Credit risk is the probability that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises, in particular, in relation to trade receivables. Most parties with which Brembo does business are leading car and motorbike manufacturers with strong credit standing; the current macroeconomic situation requires that Brembo continuously monitor the creditworthiness of its customers in order to anticipate situations where customers are unable to pay or will pay late.

Risk Management Process: Risk Financing

Following on from the above mitigation measures, and in order to minimise the volatility and financial impact of any detrimental event, under its risk management policy, Brembo has provided for the residual risks to be transferred to the insurance market, provided that they are insurable.

Brembo's changing needs through the years have been specifically reflected in its insurance coverage, which has been optimised to significantly decrease the company's exposure, especially to possible damages arising from the manufacturing and sale of its products. This has been achieved through risk management, aimed at identifying and analysing the most critical areas, such as the risks associated with countries whose laws are particularly detrimental for manufacturers of consumer goods.

All Brembo Group companies are covered against the following strategic risks: property all risks, general liability, general product liability, product recall. Additional coverage has been arranged locally based on the specific requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.

Insurance analysis and transfer of the risks to which the Group is exposed are conducted in collaboration with an insurance broker, which supports this process with its international organisation and is responsible for the compliance and management of Group insurance programmes at global level.

Illustration by Luca Savorani.

Brembo
car brake disc
PVT Plus
and brake pad

inspired by
Giacomo Balla
Futurism

Lightweight, greater resistance to thermal cracks and reduced wear on brake pads are the benefits of this brake disc's new ventilation chamber.

HUMAN RESOURCES AND ORGANISATION

In 2015, Brembo implemented the necessary organisational changes in accordance with the market situation, evolution of the business, ongoing innovation and growth.

Within the Central Departments, the Technical and Advanced R&D Department has redesigned the organisation of the Testing & Validation area to create a centre of expertise at corporate level for managing dynamic benches and ensure improved efficacy of the processes for approving applications and developing synergies and efficiencies between the different businesses.

It has also reinforced the organisational structure of the Systems Testing & Validation area, with the creation of project management roles for improved coordination between the test areas and the Systems Technical Department. At the same time, the Mechatronics area was restructured, with the creation of an inter-functional team dedicated to mechatronic projects, tasked with preparing them for mass production, assessing the related technical solutions and identifying the necessary partners.

The Administration and Finance Department has continued the reorganisation process started at the end of 2014, reinforcing the structure of the Italian companies' accounting areas and the international oversight of the fiscal area.

A new Warranties Management function was created within the Quality & Environment Department with the task of ensuring uniformity of warranty management at the global and inter-divisional level. Within the Department, the Safety & Environment function has reviewed its own central structure with a view to providing a greater focus on the specific environmental and safety issues, as well as improved management of the global coordination of the Plant Safety and Environment Managers. Finally, the Communications Department saw a change of senior management.

Turning to the business areas, two Know-How Leader positions were created within the Operations Departments of the Systems Division: one with a focus on industrialisation relating to processing, treatment and assembly, and the other on aluminium foundry processes. The structure of the Aluminium Foundries Technologies area was revised with the aim of optimising the processes of international coordination of design, product development and foundry industrialisation activities, as well as of a greater focus on divisional and inter-divisional projects. A project management position was also created with the aim of stimulating the preparation and implementation of improvement projects in the various areas of the division's processing and assembly facilities at the global level. In the Systems Division, attention was also focused on the commercial vehicles business (Ve.Co.), with the creation of two new functions: a Ve.Co. Market Director and a Pilot Projects and Ve.Co. Coordinator in the Sales Department, and a Head of Pilot Project and Ve.Co. Applications in the Technical Department. In addition, the new Design Director joined the Systems Technical Department.

The Discs Division also revised the structure of both the Processing and Foundry Operations departments: Project Management areas and Technology units were reorganised in both departments with the aim of ensuring increasingly comprehensive coverage of the related processes. In cast-iron foundry operations, a Launch Management position was created to supervise the launch phase of new industrial facilities, in addition to a Know-How Leader Manufacturing position. In addition, the Discs Division has also upgraded its support for customers in the Industrial & Commercial Vehicles markets.

As concerns the Group's international companies, the China area saw a senior management change with the arrival of its new CEO, who centralised quality management and strengthened the industrial structure following a thorough reorganisation process, which resulted in the creation of two specific areas, Discs and Systems, at the Nanjing processing and assembly facility. Brembo Argentina also saw a management change, with the arrival of its new General Manager.

Since the start of the year, the main focus of the training function has been to identify new tools and methodologies, with the aim of providing the company's workforce with the essential skills to support and anticipate market requirements.

Another pillar of the catalogue of training offer is the finance path for non-specialists, which this year was expanded to include a third level on cost management: this is an important investment that offers the Group's employees effective tools for interpreting and managing the financial aspects of the business. Another cornerstone of the catalogue is Project Management, designed to provide tools, methods and innovative points of view to those who manage complex projects. In addition, because valuable technical and specialist know-how has always been a prized focal point for the company, the commitment to Brembo Academy, a full-fledged company training school, continued. Certified ISO 9001 compliant at the end of 2014, with certification renewed at the end of the reporting year, this company "faculty" pursues the goal of maximising and conveying Brembo's knowledge through a structured process based solely on internal teachers. A fundamental aspect of Brembo Academy is its Knowledge Management course, completely revamped in 2015: three days of classroom sessions, where theory and practice alternate in a structure designed to prepare the Brembo Academy's own teachers.

There were various new developments in technical and specialist training, combining the necessary specific skills with the various stages of the business process. Starting with the R&D area, there were new courses in statistics, tribology and new frontiers in design. At the same time, the now traditional R&D Academy remains constantly active and has been prepared for "exportation" to Brembo's Technical Centres around the world. The recently designed five-level logistics course involved the supply chains of the Systems and Discs divisions through international classrooms, thus offering individuals from around the world access to advanced logistics expertise. Another fundamental path is Six Sigma training, which in 2015 saw the participation of several dozen specialists, preparing them to be able to offer customers products and services of increasingly high quality. Two teams were launched during the year that worked on two company projects, with the goal of obtaining Six Sigma Green Belt certification.

Brembo's training efforts also seek to secure the increasing involvement of company personnel with independent development objectives. One strategic project in this area in 2015 related to the complete revamping of the Training and Development portal in Italian and English, according to an increasingly user friendly approach made possible by an attractive interface offering a wealth of valuable information for those wishing to grow at the company.

As far as Development is concerned, worthy of mention are the renewal of the BYR (Brembo Yearly Review) performance management tool and process, and implementation of the related electronic format. These measures generated a high level of interest, with a rise of 20% in total redemption. This is the basis for an increasingly rigorous global Talent Management and Succession Planning process based on objective performance appraisal factors.

The survey of training needs for the upcoming year, launched at the end of 2015, essentially confirms the training trends of the reporting year, while providing further support for their validity.

In short, 784 training initiatives were implemented in 2015 for a total of 361 courses, 57,664 training hours and 4,933 participants.

ENVIRONMENT, SAFETY AND HEALTH

All of the Group's production facilities apply the same Health, Safety, Environment (HSE) system: this integrated approach to issues of health, workplace safety and the environment permits ongoing improvement of facility performance. This improvement is achieved through a single definition throughout the Group of preventive activities, aimed at reducing both workplace risks and environmental impact.

The establishment of guidelines for major HSE issues at the Corporate level, efficient use of natural resources, optimisation of logistics flows, and management of near misses (i.e. "quasi-accidents") are some examples of how Brembo puts its knowledge into practice.

The HSE function at the corporate level defines and oversees the systems, activities and programmes aimed at ensuring the safety, health and wellbeing of employees and respect for the environment; in addition, it supports local organisations in implementing improvement and investment programmes, taking account of the specific qualities of each production facility and the various geographical areas.

In 2015, the Quality and Environment Department refined a tool useful to improving both the efficacy of the reaction process after an accident (including an accident of an environmental nature), injury or near miss, and the efficiency of the process for sharing knowledge of cases of accidents amongst the Group's various facilities. Sharing knowledge of accidents allows the facilities not involved in the accidents to take preventative action, resolving the causes that might result in the occurrence of similar events. The part of the tool used to analyse the causes of accidents is inspired by the principles of the "problem-solving" method.

An adequate software distributed to the facilities thus supports them in:

- guiding the process of analysing the event and identifying the root causes;
- collecting and organising the information into a single database;
- sharing the information collected with all of the Group's facilities;
- interacting directly with the users of the platform if it becomes necessary to obtain additional information or more detailed data concerning a given event.

To foster the use of the analysis platform, the Corporate Safety and Environment unit prepared operating instructions for the use of the tool and a targeted training plan addressed to all of the Group's Plant Safety and Environment Managers. The tool was made available to the facilities at the end of 2015 and entered continuous use after an initial testing phase.

The tool used to analyse accidents also allows for the collection of environmental and workplace safety data (number and days of injuries, tonnes of waste produced, energy consumed, etc.).

The goal of this new platform, which replaces that previously used, is to have access to a more structured tool that makes it faster and more efficient to collect information from the plants and then prepare the Group's data and indicators. In defining the new standard, changes were also made to the previous version, with the aim of rendering that tool more effective and complete: for example, the update of the package of indicators was defined by reference to international standards, such as the GRI (Global Reporting Initiative).

In 2015, Brembo decided to continue to participate voluntarily in the project by the Carbon Disclosure Project (CDP), an independent non-profit organisation that works to prevent global warming and protect natural resources. The initiative involves collecting and reporting (for the previous calendar year) data of Brembo's plants concerning the greenhouse gas emissions (e.g., carbon dioxide or CO_2) which are regarded as responsible for global warming of the planet.

The work done may be summarised as follows:

- identifying possible sources of emissions;
- determining the data collection and reporting model;
- calculating the amounts of greenhouse gases released into the atmosphere.

The data are then included in a report that provides a snapshot of how the company is structured to manage greenhouse gas emissions and what actions it has implemented to reduce its environmental impact. The report is then sent to CDP, which adequately evaluates it and then consolidates and publishes the results (in Italy and globally) of the companies participating in the initiative. In 2015, Brembo further refined its method of defining and collecting data from plants: for example, the categories of company activities that generate greenhouse gases were expanded to include emissions due to employee air travel for business.

For Brembo, this activity represents a further important step forward towards increasingly attentive management of its environment footprint, even beyond applicable legal obligations.

RELATED PARTY TRANSACTIONS

In compliance with Consob Regulation adopted with Resolution No. 17221 of 12 March 2010, as amended, Brembo S.p.A. adopted the Related Party Transactions Procedure. The procedure was approved by the Board of Directors of Brembo S.p.A. during the meeting held on 12 November 2010, after receiving the favourable opinion of the Audit & Risk Committee, which also acts as Related Party Transactions Committee since it meets the requirements set out by the above-mentioned regulations. The procedure aims to ensure the full transparency and propriety of Related Party transactions and has been published in the Corporate Governance section of the Company's website.

In 2013, on the basis of a favourable opinion from the Audit & Risk Committee, the Board of Directors unanimously resolved not to proceed with amendments to the Related Party Procedure of Brembo S.p.A., partly in light of the efficacy shown in applied practice and partly because it had already been revised in previous years. The Board thus deems already adopted both the contents of the Recommendation and the wishes expressed by Consob regarding the first revision of the procedure.

Detailed information on the Company's Related Party Transactions is provided in the Explanatory Notes to the Consolidated Financial Statements (Note 32). During the reporting period, no atypical or unusual transactions were carried out with Related Parties. Furthermore, commercial transactions with Related Parties, also other than the Group companies, were carried out at fair market conditions. The financing transactions undertaken during the year with Related Parties are also discussed in Note 32 to the Consolidated Financial Statements.

FURTHER INFORMATION

Significant Events During the Year

The General Shareholders' Meeting of the Parent Company Brembo S.p.A. held on 23 April 2015 approved the Financial Statements for the year ended 31 December 2014 and the distribution to shareholders of:

– a gross ordinary dividend of €0.6 for each of the outstanding ordinary shares at ex-coupon date, excluding own shares;
– upon the 20th anniversary from the listing of the Company, an extraordinary gross dividend of €0.2 for each of the outstanding ordinary shares at ex-coupon date, excluding own shares.

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.

Innova Tecnologie S.r.l. in liquidazione, 30% held by Brembo S.p.A., began winding up procedures as decided unanimously by the shareholders. The company was therefore excluded from the Group's consolidation area as of 1 January 2015.

Plans for the Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 23 April 2015 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking, directly or through intermediaries, any investments, 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 representing 2.616% of Brembo S.p.A.'s share capital, represents 5.01% of Brembo S.p.A.'s share capital. The minimum purchase price is €0.52 (fifty-two euro cents) and the maximum purchase price is €40.00 (forty euro), for a maximum expected outlay of €64,000,000. 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 in 2015.

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.

Subsidiaries Formed Under and Governed by the Law of Countries Not Belonging to the European Union – Obligations Under Articles 36 and 39 of Market Regulations

In accordance with the requirements of Articles 36 and 39 of the Market Regulations (adopted with Consob Regulation No. 16191 of 29 October 2007 and amended with Resolution No. 16530 of 25 June 2008), the Brembo Group identified five subsidiaries based in four countries not belonging to the European Union that are of significant importance, as defined under Paragraph 2 of the same Article 36, and therefore fall within the scope of application of the Regulations.

Brembo Group believes that its current administrative, accounting and reporting systems are adequate to ensure that the Parent Company's management and auditing firm receive any information regarding Statement of Income, Statement of Financial Position and Cash Flow figures, as necessary for preparing the consolidated financial statements.

For all companies included in the consolidation area, the parent company Brembo S.p.A. already has a copy of the By-laws and the composition and powers of the Corporate Bodies.

Reconciliation Statement of Brembo S.p.A.'s Equity/Result With Consolidated Equity/Result

The reconciliation of Equity and Result for the year, as reported in the Parent Company's financial statements, and the Equity and Result for the year recognised in the Consolidated Financial Statements reveals that the Group's Equity at 31 December 2015 was €372,389 thousand higher than the figure reported in the Brembo S.p.A. Financial Statements. Consolidated Net Result for the year, amounting to €183,962 thousand, was €80,649 thousand higher than that of Brembo S.p.A.

(euro thousand)	Net Income 2015	Equity 31.12.2015	Net Income 2014	Equity 31.12.2014
Brembo S.p.A.	**103,313**	**309,463**	**68,824**	**257,476**
Consolidation adjustments:				
Equity of consolidated companies and allocation of their result	124,967	617,033	107,691	531,502
Goodwill and other allocated surplus	0	8,696	(2,387)	8,162
Elimination of intra-Group dividends	(56,480)	0	(53,838)	0
Book value of consolidated shareholdings	0	(263,152)	(3,489)	(272,688)
Valuation of shareholdings in associate companies/JVs measured using the equity method	(2,683)	1,661	6,562	4,354
Elimination of intra-Group income	84	(6,001)	(369)	(5,811)
Other consolidation adjustments	16,604	19,847	5,690	13,335
Equity and result for the year attributable to minority interests	(1,843)	(5,695)	370	(5,357)
Total consolidation adjustments	**80,649**	**372,389**	**60,230**	**273,497**
GROUP CONSOLIDATED EQUITY AND RESULT	**183,962**	**681,852**	**129,054**	**530,973**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2015

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 public company Langfang Assets Operation Co. Ltd. The Group believes it highly likely that the closing of the transaction will take place within the first quarter of 2016.

No other significant events occurred after the end of 2015 and up to 3 March 2016.

FORESEEABLE EVOLUTION

The data for the first few months of the year allow us to look to the future with prudent optimism, despite the scenario of severe global volatility.

Brembo M-50 motorbike brake caliper, inspired by Pablo Picasso, Cubism.
Illustration by Luca Savorani.

This caliper is the result of the use of sophisticated “topological optimisation” calculation programmes, permitting the removal of material from parts of the caliper where it is not needed, so as to get as close as possible to the optimal structure, which combines the maximum rigidity with the lowest weight.


brembo

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

Brembo S.p.A.'s Corporate Governance and Ownership Structure Report pursuant to Article 123-bis of the Consolidated Law on Finance presented in an individual report, separate from the Directors' Report on Operations, has been published at the same time as the latter and is available on Brembo's website (www.brembo.com, Company, Corporate Governance, Corporate Governance Reports).

INFORMATION ABOUT THE BREMBO S.P.A. DIVIDEND PROPOSAL

To conclude the description of the performance of the Brembo Group for the year ended 31 December 2015, based also on the examination of our Report concerning the Consolidated Financial Statements of the Brembo Group and the separate Financial Statements of Brembo S.p.A., in which we outlined the guidelines and operations, we submit for your approval our proposal for distributing Brembo S.p.A.'s net income amounting to €103,312,836.52, 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(2) of Italian Legislative Decree No. 38/2005, €276,530.85;
- the remaining amount carried forward.

Stezzano, 3 March 2016

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

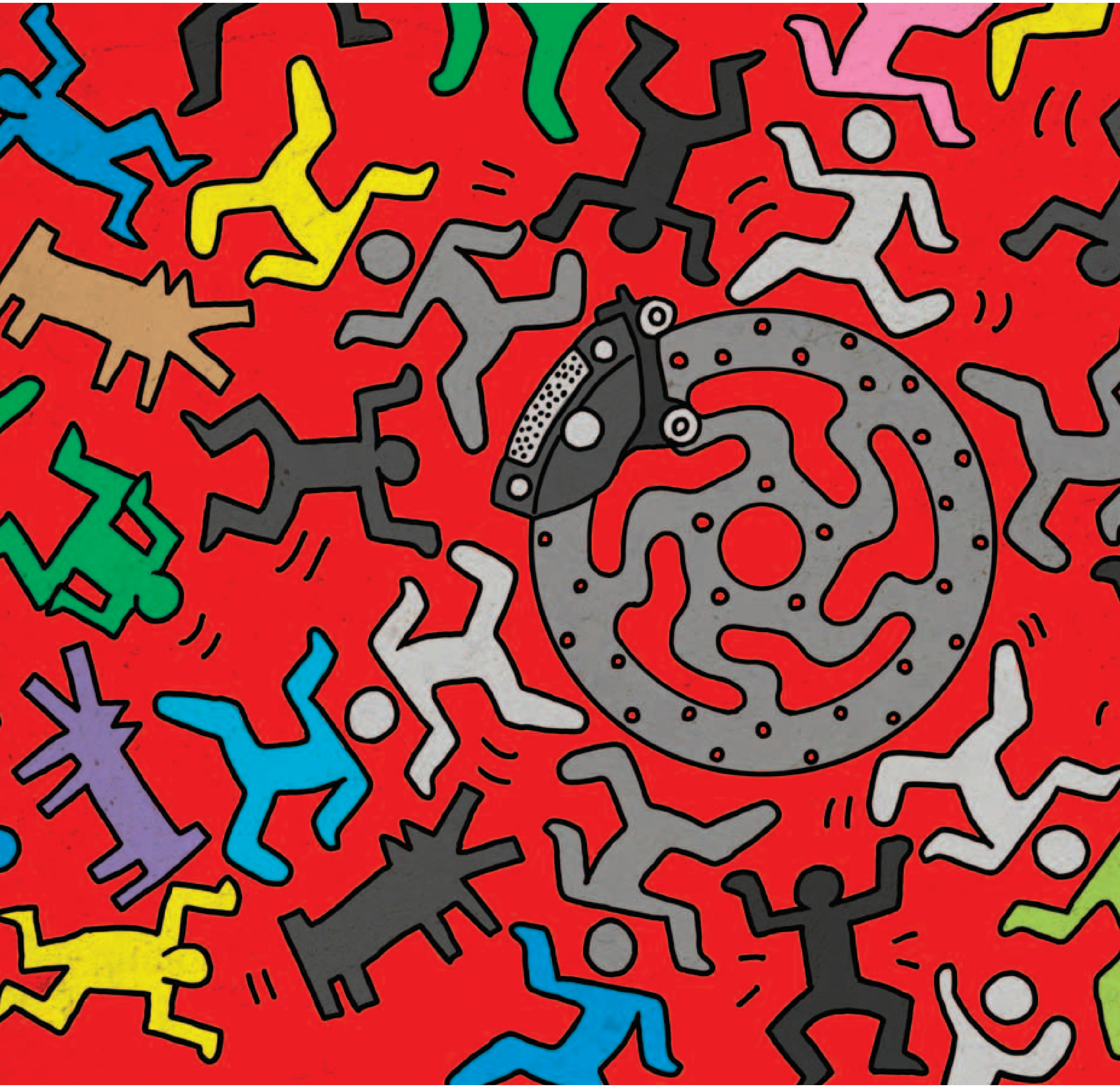


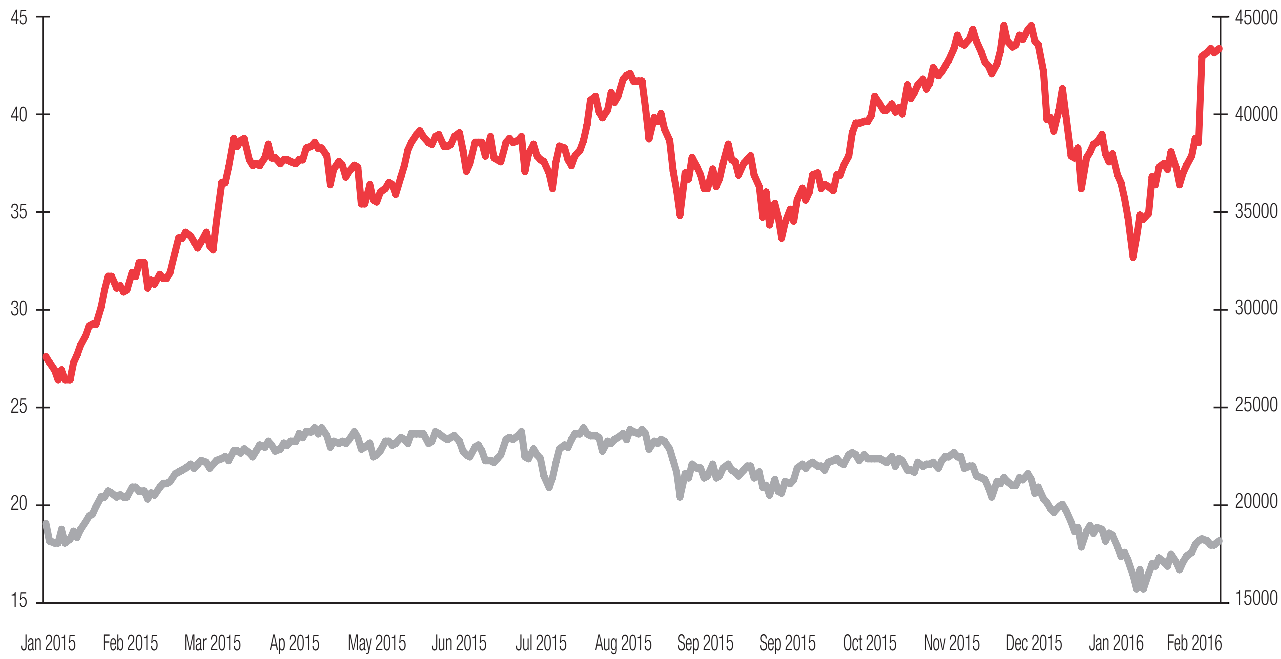
Illustration by Fabrizio Spadini.

motorbike disc
and caliper
Harley Davidson Night Rod Special

Inspired by
Keith Haring
Graffiti Art.

Safety and control, braking power and extreme performance in all situations. The speed sensor has been ably stylised, ensuring an efficient motorbike design in the classic Harley style.

BREMBO S.P.A. STOCK PERFORMANCE



Source: Bloomberg Finance LP

Brembo stock closed 2015 at €44.68, with an increase of 61.4% compared to the beginning of the year. The stock therefore performed extremely well, reaching a low for the period of €26.42 on 12 January and a high of €44.96 on 1 December. During the year, Brembo outperformed the FTSE MIB index, which closed the period up by 11.93%, the Italian index for the STAR segment (+38.25%) and the European index Stoxx Total Market Value Small (+12.17%).

Throughout 2015 Brembo also outperformed the BBG EMEA Automobiles Parts, which closed the year up by 12.94%.

In 2015, the most representative equity indices registered a moderately positive performance. The biggest stumbling block in 2015 was the slowdown of emerging economies. The situation in the final months of the year was highly uneven: while signs of stabilisation emerged in China, there was further cause for concern in other countries, such as Brazil and Russia.

Early 2016 saw significant uncertainty at the macroeconomic and industry level, reflected in the company's share price performance, down more than 25% in early February. The company's stock then gradually recovered to the levels of the end of 2015, closing at €43.55 on 9 March.

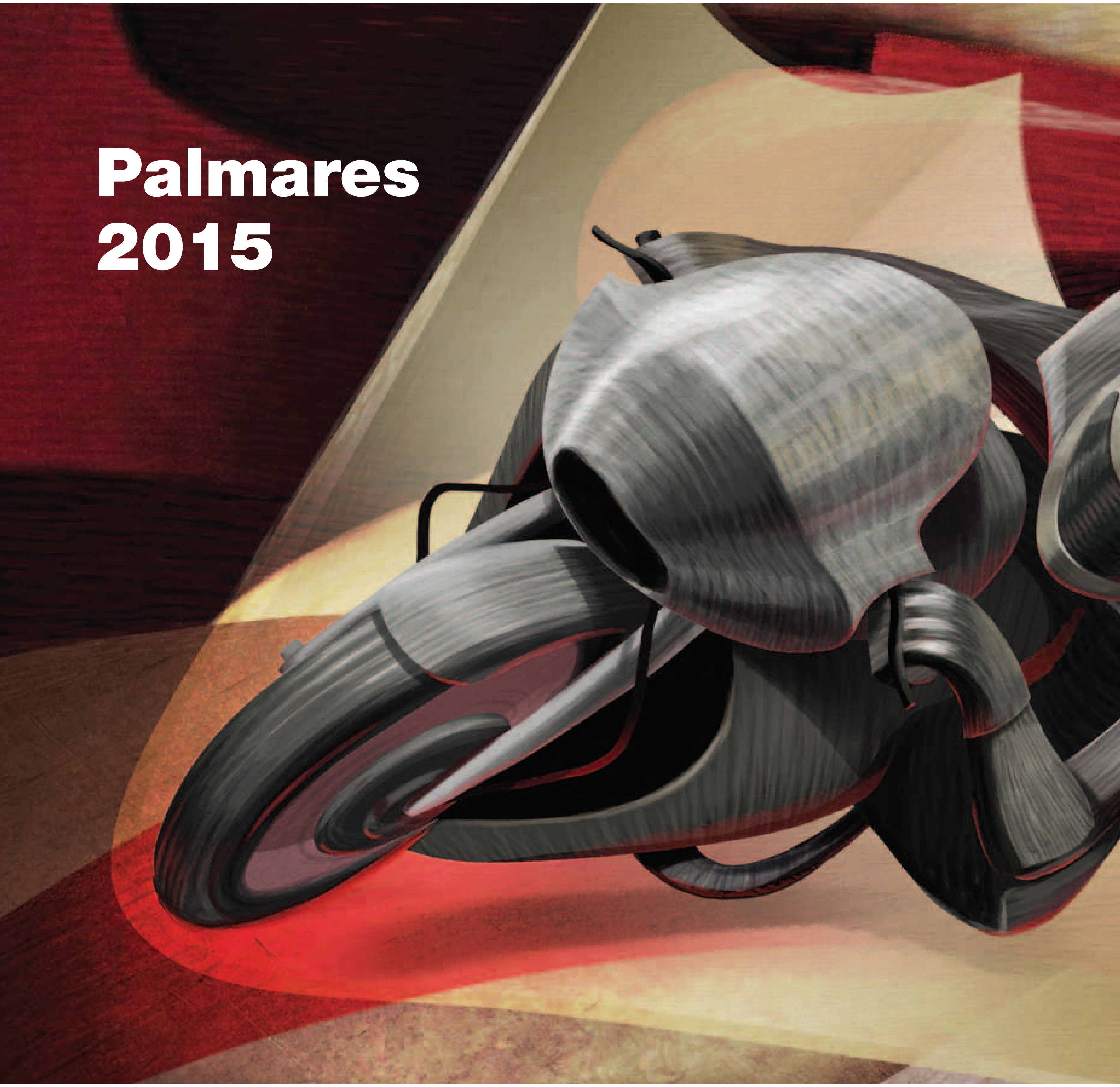
An overview of stock performance of Brembo S.p.A. is given below, compared with that of the previous year.

	31.12.2015	31.12.2014
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	66,784,450	66,784,450
Equity (excluding net income for the year) (euro)	206,149,731	188,652,168
Net income for the year (euro)	103,312,837	68,824,318
Trading price (euro)		
Minimum	26.420	18.880
Maximum	44.960	29.660
Year end	44.680	27.700
Market capitalisation (euro million)		
Minimum	1,764	1,261
Maximum	3,002	1,981
Year end	2,984	1,850
Gross dividend per share	0.8 (*)	0.8

(*) To be approved by the Shareholders' Meeting convened on 21 April 2016.

Further information and updates regarding stock performance and recent corporate information are provided on Brembo's website at: www.brembo.com – Investors section.
Investor Relator: Matteo Tiraboschi.

Palmares 2015



Work inspired by Fortunato Depero, Futurism.
Illustration by Fabrizio Spadini.

BREMBO Brake systems

CARS

"Open wheels" Championships

F1		
	Drivers	Lewis Hamilton – Mercedes
	Manufacturers	Mercedes
GP2		
	Drivers	Stoffel Vandoorne - ART
	Manufacturers	ART
GP3		
	Drivers	Esteban Ocon - ART
	Manufacturers	ART
World Series by Renault		
	Drivers	Oliver Rowland - Fortec
	Manufacturers	Fortec
F3 Euroseries		
	Drivers	Felix Rosenqvist - Prema
	Manufacturers	Prema
Verizon IndyCar Series		
	Drivers	Scott Dixon - Target Chip Ganassi Racing
	Team	Target Chip Ganassi Racing
500 miglia Indianapolis		
		Juan Pablo Montoya - Team Penske
Super Formula Japan		
	Drivers	Hiroaki Ishiura - Tom's
	Manufacturers	Tom's
F3 Championship Japan		
	Drivers	Nick Cassidy - Tom's
	Manufacturers	Tom's

CARS

"Closed wheels" Championships

FIA World Endurance Championship	
LMP1	Drivers: Hartley, Webber, Bernhard - Porsche Team: Porsche
GTE PRO	Drivers: Lietz - Porsche Manthey Team: Porsche Manthey
GTE AM	Drivers: Basov, Bertolini, Shaytar - Ferrari Italia SMP Racing Team: Ferrari Italia SMP Racing
24 Hours of Le Mans	
LMP1	Bamber, Tandy, Hulkenberg - Porsche
LMP2	Howson, Bradley, Lapierre - Oreca
GTE AM	Basov, Bertolini, Shaytar - Ferrari
Tudor United SportsCar Championship	
Prototype	Team: João Barbosa, Christian Fittipaldi - #5 Action Express Racing Corvette DP
PC	Team: Jon Bennett, Colin Braun - #54 CORE Autosport Oreca FLM09
GTLM	Team: Patrick Pilet, Bill Auberlen - #25 BMW Team RLL BMW Z4 GTE
GTD	Team: Townsend Bell, Bill Sweedler - #63 Scuderia Corsa Ferrari 458 Italia GT3
Pirelli World Challenge GT Series	
GT	Team: Johnny O'Connell - #3 Cadillac Racing ATS-V R
GTA	Team: Frankie Montecalvo - #66 Bayshore Racing DragonSpeed Mercedes-Benz SLS AMG GT3
GT Cup	Team: Colin Thompson - #11 Kelly-Moss Motorsport Porsche 911 GT3 Cup
GTS	Team: Michael Cooper - #10 Blackdog Speed Shop Chevrolet Camaro
TC	Team: Corey Fergus - #00 Motorsports Promotions Porsche Cayman
TCA	Team: Jason Wolfe - #36 Wolfe Trucking Kinetic Motorsports Kia Forte Koup
TCB	Team: Johan Schwartz - #25 TechSport/CASgroup/Promatex/Serengeti/ ZEROcancer Chevy Sonic
GT3 Blancpain Endurance Series	
Drivers	Robin Frijns - Audi WRT
Manufacturers	Audi WRT
SCORE International Overall & Trophy Truck Class	
Team	Carlos 'Apdaly' Lopez - #5 RPM Racing Chevy Rally Ford F-150
SCORE International Tecate SCORE Baja 1000	
Team	Rob MacCachren - #11 Ford F-150
NASCAR Xfinity Series	
Drivers	Chris Buesher
Team	Ford Roush Fenway Racing

Rally Championships

WRC 2	
Team	Skoda Motorsport – Skoda Fabia R5

AP RACING Brake systems and clutches

CARS

"Open wheels" Championships

Formula 1	
Drivers	Lewis Hamilton - Mercedes
Manufacturers	Mercedes
IRL	
Drivers	Scott Dixon - Target Chip Ganassi Racing
500 miglia Indianapolis	
	Will Power - Team Penske
GP2	
Drivers	Stoffel Vandoorne - ART Grand Prix
GP3	
Drivers	Esteban Ocon - ART Grand Prix
Formula3	
European	Drivers: Felix Rosenqvist - Prema Powerteam

"Closed wheels" Championships

FIA World Endurance Championship	
LMP1 Indipendents	Drivers: Beche, Imperatori, Prost – Rebellion - Oreca
LMP2	Drivers: Canal Rusinov - G-Drive Racing - Ligier
24 Hours of Le Mans	
LMP2	Drivers: Howson, Lapierre, Bradley - HKG KCMG Oreca 05-Nissan
GTE Pro Class	Drivers: Gavin, Milner, Taylor - Corvette Racing C7 R
Nascar	
Craftsman Truck Series	Drivers: Erik Jones - Kyle Busch Motorsports
Xfinity Series	Drivers: Chris Beuscher - Roush Fenway Racing
Tudor United SportsCar Championship	
P Class	Drivers: Barbossa, Fittipaldi - Action Express - Coyote
LMPC Class	Drivers: Bennet, Braun - Core Autosport - Oreca LMPC
ELMS	
LMP2	Drivers: Wirdheim, Hirsch, Lancaster - Geaves Gibson
GTC	Drivers: Dermont - TDS BMW Z4
BLANCPAIN	
GT	Drivers: Buncombe, Rep & Chiyo - Nissan GTR Nismo GT3
	Team: RJN Nissan GTR Academy - Nissan GTR Nismo GT3
Open Class	
GT	Drivers: Parante & Ramos - McLaren 650S
	Team: Toes Martin Motorsport - McLaren 650S

CARS

Touring Car		
	British	Drivers: Sheddon - Team Dynamic Honda
		Manufacturers: Honda Yuasa Racing - Team Dynamic Honda
	DTM	Drivers: Wehrlein - Mercedes AMG C63 DTM
	WTC	Drivers: Lopez - Citroen C-Elysee
	Australian V8 Supercar	Drivers: Mark Winterbottom - Pepsi Max Crew
		Manufacturers: Red Bull Racing Australia
	International TCR	Drivers: Comini - Seat Leon TCR
		Manufacturers: Target Competition - Seat Leon TCR
Japanese Super GT		
	500 Class	Drivers: Matsuda, Quintarelli - Nismo Nissan GT-R
		Manufacturers: Nismo Nissan GT-R
	300 Class	Drivers: Couto, Chiyo - Gainer Nissan GTR
		Manufacturers: Gainer Nissan GTR

Rally Championships

FIA Rally Raid		
	Drivers	Nasser Al-Attiyah - Mini ALL4 Racing X Raid
Dakar Sud America		
	Drivers	Nasser Al-Attiyah - Mini Qatar Raid Team

BREMBO brake systems

MOTORBIKES

Motorbike

MotoGP	
Drivers	Jorge Lorenzo - #99 Yamaha Movistar
Manufacturers	Yamaha
Moto2	
Drivers	Johann Zarco - #5 Ajo Motorsport
Manufacturers	Kalex
Moto3	
Drivers	Danny Kent - #52 Leopard Racing
Manufacturers	Honda

World SBK Championships

World Superbike	
Drivers	Jonathan Rea - #65 Kawasaki
Manufacturers	Kawasaki
World Superstock 1000	
Drivers	Lorenzo Savadori - #32 Aprilia
Manufacturers	Aprilia
American Superbike	
Drivers	Cameron Beaubier
Manufacturers	Yamaha Graves
JSB	
Drivers	Katsuyuki Nakasuga
Manufacturers	Yamaha
BSB	
SBK	Drivers: Josh Brookes
	Manufacturers: Milwaukee Yamaha
Supersport	Drivers: L.Stapleford
CIV	
Moto3	Drivers: Marco Bezzecchi - Team Minimoto Portomaggiore - Mahindra MGP30
SBK	Drivers: Michele Pirro - Team Barni - Ducati 1199R
SS600	Drivers: Massimo Roccoli - Team Laguna Motoracing - MV Agusta F3
CEV	
Moto3	Drivers: Nicolo Bulega - KTM
Moto2	Drivers: Edgar Pons - Pons Racing
FFM	
FSBK	Drivers: Gregory Leblanc - Kawasaki SRC
FSSP	Drivers: Cedric Tangre - Suzuki GSXR-600
Endurance	
Superstock	Team Traqueur Louit Moto 33

MOTORBIKES

Off-Road Championships

Enduro	
E1	Drivers: Eero Remes - TM 250
E2	Drivers: Antoine Meo - KTM 250 sxf
E3	Drivers: Matthias Bellino - Husqvarna 300
EJ	Drivers: Jamie MCcanney - Husqvarna 250
Trial	
TR1 Mondiale	Drivers: Toni Bou - Montesa 4RT
Rally Raid	
Dakar	Marc Coma - KTM
Road Race	
North West 200	Alistair Seeley - Tyco BMW
Grand Prix Macau	Peter Hickman - Briges equipment BMW

MARCHESINI Wheels

MOTORBIKES

World Superbike	
Drivers	Jonathan Rea – #65 Kawasaki
Manufacturers	Kawasaki
JSB 1000	
Drivers	Katsuyuki Nakasuga
Manufacturers	Yamaha
J-GP2	
Drivers	Yuuki Takahashi
Manufacturers	Moriwaki
CIV	
SBK	Drivers: Michele Pirro
Road Race	
Grand Prix Macau	Lee Hardy – RAF Reserves BMW
Italian drivers championship:	
MX1	Drivers: Alessandro Lupino – Honda Team Assomotor

Brembo Extrema car brake caliper, inspired by René Magritte, Surrealism.
Illustration by Fabrizio Spadini.

The distinctive traits of Brembo's Extrema caliper are the result of minimalist, essential design, appearing decidedly more exposed and hollowed out than its predecessors.


brembo

Work inspired by Salvador Dalì, Surrealism.
Illustration by Fabrizio Spadini.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Consolidated Statement of Financial Position

ASSETS

(euro thousand)	Notes	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	589,777		539,977		49,800
Development costs	2	40,843		43,705		(2,862)
Goodwill and other indefinite useful life assets	2	43,946		40,789		3,157
Other intangible assets	2	14,502		14,664		(162)
Shareholdings valued using the equity method	3	24,999		28,176		(3,177)
Other financial assets (Including Investments in other companies and derivatives)	4	11,631	*9,710*	1,180		10,451
Receivables and other non-current assets	5	5,116		6,123		(1,007)
Deferred tax assets	6	55,552		55,591		(39)
TOTAL NON-CURRENT ASSETS		**786,366**		**730,205**		**56,161**
CURRENT ASSETS						
Inventories	7	247,661		230,655		17,006
Trade receivables	8	311,217	*3,302*	286,893	*3,353*	24,324
Other receivables and current assets	9	36,386		38,559		(2,173)
Current financial assets and derivatives	10	814		10,146	*9,484*	(9,332)
Cash and cash equivalents	11	202,104	*14,405*	206,024	*19,904*	(3,920)
TOTAL CURRENT ASSETS		**798,182**		**772,277**		**25,905**
TOTAL ASSETS		**1,584,548**		**1,502,482**		**82,066**

EQUITY AND LIABILITIES

(euro thousand)	Notes	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	137,250		109,269		27,981
Retained earnings/(losses)	12	325,912		257,922		67,990
Net result for the year	12	183,962		129,054		54,908
TOTAL GROUP EQUITY		**681,852**		**530,973**		**150,879**
TOTAL MINORITY INTERESTS		**5,695**		**5,357**		**338**
TOTAL EQUITY		**687,547**		**536,330**		**151,217**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	211,886	*1,796*	271,079	*14,212*	(59,193)
Other non-current financial payables and derivatives	13	3,263		6,198		(2,935)
Other non-current liabilities	14	1,026		14,382	*4,945*	(13,356)
Provisions	15	15,294		9,640		5,654
Provisions for employee benefits	16	30,334	*7,627*	32,793	*8,136*	(2,459)
Deferred tax liabilities	6	13,001		14,563		(1,562)
TOTAL NON-CURRENT LIABILITIES		**274,804**		**348,655**		**(73,851)**
CURRENT LIABILITIES						
Current payables to banks	13	147,398	*16,878*	202,605	*33,363*	(55,207)
Other current financial payables and derivatives	13	1,059		6,675		(5,616)
Trade payables	17	349,941	*9,740*	308,977	*14,491*	40,964
Tax payables	18	14,052		14,385		(333)
Provisions	15	2,830		645		2,185
Other current payables	19	106,917	*11,980*	84,210	*2,064*	22,707
TOTAL CURRENT LIABILITIES		**622,197**		**617,497**		**4,700**
TOTAL LIABILITIES		**897,001**		**966,152**		**(69,151)**
TOTAL EQUITY AND LIABILITIES		**1,584,548**		**1,502,482**		**82,066**

Consolidated Statement of Income

(euro thousand)	Notes	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
Sales of goods and services	20	**2,073,246**	***5,110***	**1,803,335**	***4,608***	**269,911**
Other revenues and income	21	13,759	*3,369*	13,915	*3,344*	(156)
Costs for capitalised internal works	22	11,982		10,720		1,262
Raw materials, consumables and goods	23	(1,053,804)	*(74,762)*	(928,724)	*(64,078)*	(125,080)
Non-financial Interest Income (expense) from investments	24	9,391		6,442		2,949
Other operating costs	25	(338,286)	*(6,347)*	(296,304)	*(6,597)*	(41,982)
Personnel expenses	26	(356,369)	*(5,583)*	(329,584)	*(6,154)*	(26,785)
GROSS OPERATING INCOME		**359,919**		**279,800**		**80,119**
Depreciation, amortisation and impairment losses	27	(108,637)		(101,351)		(7,286)
NET OPERATING INCOME		**251,282**		**178,449**		**72,833**
Interest income	28	*36,590*		*52,477*		*(15,887)*
Interest expense	28	*(44,391)*		*(66,155)*		*21,764*
Net interest income (expense)	28	(7,801)	*(501)*	(13,678)	*(571)*	5,877
Interest income (expense) from investments	29	18		145		(127)
RESULT BEFORE TAXES		**243,499**		**164,916**		**78,583**
Taxes	30	(57,694)		(36,232)		(21,462)
RESULT BEFORE MINORITY INTERESTS		**185,805**		**128,684**		**57,121**
Minority interests		(1,843)		370		(2,213)
NET RESULT FOR THE YEAR		**183,962**		**129,054**		**54,908**
BASIC/DILUTED EARNINGS PER SHARE (euro)	31	**2.83**		**1.98**		

Consolidated Statement of Comprehensive Income

(euro thousand)	31.12.2015	31.12.2014	Change
RESULT BEFORE MINORITY INTERESTS	**185,805**	**128,684**	**57,121**
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year			
Effect (actuarial income/loss) on defined benefit plans	1,786	(6,752)	8,538
Tax effect	(585)	1,609	(2,194)
Effect (actuarial income/loss) on defined benefit plans, for companies valued using the equity method	20	(410)	430
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year	**1,221**	**(5,553)**	**6,774**
Other comprehensive income (losses) that will be subsequently reclassified to income/(loss) for the year			
Effect of hedge accounting (cash flow hedge) of derivatives	69	92	(23)
Tax effect	(19)	(26)	7
Change in translation adjustment reserve	16,575	15,805	770
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year	**16,625**	**15,871**	**754**
COMPREHENSIVE RESULT FOR THE YEAR	**203,651**	**139,002**	**64,649**
Of which attributable to:			
- Minority Interests	*1,841*	*(382)*	*2,223*
- the Group	*201,810*	*139,384*	*62,426*

Consolidated Statement of Cash Flows

(euro thousand)	31.12.2015	31.12.2014
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**99,347**	**42,511**
Result before taxes	**243,499**	**164,916**
Depreciation, amortisation/impairment losses	108,637	101,351
Capital gains/losses	(674)	284
Interest income (expense) from investments, net of dividends received	2,611	(6,563)
Financial portion of provisions for defined benefits and payables for personnel	789	967
Long-term provisions for employee benefits	802	1,374
Other provisions net of utilisations	13,612	9,650
Cash flows generated by operating activities	**369,276**	**271,979**
Paid current taxes	(61,186)	(32,515)
Uses of long-term provisions for employee benefits	(2,591)	(3,733)
(Increase) reduction in current assets:		
inventories	(27,502)	(26,093)
financial assets	(389)	(964)
trade receivables	(37,021)	(36,938)
receivables from others and other assets	1,150	4,544
Increase (reduction) in current liabilities:		
trade payables	54,207	7,392
payables to others and other liabilities	12,788	17,025
Translation differences on current assets	3,550	11,396
Net cash flows from/(for) operating activities	**312,282**	**212,093**

(euro thousand)	31.12.2015	31.12.2014
Investments in:		
intangible assets	(18,397)	(17,359)
property, plant and equipment	(137,511)	(109,417)
financial assets (shareholdings)	(209)	0
Disposal of subsidiaries, net of cash disposed of	9,280	0
Price for disposal or reimbursement value of fixed assets	2,481	3,083
Net cash flows from/(for) investing activities	**(144,356)**	**(123,693)**
Dividends paid in the year	(52,030)	(32,519)
Capital contributions to consolidated companies by minority shareholders	0	640
Amounts received (paid) for changes in minority interests	0	1,700
Change in fair value of derivatives	(684)	429
Loans and financing granted by banks and other financial institutions in the year	130,002	112,503
Repayment of long-term loans	(233,657)	(115,137)
Net cash flows from/(for) financing activities	**(156,369)**	**(32,384)**
Total cash flows	**11,557**	**56,016**
Translation differences on cash and cash equivalents	913	820
CASH AND CASH EQUIVALENTS AT END OF YEAR	**111,817**	**99,347**

Consolidated Statement of Changes in Equity

(euro thousand)	Share capital	Other reserves	Hedging reserve (*)	Retained earnings (losses)
Balance at 1 January 2014	**34,728**	**93,513**	**(116)**	**207,209**
Allocation of profit for the previous year				56,497
Payment of dividends				
Capital increase of consolidated companies by minority shareholders				
Disposal of shares in Belt & Buckle to third-party shareholders				(242)
Components of comprehensive income:				
Effect (actuarial income/loss) on defined benefit plans				(5,132)
Effect (actuarial income/loss) on defined benefit plans, for companies valued using the equity method				(410)
Effect of hedge accounting (cash flow hedge) of derivatives (*)			66	
Change in translation adjustment reserve		15,806		
Net result for the year				
Balance at 1 January 2015	**34,728**	**109,319**	**(50)**	**257,922**
Allocation of profit for the previous year		357		76,667
Payment of dividends				
Disposal of Belt & Buckle S.r.o. and Sabelt S.p.A.				1,129
Buy-back of own shares for companies valued using the equity method				(30)
Reclassification (**)		10,997		(10,997)
Components of comprehensive income:				
Effect (actuarial income/loss) on defined benefit plans				1,201
Effect (actuarial income/loss) on defined benefit plans, for companies valued using the equity method				20
Effect of hedge accounting (cash flow hedge) of derivatives (*)			50	
Change in translation adjustment reserve		16,577		
Net result for the year				
Balance at 31 December 2015	**34,728**	**137,250**	**0**	**325,912**

(*) Hedging reserve net of the related tax effect.

(**) Restricted portion of Own share reserve from retained earnings following the Shareholders' Meeting resolution of 23 April 2015 authorising the bay-back of own share.

Net result for the year	Group equity	Result of Minority Interests	Share capital and reserves of Minority Interests	Equity of Minority Interests	Equity
89,016	424,350	87	4,770	4,857	429,207
(56,497)	0	(87)	87	0	0
(32,519)	(32,519)			0	(32,519)
	0		640	640	640
	(242)		242	242	0
	(5,132)		(11)	(11)	(5,143)
	(410)			0	(410)
	66			0	66
	15,806		(1)	(1)	15,805
129,054	129,054	(370)		(370)	128,684
129,054	530,973	(370)	5,727	5,357	536,330
(77,024)	0	370	(370)	0	0
(52,030)	(52,030)			0	(52,030)
	1,129		(1,503)	(1,503)	(374)
	(30)			0	(30)
	0			0	0
	1,201			0	1,201
	20			0	20
	50			0	50
	16,577		(2)	(2)	16,575
183,962	183,962	1,843		1,843	185,805
183,962	681,852	1,843	3,852	5,695	687,547

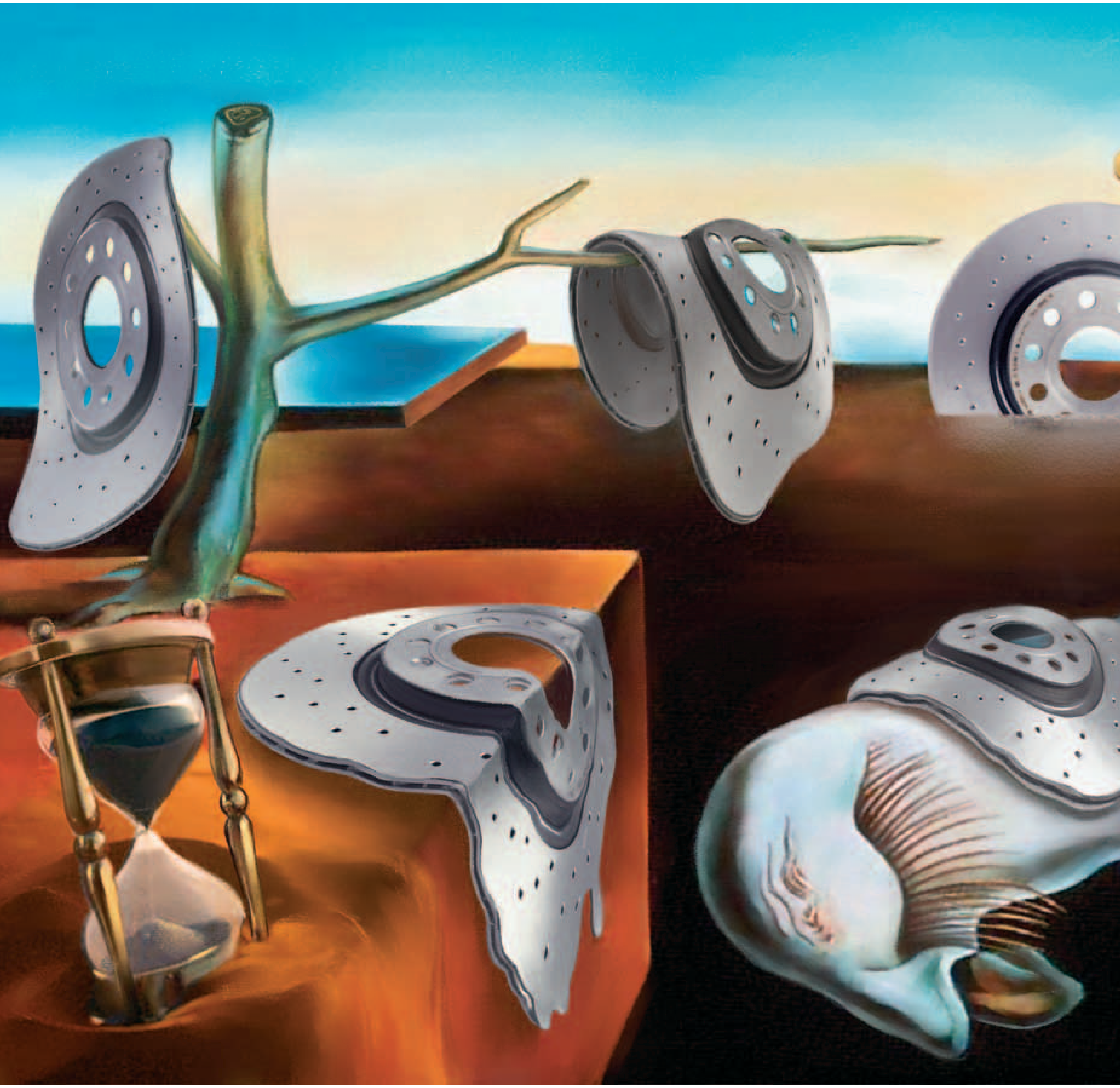


Illustration by Maurizio Tacqui.

Brembo Sport
car brake disc

inspired by
Salvador Dalì
Surrealism

The special holes on the braking surface disperse water in wet driving conditions, thus improving the responsiveness of the brake system.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Brembo's Activities

In the vehicle industry components sector, the Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.

The extensive product range consists of high-performance brake calipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting the development of new models placed on the market by vehicle manufacturers. Brembo's products and services are used in the automotive industry, for light commercial and heavy industrial vehicles, motorbikes and racing competitions.

Manufacturing plants are located in Italy, Poland (Czestochowa, Dabrowa Górnicza, Niepolomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Mexico (Apodaca and Escobedo), Brazil (Betim and Santo Antônio de Posse), Argentina (Buenos Aires), China (Nanjing), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities.

Form and Content of the Consolidated Financial Statements

Introduction

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2015 have been prepared in compliance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2015, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations. IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The Consolidated Financial Statements include 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 these Explanatory Notes, in accordance with IFRS requirements.

On 3 March 2016, the Board of Directors approved the consolidated Annual Report and requested that it be made available to the public and Consob, within the terms and according to the procedures provided for by applicable laws and regulations.

Basis of Preparation and Presentation

The Consolidated Financial Statements were prepared on the basis of draft Financial Statements for the year ended 31 December 2015, prepared by the Boards of Directors or, when available, of Financial Statements approved at the Shareholders' Meetings of the relevant consolidated companies, appropriately adjusted to align them with Group classification criteria and accounting standards.

The Consolidated Financial Statements have been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, statement of income results and cash flow, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparative information.

The administrative period and the closing date for preparing the Consolidated Financial Statements correspond to the ones for the Financial Statements of the Parent Company and all the consolidated companies. The Consolidated Financial Statements are presented in euro, which is the functional currency of the Parent Company, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

The Consolidated Financial Statements provide comparison figures for the previous year. When applying an accounting standard or retroactively recognising an adjustment, or reclassifying financial statement items, the Group includes an additional column showing the Statement of Financial Position for the first comparison year.

The Group made the following choices in relation to the presentation of the Financial Statements:

- for the Statement of Financial Position, there is separate disclosure of the current and non-current assets and the current and non-current liabilities. Current assets, which include cash and cash equivalents, are those assets which will be realised, sold or consumed within the Group's normal operating cycle; current liabilities are obligations that will be liquidated within the Group's normal operating cycle or within twelve months of the close of the accounting period;
- in the Statement of Income, expense and income items are stated based on their nature;
- the Statement of Comprehensive Income has been reported in a separate statement;
- for the Statement of Cash Flow, the indirect method was used, as indicated in IAS 7.

The Financial Statements presented herein comply with Consob resolution No. 15519 of 27 July 2006.

Discretionary Valuations and Significant Accounting Estimates

Preparing financial statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Decisions made by company management that have a significant impact on the financial statements and estimates, with a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries.

The main estimates are used to account for the capitalisation of development costs, the recoverability of deferred tax assets, impairment of non-financial assets, employee benefits and operating lease commitments. Other estimates relate to provisions for contingencies, inventory obsolescence, useful lives of certain assets and the determination of the fair value of financial instruments, including derivatives.

In particular, the following items should be noted:

– Development costs: the initial capitalisation is based on management's judgment about the technical and economic feasibility of the project, usually when the project has reached a certain phase of the development plan. The project's expected future cash flows, the discount rates to be applied and the periods in which expected benefits will be generated are taken into consideration to determine the amounts to be capitalised. Further information is given in Note 2 of these Explanatory Notes;

- Taxes deferred tax assets are recognised for all unused tax losses, to the extent that it is considered probable that there will be sufficient future taxable profit against which the loss can be utilised. Therefore, management has to make a significant estimate to determine the amount of deferred tax assets that can be recognised based on the amount of future taxable profit, when it will be achieved and tax planning strategies. In light of the wide range of international commercial relations, the long-term nature and the complexity of current contractual agreements, any differences between actual results and formulated hypothesis, or future changes of those assumptions may require future adjustments to previously recognised income taxes and expenses;
- Impairment of non-financial assets: an impairment loss occurs when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. Value in use is calculated according to a discounted cash flow model. Recoverable amount is highly dependent on the discount rate used in the discounted cash flow model, the expected future cash flows and the growth rate used for extrapolation. The key assumptions used to determine the recoverable amounts of the various cash-generating units, including a sensitivity analysis, are described in detail in Note 2 hereof;
- Defined benefit plans: the cost of defined benefit pension plans and other post-employment medical care and the present value of the defined benefit obligation are determined according to an actuarial assessment. The actuarial assessment requires the use of various assumptions, which may differ from actual future developments. Such assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the assessment and its long-term nature, such estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually. Further details are provided in Note 16 hereof.

Change in Accounting Standards and Disclosures

The valuation and measurement criteria used are based on IFRS in force as of 31 December 2015 and endorsed by the European Union.

The following standards, amendments and interpretations were applied for the first time from 1 January 2015:

IFRIC 21 — *Levies*

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. IFRIC 21 shall be applied retrospectively. This interpretation had no impact on the Group’s Consolidated Financial Statements.

Amendments to IAS 19 — *Defined Benefit Plans: Employee Contributions*

The amendment to IAS 19 clarifies that, if the amount of the employee contributions to defined benefit plans is independent of the number of years of employee service, the entity may recognise such contributions as a reduction of the service cost in the accounting period in which service is rendered rather than allocating contributions to service periods. The application of the new standard had no impact on the Group’s Consolidated Financial Statements.

Annual improvements to 2010– 2012 Cycle

These improvements include:

- IFRS 2 — *Share-based Payment;*
- IFRS 3 — *Business Combinations;*
- IFRS 8 — *Operating Segments;*
- IAS 16 — *Property, Plant and Equipment and IAS 38 — Intangible Assets;*
- IAS 24 — *Related Party Disclosures.*

Amendments to IFRS 2, IFRS 3, IAS 16, IAS 38 and IAS 24 are not applicable to the Group. With reference to the amendments to IFRS 8, disclosures on the valuations made by the management for applying aggregation criteria as per paragraph 12 of IFRS 8 are given in Note 33 hereof.

Annual improvements to 2011– 2013 Cycle

These improvements include:

- IFRS 3 — *Business Combinations;*
- IFRS 13 — *Fair Value Measurement;*
- IAS 40 — *Investment Property.*

Amendments to IFRS 3, IFRS 13 and IAS 40 are not applicable to the Group.

The following table shows the other amendments to current accounting standards and interpretations, or specific provisions set forth in the standards and interpretations approved by the IASB, with an indication of which of these had or had not been endorsed by the European Union at the date of preparation of these Financial Statements:

Description	Endorsed at the reporting date	Expected date of entry into force
IFRS 9 — *Financial Instruments*	NO	1 January 2018
IFRS 14 — *Regulatory Deferral Accounts*	NO	1 January 2016
IFRS 15 — *Revenue from Contracts with Customers*	NO	1 January 2018
IFRS 16 — *Leases*	NO	1 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28: *Applying the Consolidation Exception* (issued in December 2014)	NO	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued in September 2014)	NO	not defined
Amendments to IAS 1 — *Disclosure Initiative* (issued on 18 December 2014)	YES	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle (issued on September 2014)	YES	1 January 2016
Amendments to IAS 27 — *Equity Method in Separate Financial Statements* (issued in August 2014)	YES	1 January 2016
Amendments to IAS 16 and IAS 41 — *Bearer Plants* (issued in June 2014)	YES	1 January 2016
Amendments to IAS 16 and IAS 38 — *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued in May 2014)	YES	1 January 2016
Amendments to IFRS 11 — Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	YES	1 January 2016
Amendments to IAS 12 — *Recognition of Deferred Tax Assets for Unrealised Losses* (issued in January 2016)	NO	1 January 2017
Amendments to IAS 7 — *Disclosure Initiative (issued in January 2016)*	NO	1 January 2017

The Group did not opt for early adoption of new standards, interpretations or amendments that have been issued but have not entered into force yet.

Consolidation Criteria

The Consolidated Financial Statements include the Financial Statements of the Parent Company, Brembo S.p.A., at 31 December 2015, and the Financial Statements of the companies controlled by Brembo S.p.A. pursuant to IFRS 10.

Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the investee and at the same time has the ability to influence those returns through its power over the said investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- ability to exert power over the investee to affect the amount of the investor's returns.

It is generally presumed that the majority of voting rights confers control. In support of this assumption, where the Group holds less than the majority of voting rights (or similar rights), the Group considers all facts and circumstances relevant to determining whether it controls the investee, including:

- contractual agreements with other vote-holders;
- rights under contractual agreements;
- the Group's actual and potential voting rights.

The Group reconsiders whether it controls an investee if the facts and circumstances indicate that there have been changes in one or more of the factors relevant to determining control. A subsidiary begins to be consolidated when the Group obtains control of it and ceases to be consolidated when the Group loses control. The assets, liabilities, revenues and costs of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group obtains control until the date the Group no longer controls the company.

Income (loss) for the year and other comprehensive income components are allocated to the shareholders of the Parent Company and minority interests, even if this results in a negative balance for the minority interests. Where necessary, the appropriate adjustments are applied to the financial statements of subsidiaries, so as to ensure compliance with the Group's accounting policies. All intragroup assets and liabilities, equity, revenues, costs and cash flows relating to transactions between Group entities are completely eliminated during the consolidation process.

Changes in percent interests in a subsidiary that do not entail a loss of control are accounted for at equity.

If the Group loses control of a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognised in the Statement of Income. The residual interest, if any, is measured at fair value.

Consolidation Area

The list of consolidated subsidiaries, associates and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of capital held, is included in Note 33 hereof. Corporate transactions carried out in 2015 are listed below:

- on 30 April 2015, Sabelt S.p.A. sold to the minority shareholders its 70% stake in the company Belt & Buckle S.r.o. Therefore, as of 1 May 2015 the Child Safety business (0.1% of 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 2014 consolidated turnover) was excluded from the Group's consolidation area;
- Innova Tecnologie S.r.l., 30% held by Brembo S.p.A., began winding up procedures as decided unanimously by the shareholders. The company was therefore excluded from the Group's consolidation area as of 1 January 2015.

Accounting Standards and Valuation Criteria

Business Combinations and Goodwill

Business combinations (established after the date of transition to IFRS) are accounted for using the purchase accounting method described in IFRS 3.

The value of the entity included in the aggregation is the sum of the fair value of the assets acquired and liabilities assumed, including contingent liabilities.

The cost of a business combination is identified as the fair value, at the date control is obtained, of the assets acquired, liabilities assumed and equity instruments issued for the purposes of the combination. That cost is then compared with the fair value of the identifiable assets, liabilities and contingent liabilities upon acquisition. Any excess of cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities upon acquisition are recognised as goodwill. Any negative differences are charged directly to the Statement of income. If the initial cost of a business combination can only be determined provisionally, adjustments to the initial provisional values must be made within twelve months of the acquisition date. Minority interests are recognised on the basis of the fair value of the net assets acquired. If a business combination involves more than one transaction, with successive share purchases, each transaction is treated separately using the cost of the transaction and fair value information on the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any differences. When the Group obtains control of a company through a subsequent share purchase, the previously held interests are accounted for based on the fair value of identifiable assets, liabilities and contingent liabilities, at the date control is acquired.

The acquiree measures contingent consideration at fair value at acquisition date. The change in fair value of contingent consideration classified as an asset or liability, in that it is a financial instrument falling within the scope of IAS 39, must be recognised in profit or loss or in Other Comprehensive Income. If the additional consideration is not within the scope of IAS 39, it is measured in accordance with the relevant IFRS. If the contingent consideration is classified as an equity instrument, the original amount is not remeasured and its subsequent settlement is recognised in equity.

Goodwill is initially recognised at cost, as the difference of the aggregate of the value of the consideration transferred and the amount attributed to minority interests compared to net identifiable assets acquired and liabilities assumed by the Group. If the consideration is lower than fair value of net assets of the acquired subsidiary, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units of the Group that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree have been assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Equity Investments in Associates and Joint Ventures

An associate is a company over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of all parties sharing control.

Considerations used to determine significant influence or joint control are similar to those required to determine control of subsidiaries.

The Group's equity investments in associates and joint ventures are accounted for using the equity method. Under the equity method, an equity investment in an associate or a joint venture is initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the investee's profit or loss realised after the acquisition date. The goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not tested separately for impairment.

The Statement of income reflects the Group's share of the profits or losses of the associate or joint venture. All changes in Other Comprehensive Income relating to such investees have been presented in the Group's Statement of other Comprehensive Income. In addition, when an associate or a joint venture recognises a change directly in equity, the Group recognises its share of that change, where applicable, in its Statement of Changes in Equity. Unrealised gains and losses on transactions between the Group and associates or joint ventures are eliminated in proportion to the interest held in the associates or joint ventures.

The aggregate share of the net result of associates and joint ventures attributable to the Group is recognised in the Statement of Income and represents the income or loss after taxes and the amounts attributable to the other shareholders of the associate or joint venture.

The financial statements of associates and joint ventures are prepared at the same reporting date as the Group's Financial Statements. Where necessary, such financial statements are adjusted to bring them into line with the Group's accounting standards.

Once the equity method has been applied, at each reporting date the Group assesses whether there is objective evidence that the investments in the associates or joint ventures have become impaired. In such cases, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the investment in its financial statements, and then accounts for that difference in the Statement of Income.

When significant influence over an associate or joint control of a joint venture is lost, the Group measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date significant influence or joint control is lost and the fair value of the residual investment and consideration received is recognised in the Statement of Income.

Conversion of Items Denominated in Foreign Currencies

Conversion of the Financial Statements of Foreign Companies

The financial statements of the Group Companies included in the Consolidated Financial Statements are denominated in the currency used in the primary market in which they operate (functional currency). The Group Consolidated Financial Statements are denominated in euro, which is the functional currency of the Parent Company Brembo S.p.A.

At year end, the assets and liabilities of subsidiaries, associates and joint ventures whose functional currency is not the euro are translated into the currency used to prepare the consolidated Group accounts at the exchange rate prevailing at that date. Statement of income items are translated at the average exchange rate for the period (as it is considered to represent the average of the exchange rates prevailing on the dates of the individual transactions). The differences arising from the translation of initial equity at end-of-period exchange rates, and the differences arising as a result of the different method used for translating the result for the period are recognised under a specific heading of equity. If consolidated foreign companies are subsequently sold, accumulated conversion differences are recognised in the Statement of Income.

The following table shows the exchange rates used in the translation of financial statements denominated in currencies other than the Group's functional currency (euro).

Euro against other currencies	31.12.2015	Average at December 2015	31.12.2014	Average at December 2014
U.S. Dollar	1.088700	1.109625	1.214100	1.328843
Japanese Yen	131.070000	134.286506	145.230000	140.377215
Swedish Krona	9.189500	9.354485	9.393000	9.096886
Polish Zloty	4.263900	4.182785	4.273200	4.184466
Czech Koruna	27.023000	27.285003	27.735000	27.535832
Mexican Peso	18.914500	17.599483	17.867900	17.662094
Pound Sterling	0.733950	0.725986	0.778900	0.806429
Brazil Real	4.311700	3.691603	3.220700	3.122767
Indian Rupee	72.021500	71.175220	76.719000	81.068883
Argentine Peso	14.097200	10.249537	10.275500	10.774471
Chinese Renminbi	7.060800	6.972997	7.535800	8.188248
Russian Rouble	80.673600	68.006843	72.337000	51.011253

Transactions in Currencies Other than the Functional Currency

Transactions in currencies other than the functional currency are initially converted into the functional currency using the exchange rate prevailing at the date of the transaction. At the closing date of the accounting period, monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising from such translation are recognised in the Statement of Income.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are carried at cost are translated using the exchange rate prevailing at the transaction date, while those carried at fair value are translated using the exchange rate prevailing on the date the fair value is determined.

Property, Plant, Equipment and Other Equipment

Recognition and Measurement

Property, plant, equipment and other equipment are carried at cost, net of the related accumulated depreciation and any impairment in value. The cost includes the purchase or production price and direct costs incurred for bringing the asset to the location and condition necessary for it to be capable of being operated; interest expense is also included, if applicable under IAS 23.

Subsequent to initial recognition, the asset continues to be carried at cost and depreciated based on its remaining useful life net of any impairment in value, taking into account any residual value.

Land, including land linked to buildings, is recognised separately and is not depreciated since it is regarded as having an indefinite useful life.

Subsequent Costs

Costs for improvements and transformations that increase the value of assets (i.e., they result in probable future economic benefits that can be reliably measured) are recognised in the assets section of the Statements of Financial Position as increases to the assets in question or as separate assets. Costs are written off in the year in which they are incurred, where they relate to maintenance or repair and do not lead to any significant and measurable increase in productive capacity or in the useful life of the relevant asset.

Depreciation and Amortisation

Depreciation and amortisation represent the economic and technical loss of value of the asset and is charged from when the asset is available for use; they are calculated using the straight-line method based on the rate considered representative of the useful life of the asset.

The range of expected useful lives of property, plant and equipment used for calculating depreciation is reported below:

Category	Useful life
Land	Indefinite
Buildings	10 - 35 years
Plant and machinery	5 - 20 years
Industrial and commercial equipment	2.5 - 10 years
Other assets	4 - 10 years

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed at the end of each year and prospectively corrected, where appropriate.

Leases

Assets held under finance leases (where the Group assumes substantially all the risks and rewards of ownership) are recognised and recorded at the inception of the lease under property, plant and equipment at the lower of fair value of the leased asset or the present value of the lease payments. The corresponding liability to the lessor is recorded under financial debt. The methods used to calculate depreciation and the subsequent valuation of the asset are consistent with those used for directly owned assets. Finance leases where the lessor retains substantially all the risks and rewards incident to ownership are classified as operating leases. Lease payments are recognised in the Statement of income on a straight-line basis over the lease term.

Leasehold improvements

Improvements to third-party assets that can be considered fixed assets are capitalised to the appropriate asset category and depreciated over the shorter of their useful life or the lease term.

Development Costs and Other Intangible Assets

The Group recognises intangible assets when the following conditions are met:

- the asset is identifiable, or separable, or can be separated or removed from the entity;
- the asset is controlled by the Group, meaning that the company has the power to obtain future economic rewards from the asset;
- it is probable that the Group will enjoy future rewards attributable to the asset.

Intangible assets are initially measured at cost; subsequent to initial recognition, they are carried at cost less amortisation (except for goodwill and other intangible assets with indefinite useful lives), which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful lives, and net of any impairment losses, taking into account any residual value. The useful life of assets is reviewed periodically.

An intangible asset generated in the development phase of an internal project is recognised as asset if the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and the ability to use or sell it;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development;
- the ability to use the intangible asset generated.

Development costs are recognised in the Statement of Income. Similarly, in the case of externally acquired intangibles that qualify as research and development costs, only the costs attributable to the development phase are recognised as assets, given that the above requirements are met.

Such costs are capitalised under "Development costs" and amortised when the development phase is concluded and the asset developed generates economic rewards. In the period in which internal development costs that can be capitalised are incurred, these costs are excluded from the Statement of Income item "Increase on internal works capitalised" and recognised in the item "Costs for capitalised internal works".

The range of expected useful lives of intangible fixed assets used for calculating amortisation is reported below:

Category	**Useful life**
Development costs	3 - 5 years
Goodwill and other fixed assets with indefinite useful lives	Indefinite
Industrial patents and similar rights	5 - 10 years
Other intangible assets	3 - 5 years

The residual values, useful lives and amortisation methods applied to intangible assets are reviewed at the end of each year and prospectively corrected, where appropriate.

Impairment of Non-Financial Assets

Goodwill, intangible assets with an indefinite life and development costs underway are systematically tested for impairment at least once a year, and whenever there are any indications of impairment.

Property, plant and equipment, as well as intangible assets that are subject to depreciation and amortisation are tested for impairment whenever indications of impairment arise.

Write-downs correspond to the difference between the carrying value and recoverable value of the assets in question. The recoverable value is the greater of the fair value of an asset or cash-generating unit less the costs of disposal and the value in use, determined as the present value of estimated future cash flows. The value in use is defined as the cash flows expected to arise from the use of an asset, or the sum of the cash flows in the case of more cash-generating units. The expected future cash flows are measured using the unlevered discounted cash flows method and each group of assets is discounted to the present value using the WACC method (weighted average cost of capital). If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and, as a general rule, the impairment loss is recorded in the Statement of Income. When the impairment loss of an asset (except for goodwill) is subsequently reversed, the carrying value of the asset (or cash-generating unit) is increased to the new estimate of recoverable value, without exceeding the value prior to write-down.

Inventories

Inventories of raw materials and finished products are stated at the lower of cost or market value and the corresponding net market value estimated from market trends.

The purchase cost includes costs incurred to bring each asset to the place it is stored. Manufacturing costs of finished products and semi-finished goods include direct costs and a portion of indirect costs that can be reasonably attributed to the products based on normal exploitation of the production capacity; interest expense is excluded. Work in progress is valued at production costs for the year, based on the progress report.

The cost of inventories of raw materials, finished goods, goods for resale and work-in-progress is calculated using the weighted mean cost method.

For raw materials, ancillaries and consumables, the presumable net realisable value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable net realisable value corresponds to the estimated sales price in the ordinary course of business, less the estimated costs of completion and costs to sell.

Inventories that are obsolete or characterised by a long turnover period are written down on the basis of their possible useful life or realisable value, by creating a special inventory adjustment provision.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances, unrestricted deposits and other treasury investments with original maturities of up to three months. A treasury investment is considered as availability, when it is instantly convertible to cash with minimal risk of any fluctuation in value and, further, it is intended to meet short-term cash requirements and is not held as an investment.

For purposes of the Statement of Cash Flows, cash balances are stated net of bank overdrafts at the end of the period.

Provisions

Provisions include certain or probable costs of a specific nature, the amount or settlement date of which could not be determined at year-end. A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expenditure required to settle the obligation in question. Where the Group expects that some or all of the expenditure required to settle a provision to be reimbursed, such as for the case of insured risks, the reimbursement is treated as a separate asset and is recognised when, and only when, it is virtually certain that the reimbursement will be received. In this case, the expense relating to the provision is presented in the Statement of income net of the amount recognised for the reimbursement. Provisions are periodically updated to reflect changes in cost estimates, timing and present value, if any; revisions to estimates are recognised under the same heading of the Statement of Income under which the original provision was recognised and in the Statement of Income of the period in which the change is made. When provisions are discounted to present value, the change resulting from the passage of time or interest rate fluctuations is recognised under "Net interest income (expense)". Any provisions for restructuring costs are recognised when the company involved has approved a formal detailed plan and communicated it to affected parties.

Product Warranties

Provisions for product warranty costs are recognised when products are sold. Initial recognition is based on historical experience. The initial estimate of the costs of warranty work is reviewed annually.

Employee Benefits

The difference between defined contribution plans, wholly unfunded defined benefit plans, wholly or partly funded defined benefit plans and other forms of long-term benefits is reported below.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a company pays contributions to an insurance company or pension fund and has no legal or constructive obligation to pay further contributions if, when the benefit right matures, the fund does not have sufficient assets to pay all benefits relating to employee service in the current or prior periods.

These contributions, which are paid for the services rendered by employees, are recognised in the same accounting period in which the services are rendered.

Defined benefit plans and other long-term benefits

Defined benefit plans are post-employment benefit plans that entail a future obligation for the company. The company assumes actuarial and investment risks in relation to the plan.

To determine the present value of its obligations relating to such plans and the related service costs, the Group uses the "Projected Unit Credit Method".

This actuarial calculation method requires the use of unbiased and mutually compatible actuarial assumptions about demographic variables (mortality rate and employee turnover rate) and financial variables (discount rates and future increases in salary and benefits). When a defined benefit plan is wholly or partly funded by contributions paid either into a fund that is legally separate from the company or to an insurance company, any plan assets are measured at fair value. The obligation is therefore stated net of the fair value of the plan assets that will be used to directly meet such obligation.

Remeasurements, which include actuarial gains and losses, any changes in the effect of the assets ceiling (excluding net interest) and return on plan assets (excluding net interest) are recognised immediately in the Statement of Financial Position, debiting or crediting retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified through profit or loss in the following years.

Other long-term benefits refer to employee benefits other than post-employment benefits. They are accounted for in the same manner as defined benefit plans.

Own shares

Own shares reacquired are recognised at cost and are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, or cancellation of the company's own shares. The difference between the carrying amount and the consideration, in case of reissue, is recognised in the share premium reserve.

Government Grants

Government grants are recognised at fair value, when there is reasonable assurance that all necessary conditions attached to them have been satisfied and the grants will be received.

Grants received in recognition of specific expenses are recognised as liabilities and credited to the Statement of Income on a systematic basis over the periods necessary to match the grant income with the related expenditure. Grants received for defined assets that are recognised as fixed assets are accounted for as non-current liabilities and credited to the Statement of Income in relation to the period in which depreciation or amortisation is charged for the relevant assets.

Fair Value Measurement

The Group measures financial instruments, such as derivatives, at fair value at the end of each financial period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes a sale of the asset or transfer of the liability taking place:

- in the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

Fair value measurement takes into account the characteristics of the asset or liability being measured that market participants would consider when pricing the asset or liability, assuming that market participants act with the aim of best satisfying their economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques appropriate to the circumstances and for which sufficient data for fair value measurement are available, thus maximising observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, the fair value of which has been measured or recognised in the financial statements, are categorised based on the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - measurement techniques whereby inputs are unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the hierarchy level of the lowest level input that has been used for the measurement.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether shifts have occurred between hierarchy levels and revises the categorisation (based on the lowest level input that is significant to the entire fair value measurement) at the end of each financial period.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Financial assets are initially recognised at cost, which corresponds to fair value plus ancillary costs. Upon initial recognition, financial assets are classified, depending on their nature, in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans, receivables and financial assets available for sale.

Loans and receivables (the category of greatest significance for the Group) are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. After initial recognition, such financial assets are measured at amortised cost, using the effective interest rate method, less impairment losses. Amortised cost is calculated by including any discounts, premiums or fees and/or costs, which are an integral part of the effective interest rate. The effective interest rate is recognised as interest income in the Statement of Income. Impairment losses are recognised in the Statement of Income as net interest expense. This category normally includes trade and other receivables.

When accounting for financial assets measured at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. The carrying amount of an asset is reduced by recognising a write-down provision, and the amount of the loss is recognised in the Statement of Income. Loans and the associated write-down provisions are derecognised when there is no realistic prospect that they may be recovered in future and the guarantees have been enforced or transferred to the Group. If, in a subsequent year, the amount of an estimated impairment loss increases or decreases because of an event occurring after the impairment is recognised, the previously recognised impairment loss is increased or decreased by adjusting the provision.

Financial assets are removed from the Statement of financial position when the right to receive cash flows ceases, the Group transfers the right to receive cash flows from the asset to a third party, or the Group assumes a contractual obligation to pay them in full and without delay, and (1) it has transferred substantially all of the risks and rewards of ownership of the financial asset, or (2) it has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred the rights to receive the cash flows from an asset, or has entered into a contractual arrangement whereby it retains its contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay cash flows to one or more beneficiaries (pass-through arrangement), it evaluates the extent to which it has retained the risks and rewards of ownership.

Equity investments in other entities are measured at fair value; when the fair value cannot be reliably determined, equity investments are measured at cost adjusted for impairment.

Financial Liabilities

Upon initial recognition, financial liabilities are classified among financial liabilities at fair value through profit or loss, loans and financing or derivatives designated as hedging instruments. All financial liabilities are initially recognised at fair value, in addition to directly attributable transaction costs, in the cases of loans, financing and payables. The Group's financial liabilities extend to trade payables and other payables, loans and financing, including account overdrafts, guarantees issued and derivative financial instruments.

Loans and payables (the category of greatest significance for the Group) are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Income when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by including the discount or premium, as well as costs and fees, which are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among net interest expense in the Statement of Income, on the basis of their classification.

Financial guarantees issued are contracts that require a payment to reimburse the holder of a debt instrument for a loss incurred by the holder due to default by the debtor on payment at the contractual due date. When the Group issues financial guarantees, the financial guarantee contracts are initially recognised as liabilities at fair value, plus the transaction costs directly attributable to issuing the guarantee. The liability is then measured at the greater of the best estimate of the outlay required to meet the guaranteed obligation at the reporting date and the initially recognised amount, less cumulative amortisation.

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. Where one existing financial liability is replaced by another attributable to the same borrower with substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is accounted for by derecognising the original liability and recognising a new liability, with any differences between carrying amounts recognised in the Statement of Income.

Offsetting of Financial Instruments

A financial asset and a financial liability may be set off against one another, and the net balance presented in the Statement of Financial Position, if there is a legally enforceable right to set off the recognised amounts and the entity intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Loans, payables and other financial and/or trade liabilities with a fixed or determinable maturity are initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of amortised cost at the effective interest rate.

Long-term debts for which an interest rate is not specified are recognised by discounting future cash flows at market rate, if the increase in payables arises from the passage of time, with subsequent recognition of interest through profit or loss, in item “Net interest income (expense)”.

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or settled.

Derivatives

Derivatives, including embedded derivatives separated from their host contracts, are initially recognised at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the object of the hedge is formally documented and the degree of coverage, which is periodically checked, is high.

When hedging derivatives hedge the risk of changes in the fair values of the hedged instruments, they are recognised at fair value through profit or loss. Accordingly, the hedged instruments are adjusted to reflect changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedges are designated on the basis of the exposure to changes in cash flows attributable to risks that may influence profit or loss at a later date. Such risks are generally associated with a recognised asset or liability (such as future payments of variable-rate debt).

The effective portion of the change in the fair value of the part of derivative contracts designated as hedges in accordance with the requirements of IAS 39 is recognised in the Comprehensive Statement of income (hedging reserve). That reserve is then released to the profit or loss when the hedged transaction is recognised in Statement of Income.

By contrast, the ineffective portion of the change in fair value, along with the entire change in the fair value of derivatives not designated as hedges or that do not meet the requirements presented in IAS 39, is recognised directly in profit or loss.

Revenues, Other Revenues and Income

Revenues are recognised in the Statement of Income on an accrual basis and to the extent that it is probable that the economic benefits associated with the sale of goods or provision of services will flow to the Group and the revenue can be reliably measured.

Revenues are recognised net of sales returns, discounts, allowances and taxes that are directly associated with the sale of the product or provision of the service.

Sales of goods and services are recognised at the fair value of the consideration received when the following conditions are met:

- the risks and rewards associated with ownership of the good are substantially transferred;
- the revenue amount can be measured reliably;
- it is probable that the economic rewards arising from the sale will flow to the company;
- the costs incurred or that will be incurred can be measured reliably.

Revenues on the sale of equipment to customers may be recognised as follows:

a) recognition of the full amount in a single instalment when the risks and rewards associated with the equipment are transferred, if it is assessed as a separate contract from subsequent supply;

b) recognition of the amount through an increase in sales price of the products created with the equipment, over a variable period of time in relation to the number of products sold, if it is assessed as a contract to be combined with the subsequent supply (“multiple element arrangement”).

Interest Income (Expense)

Interest income/expense is recognised as interest income/expense after being measured on an accrual basis.

Income Taxes

Current tax assets and liabilities are measured as the amount that is expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to calculate that amount are those enacted, or substantively enacted, at the reporting date in the countries in which the Group operates and generates its taxable income. Management periodically assesses the position assumed in the income tax return, where tax laws are subject to interpretation and recognises provisions, where appropriate.

Deferred tax assets and liabilities are recognised in order to reflect the temporary differences between the value attributed to an asset/liability for tax purposes and that attributed based on the accounting standards applied at the reporting date. They are measured using the tax rates that are expected to apply in the year when the assets will be realised or the liabilities will be settled, based on prevailing tax rates or those already enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses eligible to be carried forward, to the extent it is probable that sufficient future taxable income will be available to permit the use of the deductible temporary differences, unused tax credits and unused tax losses carried forward, except for the cases of:

- the deferred tax asset related to the deductible temporary differences arises from initial recognition of an asset or liability in a transaction other than a business combination that does not affect accounting or taxable income at the time of the transaction;

- deductible temporary differences related to equity investments in subsidiaries, associates and joint ventures. In this case deferred tax assets are recognised solely to the extent it is probable that they will be reversed in the foreseeable future and there will be sufficient taxable income to permit such temporary differences to be recovered.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that there will be sufficient future taxable income to permit all or part of the credit concerned to be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent it has become probable that taxable income will be sufficient to permit such deferred tax assets to be recovered.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that does not affect accounting or taxable income at the time of the transaction;
- reversal of the taxable temporary differences related to equity investments in subsidiaries, associates and joint ventures may be controlled, and it is probable that it will not occur in the foreseeable future.

Tax balances (current and deferred) attributable to amounts recognised directly in Equity are also recognised directly in Equity.
Current and deferred tax assets and liabilities are offset only when the legal right of offset exists; such amounts are recognised as receivables or payables in the Statement of Financial Position.

Dividends

Dividends are recognised when the shareholders' right to receive payment is established under local law.
The Parent Company recognises a liability to account for the distribution to its shareholders of cash or non-cash assets once the distribution has been appropriately authorised and is no longer at the company's discretion. Under current Italian company law, a distribution is authorised when it has been approved by the shareholders. The corresponding amount is recognised directly in equity.

Financial Risk Management

The Brembo Group is exposed to market, commodity, liquidity and credit risk, all of which are tied to the use of financial instruments.

Financial risk management is the responsibility of the central Treasury and Credit Department of Brembo S.p.A., which, together with the Finance Department, evaluates the main financial transactions and related hedging policies.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices resulting from shifts in exchange rates, interest rates and equity security prices.

Interest Rate Risk

Interest rate risk applies to variable-rate financial instruments recognised in the Statement of Financial Position (particularly short-term bank loans, other loans, leases, bonds, etc.) that are not hedged by other financial instruments.

Since most of the Brembo's financial debt is subject to variable interest rates, Brembo is exposed to the risk of interest-rate fluctuations.

Brembo enters into interest rate hedging agreements (mainly interest rate swaps) to ensure guaranteed interest rates on a portion of its debt that are sustainable in relation to the hedges.

A sensitivity analysis was performed to analyse the effects of a change in interest rates of +/- 50 base points compared to the rates at 31 December 2015 and 31 December 2014, with other variables held constant. The potential impacts were calculated on the company's variable-rate financial assets and liabilities at 31 December 2015. The above change in interest rates would result in a higher (or lower) annual pre-tax expense of approximately €750 thousand (€1,446 thousand at 31 December 2014), gross of the tax effect.

The average quarterly net financial debt was used to provide the most reliable information possible.

Exchange Rate Risk

Brembo deals in international markets with currencies other than the euro and is therefore exposed to exchange rate risk.

To mitigate this risk, Brembo uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged, in order to offset any unbalances; currency forward contracts are also used to hedge this risk category.

A sensitivity analysis is provided below to illustrate the effects on pre-tax result arising on a positive (negative) change in exchange rates.

Starting with the exposures at 31 December 2014 and 2015, a change calculated as the standard deviation of the exchange rate with respect to the average exchange rate was applied to the average exchange rates for 2014 and 2015 to measure exchange rate volatility.

(euro thousand)	31.12.2015 Change %	Effect of exchange rate increase	Effect of exchange rate decrease	31.12.2014 Change %	Effect of exchange rate increase	Effect of exchange rate decrease
EUR/CNY	2.74%	(61.9)	65.4	4.26%	(21.3)	23.1
EUR/GBP	2.45%	4.2	(4.4)	2.12%	5.1	(5.3)
EUR/JPY	2.39%	4.3	(4.5)	2.29%	29.6	(31.0)
EUR/PLN	1.96%	(2.3)	2.4	0.79%	0.3	(0.3)
EUR/SEK	1.11%	(0.7)	0.7	1.95%	(4.2)	4.3
EUR/USD	2.59%	(52.5)	55.3	3.96%	(240.1)	259.9
EUR/INR	3.16%	(0.5)	0.5	3.50%	0.3	(0.3)
EUR/CZK	1.00%	2.0	(2.0)	0.49%	0.1	(0.1)
EUR/CHF	3.20%	13.4	(14.3)	0.70%	(0.2)	0.2
EUR/AUD	4.26%	0.1	(0.1)	2.72%	0.0	0.0
PLN/CNY	2.22%	(4.6)	4.8	4.66%	0.0	0.0
PLN/EUR	1.98%	(0.4)	0.4	0.79%	55.4	(56.2)
PLN/GBP	2.63%	0.5	(0.5)	2.34%	(1.1)	1.1
PLN/USD	2.73%	5.3	(5.6)	4.35%	(51.1)	55.8
PLN/CZK	2.36%	0.2	(0.2)	0.71%	0.0	0.0
PLN/CHF	2.68%	(2.2)	2.3	1.25%	5.3	(5.4)
GBP/EUR	2.40%	(2.5)	2.7	2.11%	9.3	(9.7)
GBP/USD	1.78%	(2.0)	2.1	2.67%	0.7	(0.8)
GBP/AUD	4.79%	(10.5)	11.5	1.87%	0.0	0.0
USD/CNY	1.41%	1.1	(1.1)	0.97%	3.0	(3.1)
USD/EUR	2.58%	113.5	(119.6)	4.08%	198.6	(215.4)
USD/MXN	5.10%	36.0	(39.9)	3.16%	(67.7)	72.1
BRL/EUR	12.10%	124.0	(158.2)	3.38%	43.3	(46.3)
BRL/USD	13.02%	43.8	(56.9)	5.42%	22.0	(24.5)
JPY/EUR	2.40%	2.3	(2.4)	2.24%	2.0	(2.1)
JPY/USD	1.68%	0.3	(0.4)	5.06%	1.3	(1.4)
CNY/EUR	2.75%	178.6	(188.7)	4.35%	122.0	(133.1)
CNY/JPY	2.14%	1.1	(1.2)	5.63%	3.8	(4.2)
CNY/USD	1.40%	(61.6)	63.3	0.97%	(8.9)	9.1
INR/EUR	3.19%	19.5	(20.8)	3.51%	(24.1)	25.9
INR/JPY	2.44%	(8.2)	8.6	4.59%	0.2	(0.2)
INR/USD	2.53%	30.3	(31.9)	1.79%	22.1	(22.9)
CZK/EUR	0.99%	16.5	(16.9)	0.49%	27.4	(27.6)
CZK/GBP	1.91%	15.0	(15.5)	2.42%	2.7	(2.8)
CZK/PLN	2.34%	7.6	(8.0)	0.72%	2.5	(2.6)
CZK/USD	2.27%	(49.4)	51.7	4.27%	232.1	(252.8)
ARS/BRL	9.80%	47.3	(57.5)	7.18%	48.4	(55.9)
ARS/EUR	6.67%	(50.3)	57.5	4.93%	42.9	(47.4)
ARS/USD	6.87%	3.4	(3.9)	6.04%	0.8	(1.0)

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. In 2015, no specific hedging transactions were undertaken. However, it should be recalled that existing contracts with major customers provide for automatic periodic adjustment on the basis of commodities prices.

Liquidity Risk

Liquidity risk can arise from a company's inability to obtain the financial resources necessary to guarantee Brembo's operation.

To mitigate liquidity risk, the Treasury and Credit Department:

- constantly assesses financial requirements to ensure the appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
- obtains adequate credit lines;
- ensures the appropriate composition of net financial debt, i.e., investments are financed with medium- to long-term debt (as well as with equity), and net working capital requirements are financed using short-term credit lines;
- includes the Group companies in cash pooling structures to optimise any excess liquidity of participating companies.

The following table provides information on payables, other payables and derivatives broken down by maturity. The maturities are determined based on the period from the date of the Statement of Financial Position to the expiry of the contractual obligations. The amounts shown in the table reflect undiscounted cash flows.

For fixed- and variable-rate financial liabilities, both principal and interest were considered for the different maturity periods; for variable-rate liabilities, the rate at 31 December 2015 plus the relevant spread.

(euro thousand)	Carrying value	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond 5 years
Financial liabilities:					
Short-term credit lines and bank overdrafts	90,287	90,287	90,287	0	0
Payables to banks (loans and bonds)	268,997	282,410	61,589	186,783	34,038
Payables to other financial institutions	4,316	5,177	990	3,135	1,052
Finance leases	6	6	3	3	0
Trade and other payables	360,846	360,846	360,846	0	0
Total	**724,452**	**738,726**	**513,715**	**189,921**	**35,090**

Some of the Group's loan agreements require the satisfaction of financial covenants and the obligation for the Group to meet certain financial ratio levels.

In detail, the following covenants and relevant maximum thresholds are to be complied with:

- Net financial debt/Gross operating income ≤3.5;
- Net financial Debt/Equity ≤1.7.

If the covenants are not met, the financial institutions can request early repayment of the relevant loan.

The value of the covenants is monitored at the end of each quarter. At 31 December 2015 these ratios were amply met by the Group.

Management believes that currently available lines of credit, apart from the cash flow generated by current operations, will allow Brembo to meet its financial requirements arising from investing activities, working capital management, and the payment of payables at their natural maturities.

In further detail, at 31 December 2015, unused bank credit facilities were 79.18% (a total of €434 million in credit facilities were available).

Credit Risk

Credit risk is the risk that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk for the Group arises mainly in relation to trade receivables. Most parties which the Group does business with are leading car and motorbike manufacturers with high credit standings.

The Group evaluates the creditworthiness of all new customers using assessments from external sources and then assigns a credit limit.

Fair Value Measurement

To complete the disclosure of financial risks, the following is provided:

a) the fair value hierarchy for the Group's assets and liabilities:

	31.12.2015			31.12.2014		
(euro thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value:						
Forward contracts denominated in foreign currency	0	0	0	0	314	0
Interest rate swaps	0	0	0	0	(68)	0
Embedded derivative	0	0	864	0	0	(135)
Belt & Buckle S.r.o. option	0	0	0	0	0	(1,700)
Total financial assets (liabilities) measured at fair value:	**0**	**0**	**864**	**0**	**246**	**(1,835)**
Assets (liabilities) for which fair value is indicated:						
Current and non-current payables to banks	0	(256,898)	0	0	(324,730)	0
Other current and non-current financial liabilities	0	(4,307)	0	0	(5,502)	0
Total assets (liabilities) for which fair value is indicated:	**0**	**(261,205)**	**0**	**0**	**(330,232)**	**0**

Movements for the year of Level 3 were as follows:

(euro thousand)	31.12.2015
Balance at beginning of year	(1,835)
Movements in Equity	1,700
Movements in Statement of Income	999
Balance at end of year	**864**

b) a reconciliation between the classes of financial assets and liabilities identified in the Group's Statement of Financial Position and the types of financial assets and liabilities identified based on the requirements of IFRS 7:

	Carrying value		Fair value	
(euro thousand)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Available-for-sale financial assets	**307**	**99**	**307**	**99**
Loans, receivables and financial liabilities valued at amortised costs:				
Current and non-current financial assets (excluding derivatives)	11,274	10,468	11,274	10,468
Trade receivables	311,217	286,893	311,217	286,893
Loans and receivables	32,931	38,200	32,931	38,200
Cash and cash equivalents	202,104	206,024	202,104	206,024
Current and non-current payables to banks	(359,284)	(473,684)	(367,385)	(489,457)
Other current and non-current financial liabilities	(4,322)	(12,225)	(4,322)	(12,266)
Trade payables	(349,941)	(308,977)	(349,941)	(308,977)
Other current payables	(106,917)	(84,210)	(106,917)	(84,210)
Other non-current liabilities	(1,026)	(14,382)	(1,026)	(14,382)
Derivatives	**864**	**111**	**864**	**111**
Total	**(262,793)**	**(351,683)**	**(270,894)**	**(367,497)**

The approach used to calculate fair value is the present value of the future cash flows expected to derive from the instrument being measured, determined by discounting the scheduled instalments at a rate equal to the forward rate curve applicable to each account payable. In detail:

– loans, payables to other lenders and intercompany loans with a duration of more than 12 months were measured at fair value determined by applying the forward rates curve to the residual duration of the loan;
– receivables, trade payables, held-to-maturity financial assets, payables and receivables to and from banks due within 12 months were measured at their carrying amounts, inasmuch as this is believed to approximate fair values;
– finance leases were valued at cost, as they are outside the scope of IAS 39;
– the fair value of derivatives was determined on the basis of valuation techniques that take into account market parameters other than the prices of the financial instrument;
– the fair value of call options held by minority shareholders has been determined on the basis of specific contractual provisions, based in part on economic multipliers that take account of the economic performance of individual subsidiaries and their net financial position.

Illustration by Maurizio Tacqui.

Brembo B-M8
car brake caliper

inspired by
Tom Wesselmann
Pop Art

The Brembo B-M8 caliper won the Engineered New Product Award 2015 for innovation in the field of engineering and advancing in the technological state of the art.

ANALYSIS OF EACH ITEM

STATEMENT OF FINANCIAL POSITION

1. Property, Plant, Equipment and Other Equipment

The changes in property, plant and equipment are shown in the table below and described in this section.

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	23,833	186,470	721,461	157,592	30,220	20,699	**1,140,275**
Accumulated depreciation	0	(53,319)	(419,954)	(136,439)	(25,546)	0	**(635,258)**
Write-down provision	0	0	(1,430)	0	0	(445)	**(1,875)**
Balance at 1 January 2014	**23,833**	**133,151**	**300,077**	**21,153**	**4,674**	**20,254**	**503,142**
Changes:							
Translation differences	(15)	453	9,451	(23)	121	(51)	**9,936**
Reclassification	128	6,666	(4,843)	9,685	1,740	(13,514)	**(138)**
Acquisitions	592	9,210	62,270	12,994	3,066	21,285	**109,417**
Disposals	0	(3)	(1,602)	(539)	(17)	(121)	**(2,282)**
Depreciation	0	(8,753)	(59,333)	(9,340)	(2,419)	0	**(79,845)**
Impairment losses	0	(159)	(9)	(19)	0	(66)	**(253)**
Total changes	**705**	**7,414**	**5,934**	**12,758**	**2,491**	**7,533**	**36,835**
Historical cost	24,538	203,315	776,023	186,126	36,019	28,270	**1,254,291**
Accumulated depreciation	0	(62,595)	(468,418)	(152,207)	(28,854)	0	**(712,074)**
Write-down provision	0	(155)	(1,594)	(8)	0	(483)	**(2,240)**
Balance at 1 January 2015	**24,538**	**140,565**	**306,011**	**33,911**	**7,165**	**27,787**	**539,977**
Changes:							
Translation differences	55	2,211	7,700	577	198	439	**11,180**
Change in consolidation area	(559)	(2,035)	(1,001)	(965)	(69)	(150)	**(4,779)**
Reclassification	228	1,987	15,109	1,187	359	(18,820)	**50**
Acquisitions	104	4,223	41,497	12,017	2,248	77,422	**137,511**
Disposals	0	(1)	(1,375)	(202)	(26)	0	**(1,604)**
Other	0	0	(655)	0	0	0	**(655)**
Depreciation	0	(9,780)	(63,616)	(12,493)	(3,074)	0	**(88,963)**
Impairment losses	0	(2,738)	(201)	1	0	(2)	**(2,940)**
Total changes	**(172)**	**(6,133)**	**(2,542)**	**122**	**(364)**	**58,889**	**49,800**
Historical cost	24,366	208,500	819,455	194,266	37,030	87,160	**1,370,777**
Accumulated depreciation	0	(71,568)	(513,217)	(160,233)	(30,229)	0	**(775,247)**
Write-down provision	0	(2,500)	(2,769)	0	0	(484)	**(5,753)**
Balance at 31 December 2015	**24,366**	**134,432**	**303,469**	**34,033**	**6,801**	**86,676**	**589,777**

During 2015, investments in property, plant and equipment amounted to €137,511 thousand, including €77,422 thousand on assets in course of construction.

As already noted in the Report on Operations, the Group continued its international development programme. This involved significant investments in production plants, machinery and equipment in North America, Poland, China, the Czech Republic, as well as in Italy.

Net disposals amounted to €1,604 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for 2015 amounted to €88,963 thousand €79,845 thousand in 2014).

The following is a breakdown by category of the net carrying value of owned assets and assets held under finance lease:

	31.12.2015		31.12.2014	
(euro thousand)	**Leased**	**Not leased**	**Leased**	**Not leased**
Land	0	24,366	570	23,968
Buildings	0	134,432	11,779	128,786
Plant and machinery	104	303,365	2,011	304,000
Industrial and commercial equipment	3	34,030	4	33,907
Other assets	274	6,527	298	6,867
Assets in course of construction and payments on account	0	86,676	0	27,787
Total	**381**	**589,396**	**14,662**	**525,315**

2. Intangible Assets (Development Costs, Goodwill and Other Intangible Assets)

Movements in intangible assets are shown in the table below and described in this section.

(euro thousand)	Development costs	Goodwill A	Intangible assets with indefinite useful lives B	Sub-total A+B	Industrial patents and similar rights C	Other intangible assets D	Total other intangible assets C+D	Total
Historical cost	**105,886**	57,660	1,033	**58,693**	30,080	69,506	**99,586**	**264,165**
Accumulated amortisation	**(59,832)**	0	0	**0**	(25,574)	(57,999)	**(83,573)**	**(143,405)**
Write-down provision	**(721)**	(19,134)	(3)	**(19,137)**	(505)	0	**(505)**	**(20,363)**
Balance at 1 January 2014	**45,333**	**38,526**	**1,030**	**39,556**	**4,001**	**11,507**	**15,508**	**100,397**
Changes:								
Translation differences	**57**	3,620	0	**3,620**	(3)	223	**220**	**3,897**
Reclassification	**0**	0	0	**0**	113	(270)	**(157)**	**(157)**
Acquisitions	**11,667**	0	0	**0**	1,089	4,603	**5,692**	**17,359**
Disposals	**(1,075)**	0	0	**0**	(8)	(2)	**(10)**	**(1,085)**
Amortisation	**(10,802)**	0	0	**0**	(1,556)	(4,763)	**(6,319)**	**(17,121)**
Impairment losses	**(1,475)**	(2,387)	0	**(2,387)**	1	(271)	**(270)**	**(4,132)**
Total changes	**(1,628)**	**1,233**	**0**	**1,233**	**(364)**	**(480)**	**(844)**	**(1,239)**
Historical cost	**115,238**	62,154	1,033	**63,187**	31,217	72,492	**103,709**	**282,134**
Accumulated amortisation	**(70,678)**	0	0	**0**	(27,076)	(61,465)	**(88,541)**	**(159,219)**
Write-down provision	**(855)**	(22,395)	(3)	**(22,398)**	(504)	0	**(504)**	**(23,757)**
Balance at 1 January 2015	**43,705**	**39,759**	**1,030**	**40,789**	**3,637**	**11,027**	**14,664**	**99,158**
Changes:								
Translation differences	**118**	3,157	0	**3,157**	3	231	**234**	**3,509**
Change in consolidation area	**(4,260)**	0	0	**0**	(531)	(2)	**(533)**	**(4,793)**
Reclassification	**0**	0	0	**0**	20	(63)	**(43)**	**(43)**
Acquisitions	**12,141**	0	0	**0**	1,034	5,222	**6,256**	**18,397**
Disposals	**(177)**	0	0	**0**	(26)	0	**(26)**	**(203)**
Amortisation	**(9,689)**	0	0	**0**	(1,232)	(4,819)	**(6,051)**	**(15,740)**
Impairment losses	**(995)**	0	0	**0**	1	0	**1**	**(994)**
Total changes	**(2,862)**	**3,157**	**0**	**3,157**	**(731)**	**569**	**(162)**	**133**
Historical cost	**119,162**	57,038	1,033	**58,071**	29,849	71,964	**101,813**	**279,046**
Accumulated amortisation	**(77,931)**	0	0	**0**	(26,439)	(60,368)	**(86,807)**	**(164,738)**
Write-down provision	**(388)**	(14,122)	(3)	**(14,125)**	(504)	0	**(504)**	**(15,017)**
Balance at 31 December 2015	**40,843**	**42,916**	**1,030**	**43,946**	**2,906**	**11,596**	**14,502**	**99,291**

Development costs

The item “Development costs” includes internal and external costs for development for a gross historical cost of €119,162 thousand. During the reporting year, this item changed due to higher costs incurred for works begun in 2015, for orders received both during the year and in previous years, for which additional development costs were incurred; amortisation amounting to €9,689 thousand was recognised for development costs associated with products that have already entered into mass production.

The gross amount includes development activities for projects underway totalling €18,473 thousand. The total amount of costs for capitalised internal works charged to the Statement of Income in the item “Costs for capitalised internal works” during the year amounted to €11,982 thousand (€10,720 thousand in 2014).

Impairment losses totalled €995 thousand and are recognised in the Statement of Income under “Amortisation, depreciation and impairment losses.” Impairment losses refer to development costs incurred mainly by the Parent Company, Brembo S.p.A., in relation to projects that, consistently with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination.

Goodwill

The item “Goodwill” arose from the following business combinations:

(euro thousand)	31.12.2015	31.12.2014
Discs – Systems and Motorbikes:		
Brembo North America Inc. (Hayes Lemmerz)	15,678	14,059
Brembo México S.A. de C.V. (Hayes Lemmerz)	954	856
Brembo Nanjing Brake Systems Co. Ltd.	991	929
Brembo Brake India Pvt. Ltd.	9,143	8,583
After Market - Performance Group:		
Corporación Upwards’98 (Frenco S.A.)	2,006	2,006
Ap Racing Ltd.	14,144	13,326
Total	**42,916**	**39,759**

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment.

The main assumptions used to determine the value in use of other cash-generating units relate to the discount rate and growth rate. Specifically, calculations used cash-flow projections for the 2016-2018 period covered by the corporate business plans. Cash flows for subsequent years were extrapolated using a prudential steady 1-1.5% medium- to long-term growth rate, on a case by case basis. The discount rate used was 6.9% (WACC), which reflected the current market assessments of the time value of money and the risks specific to the asset in question.

In the event of a change in the WACC from 6.9% to 7.4% and the growth rate from 1% to 0.5% (or from 1.5% to 1%), no previously unimpaired goodwill would have become impaired.

In the event of a sales volume decrease that, depending on the CGU reference market, has been estimated in the range from -5% to -20%, no previously unimpaired goodwill would have become impaired.

The changes in the WACC, growth rate and sales volumes described above are deemed reasonable. In this respect, only changes beyond reasonable levels would have resulted in impairment.

Intangible assets with indefinite useful lives

The item amounted to €1,030 thousand and consists of the trademark Villar, owned by the subsidiary Corporación Upwards ‘98 S.A. For information concerning impairment testing methods, the reader is referred to the above section relating to goodwill. The impairment tests did not detect any impairment losses.

Other intangible assets

Acquisitions of "Other intangible assets" totalled €6,256 thousand and refer for €1,034 thousand to the purchase of specific patents and trademarks, and for the remaining amount, consist mainly of the share of the investment for the year associated with the gradual implementation and development of new features regarding the new ERP (Enterprise Resource Planning) system within the Group.

3. Shareholdings Valued Using the Equity Method (Associates and Joint Ventures)

This item includes the Group's share of Equity in companies that are accounted for using the equity method. The following table shows all relevant movements:

	31.12.2014	Write-ups/ Write-downs	Dividends	Other changes	31.12.2015
Gruppo Brembo SGL Carbon Ceramic Brakes	27,789	8,841	(12,000)	20	24,650
Petroceramics S.r.l.	387	12	(20)	(30)	349
Total	**28,176**	**8,853**	**(12,020)**	**(10)**	**24,999**

The impact on the Statement of Income of shareholdings valued using the equity method refers to two items: the first, "Non-financial interest income (expense) from investment", is attributable to the effect of the valuation of the BSCCB Group using the equity method, whilst the second, "Interest income (expense) from investments", refers to the valuation of associates using the equity method.

The following is a breakdown of the assets, liabilities, costs and revenues associated with companies under common control and associate companies.

Joint Ventures

	Brembo Group	SGL Carbon Ceramic Brakes
(euro thousand)	31.12.2015	31.12.2014
Sales of goods and services	**140,413**	**119,499**
Other revenues and income	1,687	1,156
Raw materials, consumables and goods	(44,842)	(40,244)
Other operating costs	(35,545)	(34,573)
Personnel expenses	(30,190)	(27,183)
GROSS OPERATING INCOME	**31,523**	**18,655**
Depreciation, amortisation and impairment losses	(4,671)	(4,634)
NET OPERATING INCOME	**26,852**	**14,021**
Net interest income (expense)	(88)	9
RESULT BEFORE TAXES	**26,764**	**14,030**
Taxes	(7,883)	(1,128)
NET RESULT FOR THE YEAR	**18,881**	**12,902**
% ownership	*50%*	*50%*
Other consolidation adjustments	(600)	(9)
GROUP NET RESULT	**8,841**	**6,442**

(euro thousand)	31.12.2015	31.12.2014
Property, plant, equipment and other equipment	26,721	23,243
Other intangible assets	257	129
Other financial assets (including investments in other companies and derivatives)	131	127
Deferred tax assets	1,627	3,486
TOTAL NON-CURRENT ASSETS	**28,736**	**26,985**
Inventories	16,880	15,850
Trade receivables	13,909	20,602
Other receivables and current assets	2,209	2,139
Current financial assets and derivatives	1	1
Cash and cash equivalents	20,308	22,922
TOTAL CURRENT ASSETS	**53,307**	**61,514**
TOTAL ASSETS	**82,043**	**88,499**
Share capital	4,000	4,000
Other reserves	29,739	41,606
Retained earnings/(losses)	(3,943)	(4,752)
Net result for the year	18,881	12,902
TOTAL EQUITY	**48,677**	**53,756**
Other non-current liabilities	102	40
Provisions	3,720	2,138
Provisions for employee benefits	2,943	2,867
Deferred tax liabilities	5	572
TOTAL NON-CURRENT LIABILITIES	**6,770**	**5,617**
Trade payables	16,853	20,933
Tax payables	4,127	2,548
Provisions	15	15
Other current payables	5,601	5,630
TOTAL CURRENT LIABILITIES	**26,596**	**29,126**
TOTAL LIABILITIES	**33,366**	**34,743**
TOTAL EQUITY AND LIABILITIES	**82,043**	**88,499**
% ownership	*50%*	*50%*
Goodwill	1,033	1,033
Other consolidation adjustments	(722)	(122)
CARRYING VALUE OF GROUP SHAREHOLDING	**24,650**	**27,789**

Associates

(euro thousand)	Petroceramics S.p.A. 31.12.2015	31.12.2014
Sales of goods and services	1,594	1,840
NET RESULT FOR THE YEAR	**58**	**372**
% ownership	*20%*	*20%*
Other consolidation adjustments	0	144
GROUP NET RESULT	**12**	**218**
Total current assets	2,667	2,581
Total non-current assets	269	508
Total current liabilities	1,088	1,053
Total non-current liabilities	102	99
TOTAL EQUITY	**1,746**	**1,937**
% ownership	*20%*	*20%*
CARRYING VALUE OF GROUP SHAREHOLDING	**349**	**387**

4. Other Financial Assets (Including Investments in Other Companies and Derivatives)

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Shareholdings in other companies	307	99
Receivables from associates	9,710	0
Derivatives	417	273
Other	1,197	808
Total	**11,631**	**1,180**

The item "Shareholdings in other companies" mainly includes the 10% interest in International Sport Automobile S.a.r.l., 1.20% interest in Fuji Co., and 2.8% interest in E-novia S.r.l. (acquired in March 2015).

The item "Receivables from associates" includes the receivable arising on the loan granted by Brembo S.p.A. to Innova Tecnologie S.r.l. in liquidazione, of a nominal amount of €9 million, guaranteed by the latter's Parent Company (Impresa Fratelli Rota Nodari S.p.A.) with a demand guarantee, the provisions of which include, *inter alia*, an obligation to make direct payment to Brembo S.p.A. of up to 70% of the amount owed by Innova Tecnologie S.r.l. in liquidazione. The loan came due and, in order to avoid jeopardising the claim of Brembo S.p.A. pending a possible renewal of the loan, for which negotiations are still in progress, Brembo S.p.A. took action in summary proceedings against Innova Tecnologie S.r.l. in liquidazione and its guarantor Impresa Fratelli Rota Nodari S.p.A. Although it is included amongst "Non-current assets", it has been decided to continue to carry the receivable at its nominal amount (in addition to interest), inasmuch as there are no impediments to its complete recovery.

"Other" includes interest-free security deposits for utilities and car rental agreements.

5. Receivables and Other Non-current Assets

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Receivables from others	4,857	5,713
Income tax receivables	226	376
Non-income tax receivables	33	34
Total	**5,116**	**6,123**

The item “Receivables from others” includes the amount related to contributions towards a client for the acquisition of a ten-year exclusive supply arrangement, which was released to the Statement of Income in accordance with the supply schedule for the client, which began in late 2014.

Tax receivables mostly refer to applications for tax refunds.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Deferred tax assets	55,552	55,591
Deferred tax liabilities	(13,001)	(14,563)
Total	**42,551**	**41,028**

Deferred tax assets and liabilities were generated mainly due to temporary differences for capital gains with deferred taxation, other income items subject to future deductions or taxation, tax loss carryforwards and other consolidation adjustments.

Movements for the year are reported in the following table:

(euro thousand)	31.12.2015	31.12.2014
Balance at beginning of year	**41,028**	**34,383**
Deferred tax liabilities generated	(1,384)	(1,807)
Deferred tax assets generated	21,696	26,169
Use of deferred tax assets and liabilities	(16,713)	(17,907)
Exchange rate fluctuations	(779)	(1,316)
Tax rate changes	(682)	0
Reclassification	(301)	(76)
Change in consolidation area	293	0
Other movements	(607)	1,582
Balance at end of year	**42,551**	**41,028**

The nature of temporary differences that generated deferred tax assets and liabilities is detailed below:

(euro thousand)	Assets 31.12.2015	Assets 31.12.2014	Liabilities 31.12.2015	Liabilities 31.12.2014	Net 31.12.2015	Net 31.12.2014
Property, plant, equipment and other equipment	12,482	12,351	18,167	20,022	(5,685)	(7,671)
Development costs	28	28	0	94	28	(66)
Goodwill and other assets with indefinite useful lives	0	0	12	250	(12)	(250)
Other intangible assets	87	17	1,960	1,413	(1,873)	(1,396)
Other financial assets	0	0	0	130	0	(130)
Trade receivables	4,004	2,743	141	179	3,863	2,564
Inventories	10,269	9,434	72	72	10,197	9,362
Other receivables and current assets	2	178	111	211	(109)	(33)
Financial liabilities	0	(142)	0	0	0	(142)
Other financial liabilities	527	644	75	(13)	452	657
Provisions	6,451	3,577	0	0	6,451	3,577
Provisions for employee benefits	9,944	8,202	1,225	1,432	8,719	6,770
Trade payables	437	377	3	0	434	377
Cash and cash equivalents	10	0	0	0	10	0
Other liabilities	4,549	3,641	0	0	4,549	3,641
Other	12,804	14,785	1,903	1,203	10,901	13,582
Tax losses	4,626	10,186	0	0	4,626	10,186
Compensation balance between deferred tax assets and liabilities	(10,668)	(10,430)	(10,668)	(10,430)	0	0
Total	**55,552**	**55,591**	**13,001**	**14,563**	**42,551**	**41,028**

The measurement of deferred tax assets was made by assessing the existence of the prerequisites for their future recovery based on updated strategic plans. In particular, it should be noted that the consolidated subsidiary Brembo Poland Spolka Zo.o. resides in a “special economic zone” and is entitled to deduct 50% of its investments from its current taxes owed through 2026. Based on the new investments made during the year, the company calculated the estimate of benefit recovery for the year also on the basis of the estimate of the benefit that can be used over a three-year timeframe, which is the reference period of the plans drawn up by the company. At 31 December 2015, the company recognised deferred tax assets of PLN 3,433 thousand (€805 thousand) under the item “Other” in the table above.

Brembo Czech S.r.o. has two tax incentive plans, one of CZK 368 million (expiring in 2018) and another of CZK 133.7 million (expiring in 2021), on which the company has recognised deferred tax assets of CZK 284.2 million. At 13 December 2015, the unrecognised potential future tax benefit amounted to CZK 217.5 million (approximately €8 million), inasmuch as there is no certain evidence, according to current forecasts, that such benefit may be used before it expires.

Brembo Czech S.r.o., Brembo Nanjing Foundry Co. Ltd., Brembo Argentina S.A. and Corporación Upwards ‘98 S.A. recognised deferred tax assets on their losses for the current and previous years for a total of €4,626 thousand, basing their assessment of the satisfaction of requirements for future recoverability of such assets on updated strategic plans.

In addition, it should be noted that:

- unrecognised deferred tax assets of Brembo do Brasil Ltda., calculated on tax losses for the year (ARS 24.87 million), amounted to ARS 8.71 million;
- unrecognised deferred tax assets of Brembo do Brasil Ltda., calculated on prior years' tax losses and on tax losses for the year (BRL 66.97 million), amounted to BRL 22.77 million;
- at 31 December 2015, no deferred tax liabilities were recognised for taxes on undistributed profits of subsidiaries, associates or joint ventures, as currently the Group does not deem that such profits will be distributed in the foreseeable future, with the exception of €1,370 thousand accounted for in deferred tax liabilities.

7. Inventories

A breakdown of net inventories, which is stated net of the inventory write-down provision, is shown below:

(euro thousand)	31.12.2015	31.12.2014
Raw materials	98,906	96,130
Work in progress	48,549	43,647
Finished products	82,413	77,004
Goods in transit	17,793	13,874
Total	**247,661**	**230,655**

Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	31.12.2014	Provisions	Use/ Release	Exchange rate fluctuations	Change in consolidation area	31.12.2015
Inventory write-down provision	32,605	12,810	(8,501)	443	(1,742)	35,615

The inventory write-down provision is determined in order to align the cost of inventories to their estimated realisable value; the provision increased due to higher depreciation calculated on obsolete goods as a result of faster renewal of product ranges.

8. Trade Receivables

At 31 December 2015, the balance of trade receivables compared to the previous year was as follows:

(euro thousand)	31.12.2015	31.12.2014
Trade receivables	309,059	284,675
Receivables from associates and joint ventures	2,158	2,218
Total	**311,217**	**286,893**

The bad debt risk is not concentrated in any one area, as the Group has a large number of clients spread across the various geographical areas in which it operates.

Trade receivables are recognised net of the provision for bad debts, which amounted to €6,110 thousand. Movements in the provision are shown below:

(euro thousand)	31.12.2014	Provisions	Use/ Release	Exchange rate fluctuations	Change in consolidation area	31.12.2015
Provision for bad debt	5,808	3,431	(2,395)	(6)	(728)	6,110

The Brembo Group's maximum credit risk exposure is the book value of the gross financial assets recognised in the Statement of Financial Position net of any amounts offset in accordance with IAS 32 and impairment losses recognised in accordance with IAS 39.

Brembo has no credit insurance contracts; however, its business partners are leading car and motorbike manufacturers with high credit standing.

The approach taken to presenting the credit quality of financial assets is a distinction between listed and unlisted clients (excluding a net negative amount of €43,583 thousand in credit notes and invoices to be issued at 31 December 2015). Listed customers are customers that are listed on a stock market, directly or indirectly controlled by a listed company or closely connected to listed companies.

(euro thousand)	31.12.2015	31.12.2014
Listed clients	210,156	208,610
Unlisted clients	150,754	113,358
Total	**360,910**	**321,968**

The following table provides details on past due trade receivables that have not been adjusted for impairment, broken down by maturity.

Listed clients

(euro thousand)	31.12.2015	Write-down 2015	31.12.2014	Write-down 2014
Current	187,005	39	183,843	0
Expired up to 30 days	2,282	79	4,359	0
Expired by 30 to 60 days	11,932	26	7,696	308
Expired by over 60 days	8,937	2,082	12,712	1,562
Total	**210,156**	**2,226**	**208,610**	**1,870**
% Ratio of expired receivables not written down to total exposure	*10.0%*		*11.0%*	
Total expired receivables, not written down	**20,964**		**22,897**	

Unlisted clients

(euro thousand)	31.12.2015	Write-down 2015	31.12.2014	Write-down 2014
Current	142,244	403	100,942	0
Expired up to 30 days	2,244	0	5,003	0
Expired by 30 to 60 days	2,328	195	2,845	396
Expired by over 60 days	3,938	3,286	4,568	3,542
Total	**150,754**	**3,884**	**113,358**	**3,938**
% Ratio of expired receivables not written down to total exposure	*3.3%*		*7.5%*	
Total expired receivables, not written down	**5,029**		**8,478**	

Expired receivables from listed clients mainly refer to leading car manufacturers, and almost all the related repayment plans were defined at the beginning of 2016.

With regard to the portion of expired receivables from unlisted clients, most of this amount has already been collected in the first months of 2016.

9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Income tax receivables	8,345	6,106
Non-income tax receivables	16,862	23,034
Other receivables	11,179	9,419
Total	**36,386**	**38,559**

The item “Income tax receivables” includes the receivable recognised by the Parent Company in prior years in relation to the application of an IRES refund, concerning the non-deductibility for IRAP purposes of personnel expenses, and other applications for IRES and IRAP refund totalling €4,951 thousand.

The item “Non-income tax receivables” primarily includes VAT receivables.

10. Current Financial Assets and Derivatives

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Receivables from associates	0	9,485
Derivatives	447	486
Security deposits	365	175
Other receivables	2	0
Total	**814**	**10,146**

The receivable included at 31 December 2014 in the item “Receivables from associates”, deriving from the loan granted by Brembo S.p.A. to Innova Tecnologie S.r.l., with a nominal amount of €9 million (in addition to interest), has been reclassified to the item “Other financial assets”, as presented in Note 4 above, inasmuch as the company was placed in liquidation in the second half of 2015.

11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	31.12.2015	31.12.2014
Bank and postal accounts	201,980	205,900
Cash-in-hand and cash equivalents	124	124
Total cash and cash equivalents	**202,104**	**206,024**
Payables to banks: ordinary current accounts and foreign currency advances	(90,287)	(106,677)
Cash and cash equivalents from the Statement of Cash Flows	**111,817**	**99,347**

The amounts shown can be readily converted into cash and the risk of change in value is not considered material. It is deemed that the book value of cash and cash equivalents approximates the fair value at the reporting date.

It should be noted that, with regard to the amount recognised in the Statement of Cash Flows, interest paid in the year totalled €12,531 thousand (€14,694 thousand in 2014).

12. Equity

Group consolidated equity at 31 December 2015 increased by €150,879 thousand compared to 31 December 2014. Movements for the year are given in the relevant statement.

Share Capital

The subscribed share capital of the Parent Company is fully paid up and amounted to €34,728 thousand at 31 December 2015. It is divided into 66,784,450 ordinary shares with a nominal value of €0.52 each.

The table below shows the composition of the share capital and a reconciliation of the number of shares outstanding at 31 December 2014 and 31 December 2015:

(No. of shares)	31.12.2015	31.12.2014
Ordinary shares issued	66,784,450	66,784,450
Own shares	(1,747,000)	(1,747,000)
Total shares outstanding	**65,037,450**	**65,037,450**

As part of Brembo's buy-back plan, in 2015 the Company neither purchased nor sold own shares.

Other Reserves and Retained Earnings/(Losses)

The resolution by the General Shareholders' Meeting of the Parent Company, Brembo S.p.A., of 23 April 2015, allocating the net profit for 2014 of €68,824 thousand as follows, has been executed:

- a gross ordinary dividend for shareholders of €0.6 per ordinary share outstanding at ex-coupon date, excluding own shares;
- upon the 20th anniversary from the listing of the Company, an extraordinary gross dividend for shareholders of €0.2 for each of the outstanding ordinary shares at ex-coupon date, excluding own shares;
- to the reserve pursuant to Article 6(2) of Italian Legislative Decree No. 38/2005, €357 thousand;
- the remaining amount carried forward.

Share Capital and Reserves of Minority Interests

The main changes in this item are related to the sale of shares in Belt & Buckle S.r.o. and Sabelt S.p.A. to minority shareholders.

13. Financial Debt and Derivatives

This item is broken down as follows:

	31.12.2015			31.12.2014		
(euro thousand)	Due wihin one year	Due after one year	Total	Due wihin one year	Due after one year	Total
Payables to banks:						
– ordinary current accounts and advances	90,287	0	90,287	106,677	0	106,677
– loans	57,111	211,886	268,997	95,928	271,079	367,007
Total	**147,398**	**211,886**	**359,284**	**202,605**	**271,079**	**473,684**
Payables to other financial institutions	1,059	3,263	4,322	6,405	5,820	12,225
Derivatives	0	0	0	270	378	648
Total	**1,059**	**3,263**	**4,322**	**6,675**	**6,198**	**12,873**

The following table provides details on loans and amounts due to other financial institutions:

(euro thousand)	Original amount	Amount at 31.12.2014	Amount at 31.12.2015	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:						
BNL loan (€50 million)	50,000	(150)	(150)	0	(150)	0
Centrobanca loan (€30 million)	30,000	4,283	0	0	0	0
Creberg loan (€50 million)	50,000	4,998	0	0	0	0
Unicredit loan (€10 million)	10,000	1,249	0	0	0	0
UBI loan (€25 million)	25,000	10,034	5,019	5,033	(14)	0
Intesa San Paolo loan (€30 million)	30,000	4,982	0	0	0	0
Intesa San Paolo loan (€50 million)	50,000	9,972	0	0	0	0
Banca Popolare di Sondrio loan (€25 million)	25,000	15,602	9,367	6,263	3,104	0
Mediobanca loan (€35 million)	35,000	34,851	0	0	0	0
UBI loan (€30 million)	30,000	16,815	9,355	7,546	1,809	0
Mediobanca loan (€50 million)	50,000	49,698	0	0	0	0
EIB R&D loan (€55 million)	55,000	48,811	40,686	8,171	32,515	0
Mediobanca loan (€45 million)	45,000	44,827	0	0	0	0
Mediobanca loan (€130 million)	130,000	0	129,537	(463)	100,000	30,000
Intesa San Paolo NY credit line	7,029	10,302	0	0	0	0
Unicredit NY loan (USD 40.3 million)	37,101	16,406	36,989	12,368	24,621	0
Unicredit NY loan (€40 million)	40,000	31,871	0	0	0	0
Citibank Shanghai loan (RMB 200 million)	22,727	7,234	2,574	2,574	0	0
Bank Handlowy loan (€40 million)	40,000	13,333	4,444	4,444	0	0
EIB loan (€30 million, New Foundry Project)	30,000	26,673	22,862	3,810	15,242	3,810
BNP CAPEX LINE (CNY 50 million)	5,902	4,697	4,862	4,862	0	0
Citibank Brazil loan (BRL 5 million)	1,946	1,555	1,161	1,161	0	0
Santander loan (BRL 15 million)	4,657	4,963	2,291	1,342	949	0
Bradesco loan (BRL 15 million)	5,006	4,001	0	0	0	0
Total payables to banks	**809,368**	**367,007**	**268,997**	**57,111**	**178,076**	**33,810**
Payables to other financial institutions:						
Production Activity Ministry Law 46/82 (CCM Project)	2,371	578	296	313	(17)	0
Finlombarda MIUR loan	275	253	229	76	153	0
MIUR BBW loan	2,443	1,875	1,565	249	1,316	0
Payables to factors	N,A,	568	0	0	0	0
MCC Law 598 Isofix	120	110	0	0	0	0
Ministerio Industria España	3,237	2,269	2,070	262	1,053	755
Payables to minority shareholders of Belt & Buckle S.r.o.	1,700	1,700	0	0	0	0
Renault Argentina S.A. loan	797	377	147	147	0	0
FINAME Brembo do Brasil Ltda. loan	433	157	9	9	0	0
Payables for leases	25,371	4,338	6	3	3	0
Total payables to other financial institutions	**36,747**	**12,225**	**4,322**	**1,059**	**2,508**	**755**
TOTAL	**846,115**	**379,232**	**273,319**	**58,170**	**180,584**	**34,565**

In 2015, the payable relating to the put option reserved for minority shareholders of Belt & Buckle S.r.o., amounting to €1.7 million — equal to the amount paid by the same minority shareholders to acquire 30% of the company — was written off as a result of the exercise of the minority shareholders' right to acquire the remaining 70% of the company.

In 2015, the Brembo Group began to renegotiate several loans outstanding at 31 December 2014 in order to optimise its financial debt: this included renegotiation of the three Mediobanca loans, which were replaced by a single facility of €130 million and conversion into dollars of the tranche denominated in euro of the Unicredit loan to Brembo North America Inc., thus yielding a single facility with a value of USD 40.3 million at 31 December 2015.

The Brembo Group also obtained facilitated loans not yet disbursed at 31 December 2015: facilitated loan from the Italian Ministry of Economic Development associated with the LIBRA Light Brake research project; and subsidised financing for the R&D project designated "TIVANO - Innovative Technologies for Next-Generation General Aviation Aircraft" from the Italian Ministry of Education, Universities and Research.

It should be noted that several loans require compliance with certain financial covenants. At the reporting date, all of these covenants had been met. At 31 December 2015, there was no financial debt secured by collateral.

The following table provides a breakdown of the Group's debt from financial leases. Instalments are given by principal and interest due.

	31.12.2015			31.12.2014		
(euro thousand)	Instalment	Interest	Principal	Instalment	Interest	Principal
Within 1 year	3	0	3	3,186	77	3,109
Between 1 and 5 years	3	0	3	859	202	657
Beyond 5 years	0	0	0	572	0	572
Total	**6**	**0**	**6**	**4,617**	**279**	**4,338**

The change in the principal amount compared to 31 December 2014 was due to the repayment of several finance leases by the Brembo Group in 2015 and the deconsolidation of the finance leases of Sabelt S.p.A., which was excluded from the scope of consolidation.

The Group has outstanding commercial lease agreements for several of its production facilities and its headquarters. The company has concluded that all significant risks and rewards typical of the ownership of the assets have not been transferred to the Group on the basis of the contractual terms and conditions (for example, the contractual terms do not cover most of the economic life of the commercial property, or the present value of the minimum lease payments does not essentially correspond to the fair value of the asset). It follows that such contracts have been accounted for as operating leases.

The following table provides a breakdown of operating lease instalments:

(euro thousand)	31.12.2015	31.12.2014
Within 1 year	21,727	18,981
Between 1 and 5 years	75,423	58,120
Beyond 5 years	107,977	95,844
Total	**205,127**	**172,945**

The increase compared to the previous year is chiefly attributable to the new production plant opened in Mexico in the last quarter of 2015.

The following table shows the structure of debt towards other lenders and loans, broken down by annual interest rate and currency:

	31.12.2015			31.12.2014		
(euro thousand)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Euro	68,929	156,351	225,280	21,755	307,734	329,489
US Dollar	0	36,989	36,989	0	26,708	26,708
Chinese Renmimbi	0	7,436	7,436	0	11,931	11,931
Argentine Peso	147	0	147	377	35	412
Japanese Yen	6	0	6	8	0	8
Brazilian Real	1,170	2,291	3,461	1,721	8,963	10,684
Total	**70,252**	**203,067**	**273,319**	**23,861**	**355,371**	**379,232**

The average variable rate applicable to the Group's debt is 1.95% and the average fixed rate is 1.69%.

In 2012, the Brembo Group entered into an IRS directly with the Parent Company, Brembo S.p.A., hedging the change in interest rate risk associated with a specific outstanding loan. This IRS, falling within the requirement set forth in the accounting standards relating to hedge accounting (cash flow hedge), expired on 31 December 2015.

Changes in the cash flow hedge reserve are shown below, gross of tax effects:

(euro thousand)	31.12.2015	31.12.2014
Balance at beginning of year	**(68)**	**(159)**
Movements from reserve for fair value	(3)	(38)
Movements from reserve for the payment/collection of differentials	71	129
Balance at end of year	**0**	**(68)**

Net Financial Position

The following table shows the breakdown of the net financial position at 31 December 2015 (€160,688 thousand), and at 31 December 2014 (€270,387 thousand) based on the layout prescribed by Consob Communication No. 6064293 of 28 July 2006.

	(euro thousand)	31.12.2015	31.12.2014
A	Cash	124	124
B	Other cash equivalents	201,980	205,900
C	Derivatives and securities held for trading	447	486
D	**LIQUIDITY (A+B+C)**	**202,551**	**206,510**
E	Current financial receivables	367	9,660
F	Current payables to banks	90,287	106,677
G	Current portion of non-current debt	57,111	95,928
H	Other current financial debts and derivatives	1,059	6,675
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**148,457**	**209,280**
J	**NET CURRENT FINANCIAL DEBT (I–E–D)**	**(54,461)**	**(6,890)**
K	Non-current payables to banks	211,886	271,079
L	Bonds issued	0	0
M	Other non-current financial debts and derivatives	3,263	6,198
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**215,149**	**277,277**
O	**NET FINANCIAL DEBT (J+N)**	**160,688**	**270,387**

The various components that gave rise to the change in net financial position during the current year are presented in the Statement of Cash Flows in the Report on Operations.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Social security payables	28	2,206
Payables to employees	992	9,651
Other payables	6	2,525
Total	**1,026**	**14,382**

The changes in the items “Payables to employees”, “Social security payables” and “Other payables” primarily consisted of the reclassification to “Other current liabilities” of the liability associated with the 2013-2015 three-year incentive plan, to be settled in 2016.

15. Provisions

This item is broken down as follows:

(euro thousand)	31.12.2014	Provisions	Release	Use/ fluctuations	Exchange rate consolidation area	Change in Reclassifications	31.12.2015
Provisions for contingencies and charges	10,285	10,392	(2,773)	(299)	(427)	946	18,124
of which, current	***645***						***2,830***

Provisions totalled €18,124 thousand, including product warranties amounting to €10,553 thousand, supplemental customer indemnities — in connection with the Italian agency contract — and the valuation of risks related to litigation underway, as well as an estimate of liabilities that could arise as a result of tax litigation underway.

Following the flood that struck the facility in Nanjing, China, work on resuming production was completed in the second half of the year, without any damages or delays of deliveries to customers. Accordingly, it was not necessary to continue to carry the provision for risks recognised at 30 June 2015. In early 2016, an agreement was finalised with the insurance company for indemnification of the damages.

16. Provisions for Employee Benefits

Group companies provide post-employment benefits through defined contribution plans or defined benefit plans.

In the case of defined contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.

The employees of the UK subsidiary AP Racing Ltd. have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution plan for employees hired after 1 April 2001, and the second is a defined benefit plan for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.

Brembo México S.A. de C.V., Brembo Japan Co. Ltd. and Brembo Brake India Pvt. Ltd. offer to their employees specific pension plans that qualify as a defined benefit plan.

Unfunded defined benefit plans include also the “Employees’ leaving entitlement” provided by the Group’s Italian companies, in accordance with current applicable regulations.

The value of defined benefit plans is calculated on an actuarial basis using the “Projected Unit Credit Method”. The item “Other employee provisions” also refers to other employee benefits.

Liabilities at 31 December 2015 are given in the table below:

(euro thousand)	31.12.2014	Provisions	Use/ Release	Interest expense	Exchange rate fluctuations	Change in consolidation area	Actuarial (gains)/losses	31.12.2015
Employees’ leaving entitlement	22,588	0	(1,095)	393	0	(229)	(1,146)	20,511
Defined benefit plans and other long-term benefits	9,313	212	(818)	396	510	0	(640)	8,973
Defined contribution plans	892	590	(678)	0	51	(5)	0	850
Total	**32,793**	**802**	**(2,591)**	**789**	**561**	**(234)**	**(1,786)**	**30,334**

Defined benefit plans

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
A. Change in defined benefit obligation										
1. Defined benefit obligation at the end of prior year	22,588	20,812	35,302	27,290	580	420	535	352	189	189
2. Service cost:										
Current service cost	0	0	0	0	76	50	108	70	28	28
3. Interest expense	393	711	1,387	1,300	41	34	54	37	3	2
4. Cash flows:										
Benefit payments from plan	0	0	(769)	(526)	0	0	(2)	(22)	0	0
Benefit payments from employer	(1,095)	(1,580)	0	0	(6)	(9)	(9)	(24)	(2)	(29)
5. Other significant events										
Increase (decrease) due to business combinations/acquisitions/disposals	(229)	0	0	0	0	0	0	0	0	0
6. Remeasurements:										
Effects of changes in demographic assumptions	0	0	0	0	(5)	0	0	0	0	0
Effects of changes in financial assumptions	(1,146)	3,762	(996)	5,099	0	77	(40)	47	0	0
Effects of experience adjustments (changes occurred since the previous measurement not in line with assumptions)	0	(1,117)	(416)	11	50	9	(46)	28	0	0
7. Effect of changes in foreign exchange rates	0	0	2,163	2,128	(39)	(1)	34	47	20	(1)
8. Defined benefit obligations at end of year	**20,511**	**22,588**	**36,671**	**35,302**	**697**	**580**	**634**	**535**	**238**	**189**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
B. Change in fair value of plan assets										
1. Fair value of plan assets at the end of prior year	**0**	**0**	**27,210**	**23,099**	**0**	**0**	**83**	**71**	**0**	**0**
2. Interest income	0	0	1,078	1,111	0	0	11	6	0	0
3. Cash flows:										
Total employer contributions:										
Employer contributions	0	0	625	544	0	0	97	19	0	0
Employer direct benefit payments	1,095	1,580	0	0	6	9	9	24	0	0
Benefit payments from plan	0	0	0	(526)	0	0	0	(22)	0	0
Benefit payments from employer	0	(1,580)	(769)	\0	0	(9)	(2)	(24)	0	0
Payments for plan cancellation	(1,095)	0	0	0	(6)	0	(9)	0	0	0
5. Remeasurements:										
Return on plan assets (excluding interest income)	0	0	(719)	1,272	0	0	(15)	0	0	0
6. Effect of changes in foreign exchange rates	0	0	1,664	1,710	0	0	4	9	0	0
7. Fair value of plan assets at end of year	**0**	**0**	**29,089**	**27,210**	**0**	**0**	**178**	**83**	**0**	**0**
E. Amounts recognised in the Statement of Financial Position										
1. Defined benefit obligation	20,511	22,588	36,671	35,302	697	580	634	535	238	189
2. Fair value of plan assets	0	0	29,089	27,210	0	0	178	83	0	0
3. Funded status	*20,511*	*22,588*	*7,582*	*8,092*	*697*	*580*	*456*	*452*	*238*	*189*
5. Net liability (asset)	**20,511**	**22,588**	**7,582**	**8,092**	**697**	**580**	**456**	**452**	**238**	**189**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
F. Components of defined benefit cost										
1. Service cost:										
Current service cost	0	0	0	0	76	50	108	70	28	28
Total service costs	*0*	*0*	*0*	*0*	*76*	*50*	*108*	*70*	*28*	*28*
2. Net interest expense:										
Interest expense on DBO	393	711	1,387	1,300	41	34	54	37	3	2
Interest (income) on plan assets	0	0	(1,078)	(1,111)	0	0	(11)	(6)	0	0
Total net interest expense	*393*	*711*	*309*	*189*	*41*	*34*	*43*	*31*	*3*	*2*
3. Remeasurement on other long-term benefits	0	0	0	0	0	0	(79)	29	0	0
5. Defined benefit cost included in P&L	*393*	*711*	*309*	*189*	*117*	*84*	*72*	*130*	*31*	*30*
6. Remeasurements (recognised in Other Comprehensive Income):										
Effects of changes in demographic assumptions	0	0	0	0	(5)	0	0	0	0	0
Effects of changes in financial assumptions	(1,146)	3,762	(996)	5,099	0	77	(21)	18	0	0
Effects of experience adjustments (changes occurred since the previous measurement not in line with assumptions)	0	(1,117)	(416)	11	50	9	14	28	0	0
Return on plan assets (excluding interest income)	0	0	719	(1,272)	0	0	15	0	0	0
Total remeasurements included in OCI	*(1,146)*	*2,645*	*(693)*	*3,838*	*45*	*86*	*8*	*46*	*0*	*0*
7. Total defined benefit cost recognised in P&L and OCI	**(753)**	**3,356**	**(384)**	**4,027**	**162**	**170**	**80**	**176**	**31**	**30**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
G. Net defined benefit liability (asset) reconciliation										
1. Net defined benefit liability (asset)	22,588	20,812	8,092	4,191	580	420	452	281	189	189
2. Defined benefit cost included in P&L	393	711	309	189	117	84	72	130	31	30
3. Total remeasurements included in OCI	(1,146)	2,645	(693)	3,838	45	86	8	46	0	0
4. Other significant events										
Net transfers (including the effects of business combinations/disposals)	(229)	0	0	0	0	0	0	0	0	0
5. Cash flows:										
Employer contributions	0	0	(625)	(544)	0	0	(97)	(19)	0	0
Employer direct benefit payments	(1,095)	(1,580)	0	0	(6)	(9)	(9)	(24)	(2)	(29)
7. Effect of changes in foreign exchange rates	0	0	499	419	(39)	(1)	30	38	20	(1)
8. Net defined benefit liability (asset) at the end of year	**20,511**	**22,588**	**7,582**	**8,093**	**697**	**580**	**456**	**452**	**238**	**189**
H. Defined benefit obligation										
1. Defined benefit obligation by participant status										
Actives	20,511	22,588	0	0	697	580	633	535	0	0
Vested deferred	0	0	22,991	22,552	0	0	0	0	0	0
Retirees	0	0	13,681	12,750	0	0	0	0	0	0
Total	**20,511**	**22,588**	**36,672**	**35,302**	**697**	**580**	**633**	**535**	**0**	**0**
I. Plan assets										
1. Fair value of plan assets										
Cash and cash equivalents	0	0	10	108	0	0	0	0	0	0
Equity instruments	0	0	17,182	15,725	0	0	0	0	0	0
Debt instruments	0	0	11,899	11,379	0	0	0	0	0	0
Assets held by insurance company	0	0	0	0	0	0	177	83	0	0
Total	**0**	**0**	**29,091**	**27,212**	**0**	**0**	**177**	**83**	**0**	**0**
2. Fair value of assets that have quoted market prices										
Cash and cash equivalents	0	0	10	108	0	0	0	0	0	0
Equity instruments	0	0	17,182	15,725	0	0	0	0	0	0
Debt instruments	0	0	11,899	11,379	0	0	0	0	0	0
Total	**0**	**0**	**29,091**	**27,212**	**0**	**0**	**0**	**0**	**0**	**0**

(euro thousand)	Unfunded Plan (Employee's leaving entitlement)		Funded Plan (Ap Racing plan)		Brembo México plan		Brembo Brake India plan		Brembo Japan plan	
End of financial year	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
J. Significant actuarial assumptions										
Weighted-average assumptions to determine benefit obligations										
1. Discount rate	2.10%	1.80%	3.85%	3.70%	7.00%	7.00%	7.75%	8.00%	0.85%	1.00%
2. Rate of salary increase	0.00%	N/A	N/A	N/A	4.50%	4.50%	9.50%	11.00%	N/A	N/A
3. Rate of price inflation	0.00%	1.75%	3.30%	3.20%	0.00%	3.50%	0.00%	0.00%	0.00%	0.00%
4. Rate of expected salary increases	1.50%	N/A	3.30%	3.20%	3.50%	0.00%	0.00%	0.00%	2.00%	2.00%
Weighted-average assumptions to determine defined benefit cost										
1. Discount rate	1.80%	3.50%	3.70%	4.65%	7.00%	8.00%	8.00%	9.10%	N/A	N/A
2. Rate of salary increase	0.00%	0.00%	N/A	N/A	4.50%	4.50%	11.00%	11.00%	N/A	N/A
3. Rate of price inflation	0.00%	2.00%	3.20%	3.35%	0.00%	3.50%	0.00%	0.00%	N/A	N/A
4. Rate of expected salary increases	1.75%	0.00%	3.20%	3.25%	3.50%	0.00%	0.00%	0.00%	N/A	N/A

By applying a uniform change in the discount rate by ± 25 basis points, the consolidated liabilities would have been respectively lower/higher by approximately €2.3 million compared to the base liabilities value of €58.5 million.

The average duration of the plans is 16.05 years.

17. Trade payables

At 31 December 2015, trade payables were as follows:

(euro thousand)	31.12.2015	31.12.2014
Trade payables	341,581	296,347
Payables to associates and joint ventures	8,360	12,630
Total	**349,941**	**308,977**

The increase in this item is related to the expansion of the normal operating activities in the year.

18. Tax Payables

This item reflects the net amount due for the current taxes of the Group's companies.

(euro thousand)	31.12.2015	31.12.2014
Tax payables	14,052	14,385

19. Other Current Payables

Other current payables at 31 December 2015 are given in the table below:

(euro thousand)	31.12.2015	31.12.2014
Tax payables other than current taxes	8,636	8,900
Social security payables	18,945	14,552
Payables to employees	52,234	37,674
Other payables	27,102	23,084
Total	**106,917**	**84,210**

The items "Payables to employees", "Social security payables" and "Other payables" primarily include the reclassification from "Other non-current liabilities" of the liability for the three-year incentive plan 2013-2015 to be settled in 2016.

The item "Other payables" also includes deferred income relating to a public grant received by Brembo Poland Spolka Zo.o. for the construction of the new foundry which is recognised through profit or loss in accordance with the relevant depreciation plan.

CONSOLIDATED STATEMENT OF INCOME

20. Sales of Goods and Services

Breakdown of sales of goods and services was as follows:

(euro thousand)	31.12.2015	31.12.2014
Italy	247,652	242,130
Abroad	1,825,594	1,561,205
Total	**2,073,246**	**1,803,335**

The breakdown of Group sales by geographic area of destination and by application is provided in the Directors' Report on Operations.

21. Other Revenues and Income

These are made up of:

(euro thousand)	31.12.2015	31.12.2014
Miscellaneous recharges	6,365	5,640
Gains on disposal of assets	1,058	1,534
Miscellaneous grants	2,217	2,872
Other revenues	4,119	3,869
Total	**13,759**	**13,915**

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the year, amounting to €11,982 thousand (€10,720 thousand in 2014).

23. Cost of Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Purchase of raw materials, semi-finished and finished products	958,662	848,432
Purchase of consumables	95,142	80,292
Total	**1,053,804**	**928,724**

24. Non-Financial Interest Income (Expense) from Investments

Non-financial interest income (expense) from investments amounted to €9,391 thousand, attributable for €8,841 thousand (€6,442 thousand in 2014) to the effects of valuing the investment in the BSCCB Group using the equity method (whose operations are included in the Group's operating activities), for €3,122 thousand to the gain from the disposal of Belt & Buckle S.r.o. to third parties and €2,572 thousand to the loss from the disposal of Sabelt S.p.A. to minority shareholders.

25. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Transports	55,485	46,819
Maintenance, repairs and utilities	88,858	80,276
Contracted work	66,389	61,961
Rent	29,830	25,246
Other operating costs	97,724	82,002
Total	**338,286**	**296,304**

This item mainly includes the costs of travels, quality-related costs, insurance costs, as well as fees for legal, technical and commercial consulting.

26. Personnel Expenses

Breakdown of personnel expenses is as follows:

(euro thousand)	31.12.2015	31.12.2014
Wages and salaries	255,180	234,176
Social security contributions	57,459	54,322
Employees' leaving entitlement and other personnel provisions	10,751	9,842
Other costs	32,979	31,244
Total	**356,369**	**329,584**

The average number and the year-end number of Group employees by category were as follows:

	Managers	White-collar	Blue-collar	Total
2015 average	111	2,392	5,337	**7,840**
2014 average	110	2,290	5,243	**7,643**
Change	**1**	**102**	**94**	**197**
Total at 31 December 2015	112	2,450	5,305	**7,867**
Total at 31 December 2014	111	2,316	5,263	**7,690**
Change	**1**	**134**	**42**	**177**

At 31 December 2014, headcount also included 178 employees of the companies Sabelt S.p.A. and Belt & Buckle S.r.o. which at 31 December 2015 are no longer comprised in the consolidation area.

27. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Amortisation of intangible assets:		
Development costs	9,689	10,802
Industrial patents and similar rights for original work	940	1,156
Licences, trademarks and similar rights	292	400
Other intangible assets	4,819	4,763
Total	**15,740**	**17,121**
Depreciation of property, plant and equipment:		
Buildings	9,751	8,295
Leased buildings	29	458
Plant and machinery	63,565	58,494
Leased plant and machinery	51	839
Industrial and commercial equipment	12,491	9,337
Leased industrial and commercial equipment	2	3
Other property, plant and equipment	3,015	2,372
Other leased property, plant and equipment	59	47
Total	**88,963**	**79,845**
Impairment losses:		
Property, plant and equipment	2,940	253
Intangible assets	994	4,132
Total	**3,934**	**4,385**
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	**108,637**	**101,351**

Comments on impairment losses are provided in the notes to the Statement of Financial Position items.

28. Net Interest Income (Expense)

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Exchange rate gains	33,105	47,510
Interest income from employee's leaving entitlement and other personnel provisions	1,077	1,110
Interest income	2,408	3,857
Total interest income	**36,590**	**52,477**
Exchange rate losses	(28,505)	(48,510)
Interest expense from employees' leaving entitlement and other personnel provisions	(1,866)	(2,077)
Interest expense	(14,020)	(15,568)
Total interest expense	**(44,391)**	**(66,155)**
TOTAL NET INTEREST INCOME (EXPENSE)	**(7,801)**	**(13,678)**

29. Interest Income (Expense) from Investments

An analysis of the item is provided in the comment on the Statement of Financial Position item presented in Note 3 of these Explanatory notes.

30. Taxes

This item is broken down as follows:

(euro thousand)	31.12.2015	31.12.2014
Current taxes	60,069	42,532
Deferred tax (assets) and liabilities	(2,917)	(6,455)
Estimated tax payables and taxes from previous years	542	155
Total	**57,694**	**36,232**

The following is a reconciliation of theoretical and actual tax burden:

(euro thousand)	31.12.2015	31.12.2014
Theoretical income taxes	53,607	38,050
Prior years' taxes	542	85
Tax incentive effects	(14,438)	(9,707)
Unallocated DTA effect	7,440	(4,699)
Other differences	6,602	5,967
Current and deferred taxes (excluding IRAP)	**53,753**	**29,696**
Current and deferred IRAP	3,941	6,536
Total	**57,694**	**36,232**

The Group's tax rate was 23.7% (22.0% at 31 December 2014).

31. Earnings per Share

Basic earnings per share were €2.83 at 31 December 2015 (€1.98 at 31 December 2014), and were calculated by dividing the net result for the year attributable to holders of ordinary equity instruments of the Parent Company by the weighted average number of ordinary shares outstanding in 2015, amounting to 65,037,450 (65,037,450 in 2014). The weighted average did not change since no share capital transactions took place during the reporting year.

Diluted earnings per share are identical to basic earnings per share inasmuch as no diluting transactions were undertaken.

32. Related Parties

The Group carries out transactions with parent companies, subsidiaries, associates, joint ventures, directors, key management personnel and other related parties. The Parent Company Brembo S.p.A. is a subsidiary of Nuova FourB S.r.l., which holds 53.522% of its share capital. Brembo did not engage in dealings with its parent in 2015, except for the dividend distribution.

Information pertaining to the fees paid to Directors, Statutory Auditors and General Manager (position held by the Chief Executive Officer) of Brembo S.p.A. and of other Group companies and additional information required is reported below:

(euro thousand)	31.12.2015 Directors	31.12.2015 Auditors	31.12.2014 Directors	31.12.2014 Auditors
Emoluments for the office held	2,010	216	1,980	209
Participation in committees and specific tasks	100	0	88	0
Salaries and other incentives	5,699	0	6,533	0

The item "Salaries and other incentives" includes the estimate of the cost of the 2013-2015 plan accrued in 2015, compensation paid as salaries for the function of employee and provisions for bonuses still to be paid.

The following table provides a summary of related party transactions with reference to balances of the Statement of Financial Position and Statement of Income.

(euro thousand)	31.12. 2015						31.12.2014					
		RELATED PARTIES						RELATED PARTIES				
a) Weight of transactions or positions with related parties on items of the Statement of Financial Position	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**
Other financial assets (including vestments in other companies and derivatives)	11,631	9,710	0	0	9,710	83.5%	1,180	0	0	0	0	0.0%
Trade receivables	311,217	3,302	1,144	2,081	77	1.1%	286,893	3,353	1,135	2,155	63	1.2%
Current financial assets and derivatives	814	0	0	0	0	0.0%	10,146	9,484	0	0	9,484	93.5%
Cash and cash equivalents	202,104	14,405	14,405	0	0	7.1%	206,024	19,904	19,904	0	0	9.7%
Non-current payables to banks	(211,886)	(1,796)	(1,796)	0	0	0.8%	(271,079)	(14,212)	(14,212)	0	0	5.2%
Other non-current liabilities	(1,026)	0	0	0	0	0.0%	(14,382)	(4,945)	(4,945)	0	0	34.4%
Provisions for employee benefits	(30,334)	(7,627)	(7,627)	0	0	25.1%	(32,793)	(8,136)	(8,136)	0	0	24.8%
Current payables to banks	(147,398)	(16,878)	(16,878)	0	0	11.5%	(202,605)	(33,363)	(33,363)	0	0	16.5%
Trade payables	(349,941)	(9,740)	(1,380)	(8,099)	(261)	2.8%	(308,977)	(14,491)	(1,861)	(12,369)	(261)	4.7%
Other current payables	(106,917)	(11,980)	(11,853)	(127)	0	11.2%	(84,210)	(2,064)	(1,936)	(128)	0	2.5%

	31.12. 2015						31.12.2014					
		RELATED PARTIES						RELATED PARTIES				
b) Weight of transactions or positions with related parties on items of the Statement of Income	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**	**Carrying value**	**Total**	**Other***	**Joint ventures**	**Associates**	**%**
Sales of goods and services	2,073,246	5,110	4,652	446	12	0.2%	1,803,335	4,608	4,230	372	6	0.3%
Other revenues and income	13,759	3,369	123	3,085	161	24.5%	13,915	3,344	5	3,178	161	24.0%
Raw materials, consumables and goods	(1,053,804)	(74,762)	(221)	(74,010)	(531)	7.1%	(928,724)	(64,078)	(404)	(63,343)	(331)	6.9%
Other operating costs	(338,286)	(6,347)	(5,499)	(296)	(552)	1.9%	(296,304)	(6,597)	(5,828)	(55)	(714)	2.2%
Personnel expenses	(356,369)	(5,583)	(5,583)	0	0	1.6%	(329,584)	(6,154)	(6,154)	0	0	1.9%
Net interest income (expense)	(7,801)	(501)	(726)	(1)	226	6.4%	(13,678)	(571)	(821)	(1)	251	4.2%

* Other related parties include key management personnel of the entity and other related parties.

Sales of products, supply of services and the transfers of fixed assets between Group companies were carried out at prices reflecting fair market conditions, as is customary. The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the company. From a financial standpoint, the company's subsidiaries operate independently, although some benefit from various forms of centralised financing. Since 2008, a zero-balance cash-pooling system has been effective, with Brembo S.p.A. as the pool leader. In 2013, an additional cash pooling arrangement was put in place, denominated in CNY, with Brembo Nanjing Foundry Co. Ltd. as pooler and Brembo Nanjing Brake Systems Co. Ltd. and Qingdao Brembo Trading Co. Ltd. as participants. The cash pooling is entirely based in China, and Citibank Nanjing is the service provider.

33. Segment Report

Based on the IFRS 8 definition, an operating segment is a component of an entity:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which discrete financial information is available.

In light of such definition, the Brembo Group's operating segments are five Divisions/Business Units: Discs, Systems, Motorbikes, Performance Group, After Market.
Each Division/Business Unit Director reports to the top management and periodically discusses with them operating activities, financial statements results, forecasts or plans.

The Group thus aggregated the operating segments as follows for the purposes of financial reporting:

1. Discs -Systems - Motorbikes
2. After Market - Performance Group.

The segments that are included in each aggregate are similar in terms of:

a) the nature of products (braking systems);
b) the nature of production processes (melting process, subsequent processing for finishing and assembly);
c) the type of customers (manufacturers for Group 1 and distributors for Group 2);
d) the methods used to distribute the products (targeted to manufacturers for Group 1 and through distribution chains for Group 2;
e) economic characteristics (average gross margins and long-term turnover).

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had three customers in 2015 who accounted for over 10% of consolidated net revenues. None of the single car manufacturers comprising such groups exceeded this limit.

The following table shows segment information on sales of goods and services and results at 31 December 2015 and 31 December 2014:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Sales	2,087,724	1,811,798	1,799,376	1,545,442	293,225	272,394	(3,247)	(2,753)	(1,630)	(3,285)
Allowances and discounts	(25,436)	(18,941)	(9,881)	(6,807)	(15,552)	(12,133)	0	0	(3)	(1)
Net sales	**2,062,288**	**1,792,857**	**1,789,495**	**1,538,635**	**277,673**	**260,261**	**(3,247)**	**(2,753)**	**(1,633)**	**(3,286)**
Transport costs	16,437	17,245	12,583	13,460	3,854	3,785	0	0	0	0
Variable production costs	1,330,733	1,183,277	1,158,305	1,027,618	177,079	159,465	(3,247)	(2,753)	(1,404)	(1,053)
Contribution margin	**715,118**	**592,335**	**618,607**	**497,557**	**96,740**	**97,011**	**0**	**0**	**(229)**	**(2,233)**
Fixed production costs	268,432	239,512	246,940	216,040	17,478	23,041	(7)	(6)	4,021	437
Production gross operating income	**446,686**	**352,823**	**371,667**	**281,517**	**79,262**	**73,970**	**7**	**6**	**(4,250)**	**(2,670)**
BU personnel costs	122,730	109,032	77,578	65,754	37,518	36,708	0	0	7,634	6,570
BU gross operating income	**323,956**	**243,791**	**294,089**	**215,763**	**41,744**	**37,262**	**7**	**6**	**(11,884)**	**(9,240)**
Costs for Central Functions	72,509	71,880	53,939	49,665	10,421	10,896	0	0	8,149	11,319
Operating income (loss)	**251,447**	**171,911**	**240,150**	**166,098**	**31,323**	**26,366**	**7**	**6**	**(20,033)**	**(20,559)**
Extraordinary costs and revenues	(4,328)	(969)	0	0	0	0	0	0	(4,328)	(969)
Financial costs and revenues	(9,248)	(14,775)	0	0	0	0	0	0	(9,248)	(14,775)
Interest income (expense) from investments	6,399	6,602	0	0	0	0	0	0	6,399	6,602
Non-operating costs and revenues	(771)	2,147	0	0	0	0	0	0	(771)	2,147
Result before taxes	**243,499**	**164,916**	**240,150**	**166,098**	**31,323**	**26,366**	**7**	**6**	**(27,981)**	**(27,554)**
Taxes	(57,694)	(36,232)	0	0	0	0	0	0	(57,694)	(36,232)
Result before minority interests	**185,805**	**128,684**	**240,150**	**166,098**	**31,323**	**26,366**	**7**	**6**	**(85,675)**	**(63,786)**
Minority interests	(1,843)	370	0	0	0	0	0	0	(1,843)	370
Net result	**183,962**	**129,054**	**240,150**	**166,098**	**31,323**	**26,366**	**7**	**6**	**(87,518)**	**(63,416)**

A reconciliation between the annual Consolidated Financial Statements and the above information is provided below:

(euro thousand)	31.12.2015	31.12.2014
SALES OF GOODS AND SERVICES	**2,073,246**	**1,803,335**
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(14,057)	(11,988)
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	490	911
Effect of adjustment of transactions among consolidated companies	670	(151)
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	2,777	3,719
Other	(838)	(2,969)
NET SALES	**2,062,288**	**1,792,857**

(euro thousand)	31.12.2015	31.12.2014
NET OPERATING INCOME	**251,282**	**178,449**
Differences in preparation criteria of internal and statutory reports	9,135	(925)
Non-financial interest income (expense) from investments	(9,391)	(6,442)
Claim compensation and subsidies	(728)	(1,507)
Capital gains/losses on disposal of assets (in the segment report they are included in “Non-operating costs and revenues”)	(470)	256
Different classification of the provision for risks (in the segment report they are included in "Non-operating costs and revenues")	0	500
Different classification of banking expenses (in the segment report it is included in "Financial costs and revenues")	1,453	1,082
Other	166	498
OPERATING RESULT	**251,447**	**171,911**

The breakdown of Group sales by geographic area of destination and by application is provided in the Directors' Report on Operations.

Statement of Financial Position data at 31 December 2015 and 31 December 2014 are provided in the tables below:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Property, plant and equipment	589,777	539,977	548,779	488,252	34,706	43,451	33	25	6,259	8,249
Intangible assets	58,448	55,684	35,812	33,044	15,850	15,784	0	0	6,786	6,856
Financial assets and other non-current assets/liabilities	95,145	76,116	341	556	0	0	13,146	3,600	81,658	71,960
(a) Total fixed assets	**743,370**	**671,777**	**584,932**	**521,852**	**50,556**	**59,235**	**13,179**	**3,625**	**94,703**	**87,065**
Inventories	247,316	230,594	180,446	159,427	68,889	74,282	(101)	(101)	(1,918)	(3,014)
Current assets	351,054	321,098	265,314	246,859	60,292	49,641	(29,858)	(20,903)	55,306	45,501
Current liabilities	(474,014)	(403,439)	(336,162)	(287,761)	(62,328)	(56,240)	29,858	20,903	(105,382)	(80,341)
Provisions for contingencies and charges and other provisions	(17,865)	(12,305)	0	0	0	0	0	0	(17,865)	(12,305)
(b) Net working capital	**106,491**	**135,948**	**109,598**	**118,525**	**66,853**	**67,683**	**(101)**	**(101)**	**(69,859)**	**(50,159)**
NET INVESTED OPERATING CAPITAL (a+b)	**849,861**	**807,725**	**694,530**	**640,377**	**117,409**	**126,918**	**13,078**	**3,524**	**24,844**	**36,906**
IAS adjustments	28,708	31,785	53	32	0	4,250	0	0	28,655	27,503
NET INVESTED CAPITAL	**878,569**	**839,510**	**694,583**	**640,409**	**117,409**	**131,168**	**13,078**	**3,524**	**53,499**	**64,409**
Group equity	681,852	530,973	0	0	0	0	0	0	681,852	530,973
Minority interests	5,695	5,357	0	0	0	0	0	0	5,695	5,357
(d) Equity	**687,547**	**536,330**	**0**	**0**	**0**	**0**	**0**	**0**	**687,547**	**536,330**
(e) Provisions for employee benefits	**30,334**	**32,793**	**0**	**0**	**0**	**0**	**0**	**0**	**30,334**	**32,793**
Medium/long-term financial debt	215,149	277,277	0	0	0	0	0	0	215,149	277,277
Short-term financial debt	(54,461)	(6,890)	0	0	0	0	0	0	(54,461)	(6,890)
(f) Net financial debt	**160,688**	**270,387**	**0**	**0**	**0**	**0**	**0**	**0**	**160,688**	**270,387**
(g) COVERAGE (d+e+f)	**878,569**	**839,510**	**0**	**0**	**0**	**0**	**0**	**0**	**878,569**	**839,510**

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly consist of the value of shareholdings;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.

34. Information about the Group

The key figures of Group companies are commented upon in the section of the Directors' Report on Operations "Group Structure and Performance of Brembo companies".

COMPANY	HEADQUARTERS		SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES	
Brembo S.p.A.	Curno (Bergamo)	Italy	Eur	34,727,914		
AP Racing Ltd.	Coventry	United Kingdom	Gbp	135,935	100%	Brembo S.p.A.
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany	Eur	25,000	100%	Brembo S.p.A.
Brembo North America Inc.	Wilmington, Delaware	USA	Usd	33,798,805	100%	Brembo S.p.A.
Brembo Nanjing Foundry Co. Ltd.	Nanjing	China	Cny	315,007,990	100%	Brembo S.p.A.
Brembo Czech S.r.o.	Ostrava-Hrabová	Czech Republic	Czk	605,850,000	100%	Brembo S.p.A.
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy	Eur	100,000	100%	Brembo S.p.A.
Qingdao Brembo Trading Co. Ltd.	Qingdao	China	Cny	1,365,700	100%	Brembo S.p.A.
Brembo Japan Co. Ltd.	Tokyo	Japan	Jpy	11,000,000	100%	Brembo S.p.A.
Brembo Poland Spolka Zo.o.	Dabrowa Górnizca	Poland	Pln	144,879,500	100%	Brembo S.p.A.
Brembo Scandinavia A.B.	Göteborg	Sweden	Sek	4,500,000	100%	Brembo S.p.A.
Brembo Beijing Brake Systems Co. Ltd.	Beijing	China	Cny	125,333,701	100%	Brembo S.p.A.
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China	Cny	177,022,179	100%	Brembo S.p.A.
Brembo Russia LLC.	Moscow	Russia	Rub	1,250,000	100%	Brembo S.p.A.
Brembo Argentina S.A.	Buenos Aires	Argentina	Ars	113,171,200	98,62%	Brembo S.p.A.
					1,38%	Brembo do Brasil Ltda.
Brembo México S.A. de C.V.	Apodaca	Mexico	Usd	20,428,836	49%	Brembo S.p.A.
					51%	Brembo North America Inc.
Brembo Brake India Pvt. Ltd.	Pune	India	Inr	140,000,000	99,99%	Brembo S.p.A.
Brembo do Brasil Ltda.	Betim	Brazil	Brl	37,803,201	99,99%	Brembo S.p.A.
Corporacion Upwards '98 S.A.	Saragoza	Spain	Eur	498,043	68%	Brembo S.p.A.
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy	Eur	4,000,000	50%	Brembo S.p.A.
Innova Tecnologie S.r.l. in liquidazione	Almenno S. Bartolomeo (Bergamo)	Italy	Eur	100,000	30%	Brembo S.p.A.
Petroceramics S.p.A.	Milan	Italy	Eur	123,750	20%	Brembo S.p.A.
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany	Eur	25,000	100%	Brembo SGL Carbon Ceramic Brakes S.p.A.

35. Independent Auditors' Fees

Details on the fees paid to the independent audit firm and other companies within its network pursuant to Article 149-duodecies of the Implementation Rules of Italian Legislative Decree No. 58 of 24 February 1998 are provided below:

(euro thousand)	31.12.2015	31.12.2014
Independent Auditors' fees for the provision of audit services:		
— to the Parent Company Brembo S.p.A.	210	222
— to the subsidiaries	0	16
— to the subsidiaries (services provided by the network)	343	344
Independent Auditors' fees for the provision of auditing services for issuing attestation:		
— to the Parent Company Brembo S.p.A.	36	46
Independent Auditors' fees for the provision of other services:		
— to the subsidiaries (services provided by the network)	75	101
Fees of entities belonging to the Independent Auditors' network for the provision of services:		
— to the Parent Company Brembo S.p.A.	101	97
— other services rendered to subsidiaries	38	89

36. Commitments

The Group had no commitments at the closing date of the 2015 Financial Statements.

37. Position or Transactions from Atypical and/or Unusual Operations

Pursuant to Consob Notice No. 6064293 dated 28 July 2006, it is hereby specified that during 2015 the company has not carried out any atypical and/or unusual transactions, as defined by the said Notice.

38. Disposal of Shareholdings Held Pursuant to IFRS 10

On 30 April 2015, Sabelt S.p.A. sold to the minority shareholders its 70% stake in Belt & Buckle S.r.o. which, as of 1 May 2015, was excluded from the Group's consolidation area.

On 12 June 2015, Brembo S.p.A. signed an agreement with the minority shareholders to sell its 65% controlling stake in Sabelt S.p.A. As a result of the agreement, which became effective retroactively from 1 June 2015, Sabelt S.p.A. was excluded from the Group's consolidation area.

The following table provides a breakdown of the assets and liabilities that have been disposed of:

(euro thousand)	BELT & BUCKLE S.R.O.	SABELT S.P.A.
Property, plant and equipment	354	4,425
Intangible assets	153	4,640
Net financial assets	0	1
Other receivables and non-current liabilities	(18)	0
Inventories	654	5,090
Trade receivables	2,650	9,963
Other receivables and current assets	94	1,244
Current liabilities	(2,071)	(14,006)
Provisions / deferred taxes	0	(720)
Minority interests	(419)	(1,654)
Employees' leaving entitlement and other personnel provisions	(5)	(229)
Medium/long-term financial debt	0	(1,416)
Cash and cash equivalents	(414)	(4,266)
TOTAL ASSETS/LIABILITIES DISPOSED OF	**978**	**3,072**
Consideration	4,100	500
Gains (losses) recognised in the item "Non-financial interest income (expense) from investments"	3,122	(2,572)
Disposal of subsidiaries, net of cash disposed of	4,514	4,566

The revenues of the two companies disposed of included in these Condensed Financial Statements until the date of disposal amounted to €17,571 overall, accounting for 0.8% of the Group's turnover.

39. Significant Events after 31 December 2015

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 public company Langfang Assets Operation Co. Ltd. The Group believes it highly likely that the closing of the transaction will take place by the first quarter of 2016.

No other significant events occurred after the end of 2015 and up to 3 March 2016.

Stezzano, 3 March 2016

On behalf of the Board of Directors
The Chairman
Alberto Bombassei

Aluminium Genesi Marchesini motorbike rims, inspired by Giacomo Balla, Futurism.
Illustration by Luca Savorani.

Multidirectional forging of the aluminium alloy and the use of optimised dies for final wheel geometry yield a very light material with exceptional mechanical characteristics.

STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors on the Consolidated Financial Statements for the Year Ended 31 December 2015

Shareholders of the Parent Company, Brembo S.p.A., this Statutory Auditors' Report concerns Brembo Group's Consolidated Financial Statements.

This Report was prepared in accordance with the tasks assigned to the Board of Statutory Auditors by Legislative Decree No. 58 of 24 February 1998 and Legislative Decree No. 39 of 27 January 2010. In this regard, it refers to the Directors' Report on Operations accompanying the Financial Statements at 31 December 2015 of the Parent Company Brembo S.p.A.

Based on these assumptions, the Board of Statutory Auditors notes as follows:

- it has obtained information and verified, within the limits of its competence, that the organisational structure of the company complies with the principles of proper administration. It has obtained information by direct observation, discussions with the executives involved in corporate duties, and from meetings with the Independent Auditors Reconta Ernst & Young S.p.A., focused on a mutual exchange of relevant data and information;
- it has received from the Board of Directors, within the time limit prescribed by law, the Annual Report, consisting of the Directors' Report on Operations, the separate Financial Statements of the Parent Company Brembo S.p.A. for 2015 and the Consolidated Financial Statements for 2015;
- it has acknowledged that the Consolidated Financial Statements and the Directors' Report on Operations have been prepared in compliance with relevant laws;
- it has verified that the Financial Statements of the main subsidiaries have been audited by independent auditors;
- it has acknowledged the Independent Auditors' Report issued on 21 March 2016, which does not present any points of issue.

During the monitoring activity, no significant facts have emerged that need to be mentioned in this Report.

Brembo Group's Consolidated Financial Statements for the year ended 31 December 2015 were prepared in accordance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2014, issued by the International Accounting Standard Board (IASB) and adopted by EC Regulations.

The comparative figures at 31 December 2014 have been restated according to the same principles as those used at 31 December 2015.

The Consolidated Financial Statements submitted to the forthcoming General Shareholders' Meeting for their analysis include the following summary results, expressed in thousands of euro:

Statement of Financial Position

(euro thousand)

Non-current assets	786,366
Current assets	798,182
Non-current assets held for sale and/or disposal Groups and/or discontinued operations	–
Total assets	**1,584,548**
Equity and liabilities	
Equity	687,547
Non-current liabilities	274,804
Current liabilities	622,197
Non-current liabilities held for sale and/or included in discontinued operations	–
Total equity and liabilities	**1,584,548**

Statement of Income

(euro thousand)

Gross operating income	359,919
Net operating income	251,282
Result before taxes	243,499
Net result before minority interests	185,805
Group net result	**183,962**

In our opinion, the 2015 Consolidated Financial Statements present a fair picture of Brembo Group's equity, financial situation and operating result for the year ended 31 December 2015, in compliance with the above-mentioned accounting standards and regulations for the Consolidated Financial Statements.

In conclusion, the Board of Statutory Auditors deems the Directors' Report on Group Operations correct, comprehensive and consistent with the Consolidated Financial Statements. Furthermore, in completion of this report, we refer you to the report drawn up by the Board of Statutory Auditors on the Separate Financial Statements of Brembo S.p.A. at and for the year ended 31 December 2015, which contains all information requested by the supervisory authority and applicable laws and regulations.

Stezzano, 21 March 2016

BOARD OF STATUTORY AUDITORS
signed Raffaella Pagani *(Chairwoman)*
signed Milena Motta *(Acting Auditor)*
signed Sergio Pivato *(Acting Auditor)*

Illustration by Luca Savorani.

Brembo F1 braking system

inspired by **Juan Gris**
Cubism

This system is composed of a carbon-fibre disc and six-piston brake caliper. Synergistic studies by Brembo's engineers and F1 teams allowed the design of the ventilation holes to be taken to the extreme, with a clear improvement in heat dissipation.

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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of Brembo S.p.A

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Brembo Group, which comprise the statement of the financial position as at 31 December 2015, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Brembo S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Group Brembo as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European

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Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Brembo S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of Brembo Group as at 31 December 2015.

Bergamo, 21 March 2016

Reconta Ernst & Young S.p.A.
Signed by: Claudio Ferigo, partner

This report has been translated into the English language solely for the convenience of international readers.

Attestation of the Consolidated Financial Statements Pursuant to Article 81-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We the undersigned, Alberto Bombassei, in his capacity as Chairman, and Matteo Tiraboschi, in his capacity as Manager in Charge of the Financial Reports of Brembo S.p.A., hereby declare, pursuant to the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for preparing the consolidated financial statements for the period from 1 January to 31 December 2015:
    - are appropriate in relation to the company features; and
    - have been consistently applied.
2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the Consolidated Financial Statements at 31 December 2015 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.
3. The undersigned further declare that:

    3.1 the Consolidated Financial Statements:

    a) have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;

    b) reflect the accounting books and records; and

    c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

    3.2 The Report on Operations includes a reliable analysis of the operating performance and results, as well as the condition of the issuer and the aggregate of the companies included in the consolidation area, along with a description of the main risks and uncertainties to which they are exposed.

3 March 2016

Alberto Bombassei
Chairman

Matteo Tiraboschi
Manager in Charge of the Company's Financial Reports

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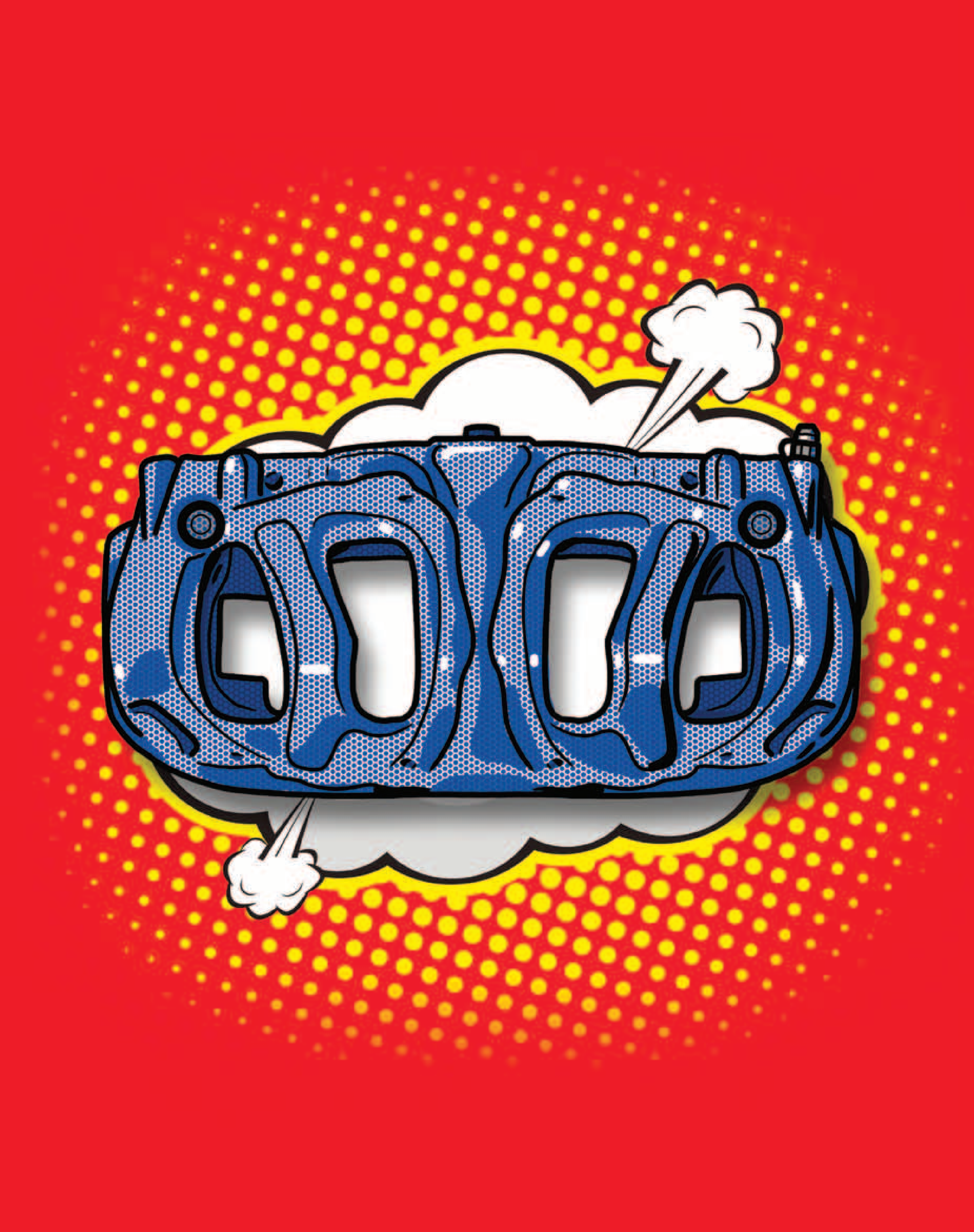
Brembo B-M8 car brake caliper, inspired by Roy Lichtenstein, Pop Art.
Illustration by Fabrizio Spadini

4D technology has allowed Brembo to devise a completely different design from the approach typically taken to this type of caliper.



Work inspired by Mario Sironi, Il Novecento Italiano.
Illustration by Fabrizio Spadini.

Separate Financial Statements **2015**

FINANCIAL STATEMENTS OF BREMBO S.P.A. AT 31 DECEMBER 2015

Statement of Financial Position of Brembo S.p.A.

ASSETS

(euro)	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
NON-CURRENT ASSETS					
Property, plant, equipment and other equipment	121,970,397		119,933,069		2,037,328
Development costs	39,614,818		38,203,645		1,411,173
Other intangible assets	11,911,779		11,190,906		720,873
Shareholdings	253,911,063		261,790,170		(7,879,107)
Other financial assets (including investments in other companies and derivatives)	10,517,429	*9,781,017*	543,499	*162,485*	9,973,930
Receivables and other non-current assets	178,783		178,783		0
Deferred tax assets	13,401,652		9,550,204		3,851,448
TOTAL NON-CURRENT ASSETS	**451,505,921**		**441,390,276**		**10,115,645**
CURRENT ASSETS					
Inventories	100,359,043		95,462,717		4,896,326
Trade receivables	155,475,372	*45,405,823*	136,009,230	*39,777,548*	19,466,142
Other receivables and current assets	14,313,249		12,637,670		1,675,579
Current financial assets and derivatives	35,145,757	*34,634,097*	29,713,382	*29,162,420*	5,432,375
Cash and cash equivalents	57,263,150	*12,743,804*	103,428,754	*19,052,689*	(46,165,604)
TOTAL CURRENT ASSETS	**362,556,571**		**377,251,753**		**(14,695,182)**
TOTAL ASSETS	**814,062,492**		**818,642,029**		**(4,579,537)**

EQUITY AND LIABILITIES

(euro)	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
EQUITY					
Share capital	34,727,914		34,727,914		0
Other reserves	130,670,191		119,266,728		11,403,463
Retained earnings/(losses)	40,751,626		34,657,526		6,094,100
Net result	103,312,837		68,824,318		34,488,519
TOTAL EQUITY	**309,462,568**		**257,476,486**		**51,986,082**
NON-CURRENT LIABILITIES					
Non-current payables to banks	167,264,097	*1,795,762*	193,648,696	*14,212,434*	(26,384,599)
Other non-current financial payables and derivatives	1,452,383		26,755,229	*24,000,000*	(25,302,846)
Other non-current liabilities	119,956		12,657,742	*4,944,925*	(12,537,786)
Provisions	5,804,993		4,934,583		870,410
Provisions for employee benefits	20,048,037	*45,775*	21,709,766	*45,212*	(1,661,729)
TOTAL NON-CURRENT LIABILITIES	**194,689,466**		**259,706,016**		**(65,016,550)**
CURRENT LIABILITIES					
Current payables to banks	43,172,228	*12,378,280*	60,227,361	*19,813,116*	(17,055,133)
Other current financial payables and derivatives	45,472,010	*44,834,103*	65,428,845	*61,520,432*	(19,956,835)
Trade payables	144,270,442	*17,157,978*	121,645,741	*17,395,877*	22,624,701
Tax payables	6,822,538		7,810,446		(987,908)
Provisions	2,830,000		645,000		2,185,000
Other current liabilities	67,343,240	*11,675,668*	45,702,134	*2,064,499*	21,641,106
TOTAL CURRENT LIABILITIES	**309,910,458**		**301,459,527**		**8,450,931**
TOTAL LIABILITIES	**504,599,924**		**561,165,543**		**(56,565,619)**
TOTAL EQUITY AND LIABILITIES	**814,062,492**		**818,642,029**		**(4,579,537)**

Statement of Income of Brembo S.p.A.

(euro)	31.12.2015	*of which with related parties*	31.12.2014	*of which with related parties*	Change
Sales of goods and services	**780,801,597**	***105,095,348***	**713,356,511**	***96,250,803***	**67,445,086**
Other revenues and income	32,983,575	*27,236,184*	26,904,277	*20,907,932*	6,079,298
Costs for capitalised internal works	11,325,565		9,600,541		1,725,024
Raw materials, consumables and goods	(356,716,036)	*(88,901,752)*	(336,148,309)	*(86,927,763)*	(20,567,727)
Other operating costs	(156,520,325)	*(14,912,265)*	(138,487,199)	*(12,001,386)*	(18,033,126)
Personnel expenses	(199,718,431)	*(5,583,567)*	(189,394,081)	*(6,149,302)*	(10,324,350)
GROSS OPERATING INCOME	**112,155,945**		**85,831,740**		**26,324,205**
Depreciation, amortisation and impairment losses	(34,858,836)		(37,118,770)		2,259,934
NET OPERATING INCOME	**77,297,109**		**48,712,970**		**28,584,139**
Interest income	*7,558,222*		*6,913,230*		*644,992*
Interest expense	*(11,325,464)*		*(13,243,075)*		*1,917,611*
Net interest income (expense)	(3,767,242)	*(441,901)*	(6,329,845)	*(510,797)*	2,562,603
Interest income (expense) from investments	54,507,855	*71,378,612*	43,438,622	*53,620,590*	11,069,233
RESULT BEFORE TAXES	**128,037,722**		**85,821,747**		**42,215,975**
Taxes	(24,724,885)		(16,997,429)		(7,727,456)
NET RESULT	**103,312,837**		**68,824,318**		**34,488,519**

Statement of Comprehensive Income of Brembo S.p.A.

(euro)	31.12.2015	31.12.2014	Change
NET RESULT	**103,312,837**	**68,824,318**	**34,488,519**
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year			
Effect (actuarial income/loss) on defined benefit plans	1,122,146	(2,530,845)	3,652,991
Tax effect	(468,116)	695,982	(1,164,098)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year	**654,030**	**(1,834,863)**	**2,488,893**
Other comprehensive income (losses) other than those that will be subsequently reclassified to income/(loss) for the year:			
Effect of hedge accounting (cash flow hedge) of derivatives	67,829	91,623	(23,794)
Tax effect	(18,653)	(25,196)	6,543
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year	**49,176**	**66,427**	**(17,251)**
COMPREHENSIVE RESULT FOR THE YEAR	**104,016,043**	**67,055,882**	**36,960,161**

Statement of Cash Flows of Brembo S.p.A.

(euro)	31.12.2015	31.12.2014
Cash and cash equivalents at beginning of year	**95,524,769**	**53,020,668**
Result before taxes	**128,037,722**	**85,821,747**
Depreciation, amortisation/impairment losses	34,858,836	37,118,770
Capital gains/losses	(330,792)	(180,012)
Write-ups/Write-downs of shareholdings	16,872,757	10,181,968
Financial portion of provisions for payables for personnel	381,460	684,204
Other provisions net of utilisations	5,451,090	6,531,405
Cash flows generated by operating activities	**185,271,073**	**140,158,082**
Paid current taxes	(32,418,686)	(15,794,524)
Uses of long-term provisions for employee benefits	(921,043)	(1,545,069)
(Increase) reduction in current assets:		
inventories	(6,399,578)	2,501,650
financial assets	(2,100)	0
trade receivables and receivables from other Group companies	(20,325,045)	(16,410,103)
receivables from others and other assets	692,096	1,590,039
Increase (reduction) in current liabilities:		
trade payables and payables to other Group companies	22,624,701	(7,778,305)
payables to others and other liabilities	9,407,012	11,365,645
Net cash flows from / (for) operating activities	**157,928,430**	**114,087,415**

(euro)	31.12.2015	31.12.2014
Investments in:		
intangible assets	(17,324,951)	(14,958,199)
property, plant and equipment	(22,178,697)	(24,428,393)
financial assets (shareholdings)	(9,703,882)	(24,192,764)
Price for disposal, or reimbursement value of fixed and intangible assets	772,704	2,726,625
Price for disposal, or reimbursement value of shareholdings	500,233	0
Net cash flows from / (for) investing activities	**(47,934,593)**	**(60,852,731)**
Dividends paid in the year	(52,029,960)	(32,518,725)
Loans to Group companies and amounts payable to companies participating in the centralised treasury system	(55,776,768)	(9,012,498)
Change in fair value valuation of derivatives	(684,214)	155,529
Loans and financing granted by banks and other financial institutions in the year	130,002,439	103,152,062
Repayment of long-term loans and other liabilities	(186,389,225)	(72,506,951)
Net cash flows from / (for) financing activities	**(164,877,728)**	**(10,730,583)**
Total cash flows	**(54,883,891)**	**42,504,101**
Cash and cash equivalents at end of year	**40,640,878**	**95,524,769**

Statement of Changes in Equity of Brembo S.p.A.

(euro)	Share capital	Other reserves	Retained earnings/(losses)	Result for the year	Equity
Balance at 1 January 2014	**34,727,914**	**119,200,301**	**27,619,779**	**41,391,335**	**222,939,329**
Allocation of profit for the previous year			8,872,610	(8,872,610)	**0**
Payment of dividends				(32,518,725)	**(32,518,725)**
Components of comprehensive income:					
Effects arising from the application of IAS 19R			(1,834,863)		**(1,834,863)**
Effect of hedge accounting (cash flow hedge) of derivatives (*)		66,427			**66,427**
Net result				68,824,318	**68,824,318**
Balance at 1 January 2015	**34,727,914**	**119,266,728**	**34,657,526**	**68,824,318**	**257,476,486**
Allocation of profit for the previous year		357,168	16,437,190	(16,794,358)	**0**
Payment of dividends				(52,029,960)	**(52,029,960)**
Reclassification (**)		10,997,119	(10,997,119)		**0**
Rounding off			(1)		**(1)**
Components of comprehensive income:					
Effects arising from the application of IAS 19R			654,030		**654,030**
Effect of hedge accounting (cash flow hedge) of derivatives (*)		49,176			**49,176**
Net result				103,312,837	**103,312,837**
Balance at 31 December 2015	**34,727,914**	**130,670,191**	**40,751,626**	**103,312,837**	**309,462,568**

(*) Hedging reserve net of the related tax effect.

(**) A portion of retained earnings is exclusively allocated for the purchase of own shares pursuant to the resolution passed by the General Shareholders' Meeting on 23 April 2015.

Brembo B-M4 car brake caliper, inspired by Andy Warhol, Pop Art.
Graphic elaboration by Simona Bonora

With its exclusive, innovative design, the B-M4 brake caliper, along with the B-M8, are the first members of a new family of calipers that will make the new Brembo High Performance kits stand out on the market.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STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors to the Shareholders' Meeting for Approval of the Financial Statements for the Year Ended 31 December 2015

Shareholders,

Firstly, we would like to recall that the General Shareholders' Meeting held on 29 April 2014[1] appointed the Board of Statutory Auditors composed of Raffaella Pagani (Chairwoman), Milena Motta (Acting Auditor) and Sergio Pivato (Acting Auditor), for the three years from 2014 to 2016, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2016. The members of the Board of Statutory Auditors are also members of the Supervisory Committee.

During the financial year ended 31 December 2015, the Board of Directors carried out the supervisory activities requested by Article 2403 of the Italian Civil Code, Article 149 of Legislative Decree No. 58/1998 and Article 19 of Legislative Decree No. 39/2010, regarding the principles of proper administration, and particularly the suitability of the organisational, administrative and accounting structures adopted by the Company and the concrete functioning thereof. They also monitored the concrete implementation of the corporate governance rules set forth by relevant applicable regulations. The Board of Statutory Auditors also monitored the independence of the Independent Auditors.

In performing its function, the Board of Statutory Auditors:

- in 2015 held 8 assessment meetings and attended all the General Shareholders' Meetings and Board of Directors' meetings (8 Board of Directors' meetings and 1 General Shareholders' Meeting). It also attended, in joint session, the meetings of the Audit & Risk Committee (6 meetings) and, through the Chairwoman of the Board, also the meetings of the Remuneration & Appointments Committee (2 meetings);
- periodically received from Directors exhaustive and detailed information on business performance and foreseeable outlook, operations carried out and the most significant economic, financial and capital transactions performed by the Company or its Subsidiaries, as well as the status of activities and strategic projects underway.

Pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2459, paragraph 2, of the Italian Civil Code, and in accordance with Consob recommendations, the following information is reported:

1. Based on available information, the Board of Statutory Auditors did not detect any violations of the law or By-laws, or outwardly imprudent or risky transactions, or transactions in contrast with the resolutions taken by the Shareholders' Meeting, or such as to jeopardise the integrity of the Company's assets or its ability to continue to operate as a going concern.
2. Amongst the most significant corporate transactions carried out during the year, which also influenced the Group's organisational structure, the following should be mentioned:
   - the signing of an agreement to acquire the majority stake (66%) in ASIMCO Meilian Braking Systems, a

1 The Statutory Auditors were elected based on the two lists filed 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).

Chinese company operating in the braking systems market, which is expected to be finalised in the coming months;
- the sale of the remaining 70% stake in Belt & Buckle s.r.o. from Sabelt S.p.A. to Indiana Mills & Manufacturing Inc., finalised on 1 May 2015;
- the sale of the 65% stake in Sabelt S.p.A. to minority shareholders (Marsiaj family and Paolo d'Ormea), finalised on 1 June 2015;
- the purchase of a minority stake (2.8% of share capital) in E-Novia S.r.l., a Bergamo University/Milan Polytechnic spin-off.

3. The Board of Statutory Auditors has obtained knowledge of and, within its sphere of competence, has supervised:
   - the organisational structure, which is deemed adequate and suitable for the size and the managerial and operating complexity of the Company and the Group;
   - the functioning of the internal control system and the administrative and accounting system, which are adequate and reliable and thus enable the Company to fairly represent operating events, in accordance with the principles of proper administration;
   - the adequacy of instructions issued by the Company to its Subsidiaries, as provided for by Article 114, paragraph 2, of Legislative Decree No. 58/1998.
4. In 2015, the Company did not carry out any unusual or atypical transactions with third parties, intra-group companies or related parties, nor any transaction that could have a significant impact on the Company's operating, capital or financial situation.
5. With regards to ordinary intra-group transactions or related party transactions carried out in the period, about which the Company provided specific and detailed information in its interim financial reports, we acknowledge that such transactions were carried out in the interest of the Company and in accordance with the Related Party Transactions Procedure prepared on 12 November 2010, pursuant to Consob regulations[2].
6. With reference to the Related Party Transactions Procedure, we point out that during the year, having heard the favourable opinion of the Audit & Risk Committee, the relevance parameters defining Highly Significant Related Party Transactions were updated based on the 2014 financial statements figures, and the "threshold" for determining Low Value Transactions was confirmed (€250,000.00). Furthermore, at the end of 2015, following a prior positive opinion from the Audit & Risk Committee, the Company updated several paragraphs of the Related Party Transactions Procedure to bring it into line with the organisational changes to its Administration and Finance Department.
7. No purchase or sale transactions were carried out in the context of the plan for the buy-back and sale of own shares, authorised by the General Shareholders' Meeting held on 20 April 2015, having heard the prior favourable opinion of the Board of Statutory Auditors. At 31 December 2015, the Company therefore held a total of 1,747,000 own shares, representing 2.616% of the share capital, at an average book value of €7.71 per share and for an overall value of €13,475,897.
8. During its periodic audits, the Board of Statutory Auditors met with the Manager in charge of the company's financial reports, the Internal Audit Director and representatives of the Independent Auditing firm[3], to obtain information on the activities carried out and auditing plans. No relevant data or information have emerged that need to be highlighted. The Board of Statutory Auditors and the Audit & Risk Committee also constantly and promptly exchange information material to the performance of their respective tasks.

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2 Resolution No. 17221 dated 12 March 2010 and Resolution No. 17389 dated 23 June 2010.

3 With regard to the audit appointment, it should be noted that, upon reasoned proposal submitted by the Board of Statutory Auditors, the Shareholders' Meeting of 23 April 2014 appointed the audit firm Reconta Ernst & Young S.p.A. as entity in charge of the statutory audit for the years 2014 to 2021.

9. With reference to the financial reporting process, the Board of Statutory Auditors verified the constant updating at Group level of the set of administrative and accounting rules and procedures, aimed at controlling the process of preparation and disclosure of the financial reports and information, which are deemed suitable for the issuing of attestations pursuant to Article 154 of Legislative Decree No. 58/1998. The actual application and reliability of accounting and administrative procedures have been verified by the Manager in charge of the Company's financial reports, also relying on the competent internal structures (the Internal Audit function), through a monitoring plan that covered both the control and governance environment and the key process controls of the significant entities and processes. Among other items, the outline for preparing the company's accounting and corporate documents pursuant to Article 154-*bis* (approved by the Board of Directors during its meeting of 3 March 2016, following review by the Audit & Risk Committee and the Board of Statutory Auditors) was updated. The relevant changes took account of the enhancement, in both qualitative and quantitative terms (new resources involved, new activities and dedicated IT tools, etc.) of the activities carried out with reference to Law No. 262, in particular the actions implemented in the area of testing, validation and monitoring of improvement plans, as well as tools for managing and recording tests through the use of a dedicated portal.
10. During the periodic assessments, the Board of Statutory Auditors constantly received reports on the financial situation and the loans granted to the Company by banking institutions. During the year, the Board of Directors also passed resolutions to economically and financially support some of the Group companies through their recapitalisation (Brembo Argentina S.A. and Brembo do Brasil Ltd.) or releasing parent guarantees Instrumental to the issuing of credit lines in favour of subsidiaries (Brembo México S.A. de C.V., Brembo North America Inc., Brembo Nanjing Brake Systems Co. Ltd., Brembo Nanjing Foundry Ltd. and Qingdao Trading Co. Ltd.). In relation to financial aspects, we point out that the Subsidiaries operate with banking counterparties and also benefit from forms of centralised treasury management, where this is envisaged by the legal and fiscal framework of reference. In particular, there are three EUR and USD zero-balance cash-pooling systems with the pooler Brembo S.p.A., and in CNY with Pooler Brembo Nanjing Foundry.
11. With reference to the provisions of Article 36, paragraph 1, of the Market Regulations (CONSOB Resolution No. 16191 of 20 October 2007), which apply to the subsidiaries identified by Brembo as being significant to the system of audits on financial reporting: the Board of Statutory Auditors ascertained that the information flows provided by the non-EU subsidiaries within the scope of the above-mentioned regulation are adequate to ensure that the Company and independent auditors regularly receive any information regarding statement of income, statement of financial position and cash flow figures, as necessary for preparing the consolidated financial statements, thereby allowing the audit of the annual and interim accounts. In detail, as of 31 December 2015 the Companies to which such regulations apply are the subsidiaries indicated by Brembo as being significant for the control system and financial reporting purposes.
12. The Board of Statutory Auditors also oversaw the implementation methods of recommendations on corporate governance, as provided for by the Corporate Governance Code for Listed Companies issued by Borsa Italiana, which the Company has adopted. It also verified the Company's compliance with STAR segment requisites and the compliance of Brembo's corporate governance system with the recommendations of the above-mentioned code. Detailed information on such compliance is provided in the annual Corporate Governance and Ownership Structure Report prepared pursuant to Article 123-*bis* of the Consolidated Law on Finance (TUF), approved by the Board of Directors on 3 March 2016 and published on the corporate website.
13. In 2015, in detail, the Company acknowledged the amendments introduced in the Corporate Governance Code in July 2015, regarding Corporate Social Responsibility and the strengthening of company controls on legality and transparency; having the Board of Directors considered Brembo's governance system to be already in line, in terms of operating practice, with the new recommendations, the latter were formally included in Brembo S.p.A.'s Corporate Governance Code, whose updated version is available on the corporate website.

14. The Board of Statutory Auditors verified the proper application of the control criteria and procedures adopted by the Board of Directors to assess that Directors and Statutory Auditors have met and continue to meet the requirements of professionalism and independence, by acknowledging their respective declarations. The outcome of such assessment is given in the Corporate Governance and Ownership Structure Report prepared pursuant to Article 123-*bis* of the Consolidated Law on Finance (TUF).
15. The Board of Statutory Auditors also received information on the results of the Board Performance Evaluation 2015 carried out by the Lead Independent Director and focusing on the evaluation of the measures implemented by the Company to improve the critical points highlighted by the Board Performance Evaluation 2014, and Brembo's application of the new recommendations of the Corporate Governance Code, in its updated version of July 2015, which resulted in a unanimously positive opinion on Brembo's governance system and the functioning of its Board of Directors and Governance Committees.
16. The Board of Statutory Auditors acknowledges that in 2015 the induction activities, launched by the Company after the appointment of the new company officers and aimed at analysing the Group's short/medium/long-term growth strategy, were carried forward.
17. The Board of Statutory Auditors also determined the adequacy of merit and procedural indications adopted by the Remuneration & Appointments Committee (whose meetings were attended by the Chairwoman of the Board of Statutory Auditors) to define and implement medium/long-term remuneration policies. Furthermore, it expressed a favourable opinion on the annual and three-year monetary incentive policies for the Governing Body, Executive Directors and Top Managers. Remuneration policies for 2016, including the characteristics of the new three-year monetary incentive Plan (2016-2018), have thus been described in the Remuneration Report pursuant to Article 123-*ter* of TUF, approved by the Board of Directors on 18 March 2016 and subjected to the consultative ballot of the forthcoming General Shareholders' Meeting. Starting in 2016, a clawback clause has been included in both the short-term incentive system (MBO) and the new long-term incentive system (2016-2018 LTIP), in accordance with the Corporate Governance Code [Article 6.C.1(f)]; the clause allows the Company to request the partial or total refund of the variable components of remuneration (or to withhold deferred components of remuneration), that had been granted based on data and information which subsequently proved to be manifestly incorrect or resulting from cases of fraudulent behaviour or gross negligence on the part of the beneficiaries.
18. The Board of Statutory Auditors and the Audit & Risk Committee (on certain occasions and as a function of specific subject matter, through meetings held jointly so as to optimise the exchange of information and share opinions) assessed and controlled the adequacy of the Risk Management System through:
    - quarterly meetings with the Internal Audit Director, aimed at receiving information about:
      (i) the results of the audits performed to identify and assess the main risks, check the Internal Control System, compliance with the laws, procedures and company processes, as well as the implementation of the respective improvement plans;
      (ii) the progress of the 2015 Audit Plan and, inter alia, results of the periodic audits on the accounting systems, including with a view to improving the reliability of IT systems;
      (iii) the new 2016-2018 three-year Audit Plan and 2016 Budget of the Function, which were prepared and explained by the Internal Audit Director and approved by the Board of Directors on 3 March 2016, after receiving the prior positive opinion of the Audit & Risk Committee and the Board of Statutory Auditors;
    - periodic meetings with the Risk Manager to acquire periodic information on the progress of the Enterprise Risk Management project, which is focussed on the risks that the Top Management deems most significant for the Brembo Group. Such risks have been identified through a proactive risk governance model, suitable to providing the Board of Directors and the Management with an appropriate decision-making tool capable of anticipating, mitigating or managing exposures to significant and major risks for the Company.

In 2015, the Board of Statutory Auditors reviewed and approved two significant documents for the implementation of the Internal Control & Risk Management System, which were revised by the relevant corporate functions. The documents in question were the Guidelines for the Internal Control & Risk Management System and the Policies for implementing the Internal Control & Risk Management System, in addition to the update of several company procedures and instructions of the Internal Audit Department, including “PG.W.IA-02 Audit Process”, “PG.W.IA-03 Follow-up activities” and “PG.W.IA-04 Control Risk Self Assessment”.

19. On the basis of the reviews carried out and the information received, it was determined that the Internal Control & Risk Management System is adequate as a whole and suited to preventing risks and to ensuring effective application of the rules of corporate conduct. The System’s organisational structure also ensures coordination of the various parties and functions involved, including through constant exchange of information between the various participants. Accordingly, there are no remarks to be submitted to the Shareholders’ Meeting.

20. The Board of Statutory Auditors, whose members also serve on the Supervisory Committee, attended all the meetings of 2015 (5 meetings), so as to constantly assess the updating processes of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter also called “Model 231”), its functioning, its suitability and effectiveness in preventing all liability in connection with the offences punishable under the relevant Legislative Decree through implementation of the appropriate procedures and preventative measures. The results of these activities are described in detail in the Committee’s periodic reports to the Board of Directors. In general terms, the Supervisory Committee confirmed the stability of the general structure of the 231 Model, including in light of the legislative changes in 2015, and that the assurance/monitoring activities performed by the Internal Audit, the 231 Risk Assessment and the internal measures aimed at dissemination and training relating to 231 Model continue on an ongoing basis.

21. In fact, the Company has updated its 231 Model, in its Fifth Edition (approved by the Board of Directors on 30 July 2015), whose main amendments concerned, with reference to the General Part of the Model:
    - updating of the offences based on new regulations introduced by Law No. 68 dated 22 May 2015, and Law No. 69 dated 27 May 2015, and alignment to the new Confindustria Guidelines 2014;
    - fine-tuning the description of Brembo S.p.A.’s organisational functions involved in updating and monitoring implementation of the 231 Model;
    - inclusion and description of Brembo’s Corporate & Compliance Tools (a set of oversight structures and procedures designed to ensure the effectiveness of the prior control system implemented by Brembo including to ensure compliance with Legislative Decree No. 231/2001 and applicable to the Group’s Italian and foreign companies) and the Group’s local compliance programs.

    With reference to the Special Sections of the 231 Model, the company felt that existing measures were appropriate to prevent the newly introduced underlying offences, with the result that no new Special Sections were added, although the existing Special Section focusing on money receiving and laundering offences was extended in light of the outcome of the risk assessment undertaken on sensitive processes at risk to the commission of the new underlying offence of “self-laundering” punishable under article 648-*ter*, paragraph 1, of the Italian Penal Code, pursuant to Article 25-*octies* of Legislative Decree No. 231/2001, as introduced through Law No. 186 of 15 December 2014.

22. In addition, legal compliance programmes continued at the major group companies. Through risk assessment and gap analysis, these programmes verified the state of compliance with local statutes and defined improvement plans, where appropriate.

23. The Supervisory Committee also constantly monitored the channel opened for receiving reports of possible violations of the 231 Model, the Code of Ethics and the Anti-Bribery Code of Conduct and reviewed the reports submitted from time to time, none of which was found to be relevant for the intents and purpose of Legislative Decree No. 231/01.

24. The Board of Statutory Auditors met periodically with representatives of the Independent Auditors, Reconta Ernst & Young S.p.A., and constantly received information concerning their work and audit plans, and the progress and results thereof. No relevant data and/or aspects deserving of mention were brought to light in connection with the matters in the purview of the Board of Statutory Auditors.
25. The Independent Auditors Reconta Ernst & Young S.p.A. issued:
    - their report pursuant to Article 19, paragraph 3, of Legislative Decree No. 39/2010 on 21 March 2016, in which they indicated that no fundamental issues or significant deficiencies in the internal control system with respect to the financial reporting process had emerged during their audit;
    - their report dated 21 March 2016 and issued pursuant to Article 14 of Legislative Decree No. 39/2010, containing a clean opinion, finding no significant deficiencies and without requests for additional information.
26. The Board of Statutory Auditors also monitored the independence of the Independent Auditors pursuant to Article 19 of Legislative Decree No. 39/2010 and verified the nature and extent of the assignments received from Brembo S.p.A. and Group companies concerning services other than independent auditing, as described in the Notes to the Consolidated Financial Statements, pursuant to Article 149-*duodecies* of the Rules for Issuers on the disclosure of fees. These assignments and the relevant fees are suited to the scope and complexity of the work done, and are thus compatible with the independent auditing assignment. Accordingly, there are no anomalies that would affect the independence criteria for the Independent Auditors.
27. The Board of Statutory Auditors lastly acknowledges that no complaints pursuant to Article 2408 of the Italian Civil Code nor other similar reports were filed.

On the basis of the activity performed and information obtained, the Board of Statutory Auditors therefore believes that it may confirm that there have been no findings of omissions, censurable conduct, irregularities or other material facts that would need to be reported to the Oversight Authorities or mentioned in this Report. The Board of Statutory Auditors thus expresses a favourable opinion on the approval of Brembo's Financial Statements for the year ended 31 December 2015 and the proposed allocation of profit and distribution of dividend as formulated by the Board of Directors.

Stezzano, 21 March 2016

BOARD OF STATUTORY AUDITORS
signed Raffaella Pagani *(Chairwoman)*
signed Milena Motta *(Acting Auditor)*
signed Sergio Pivato *(Acting Auditor)*

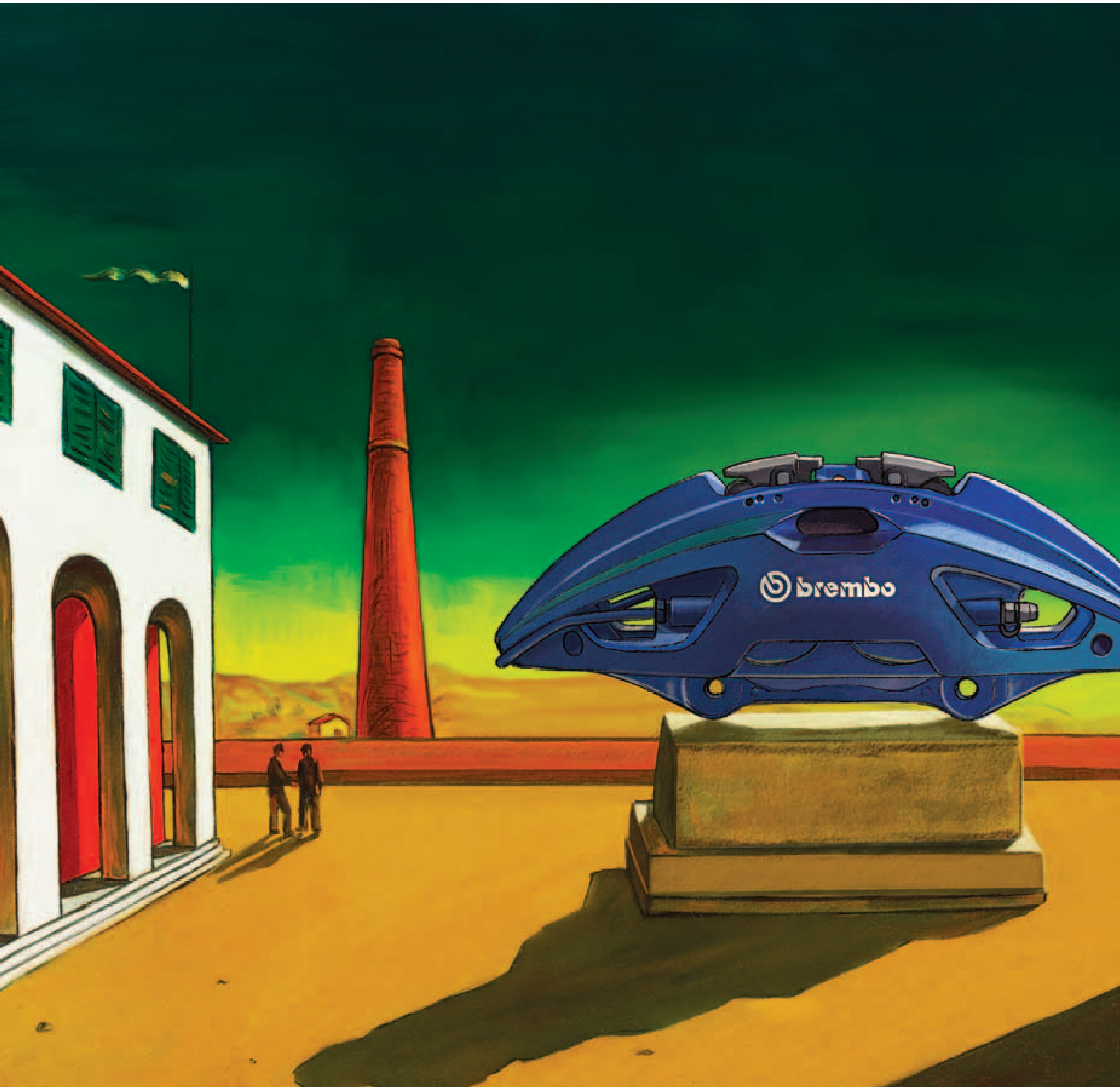

Illustration by Fabrizio Spadini.

Brembo's four-piston car brake caliper

inspired by
Giorgio De Chirico
Metaphysical Art

This geometry allows for an 8% decrease in mass, due to the smaller amount of material used in the points subject to the least stress, and thus permits higher fuel efficiency and reduced emissions.

brembo

Attestation of the Financial Statements of Brembo S.p.A. Pursuant to Article 81-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We the undersigned, Alberto Bombassei, in his capacity as Chairman, and Matteo Tiraboschi, in his capacity as Manager in Charge of the Financial Reports of Brembo S.p.A., hereby declare, pursuant to the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for preparing the financial statements for the period from 1 January to 31 December 2015:
    - are appropriate in relation to the company features; and
    - have been consistently applied.
2. The assessment of the appropriateness of the administrative and accounting procedures used in preparing the Financial Statements at 31 December 2015 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.
3. The undersigned further declare that:

   3.1 the Financial Statements:

   a) have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

   3.2 The Report on Operations includes a reliable analysis of the operating performance and results, as well as the condition of the issuer and the aggregate of companies included in the consolidation area, along with a description of the main risks and uncertainties to which they are exposed.

3 March 2016

Alberto Bombassei
Chairman

Matteo Tiraboschi
Manager in Charge of the Company's Financial Reports

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Co-cast floating car brake disc, inspired by Kazimir Severinovič Malevič, Suprematism.
Illustration by Fabrizio Spadini.

Made from two materials, cast iron and aluminium, it reaps the benefits of both:
cast iron's high temperature performance and the light weight of aluminium.
It meets the need for lower weight, while improving braking feel in the most extreme use scenarios.

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