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Guidelines

2013 will be an important year for the Operations of Brevini Fluid Power. The great efforts in 2012 to accomplish most part of the restructuring plan of the production units in the area of Reggio Emilia have yielded clear positive results, but it must be able to continue in order to accomplish more together. (Pag. 4)

TECHNICAL



FEM analysis on half-coupling

The optimisation job regarding half-coupling performance for orbital motors developed within the research and development division has come to completion. (Pag. 2)

TRAINING



The Campaldi Student Project. Walking Tour and awarding

Not only "brain drains", but also young people who bet on their future by keeping high grades to allow for admittance to the Campaldi Student Project. "We are proud to walk alongside so many young people who have been giving substance to our training programme for more than 11 editions now" - stated Mirco Campaldi. (Pag. 11)

HUMAN RESOURCES



Educational Internships and school/work rotation

In 2012, there were nearly 4,000 hours of internships carried out within the Brevini Group Fluid Power (considering educational internship and work-school rotation), while in 2011, there were nearly 5,000 hours, in particular, the difference between Educational Internships, Summer Internships and School/Work Rotation. (Pag. 9)

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ISIM Audits "Approved"

The audits conducted have confirmed the maintenance of the Quality Management System Certification pursuant to standard UNI EN ISO 9001:2008 on the production facilities of the product Samhydraulik. (Pag. 10)

Editorial

The work programme for 2013: our racing tactics.

The path has been traced... despite storms



The fascination of sailing consists in knowing how to "measure" the wind at sea, making the difference in winning or losing a race. Many businesses around the world are faced with the same situation today. Even Brevini Fluid Power, we have to set our sailing tactics in order to round the next mark successfully. It has been too many months since we hear bad news about storms and winds that block our recovery strategy. We have a difficult year ahead of us and the past 12 months in 2012 have not been easy, but we have a route. Our industrial plan remains the main point of reference and the objective still is worldwide growth. The firms that have given life to Brevini Fluid Power have been around for nearly 40 years, but the decision to create a power fluid centre dates back to 2003, exactly 10 years ago. We have a strong development plan on products and the business strategies fine-tuned at the end of 2012 are ready to be effective.

This issue of Your BFP includes a special supplement about BAUMA and other Fairs. We have the ability to "measure" the wind and the will to sail. Happy new year 2013"

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Vito Bonafede
A.D. Brevini Fluid Power

SPECIAL EVENT

Bauma 2013

"Ideas to go global"

Responding to the crisis by understanding all global signs of recovery from the construction industry. This is the guideline chosen by Brevini Fluid Power that is presented proudly at the fair of Bauma 2013, scheduled for 15 through 21 April 2013 in Munich with a large stand and a new development plan that strives for global perspective (both in terms of production and sales), consolidated over the years thanks to massive investments made throughout the world with the purpose of gaining gain new market share.

The Brevini stand, at 225 Hall A4 in the fair of Munich will put together the products of Brevini Power Transmission and Brevini Fluid Power dedicated to earth-moving machines and constructions.

BAUMA SPECIAL... continued on page 5



TECHNICAL

Automotive HME Control Project Mission accomplished for the "Pump Design" Group

The mission was precise: to design and produce a control for hydrostatic transmission in "automotive" type closed circuit.

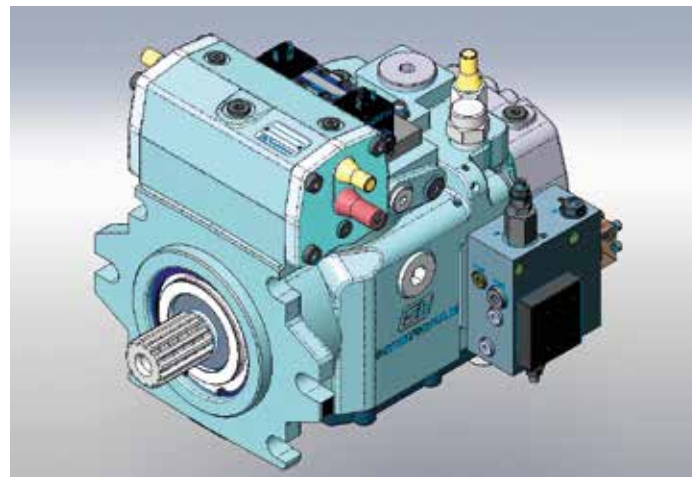
The mission was accomplished and the new control has responded to the two challenges that meet the widespread market demand not yet covered by the range of regulators offered by Brevini Fluid Power, but at the same time, they meet the demand of replacing the famous HNA of the old series of HCV pumps.

The famous name is not used by chance, in fact the "HNA95 regulator" won the award for hydraulic innovation in 1995.

Nearly twenty years of history and loyal customers have represented a challenge for the new production. Today's market has then set further goals, including that to cut down costs and increase performance. But, why are there so many expectations for this component?

The reasons were many, even in this case. First of all, the automotive control represents 15% of the turnover for the close circuit product and for this reason, the old HCV series was kept going only for this regulator that was implemented in the new S6CV series. Then we have the constant stubborn willingness to develop systems and the new HME in this regulator is able to create synergies with the new series of motors SH11C and SH7V.

In fact, the HME automotive control is able to control a transmission consisting



of a pump with variable displacement, such as the S6CV or MD10V and one or more fixed or variable displacement motors like the SH11C and SH7V series, not to mention the new MD11V series.

Those who are not part of the technical division will be curious to understand how this control works and where it

can be used.

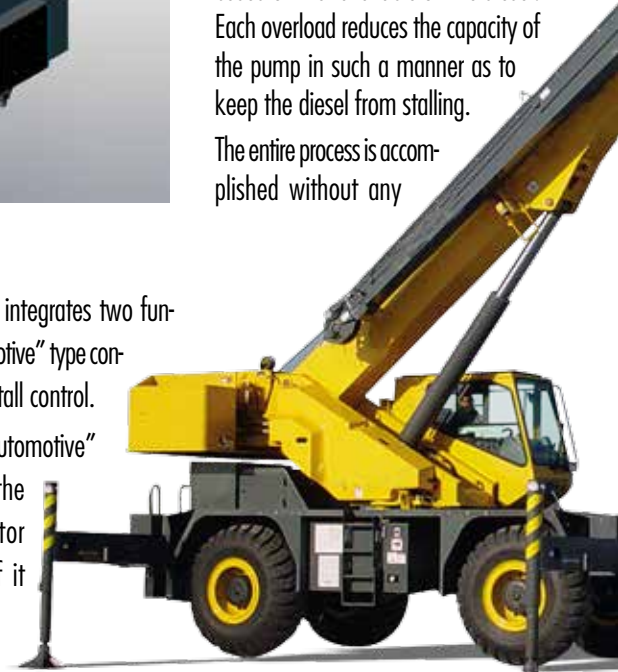
The HME control integrates two functions, an "automotive" type control and an anti-stall control.

The so-called "automotive" control allows the machine operator to guide it as if it

was a car with automatic shift, the capacity of the pump increases as the accelerator is pressed and hence the speed of the machine.

The anti-stall control ensures that the pump adapts its own power demand based on that available on the diesel. Each overload reduces the capacity of the pump in such a manner as to keep the diesel from stalling.

The entire process is accomplished without any



mechanical or electronic connection between the accelerator and the pump. The HME runs completely automatically. The automotive control is used in different types of machines used by our customers, such as truck cranes, wheeled loaders, mining machines, carriages, not to mention railway locomotives.

Compared to the old HNA, the new HME has helped developed two features, a temperature compensator, namely a device that makes the system insensitive to operating temperatures, an unprecedented feature for Brevini Fluid Power and the use of the said pump automotive with open ring control without retro actions, this was made possible thanks to the work of our young people from the Technical Division who will be in charge of performing calculations and

simulations and also thanks to the R&D unit that has experimentally validated the solution prior to its application in the field, resulting in savings on a single pump that goes from 20% to 30% depending on the pump's displacement.

A significant contribution for better ergonomics and maintainability of the control was given by our young people of the End of Line Testing Division and SAT.

Today we have about 60 units in the field, both from historical and new customers, of this unit several have exceeded the year of operation.

Mission accomplished!

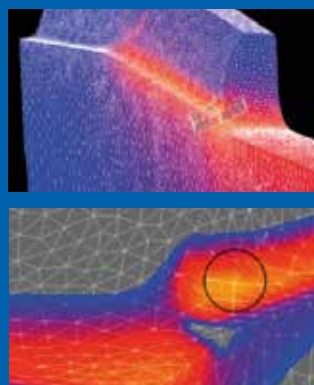


TECHNICAL MEETING



Power and Fluid "an ongoing dialogue"

At the end of 2012, Brevini Fluid Power organised a technical meeting at the training hall in via Natta with more than forty staff members from Brevini Fluid Power and Brevini Power Transmission group, as well as several partner companies. The optimisation job regarding half-coupling performance for orbital motors developed within the research and development division was discussed during the meeting.



The characterisation test results on the static resistance of standard half-coupling were positive (carried out on all motor displacements BR and Hr) as well as the results on the correlation between the transmissible static torque, resistant section and type of heat treatment, considering a material taken as reference (18NiCrMo5 C.T.R.). Moreover, the results of the determination for the

experiment of a Wöhler diagram were revealed in regards to the standard component (carried out for two reference displacements, one for half-coupling of the HR family and one for the BR family).

A FEM analysis on voltages inside the component was also carried out on said components in order to get an analytical determination of the incipient breaking point, analysis of which was experimentally validated thanks to the testing carried out on half-coupling with various tempering and carburising treatments. Lastly, emphasis was given to the influence on the static characterisation and the fatigue of the surface finishing treatment (and in particular the shot-peening).

The meeting represented an opportunity to share new knowledge acquired over the course of the project which involved not only the research and development team, but also the Faculty of Engineering "Enzo Ferrari" of the university of Modena and Reggio Emilia and several industrial partners, such as ISB and the metallographic consultancy firm Metalconsult.

The meeting and the technical debate yielded major possible results, mainly in view of the fact that the results of the project can have positive reoccurrences not only on half-coupling of orbital motors, but also on all components that must be designed to withstand cyclic stress.



OPERATIONS

Operations 2013: the new “agenda”

The guidelines required to reach new levels of productivity and competitiveness



Fluid Power. The great efforts in 2012 to complete most part of the restructuring plan of the production units in the area of Reggio Emilia have yielded clear positive results.

The second phase, the completion of several reassignments of roles and productions, represents a challenge because we must build it by dealing with an external difficult market.

The expected recovery is not yet evident and we must fight every day to stay competitive. Together we have defined the budget for 2013, a new agenda to improve the operations of Brevini Fluid Power.

Some investments and managerial decisions are postponed over time, but this does not mean we have stopped. On the contrary, it means to do more and MORE TOGETHER.

We will need the efforts on the part of the “Brevini people” in order to optimise warehouse management that is the catalyst for the entire business. True catalyst even in terms of resources required to invest. Therefore, this is a key factor and everyone, including those with new positions created through the restructuring plan set out in 2012, must give their utmost contribution in adapting to new demands and facing new problems. The investments that guarantee a certain and quick payback and that will not undergo any delay, will be given much attention. However, we cannot do everything and perhaps we can even focus on new horizons to evaluate with much emphasis.

There is one word “**empowerment**” that we must get used to pronounce it, or better yet used it more in our daily work. Empowerment is a management tool that allows us to make collaborators aware of their responsibilities at all levels, fostering commitment and motivation. The objective is one and only one: to actively involve everyone, operators and managers, in the search for success. In order to keep up with changes, we must be efficient and competitive and promote customer loyalty in any

industrial, commercial or service organisation. This is the strategy that will give us positive results in any business, whether private, public, big or small. Today more than ever, we must maximise and enhance the commitment, knowledge and skills of all collaborators. There is much to reflect upon for everyone. In fact, individually speaking, there is self-empowerment which refers to the growth of each person through different natural courses aimed at developing new skills and competences (training, experience, etc.) . This is why “empowerment” as of 2013 will become a key word in Brevini Fluid Power.

When a business starts to value empowerment as a strategy to improve productivity and competitiveness, new relationships are created. We need a new approach for managing information and decisions. We must really get to know the new operations model that we are building, revise the allocation of resources and re-examine the information flows. New communication styles must be adopted. New skills are needed to cover the new roles and it is economically justifiably to rely on all training resources available in order to develop competitive abilities and provide services to the customer. Making workers aware of their own responsibilities also means to recognise the personality of each person, in addition to his/her organisation status and his/her competence and ambitions, as well as application and efforts.

This is a change that guarantees tremendous benefits for the entire organisation, sort of how it happened to the production unit in Via Colletta (the PCT - transmission power plants) that was remodelled according to Lean Production practices oriented at World Class Manufacturing. We clearly know the road to follow in order to complete the course set out with other investments and reassignments of production units.

We will get closer in 2013, but the “road map” to strive for excellence in operations has been traced and we will pursue it with perseverance.

Our agenda to adapt to the market’s rhythm changes slightly and with this approaching “stage” we will have a new finish point at our fingertips, being aware of having planned a new goal correctly.

Mirco Campaldi

Brevini Fluid Power Operations Manager

ICT: Ongoing projects to undergo a change “together”

The study and implementation phases that the ICT Brevini Fluid Power Department has set out to provide new and more efficient operating support to the entire company continue their course.

The development of managerial software continues to expand allowing the entire organisation to grow quickly. The interface between the two “old IT worlds” SamHydraulik and Hydr-App which create a unity in the “Brevini Fluid Power” world are being studied and improved on a daily basis.

In this phase, utmost emphasis is given to Customer Service, the sales force and logistics.

The new Product Data Management PDM was installed and is being implemented. The ICT team should bring to completion the central core by the summer of 2013. Discussions with branches are underway to plan the joined use and extensive internal collaboration will be needed in order for the PDM to be effective.

The change of several work flows and the change of some habits will initially represent an effort that will be quickly repaid by an increase in the efficiency of all the involved entities, even in just one product planning or realisation phase.

The new domain has now been implemented. All Brevini Fluid Power users of all the branches of Reggio Emilia are now part of a single “logic registry” that oversees all data accesses. Moreover, OT Oil Technology and Hydr-App Lombardy are the first branches or subsidiaries who have joined this system. The network connection towards to the parent company of VPS Brevini has been completed and the network and telephony connections of OTI Oil Technology, Hydr-App Lombardy, Brevini Fluid Power Veneto have been strengthened.

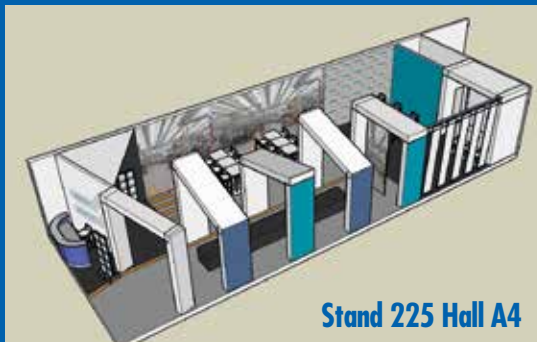
As far as communication services are concerned, the new email system is up and running and the users are being transferred. The new website www.brevinifluidpower.com has been enhanced with several functions, which includes a download reserved area.



Brevini Fluid Power at the fair of Munich "Your Global Partner" for construction and earth-moving machines

 **brevini**
fluid power

 **brevini**
power
transmission



Stand 225 Hall A4

Responding to the crisis by understanding all global signs of recovery from the construction industry.

This is the guideline chosen by Brevini Fluid Power that is presented proudly at the fair of Bauma 2013, scheduled

for 15 through 21 April 2013 in Munich with a large stand of 100 square metres and a new development plan that strives for global perspective (both in terms of production and sales), consolidated over the years thanks to massive

investments made throughout the world with the purpose of gaining new market share.

The Brevini stand, at 225 Hall A4 in the fair of Munich will put together the products of Brevini Power Transmission and Brevini Fluid Power dedicated to earth-moving machines and constructions.

The last edition of 2010, Bauma (www.bauma.de) drew 3,256 exhibitors from 53 countries and more than 420,000 visitors from over 200 nations. With a total of 555 thousand square meters of exhibition space, Bauma is

the biggest fair in the world.

The growth in the construction market throughout the world is increasing the demand for concrete products, including cement tubes, shafts and prefabricated components. This demand can foster growth between manufacturers of machines and systems that are used to produce these components.

There is a very positive atmosphere at the Bauma fair thanks to the entire range of new products made by companies who innovate just like Brevini Fluid Power.



"The market gives us positive signs"

The group led by president, Renato Brevini, is present upfront at the German fair.

The group is among major worldwide players in the power fluid industry and the power transmission sector with a consolidated turnover reaching Euro 500 million in 2012 with 2,500 employees and facilities throughout Italy, China, German and the US (Euro 700 million is forecasted in the industrial plan for 2015).

"The growth in the construction market throughout the world is increasing the demand for concrete products, including cement tubes, shafts and prefabricated components." — stated Renato Brevini, "This demand can foster growth between manufacturers of machines and systems that are used to produce these components."

At Bauma of Munich, the entire series of new products will be exhibited and Brevini, the group, will offer more value with its ability to work in a partnership with customers".

Solutions to grow "together"

"We have the ideas and the products to resume growth and we intend to pursue it together with our customers and suppliers" - added Vito Bonafede, managing director of Brevini Fluid Power - "the latest

edition of the trade fair Bauma in Munich, held every three years and dedicated to the construction industry and is one of the most important fairs in the world. Brevini Fluid Power offers a "strategic pact", a new step ahead that represents a relationship with customers for many years. Today more than ever, we strive to be partners to create the most possible value throughout our entire supply chain. Creating value for us of Brevini Fluid Power, means to become more global everyday with production units and branches designed to meet customers' demands in the most flexible manner. Our sales for the earth-moving and construction industry represent 41% of our overall turnover that was kept above Euro 110 million in 2012. The technical and business meetings that will take place on 17 and 18 April at the Bauma 2013 fair are just a small sign of commitment and willingness, but together with our customers we will do much more over the next months".



At the fair of Bauma 2013 (for more information visit www.bauma.de)

Brevini Fluid Power has created landing pages accessible at www.brevinifluidpower.com



All of the figures of the Fair

Bauma, the International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment will be held from 15 until 21 APRIL 2013 at the new Fair Centre in Munich.

This event is held every three years.

In 2010, there were about 3,256 exhibitors from 53 countries and more than 420,000 visitors from over 200 nations.

With a total of 555 thousand square meters of exhibition space, Bauma is the biggest fair in the world.

Brevini Fluid Power in Germany



The businesses that contributed to the development of Brevini Fluid Power in 2003, exactly 10 years ago, by joining forces and development plans into a single project have been present in Germany since 1997. Today, the German branch of the group is led by Mr. Uwe Krüger who guides a stable team of 20 persons positioned in three operating units in DUISBURG and WURZBURG.

The headquarters of the German branch are situated in MAMMENDORF at about 40 km from MUNICH.

The strengths of the Brevini Fluid Power German branch are the warehouse that was recently extended, the assembling unit and the dedicated testing area that was just expanded. In addition to the close bond with the headquarters of Reggio Emilia, the work of the

German team of the Brevini Fluid Power is efficient also thanks to the cutting-edge Technical Division that relies on latest generation 3D software and that is constantly in dialogue with the sales force, working side by side with customers and the market on a daily basis. For the entire Brevini Fluid Power team, the stable relationship with its reference market is a key success factor and continues to be a "key" strategic direction for the future. Technical innovation based on our "Italian know-how" is first in line.

Brevini Fluid Power marks its presence with a worldwide branch network capable of supplying and customising components and application packages for the building industry, including earth-moving machinery.



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The latest news: Brevini meetings at Bauma

With the latest edition 2013 of the Bauma fair, Brevini Fluid Power is a new step ahead in the relationship with own customers. Today more than ever, we strive to be partners to create value in the supply chain.

Thanks to our vast experience of 40 years, Brevini Fluid Power is among top producers in Italy in the fluid power industry;

a major player in the European market and in the world with a well-structure network of branches. In accordance with the Company's Mission whose purpose is to make a global business, our solution is to offer a complete application package thanks to our vast range of products that includes pumps and motors with axial pistons and gears, orbital motors, cetop valves and proportional valves, mini hydraulic stations, blocks and control electronics.

Brevini Fluid Power will display its new products at the Bauma 2013 for the construction machine and earth-moving sector.

The team Brevini Fluid Power will be happy to welcome you with an exclusive gadget to introduce the range of products and applications and give a change to taste a range of typical Italian foods.

Creating value for Brevini Fluid Power means to be a true partner for our own customers.

We have arranged two meetings during the Fair and we are proud to invite you. Although for us this represents just a small sign of attention and willingness, together we will do much more.

We kindly ask you to confirm your attendance
marketing@brevinifluidpower.com



TECHNICAL MEETING

[CONFERENCE ROOM A61/62]

17 APRIL - 9 AM (ENGLISH LANGUAGE)

- WELCOME AND CORPORATE VIDEO
- FOCUS ON CONSTRUCTION AND EARTH MOVING APPLICATION
- CASE HISTORIES

SALES MEETING

[CONFERENCE ROOM A61/62]

17 APRIL - 2 PM (ENGLISH LANGUAGE)

18 APRIL - 2 PM (DEUTSCH LANGUAGE)

- WELCOME AND CORPORATE VIDEO
- GLOBAL SUBSIDIARIES
- RANGE INTRODUCTION

Our manager are
available to meet you
reserve on line...



A new stand: "The Brevini house"

company's business. Architect Mirka Brevini has reinterpreted the showroom's idea of success opened on 5 October 2013 in the new Brevini Power Transmission headquarters in Reggio Emilia (Italy). There will be a multimedia and interactive area both in the stand and in the showroom.

The true protagonists are of course the new products and applications dedicated to machines for the construction and earth-moving industry. The new product display and applications

refer to an assembly line like that of the Brevini production units that comply with Lean Manufacturing principles throughout the world and strives for World Class excellence, but are created specially for the fair.

Much emphasis is given to hospitality with spaces dedicated to discussion and tasting of typical gastronomic products from Emilia.

Brevini Fluid Power will welcome you to Bauma 2013 with a large stand of more than 100 square metres. The concept of the new structure is to take visitors into the heart of the



A large stand with more than 100 square metres accessible from three sides. This was the showcase for the efforts of Brevini Fluid Power and Brevini Power Transmission for the 2013 edition of the Bauma China fair held at the end of 2012 (from 27 to 30 November), drawing attention from around the world with record numbers.

All major players and competitors of the Brevini group were also actively present at the Chinese fair.

"But there is a showcase within a showcase, not only a stand" – added Maurizio Brevini, Technical Manager of Brevini Fluid Power – "the Brevini Fluid Power products stood as a sign of technology and reliability in many machines exhibited by major worldwide constructors who are also among our customers".

Seeing our components on machines is certainly the best way to promote a product and Brevini Fluid Power is proud of customers like Airo, Casagrande, Haulotte, Soilmecc (Trevi group), Jove, Sany, Shenyoung, Haide, Yonda, Jingcheng, Jchi, Sunward, Brooke, Lovo, Xuzhou Construction Machinery.

| | |
|-------------------|---------------------------------|
| CRANES | ➔ AXIAL |
| PLATFORMS | ➔ VALVES - POWERPACKS - SENSORS |
| DRILLING MACHINES | ➔ AXIAL - PROP. VALVES |
| ATTACHMENTS | ➔ ORBITAL |

Group (XCMG), Zoomlion. All of which offer advanced applications in strategic segments.

The wind of recovery, yet again, seems to come from Asia. Brevini Fluid Power, along with Brevini Power Transmission, participated to the BAUMA CHINA fair which was proven to be a good "indicator" to forecast the year ahead of us and to see how the fluid power market associated with machines for the

Bauma China: a large stand and many business contacts

construction and earth-moving sector is shifting .

"The outcome of our presence in the Bauma China Fair 2012 was certainly positive" - stated the Managing Director of Brevini Fluid Power, Vito Bonafede – "We have found signs of optimism between our customers and have established new contacts with potential partners for new projects".

Against all forecasts given the crisis suffered by many countries, the Bauma China fair has beaten all records

- About 180,000 visitors from 141 countries: + 16%
- 300,000 square meters of available space: + 30 %
- 2,718 exhibitors from 38 countries: + 46 %

More visitors and exhibitors with more exhibition spaces for the sixth edition of the Bauma China Fair, the International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment.

All major players from the construction sector took the opportunity to show new products and projects relying on major resources to ensure an outstanding presence in the fair. Brevini Fluid Power could not have missed the event and in fact showed its presence with a large stand of 100 square metres. New axial units and more electronics were among the new features, in addition to dedicated components for the mobile sector.

There was certainly an exuberant atmosphere in Shanghai and the turnout at the stand was outstanding.

It was four days of intense work for the sales force who arrived from Italy and for the Chinese branches of Beijing and Shanghai. The dinner organised by Brevini China with a full staff was a complete success and included the presence of the President of Brevini Group, Renato Brevini. For the first

time ever, Bauma China occupied the entire the exhibition space with a total of 300,000 square meters, giving life to the entire majestic Shanghai New International Expo Centre.

After China, the first ten visitor countries were Russia, Korea, India, Malaysia, Singapore, Japan, Thailand, Taiwan, Hong Kong and Turkey which translates into many new opportunities.

After China, the first five exhibitor countries were German (172), Italy (122), United States (116), Korea (67) and Japan (49).

The next Bauma China fair will also be held in Shanghai from 25 to 28 November 2014.



1. Loyalty and mastery are the basis of patriotism.
2. Devoutness is the basis for growing a family.
3. Compassion is the basis for treating the world.
4. Reliance and personal loyalty are the basis of a triumphant cause.
5. A peaceable heart is the basis for a successful life.
6. Courtesy is the basis of a successful business.
7. Obedience is the basis of responsibility.
8. Frugality is the basis of services.
9. Cleanliness is the basis of a strong body.
10. Altruism is the basis of happiness.
11. Wisdom is the basis for serving the world.
12. Perseverance is the basis for success.

The branch of Peking "opens its doors"

This is a life philosophy for Mr. Sun and his collaborators.

During the official trip to China for the participation to the international fair trade Bauma China of Shanghai, the Managing Director, Vito Bonafede along with the management team of Brevini Fluid Power visited the Chinese branch in Peking located in the province of Miao Cheng Zheng Huai Rou.

The Peking Branch welcomed our team with an exceptional guide: Mr. Sun Yingjie, managing director of Brevini Fluid Power China.

The branch is well-organised just as a "community".

Accommodations were available within the facility which included common areas and recreational spaces for all employees (ping-pong room, karaoke, computer room).

The cafeteria with facilities stands out at the branch of Shanghai, as well as the game fields and gardens located throughout

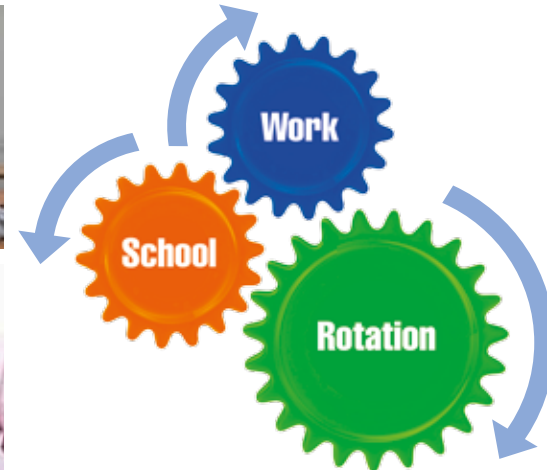


the company that are managed exclusively by employees.

These structures allow workers from very far to stay in the branch during the working week.

HUMAN RESOURCES

Educational Internships and school/work rotation programmes: What are these? What are the differences...



In 2012, there were nearly 4,000 hours of internships carried out within the Brevini Group Fluid Power (considering educational internship and school/work rotations), while there was nearly 5,000 hours in 2011..

What is the difference between educational Internships, Summer Internships and School/Work Rotations?

Educational Internships involve university students who are approaching graduation. Those students have the chance to be hosted in a company and are given the opportunity to write an experimental thesis or analysis of a corporate case. The internship normally lasts 4-6 months. Internships of students approaching graduation are defined as "curricular" internships.

The internship may be started within 12 months after graduation, the purpose being to favour the introduction of students into the world of work. Internships are by no means considered employment. It must be however, supported by an "Individual Project" which must be introduced into the Agreement that the company draws-up and a corporate Tutor must be identified.

High schools students are involved in summer internships and in school/work rotation programmes. Normally these types of internships take place in the summer months and last from 3 to 6 weeks. School/work rotations consist of education processes that are held outside the classroom and extend to work contexts, alternating from school to involvement in companies. Therefore, the "rotation" programme gives students the chance to go from

being in a school classroom to be involved in a business context.

One of the main purposes of School-Work Rotation is to favour orientation offering a general picture of businesses and helping students to understand the behaviour to exhibit in a work environment thereby implementing flexible learning methods that incorporate classroom training with practice, making a connection between educational institutions and businesses.

The Brevini Fluid Power Group normally hosts students under a "school/work rotation" programme, including newly graduates and those approaching graduation under Education Training.

Figures to show:

In 2011, we set off 5 summer internships, as well as work-school rotations for high school students (primary students from ITIS L. Nobile and ITSG "B.Pascal" of Reggio E.). Subsequently, 9 Curricular Educational Internships were set out mainly for new graduates of mechatronic engineering, mechanics, managerial engineering and economy. Several of these students were hired by the company. The main involved corporate areas are: the technical planning office, the R&D experimental division, the marketing department, customer service, the administration office, the human resource office, ICT office, programming and logistic office and the production division. In 2012, we set off 3 "work-school rotation" programmes and 3 educational internships.

Company visits by high schools students are aimed at maintaining a close bond between the schools of our nation and our company.

BC India: a very positive test for Brevini Fluid Power



Despite the difficult situation in the building machines industry, BAUMA CONEXPO SHOW –BD India has consolidated its own position in the Indian market. More than 28,000 qualified traders have visited the event that was held at the Brandra Kurla Complex of Mumbai from 5 to 8 February 2013.

Positive feedback was given by sales managers of the Brevini Fluid Power group on the fair who prepared a stand for the Indian fair which has drawn the attention of many visitors.

The fair of Mumbai was proven to be a valid test.

Indian customers highly value the development plan that starts from the creation of a structured branch and strives to create a true production unit in the near future.

The advantages of the "structured" Indian branch are many:

- Quick deliveries with dedicated inventory
- The chance to make packaged-based supplies, consolidating all products of the BFP group (today this activity is basically impossible to manage from Italy)
- Technical/ in situ after service support.

- Billing in Indian currency, as this is much demanded by major customers.

The successful product to localise in India could be the axial piston motor BENT AXIS SH11C. Today the average consumption in India equals to approximately 50,000 units per year.

Excellent market perspectives in the Indian market seem to open even for product lines of OT Oil Technology.

Overall, there were 710 exhibitors from 33 countries at the second edition of the Indian trade fair. It is an International Trade Fair of Construction Machines, Construction Materials, the Mining Industry, Construction Vehicles and Equipment. The fair covers an area of 150,000 square meters.

437 of the 710 exhibitors were international, totalling 61 percent.

QUALITY

Quality Management System: “checked and approved”

A certified Quality Management System proves the total commitment of the company in meeting the Customer's demands and in fostering continued improvement thereby turning quality demand into competitive advantage.

On November 2012, Brevini Fluid Power S.p.A. successfully passed the audit conducted by the certified third party entity ICIM.

ICIM is an independent Italian entity founded in Milan in 1988 as “Certification Institute for the Mechanical Industry” and certifies Quality, Environmental, Health and Workplace Safety Systems. The entity is entirely controlled by ASSOICIM, an association that promotes the development of the Italian system through a quality culture.

The audits conducted have confirmed

the maintenance of the Quality Management System Certification pursuant to standard UNI EN ISO 9001:2008 on production facilities of the product Samhydraulik.

This certification was initially pursued in 1994 as a sign of the Company's willingness to increase its own competitiveness and success in international markets and was always



punctually renewed in the following years up until today (from UNI EN ISO 9001:1994, through UNI EN ISO 9001:2000 up to the current standard UNI EN ISO 9001:2008).



SAT: “the customer is always right” An analysis of the accomplishments in 2012

Our philosophy can be described in three words S.A.T which puts the customer in the centre of each project that Brevini Fluid Power develops over the years to come. A unique post sales service, a help desk easily reachable and coordinated, the new Technical Assistant Service for all the brands of the group: Aron, Hydr-App, SAM Hydraulik, BPE Electronics, VPS Brevini, Brevini Hydraulics, OT Oil technology.

A unique point of reference that relies on a team of 12 highly specialised technicians and the adequate means capable of reaching the customer “on site” within 72 hours after a call within a radius of 800 km from the head office of Reggio Emilia, providing technical assistance directly, including all the necessary consultancy.

More than 1,700 hours dedicated to Customer Service in the most extensive flexible possible vision in order to provide more adequate answers to meet customers demands.

S.A.T.'s staff is made up of:

- 5 operating persons and 1 administrator to deal with post sales support;
- 2 persons in charge of technical documentation;
- 3 persons in charge of coding and technical support;
- 1 service manager.

The activities carried out by the division for the year 2012 can be summarised as follows:

- products overhauled in the branch: about 1600 (HA) and 4500 (SAM);
- 92 technical assistance interventions at customers' premises (in average 2 per week);
- 149 projects accomplished regarding Technical Documentation and Technical Reports totalling about 900 work hours;
- Complete management of product coding for the SAM and BH range through the TCE configurator;
- Start of code settings of the HA product range through TCE configurator;
- About 2,600 hours of technical support for the sales division.

What are the plans for the future? there is a new spare part service in the work programme introduced in the Industrial Plan whose purpose is to supply spare parts within 36 hours.

An online and telephone consultancy service has been already set out to suit the needs of customers bringing them closer with a dedicated channel for each product line.

TRAINING

Walking Tour and awarding / The Werther Campaldi Student Project opens the doors of the renewed factory “Investing on talents”



Brevini Fluid Power supports worthy students from high school to college.

From university classrooms to the “factory being renewed”. A time to think Lean in order to understand how to work better and improve our the competitive edge of our business. Going forward.

This is the message that came out of the new production unit Brevini Fluid Power in the industrial area of Crostolo in Reggio Emilia while the four study grants were awarded to young university students who were introduced to the Werther Campaldi Student Project. The son of Werther Campaldi, Mirco, director of the Brevini Fluid Power operations was in charge of leading the walking tour that has helped students and teachers discover a new vision of the factory: clean and safe where times and functions are optimised. Students and teachers are from the IIS L. Nobili and the University of Modena and Reggio Emilia who collaborate in the Student Project): “We are convinced that investments like the new headquarters Brevini Power Transmission that was recently inaugurated and the restructuring of Brevini Fluid Power production units, are a time to renew our way of dealing with production by disseminating Lean Manufacturing practices within our headquarters” - added Renato Brevini. “Costs and waste can be cut down, but thanks to the continuous commitment of the human resources of whom we rely within the company, we can remain competitive”.

The 11th edition of the Student Project dedicated to Werther

Campaldi who accompanies worthy students from Reggio Emilia from their high school career at the S.L. Nobili to their college graduation with an engineering degree. This was also a time to say that there is a way for university search and corporate development to co-exist.

This is proven by Andrea Lucchi and Federica Franzoni who in the edition 2012 of the worldwide symposium dedicated to fluid power (FPNI), held the made in Italy flag up high, proposing innovative and research solutions that can be used in Brevini Fluid Power productions. The company recruited them to strengthen a strategy: “We will grow abroad with new products and systems, entering new markets” – explained Vito Bonafede, Managing Director of Brevini Fluid Power. Our goal is to reach a turnover of Euro 150 million in 2015 and for this



reason, in addition to developing new production units in India and America, we strive for new acquisitions and new mergers.

In an industrial plan, such as this one, investing in human resources is essential”.

This is the direction in which the creation of TMS in 2012 heading, the Technical and Management School Brevini Fluid Power: “We are at the start of a new expansion phase and continuous improvement will be the key for our future” - commented the TMS Manager, Maurizio Brevini. “We will open new branches (at least two a year) and new facilities abroad. All of this requires training programmes to meet the global context where we operate”.

The four students awarded with the grant

Nicolò Morini

Attending his first year with a major in mechatronic engineering

Luca Bonomo

Attending his third year (managerial engineering)

Tommaso Bacci

Attending his second year (managerial engineering)

Nassredin Naas

Attending his second year (mechatronic engineering)

Not only “brain drains”, but also young people who bet on their future by keeping high grades to allow for admittance to the Campaldi Student Project. “We are proud to walk alongside so many young people who have been giving substance to our training programme for more than 11 editions now” – added Mirco Campaldi -

FLASH NEWS

Editorial

The road has been traced... We are all in the same boat despite storms
(continued from page 1)

With adverse winds or no winds that block our navigation towards our destination, sailor Giovanni Soldini is used to dealing with this reality. His "lesson" is simple: never give up!



Giovanni Soldini and his Maserati boat arrived to San Francisco on 16 February and despite many difficulties, they beat a new record. Giovanni Soldini with a crew of eight aboard the Maserati, started their journey from New York on 31 December 2012 to attempt to beat the historic record of Golden Gate Bridge at 13,225 miles from New York to San Francisco going through Cape Horn. They have won and beaten the record set in 1998. With a difference of ten sailing days. Just as they did, we also have a difficult time ahead of us and we must beat our fortified competitors. The first signs of "wind" picked at the Fairs (India and China) are not negative, but cohesion will be needed, just as it happened for the crew of the sails, as well as a strong willingness to reach the port at the end of 2013 with good results. When the pressure at work reaches high levels, we must deal with dangerous wind, too strong and fast, or a too calm that stops the navigation, this is why it is essential for every one to know how to improve their own problem solving skills and decision making abilities. We must know how to resolve problems, minute by minute, and make the right decisions, to then put them into effect. In many large businesses, sports champions like the sailor, Giovanni Soldini, are called to hold "lessons" to help everyone understand how to sail in storms or in calm sea and finally what to do when the wind in back in the stern and everything seems easy. A business can also GYBE. It is not an imaginative behaviour, but it means to change the route going with the stern towards the wind. We have new communication instruments while other are being fine-tuned, the obvious purpose is to fully support those who sell products and systems. We will have new products and solutions that will be presented through technical and sales meetings at BAUMA of Munich, as well as in other Fairs. Nobody can predict what coming in 2013, but we at Brevini Fluid Power can only say that all of our efforts will be placed to strengthen our occupational, productive and sales dimension. We have significant market share in segments where major analysis expect a recovery. We must DOWN THE HELM just as Giovanni Soldini did to win his umpteenth challenge with the sea and take the stern of our sail where the wind blows. We'll be there!

Vito Bonafede
A.D. Brevini Fluid Power



**Renato Brevini,
Vice Chairman of
"Unindustria Reggio
Emilia"**

On the first session of the Unindustria Reggio Emilia Committee, as planned in the Merger Project between Industriali Reggio Emilia and Pmi Reggio Emilia, the Vice Chairmen were appointed and will remain in office for the two year period 2013-2014.



**Our
ECONatale
Help to
those
devastated
by the
earthquake
of Emilia**

Changing habits for a more eco-responsible Christmas. This was the starting point for the

2012-2013 holiday season, set by the president of the Brevini Group, Renato Brevini.

So, then why not start with the Christmas Tree?

Designed and manufactured using 100% recycled fibres, the Brevini Power Transmission and Brevini Fluid Power Christmas Tree was designed by architect Mirka Brevini and can be used over the years to come. The Tree can also be disposed of in standard paper recycling containers at the end of its life. This is a way to reduce the environmental impact by giving everyone a positive sign aimed at sustainability, even from an economic standpoint. The "BreviniEcoNatale" tree has drawn many visitors to the new headquarters of Brevini Power Transmission in Via Luciano Brevini and in the headquarters of Brevini Fluid Power in Via Natta.

But there is more, much more! During the traditional

Renato Brevini, president of Brevini Fluid Power and Brevini Group, was appointed Vice Chairman with the task to implement innovation, research and quality. The six Vice Chairmen, along with the Chairman and Chairman of the Giovani Group, Stefania Accordi (Vice Chairman), all make up the Presidency Committee. During the provisional period that will end with the Meeting 2010, the Committee will also be made up of the Past President of PMI Reggio Emilia, Cristina Carbognani and President of the Giovani Group of PMI Reggio Emilia, Claudio Lodi, until the natural expiration of their term of office.

end of year toast that brought together the employees of Brevini Fluid Power in the meeting centre in Via Balla, top management took stock of the situation on 2012 and perspectives for 2013.



The Vice President, Loris Saccani, stated that: despite a difficult year due to the crisis that affects the entire power fluid industry, there is still space for a gesture of solidarity towards the population of Emilia devastated by the earthquake. Brevini Fluid Power supports the reconstruction of a social and health facility with a donation. The facility will be managed by the residents of Rovereto di Novi, which is one of the cities from Modena that was hit the hardest by the earthquake of May 2012.

This is why we wanted to contribute to the construction of a Service Centre to guarantee essential services to a community so severely affected by the earthquake. The facility will be made available to general physicians and will have areas dedicated to activities by AVIS, CUP, paediatrics and a blood drawing area. The facility will be constructed by artisans from the province of Trento who have made a commitment to complete the facility by the spring of 2013. Many employees helped raised funds for the donation and the total collected was very significant thanks to the shareholders' decision of Brevini Fluid Power.

