
Brembo N.V.

9M 2025 Financial Results Call

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SPEAKERS: MATTEO TIRABOSCHI, EXECUTIVE CHAIRMAN
DANIELE SCHILLACI, CHIEF EXECUTIVE OFFICER
ANDREA PAZZI, CHIEF FINANCIAL OFFICER
ROBERTO GRAZIOLI, CHIEF BUSINESS DEVELOPMENT & IR
LAURA PANSERI, INVESTOR RELATIONS SENIOR MANAGER

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the presentation of Brembo Nine Months 2025 Financial Results. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Laura Panseri, Investor Relations, Senior Manager. Please go ahead, madam.

LAURA PANSERI: Good afternoon or good morning, everyone, and thank you for join us to discuss Brembo Group's financial results for the first 9 months of 2025. Today, Brembo's Executive Chairman, Matteo Tiraboschi, will begin the call with his opening remarks after his speech Brembo's management team will be available to answer questions from analysts.

As always, all relevant material are available in the Investor Relations section of Brembo's corporate website www.brembogroup.com. During this call, we will discuss our business outlook and make forward-looking statements, based on our current predictions and expectations. These comments are subject to risks and uncertainties that can cause the actual results to be materially different. Lastly, I would like to remind you that this call is being recorded.

With that, I will now turn the call over to Matteo Tiraboschi.

MATTEO TIRABOSCHI: Thank you, Laura, good afternoon, everyone, and thank you for being connected with us for our third quarter results.

As we anticipated at the beginning of the year, we were expecting the first two quarters of 2025 to be challenging, particularly when compared with the very strong first half we delivered in 2024. We had also forecast an improvement in the second half of this year. While the overall context remains tough, we can now say that the third quarter has developed broadly in line with our expectations. Actually, in several respects, we performed better.

We are pleased to report a solid set of results for the third quarter, confirming the strength and resilience of our business model, despite a challenging environment.

In the third quarter, revenues stood at 909 million euros. Considering constant exchange rates, this means a 1.4 percent growth compared to the same period last year. Taking into account currency fluctuations, revenues were down 1.5 percent. Our EBITDA margin grew by more than 8 percent, reaching 162 million euros, a strong 17.8 percent of our revenues, allowing us to confirm our full-year target of achieving an EBITDA margin above 16 percent. Net profit jumped by 59 percent at 65 million euros in the third quarter.

These results are particularly significant when viewed in the broader context of the current automotive industry scenario that is relevant to Brembo. While global light vehicles production grew by 4.4 percent in the third quarter compared to the same period last year, this increase was driven primarily by the non-premium segment. The premium segment declined by 1 percent over the same period, especially in Europe, which saw a 9 percent decrease. Despite the contraction in our core premium segment, we have managed to deliver solid results overall.

At the same time, we've continued to maintain a disciplined financial structure.

Net debt decreased, even as we continued to sustain our strategic investments to support future growth. Over the first nine months of this year, operating cash flow was positive at more than 53 million euros, further demonstrating the solid cash generation capacity of our business.

Looking at our results in more detail: revenues for the period ended September stood at 2.8 billion euros, which is 4.7 percent lower than the comparable prior period. With constant exchange rates, the decline was 3.3 percent. But our solid performance in Q3 allowed for a positive result in our EBITDA margin, which came in at 16.6 percent in the first nine months of 2025.

Looking at our segments' performance in the period ended in September 2025, we can see that, while passenger cars applications remain under pressure, our Aftermarket continues to provide a positive contribution to the overall business, as we're seeing sustained activity in vehicle park maintenance. Revenue in this segment grew strongly, showing double-digit year-over-year growth. Aftermarket represents almost 15 percent of our revenues now.

As part of our broader transformation, we have strategically unified all aftermarket activities across our business units under the existing aftermarket unit. This realignment allows us to leverage scale, consolidate expertise and present a unified customer interface across product lines and regions.

And to add to this unifying approach... during these days at the world's biggest two-wheel trade fair at EICMA, we took an important step forward in how we present ourselves to the motorcycle market and to end-users. For the first time, all key brands within our Group dedicated to two wheels – Brembo, Öhlins, J.Juan, SBS Friction, Marchesini, ByBre – are present

together under a unified strategic layout, with adjacent stands and a coordinated customer journey. This marks a deliberate move to strengthen our commercial coherence, reinforce cross-brand synergies and present a more integrated offer to our clients, distributors and end customers. The response so far has been very positive.

To conclude, as we approach the end of the year in a still complex and unstable geopolitical and macroeconomic context, assuming constant exchange rates and the current scope of operations, we expect revenues to be slightly lower in 2025 - by 2 percent - compared to 2024. As for our EBITDA margin, as said, we can confirm that we predict it to be above 16 percent. We can also confirm our planned 400 million euros investments for the year.

As always, we appreciate your engagement and we welcome your questions during the Q&A session.

Thank you, and I'll now hand it over to Laura.

LAURA PANSERI: Okay, thank you. Operator, we are now ready to start the Q&A session. Thank you.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Monica Bosio, Intesa Sanpaolo. Please go ahead.

MONICA BOSIO: Good afternoon and thank you for taking my question. I have actually 3 questions. The first one is on the margins for the third quarter, which were materially higher than expectation. If I compare the first half EBITDA bridge with the third quarter bridge, I noticed that there is a positive contribution of operations. Am I wrong? And if I'm right, is it something that is repeatable? Just to clarify better, what's the underlying trend behind these better margins, because of the...as a matter of fact, the last quarter implied margins, if we look at the consensus figure, seems to me over like conservative.

On the flip side, and this is the second question, is on the revenue side. The guidance seems a little bit worse than the previous one, but you also underlined that the organic growth in the top line in the third quarter was positive for 1.4%. So, I'm just wondering, do we expect a similar trend in the last quarter of 2025?

And the very last is on 2026, I know it's early to ask, but would you expect for 2026 a more back-end loaded year with the first half still quite weak, and can you already anticipate for the next year a significantly lower CAPEX than the current year? Thank you very much.

DANIELE SCHILLACI: Good afternoon, Monica. The margin improvements are largely due to increased efficiency and productivity in our Brembo North America operations. As discussed previously, we've addressed key productivity issues, and recent months have shown clear progress in both the US and Mexico. This significantly contributed to our operational gains. In China, production capacity utilization remains high, and even with consistently strong efficiency, this past quarter was particularly successful.

Regarding your second point and the -2% guidance, what I can say is that in 2025, our industry is experiencing a notable shift in market performance. Traditionally, during periods of crisis, the mass market tends to underperform relative to global trends, while the premium segment demonstrates greater resilience. This year, the premium market is lagging behind the mass market, unlike in previous years. This trend is reflected in the global guidance adjustment of minus 2%. For example, in China, the overall market forecast for 2025 indicates growth of approximately 6.5%, but within the premium segment, the forecast stands at around minus 2%. The premium market is underperforming, but we're offsetting this with strong results in aftermarket. We are also doing very well with the motorbike business, that is going better than what we thought. Also, in Q3 some European OEMs are exceeding expectations. Hence, although pressure remains on the premium segment, recent trends suggest possible improvement in the months ahead.

With this, I'll link with your last question: it's a bit too early today provide specific information on 2026. We will discuss it further when the time comes. However, we hope, and this might likely happen, that the premium automotive market will regain its leading position and continue to outperform the overall market. I hope this clarifies my perspective on 2026.

MONICA BOSIO: Okay. So, to sum up, can we see positive organic growth in the fourth quarter of this year? Seems, yes. And if you see the premium market taking back should this happen already in the first part of 2026 or should we...it's better to be patient.

DANIELE SCHILLACI: Monica, regarding the premium market recovery in 2026, it is currently too early to provide precise information. However, based on my experience, markets such as Europe tend to show a reversal trend approximately 18 months after a crisis. While I anticipate this may occur in 2026, please take this as an empiric statement based on my experience.

MONICA BOSIO: Okay, thank you.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Martino De Ambroggi, Equita. Please go ahead.

MARTINO DE AMBROGGI: Thank you. Good afternoon, everybody. The first question is still on the performance in Q3, because I noticed also there is also a component in the EBITDA bridge of plus €13 million in Q3 referring to prices that I usually it includes also raw mat and this kind of thing. So just to understand if it's something repeatable or one-off. And straight to Q4 last year in Q4 you recorded more than 17% EBITDA margin in Q3 this year typically not seasonally strong you already achieve 17%, so I suppose no reason to achieve at least 17% also in Q4 this year. And this was the first one, sorry.

The second is on the capacity utilization today, where we are. And the third is on the more general question, the recycled aluminum that you started to

use. Does it allow to get significant savings and could have an impact on margin or is it just a matter of ESG or something similar? I don't know.

ANDREA PAZZI: Good afternoon, Andrea speaking. The Q3 margin benefited from a €13 million positive price effect, driven by compensation between customer net sales and market costs for raw materials, logistics, and energy. In Q4, we expect strong margins compared to the full year, something below 17.8% but still robust, allowing us to exceed 16% for the full-year overall.

DANIELE SCHILLACI: Regarding the capacity utilization, we achieved 87% in Q3. Regarding performance across quarters, the capacity saturation remained near this level, indicating consistent results.

And your last question was about the recycled aluminum, this product aligns with our strategy to make new launches as sustainable as possible without compromising performance, or possibly increasing it. This is exactly the mission of the recycled aluminum caliper, but this doesn't have any impact on our margins.

MARTINO DE AMBROGGI: Okay, if I may follow-up on the prices, should we consider this effect one-off or repeatable going ahead at least for another 2, 3 quarters.

ANDREA PAZZI: I cannot say one-off, but of course this is the variance compared to the previous year, so we need to review last year's trends compared to this year's. Let me say, we will continue with a positive effort, but not as high as in this quarter.

MARTINO DE AMBROGGI: Okay, thank you.

OPERATOR: The next question is from Michele Baldelli, BNP Paribas. Please go ahead.

MICHELE BALDELLI: Hi, good afternoon to everybody. I have a few questions. The first one relates to the performance in the passenger car division of your OEM sales. If you can elaborate what was the decline for OEM sales in passenger cars, and how does it differ compared to the overall car market or the premium segment if you have that specific detail?

The second question relates to the Ohlins acquisition. Can you give us a sort of guidance for this year in terms of sales given after 3 quarters does not reach the more than €100 million revenues, if you can quantify it.

And lastly, on the sales you made in China, given I imagine the German suffered and therefore you may have any way have exhibited growth with Chinese customers, how much of the Chinese sales now the Chinese OEMs represent? Thank you.

DANIELE SCHILLACI: Yes, starting from your last question: as you noted, some non-Chinese OEMs are facing challenges in the Chinese market. Our premium segment, which includes several non-Chinese OEMs, is also affected, though some are beginning to show signs of recovery over the past couple of months. As I said sometimes ago, we are also increasing our shares with the local players. Brembo China provides monthly updates on our awards and market share, showing positive trends with local players. However, the revenue impact from these players will only become evident next year, not immediately.

Regarding Öhlins, last year's turnover was about \$140 million (or €129 million). I can confirm that this year's performance will surpass last year's. Final figures will be provided in due course.

The first question concerned passenger car performance. In Q3, one major player experienced production issues that temporarily halted production, which negatively affected also our results. Fortunately, improved performance from other OEMs offset some of this impact, but without the disruption, OEM turnover in Q3 likely would have been stronger.

Another very interesting trend that I'd like to share with all of you is an encouraging trend in the LCV and medium-heavy truck business beginning around July. After two years of challenging market conditions, there are clear signs of recovery. For instance, comparing the second half of 2025 with the same period in 2024, these segments, where we hold a significant market share, are now showing positive growth versus last year. It is projected that in 2026, this segment may return to its previous pace. There have been positive developments observed recently across several segments, and we hope these trends will continue in the coming month.

OPERATOR: Next question is a follow-up from Monica Bosio in Intesa Sanpaolo. Please go ahead.

MONICA BOSIO: Yes, sorry, I forgot to ask, or maybe I lost. You confirmed the guidance for the CAPEX at €400 million for this year, fine enough? But any color on 2026, because it seems to me that the peak of the CAPEX has been reached? And in 2026, the CAPEX could be definitely much lower? Just a rough indication would be very useful?

DANIELE SCHILLACI: Regarding this point, as usual, we'll provide more details in our first call of 2026, after the end of the year. But I think it is important to underline, as we mentioned several times, that we took the decisions some years ago to invest in expanding capacity in Mexico, Poland, and China with the well-known €500 million project. These investments, made years ago, are now in the ramp-up phase and should supply our customers for at least the midterm plan.

It means that from now on, as Matteo mentioned during the last call, if the market begins to show positive signs and returns to the previous pace, we will start to harvest. It is likely that CAPEX will decrease over the next few years and this should result in improved cash flow generation and a better leverage ratio for debt.

The current focus is on realizing the benefits of past investments rather than increasing production capacity, although future investments may be directed toward other areas.

OPERATOR: The next question is from Gianluca Bertuzzo, Intermonte. Please go ahead.

GIANLUCA BERTUZZO: Hi, everybody, and thank you for taking my question. I have 2 questions. The first one is on Sensify. Do you have any update on the start of production clients et cetera?

Second question is about sustainability, I personally refer on that, but as far as I know, there are some suppliers on the market that are becoming more let's say aggressive on that meaning that they are back tracking on sustainability in order to become more competitive? And the reason is because client, don't want to recognize this effort via higher pricing or

higher volumes. What is your stance about sustainability and on that point?
Thank you.

DANIELE SCHILLACI: Regarding Sensify, I confirm we have more than one customer, and it will be in production in 2026.

Regarding the sustainability, I am not sure that I understood 100% your question, but the way that we work is that we follow a clear process with our suppliers to ensure compliance with OEM standards across the supply chain. The purchasing and sustainability divisions work closely on this. Brembo is progressing well in this area, and further details are available in our annual report.

GIANLUCA BERTUZZO: Okay. I will try in another way. All the effort you put on sustainability, that create a competitive advantage or you do that because you feel it's the right thing to do but not from...purely from a financial standpoint?

DANIELE SCHILLACI: Sustainability is ultimately an investment and part of our culture at Brembo. Regardless of legislation or market demands, our R&D consistently aims to improve product performance and reduce emissions; this is simply how we operate. Certain OEMs are extremely sensitive on that. Therefore, it's not only a matter of price. If a product does not comply with all requirements, it may be difficult to sell, regardless of its quality. In that context, it's better to anticipate potential issues by ensuring that products not only meet legislative standards but also demonstrate improvements in their environmental aspects. This approach is an integral part of our strategy. Doing this well provides clear benefits. For instance, Greentell disc reduces emissions by over 90%, making it valuable in the market despite its higher

unit cost compared to a simple cast-iron disc. Customers are willing to pay for Greentell because of its significant environmental contribution, as shown by our many contracts. I hope these examples clarify my point.

GIANLUCA BERTUZZO: Thank you very much, very clear, and just a very last one...just because you mentioned on the Greentell, can you remind us where we stand today the contribution expected maybe for next year. All information will be helpful on that.

DANIELE SCHILLACI: Yes, sure. I reiterate that we have many contracts for Greentell and production is scheduled to begin next year. An impact on revenue is expected to be noticeable in the second half of next year.

GIANLUCA BERTUZZO: Okay, thank you.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Andrea Balloni, Mediobanca. Please go ahead.

ANDREA BALLONI: Yes, hi. Good afternoon, everybody. Thanks for taking my question. My first one is the usual question about the outlook of a different region. If you can recap what we should expect in the next quarters, and mainly NAFTA that reported a stable performance for Brembo before FOREX. That was despite a strong recovery of some car makers, namely Stellantis. If you can give us more color, would be helpful.

And my last question is on the Chinese market. I am sorry, maybe I lost your answer. How do you see this market in the next month for the

European carmaker specifically? Do you expect German player to continue losing market share here or they might have achieved a kind of stabilization? Thank you.

DANIELE SCHILLACI: Okay, regarding US market, as you noted, in Q3, net of FOREX, it was pretty stable, and this is something that we are foreseeing for the rest of this year. Minor supplier issues arose but have been resolved without significant effect. Overall, NAFTA is expected to stay stable for the rest of the year.

As I said before, Non-Chinese OEMs have faced challenges in the Chinese market, and this impacted our results. Some are gradually regaining market share with new models, but it's too early to say if this trend will last. Overall, non-Chinese OEM market share in China has declined in 2025, and we need more time to see if recovery continues.

We're increasing market share with local players and winning awards in China monthly; progress is positive. However, related revenue will appear gradually over the coming years. The Chinese market has performed well overall, but the premium segment shows a slight decline this year. We expect the premium market in China to recover by 2026.

ANDREA BALLONI: Thank you.

DANIELE SCHILLACI: You're welcome.

OPERATOR: The next question is from Anthony Dick, ODDO BHF. Please, go ahead.

ANTHONY DICK: Yes, hi, and thanks for taking the question. The first one is just going back on the profitability improvement in Q3. So, you mentioned some efficiencies in North America. I just wanted to know if that relates in China

also. I just wanted to know if that relates to the capacity expansion projects you've been conducting over the last years. And if not, how will...how should these contribute to potentially continuous margin expansion over the coming quarters and years? And it also brings the question around regional profitability at Brembo. I was just wondering if different regions have different profitability profiles, and if you could discuss this a little bit. Thank you.

DANIELE SCHILLACI: Thank you for your questions. The main issue was not capacity expansion, but finding suitable candidates for key operational roles in North America. This has become increasingly challenging, especially in certain US regions, and the team struggled to stabilize top positions. However, after ongoing efforts, we've built a solid management team and implemented strong training initiatives, which have been particularly effective for blue-collar roles in new processes.

And now, the stability is step-by-step leading to improved operational efficiency in a specific plant. This improvement has a noticeable effect, as enhanced efficiency in a key facility can significantly impact financial performance. Moving forward, this level of efficiency will serve as a new baseline for operations in that location. Productivity and efficiency are expected to continue progressing in the upcoming months.

Regarding the profitability by region, I am sorry but we don't provide this information.

ANTHONY DICK: Okay. Thank you very much.

DANIELE SCHILLACI: You're welcome.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. The next question is a follow-up from Martino De Ambroggi, Equita. Please go ahead.

MARTINO DE AMBROGGI: Thank you. Trying to summarize 2 items that you commented during the call. So, I tried to match the capacity utilization today at 87% with your statement concerning that the existing capacity is enough to satisfy mid-term requests from your clients. Mid-term, I suppose, 2, 3 years. And based on my very rough estimate, I should mean €500 million additional sales. But I suppose you will continue to increase capacity in the next few years or are you planning a significant slowdown in the typical high level of CAPEX going ahead?

DANIELE SCHILLACI: As I said before, current capacity utilization stands at 87%. With the recent project additions, there is sufficient capacity for the next three to four years to support projected volume growth and existing customer contracts, such as Sensify. At this time, there is no requirement to invest further large sums in expanding production capacity. The current resources allow for growth over the coming years in line with the five-year Business Plan. As new projects are implemented, the investments made in capacity, and currently ramping up, are expected to be fully utilized in the next few years. Should we receive additional requests from our customers, we are prepared to expand production by adding additional lines within the current facility, for which we have already allocated space. Accommodating increased demand will not pose any issues, and I would welcome the opportunity to make this investment.

MARTINO DE AMBROGGI: Okay. Thank you, Daniele. And since you are investing less in CAPEX, maybe M&A becomes a focus. I don't know if there is anything interesting around you are looking at. I don't know.

DANIELE SCHILLACI: Yes, of course. M&A remains a permanent focus for the company, and we are studying many dossiers, as part of the company's strategy to potentially expand into new areas that will complement our existing portfolio. In particular, one area is being examined in depth for potential opportunities. If a suitable opportunity arise and align with the company's criteria, it will be evaluated accordingly, similar to the previous acquisition of Ohlins. The company continues to take an active approach to M&A activities.

MARTINO DE AMBROGGI: Thank you, Daniele.

DANIELE SCHILLACI: You're welcome.

OPERATOR: Gentlemen, that was the last question. I turn the conference back to you for any closing remarks.

LAURA PANSERI: Thank you very much, and we wish you a pleasant rest of the day. Bye-bye.

DANIELE SCHILLACI: Bye-bye.

MATTEO TIRABOSCHI: Bye.