

## MAHLE REPORTS EBITDA OF R\$ 148.7 MILLION IN THE 3Q18; MARGIN OF 20.9%

**Mogi Guaçu (SP), November 13, 2018 - MAHLE Metal Leve S.A. (B3: LEVE3)**, a Brazilian autoparts company that manufactures and sells components for internal combustion engines and automotive filters, announces today its results for the third quarter of 2018. The Company's operating and financial information, unless otherwise indicated, is presented on a consolidated basis in BRL according to Brazilian Corporation Law.

### Conference call and Webcast of Results:

Date: November 14, 2018

12:00 – Brasília time  
14:00 – London time  
09:00 - New York time

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## 3Q18 HIGHLIGHTS

- **Net Sales Revenue** of R\$ 710.3 million in the 3Q18, meaning a growth of 19.1% compared to the 3Q17;
- Growth of 17.4% in **domestic sales of original equipment manufacturer (OEM)** and of 20.0% in **OEM exports** in the 3Q18 compared to the 3Q17;
- **R\$ 71,7 million** Interest on Equity distribution approved on November, 13<sup>th</sup> BoD meeting;
- In October 2018, MAHLE Metal Leve received the "**Transparency Award 2018**" from Brazil's National Association of Finance, Accounting and Administration Executives (ANEFAC) for the quality of the information in its 2017 financial statements.

(R\$ million)	Main Indicators							
	3Q18	2Q18	3Q17	(a/b)	(a/c)	9M18	9M17	(d/e)
	(a)	(b)	(c)			(d)	(e)	
Net revenues	710.3	628.2	596.5	13.1%	19.1%	1,957.2	1,687.9	16.0%
EBITDA	148.7	112.9	132.6	31.7%	12.1%	380.4	319.1	19.2%
EBITDA margin	20.9%	18.0%	22.2%	2.9 p.p.	-1.3 p.p.	19.4%	18.9%	0.5 p.p.
Net income	92.2	60.2	98.4	53.2%	-6.3%	223.8	193.8	15.5%
Net margin	13.0%	9.6%	16.5%	3.4 p.p.	-3.5 p.p.	11.4%	11.5%	-0.1 p.p.

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## 1 Management's Comments

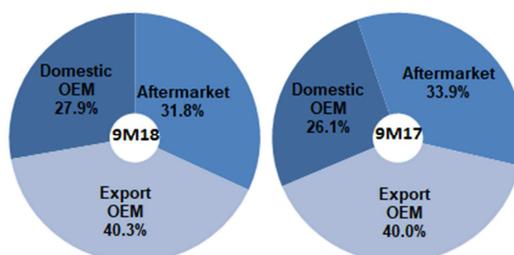
The Company's continued positive results are due to the growth in domestic OEM sales (to automakers) throughout 2018. In the 9M18, our domestic OEM sales increased by 23.6%, meaning a performance above the vehicle production in Brazil (10.5% in the 9M18).

It is also worth highlighting that our balanced share in the markets we operate, *i.e.* OEM and aftermarket segments, both in Brazil and abroad, has allowed us to maintain our profit margins over time. In the 3Q18, net margin and EBITDA margin were 13.0% and 20.9%, respectively.

Accordingly, in the 3Q18 the Company reported net sales revenue of R\$ 710.3 million, representing a growth of 19.1% in relation to the 3Q17, due to the positive performance of the OEM exports (20.0%), aftermarket sales (19.4%) and domestic OEM sales (17.4%).

Comparing the 9M18 with the 9M17 the Company reported a growth of 16.0% due to the positive performance of domestic OEM sales (23.6%), OEM exports (17.0%), and Aftermarket sales (8.9%).

The graph below shows revenue distribution in the 9M18 and 9M17 in the markets where the Company operates:



In the 9M18, the Company reported operating income measured by EBITDA of R\$ 380.4 million, reaching EBITDA margin of 19.4% due to an increase in sales volume in all our markets, greater presence of products with more technology and therefore greater value added.

For the fifth consecutive year, the Company received the "Transparency Award 2018" from Brazil's National Association of Finance, Accounting and Administration Executives (ANEFAC). The award highlighted the Company as one of the most transparent companies for the quality of the information in its 2017 financial statements in the category of net income of up to R\$ 5 billion.

## 2 About MAHLE Metal Leve

We are a Brazilian autoparts company that manufactures and sells components for internal combustion engines and automotive filters. We manufacture products with state-of-the-art technology and the highest quality, and we continuously invest in the research and development of new products and production processes.

We have developed activities in Brazil since the 50's and have a broad portfolio of products and integrated solutions that in most cases have been customized jointly with our major customers. We operate in the OEM (original equipment manufacturers) and aftermarket segments, serving automakers and large autoparts distributors and engine overhaul enterprises.

Our products are manufactured and sold in Brazil and Argentina, and also exported to over 60 countries, among USA, Germany, Mexico, Portugal and Spain, for a diversified portfolio of customers including General Motors,

Volkswagen, Fiat, Ford, Daimler MBB, Opel, International, Cummins, Volvo, PSA Peugeot, John Deere, Renault, Scania, Caterpillar, Honda, Hyundai and others.

We own five industrial plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, all of which are located in the State of São Paulo, and in Itajubá, State of Minas Gerais. Our fifth plant is located in the city of Rafaela, Argentina. We have two distribution centers: one in the city of Limeira, State of São Paulo, and one in Buenos Aires, Argentina. We have a technology center located in the city of Jundiaí, State of São Paulo, which we believe is one of the largest and most well-equipped technology centers in Latin America for development of components and solution packages for internal combustion engines. This center allows us to add value to and meet the requirements of our customers in a customized and efficient manner, and develop innovative new product technologies and processes.

We belong to the German autoparts group MAHLE, or MAHLE Group, which was established in 1920 and is one of the most traditional groups in the autoparts industry in the world. MAHLE Group, including the Company, currently has more than 170 industrial plants in 35 countries on five continents, 16 research and development centers and approximately 78 thousand employees.

As part of the MAHLE Group, a group with global operations, we are able to exchange knowledge, have constant access to the latest technology and develop new products together with our customers, which are key factors to the high level of market penetration and customer loyalty that we have achieved.

### 3 Performance of the automotive industry

#### 3.1 Performance of the Brazilian automotive industry

Segments	Brazilian automotive industry										Sales Variation (A/C)	Production Variation (B/D)
	Jan-Sep 2018					Jan-Sep 2017						
	Sales (Local + Imp) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (Local + Imp) (C)	Export	Import	Inventory (*)	Total Production (D)		
Passenger Cars	1,510,436	419,170	-153,405	36,200	1,812,401	1,348,432	462,222	-121,241	-19,377	1,670,036	12.0%	8.5%
Light Commercial	272,527	78,189	-72,553	3,885	282,048	227,647	79,650	-53,311	-13,187	240,799	19.7%	17.1%
<b>Total of Light vehicles</b>	<b>1,782,963</b>	<b>497,359</b>	<b>-225,958</b>	<b>40,085</b>	<b>2,094,449</b>	<b>1,576,079</b>	<b>541,872</b>	<b>-174,552</b>	<b>-32,564</b>	<b>1,910,835</b>	<b>13.1%</b>	<b>9.6%</b>
Trucks	52,779	20,464	-1,233	5,244	77,254	35,364	21,422	-1,273	3,688	59,201	49.2%	30.5%
Buses	10,483	6,466	-3	6,105	23,051	8,562	6,705	-	861	16,128	22.4%	42.9%
<b>Total Trucks and Buses</b>	<b>63,262</b>	<b>26,930</b>	<b>-1,236</b>	<b>11,349</b>	<b>100,305</b>	<b>43,926</b>	<b>28,127</b>	<b>-1,273</b>	<b>4,549</b>	<b>75,329</b>	<b>44.0%</b>	<b>33.2%</b>
Agricultural	34,564	9,721	-	1,912	46,197	32,083	9,956	-	275	42,314	7.7%	9.2%
<b>Total of medium and heavy vehicle</b>	<b>97,826</b>	<b>36,651</b>	<b>-1,236</b>	<b>13,261</b>	<b>146,502</b>	<b>76,009</b>	<b>38,083</b>	<b>-1,273</b>	<b>4,824</b>	<b>117,643</b>	<b>28.7%</b>	<b>24.5%</b>
<b>Total vehicle sales</b>	<b>1,880,789</b>	<b>534,010</b>	<b>-227,194</b>	<b>53,346</b>	<b>2,240,951</b>	<b>1,652,088</b>	<b>579,955</b>	<b>-175,825</b>	<b>-27,740</b>	<b>2,028,478</b>	<b>13.8%</b>	<b>10.5%</b>
<b>Variation (un) - 9M18 x 9M17</b>	<b>228,701</b>	<b>-45,945</b>	<b>-51,369</b>	<b>81,086</b>	<b>212,473</b>							
<b>Variation (%) - 9M18 x 9M17</b>	<b>13.8%</b>	<b>-7.9%</b>	<b>29.2%</b>	<b>-292.3%</b>	<b>10.5%</b>							

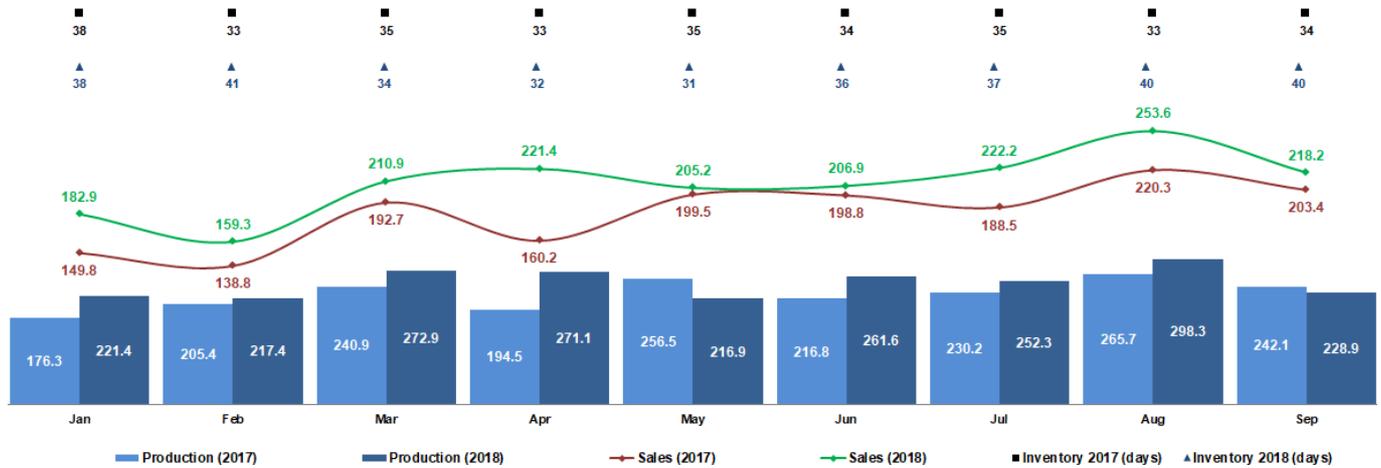
Source: Anfavea

(\*) Vehicle inventory variation = production - (sales + exports - imports)

**Brazilian vehicle production** in the 9M18 grew 10.5% and **sales of the Brazilian automotive industry** increased 13.8% compared to the same period of 2017.

According to the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA) **vehicle inventory** recorded at the end of the 9M18 totaled 283.4 thousand units, corresponding to 40 days of sales. In the same period of the previous year vehicle inventory was equivalent to 34 days of sales, corresponding to 224.1 thousand units.

The graph below shows the changes in the production, sales and total inventory of national vehicles in the first nine months of 2018 compared to the same period of 2017:



### 3.2 Performance of the Argentinean automotive industry

Comparing the 9M18 with the 9M17 the Argentinean automotive industry reported a drop of 11.9% in sales and an increase of 5.2% in production of vehicles supported by exports.

Argentinian automotive industry			
Vehicle Sales (Locally-manufactured and imported)	Jan-Sep 2018 (A)	Jan-Sep 2017 (B)	A/B
Total of Light vehicle	563,096	640,448	-12.1%
Total of medium and heavy vehicle (**)	28,425	31,293	-9.2%
<b>Total vehicle sales</b>	<b>591,521</b>	<b>671,741</b>	<b>-11.9%</b>
Exports	198,337	151,087	31.3%
Imports	403,913	452,101	-10.7%
<b>Automotive trade balance</b>	<b>(205,576)</b>	<b>(301,014)</b>	<b>-31.7%</b>
Vehicle inventory variation in the period (*)	24,469	23,620	3.6%
Production of Light vehicle	370,707	351,046	5.6%
Medium and heavy vehicle production	11,282	12,008	-6.0%
<b>Total vehicle production</b>	<b>381,989</b>	<b>363,054</b>	<b>5.2%</b>

(\*) Vehicle inventory variation = production - (sales + exports - imports).

(\*\*) Source: Arcaras Arg.

Source: Adefa

### 3.3 Production and sales of vehicles in Brazil and Argentina

The table below shows consolidated figures for vehicle production and sales in Brazil and Argentina. This refers to the domestic market in which the Company operates.

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Sep 2018	Jan-Sep 2017	variation	Jan-Sep 2018	Jan-Sep 2017	variation
Light vehicle	2,465,156	2,261,881	9.0%	2,346,059	2,216,527	5.8%
Medium and heavy vehicle	157,784	129,471	21.9%	126,251	107,302	17.7%
<b>Total</b>	<b>2,622,940</b>	<b>2,391,352</b>	<b>9.7%</b>	<b>2,472,310</b>	<b>2,323,829</b>	<b>6.4%</b>

Source: Anfavea and Adefa

### 3.4 Vehicle production in the main export markets

The table below shows the figures for vehicle production in the 9M18 in Europe and NAFTA (Company's main export markets) compared to the 9M17.

Vehicle Production in the main exports market (in ths)			
Segment	Jan-Sep 2018 (A)	Jan-Sep 2017 (B)	A/B
Production of Light vehicle	12,833	12,955	-0.9%
Production of medium and heavy vehicle	453	404	12.1%
<b>North America</b> 	<b>13,287</b>	<b>13,359</b>	<b>-0.5%</b>
Production of Light vehicle	16,688	16,524	1.0%
Production of medium and heavy vehicle	517	494	4.8%
<b>Europe</b> 	<b>17,205</b>	<b>17,018</b>	<b>1.1%</b>
<b>Total Vehicle Production</b>	<b>30,492</b>	<b>30,377</b>	<b>0.4%</b>

Source: IHS

## 4 Company's economic and financial performance

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
<b>Net sales revenue</b>	<b>710.3</b>	<b>596.5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>19.1%</b>	<b>1,957.2</b>	<b>1,687.9</b>	<b>100.0%</b>	<b>100.0%</b>	<b>16.0%</b>
Cost of sales	(493.7)	(411.6)	-69.5%	-69.0%	19.9%	(1,388.8)	(1,214.3)	-71.0%	-71.9%	14.4%
<b>Gross income</b>	<b>216.6</b>	<b>184.9</b>	<b>30.5%</b>	<b>31.0%</b>	<b>17.1%</b>	<b>568.4</b>	<b>473.6</b>	<b>29.0%</b>	<b>28.1%</b>	<b>20.0%</b>
Selling expenses	(51.6)	(37.9)	-7.3%	-6.4%	36.1%	(137.2)	(105.1)	-7.0%	-6.2%	30.5%
General and administrative expenses	(23.3)	(17.7)	-3.3%	-3.0%	31.6%	(66.6)	(68.5)	-3.4%	-4.1%	-2.8%
Technology and product development expenses	(20.1)	(19.1)	-2.8%	-3.2%	5.2%	(57.2)	(62.0)	-2.9%	-3.7%	-7.7%
Other operating income (expenses)	2.2	(1.0)	0.3%	-0.2%	-320.0%	2.1	10.4	0.1%	0.6%	-79.8%
Equity in the results of investees	(0.1)	(0.1)	0.0%	0.0%	0.0%	(0.1)	(0.4)	0.0%	0.0%	-75.0%
Gain/loss on monetary variation, net	2.4	-	0.3%	0.0%	100.0%	2.4	-	0.1%	0.0%	100.0%
<b>Operating income</b>	<b>126.1</b>	<b>109.1</b>	<b>17.8%</b>	<b>18.3%</b>	<b>15.5%</b>	<b>311.8</b>	<b>248.0</b>	<b>15.9%</b>	<b>14.7%</b>	<b>25.7%</b>
Financial income (expenses), net	(7.7)	(7.1)	-1.1%	-1.2%	8.5%	(14.7)	(24.0)	-0.8%	-1.4%	-38.8%
Income tax and social contribution	(24.3)	(7.6)	-3.4%	-1.3%	219.7%	(71.9)	(33.3)	-3.7%	-2.0%	115.9%
<b>Net income attributable to owners of the parent</b>	<b>92.2</b>	<b>98.4</b>	<b>13.0%</b>	<b>16.5%</b>	<b>-6.3%</b>	<b>223.8</b>	<b>193.8</b>	<b>11.4%</b>	<b>11.5%</b>	<b>15.5%</b>
Net income of non-controlling interest	1.9	(4.0)	0.3%	-0.7%	-147.5%	1.4	(10.3)	0.1%	-0.6%	-113.6%
<b>EBITDA</b>	<b>148.7</b>	<b>132.6</b>	<b>20.9%</b>	<b>22.2%</b>	<b>12.1%</b>	<b>380.4</b>	<b>319.1</b>	<b>19.4%</b>	<b>18.9%</b>	<b>19.2%</b>
<b>Margins:</b>										
Gross margin	30.5%	31.0%			-0.5 p.p.	29.0%	28.1%			0.9 p.p.
Operating margin	17.8%	18.3%			-0.5 p.p.	15.9%	14.7%			1.2 p.p.
Net margin attributable to owners of the parent	13.0%	16.5%			-3.5 p.p.	11.4%	11.5%			-0.1 p.p.
EBITDA margin	20.9%	22.2%			-1.3 p.p.	19.4%	18.9%			0.5 p.p.
<b>SG&amp;A expenses to net sales revenue</b>	<b>10.5%</b>	<b>9.3%</b>			<b>1.2 p.p.</b>	<b>10.4%</b>	<b>10.3%</b>			<b>0.1 p.p.</b>

### 4.1 Net sales revenue and market share by segment

In the 3Q18, the Company reported a growth of 19.1% in its consolidated net sales revenue compared to the same period of 2017.

The table below shows the dynamics of the Company's revenue by segment and respective impacts in terms of volume/price and exchange variation between the periods:

Net revenues by market		3Q18	Volume/Price	FX-Variation	3Q17	% volume/price impact	% FX-impacts	H.A. (%)
(R\$ Million)		(a)	(b)	(c)	(d)	(b/d)	(c/d)	(a/d)
Original equipment	Domestic <sup>1</sup>	192.0	30.9	(2.5)	163.6	18.9%	-1.5%	17.4%
	Export	275.3	(10.4)	56.3	229.4	-4.5%	24.5%	20.0%
	<b>Subtotal</b>	<b>467.3</b>	<b>20.5</b>	<b>53.8</b>	<b>393.0</b>	<b>5.2%</b>	<b>13.7%</b>	<b>18.9%</b>
Aftermarket	Domestic <sup>1</sup>	185.0	49.1	(22.3)	158.2	31.0%	-14.1%	16.9%
	Export	58.0	6.4	6.3	45.3	14.2%	13.8%	28.0%
	<b>Subtotal</b>	<b>243.0</b>	<b>55.5</b>	<b>(16.0)</b>	<b>203.5</b>	<b>27.3%</b>	<b>-7.9%</b>	<b>19.4%</b>
<b>Total</b>	<b>710.3</b>	<b>76.0</b>	<b>37.8</b>	<b>596.5</b>	<b>12.7%</b>	<b>6.4%</b>	<b>19.1%</b>	

<sup>1</sup> Domestic market includes Brazil and Argentina.

In the 9M18, the Company reported a growth of 16.0% in its consolidated net sales revenue compared to the 9M17.

The table below shows the dynamics of the Company's revenue by segment and respective impacts in terms of volume/price and exchange variation between the periods:

Net revenues by market		9M18	Volume/Price	FX-Variation	9M17	% volume/price impact	% FX-impacts	H.A. (%)
(R\$ Million)		(a)	(b)	(c)	(d)	(b/d)	(c/d)	(a/d)
Original equipment	Domestic <sup>1</sup>	545.3	107.4	(3.4)	441.3	24.3%	-0.7%	23.6%
	Export	789.0	14.4	100.1	674.5	2.1%	14.9%	17.0%
	<b>Subtotal</b>	<b>1,334.3</b>	<b>121.8</b>	<b>96.7</b>	<b>1,115.8</b>	<b>10.9%</b>	<b>8.7%</b>	<b>19.6%</b>
Aftermarket	Domestic <sup>1</sup>	473.0	55.2	(35.4)	453.2	12.2%	-7.8%	4.4%
	Export	149.9	18.9	12.1	118.9	15.9%	10.2%	26.1%
	<b>Subtotal</b>	<b>622.9</b>	<b>74.1</b>	<b>(23.3)</b>	<b>572.1</b>	<b>13.0%</b>	<b>-4.1%</b>	<b>8.9%</b>
<b>Total</b>		<b>1,957.2</b>	<b>195.9</b>	<b>73.4</b>	<b>1,687.9</b>	<b>11.6%</b>	<b>4.4%</b>	<b>16.0%</b>

<sup>1</sup> Domestic market includes Brazil and Argentina.

## 4.2 OEM (original equipment manufacturer) sales

### Domestic market:

In the 3Q18, domestic OEM sales grew 17.4% due to an increase of 18.9% in volume/price partially offset by the exchange variation (-1.5%) resulting from OEM sales in Argentina (consolidated into domestic OEM sales).

In the 9M18, domestic OEM sales grew 23.6% due to an increase of 24.3% in volume/price partially offset by the exchange variation (-0.7%) resulting from OEM sales in Argentina (consolidated into domestic OEM sales).

The Company keeps reporting increased net sales revenue in this market mainly due to its vehicle exports from Brazil coupled with an increase in vehicle production to meet the local demand, as reported in Brazil by the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA).

### OEM exports:

In the 3Q18, the Company reported a growth of 20.0% in this market mainly due to the positive impact of 24.5% of the exchange variation, partially offset by the fall in 4.5% in volumes.

Below is the Company's performance in OEM exports in strong currencies in both quarters:

Export Sales by currency	Jul-Sep 2018 (a)	Jul-Sep 2017 (b)	H.A. (%) (a/b)
<b>Original equipment</b>			
EUR	25.7	25.1	2.4%
USD	46.5	44.7	4.0%

In the 9M18, the Company reported a growth of 17.0% in this market mainly due to the positive impact of 14.9% of the exchange variation and a 2.1% increase in volumes.

Below is the Company's performance in OEM exports in strong currencies in both nine-month periods.

Export Sales by currency	Jan-Sep 2018 (a)	Jan-Sep 2017 (b)	H.A. (%) (a/b)
<b>Original equipment</b>			
EUR	74.5	70.1	6.3%
USD	137.0	132.2	3.6%

It is also important to note the increase in sales of light vehicles in Europe and of heavy vehicles in North America, which contributed to such performance of OEM exports.

#### 4.3 Aftermarket sales

##### Domestic aftermarket sales:

In the 3Q18, domestic aftermarket sales grew 16.9% due to an increase of 31.0% in volume/price, partially offset by the exchange variation (-14.1%) resulting from aftermarket sales in Argentina (consolidated into domestic aftermarket sales).

In the 9M18, domestic aftermarket sales grew 4.4% due to an increase of 12.2% in volume/price, coupled with the exchange variation (-7.8%) also resulting from aftermarket sales in Argentina (consolidated into domestic aftermarket sales).

##### Aftermarket export:

In the 3Q18, aftermarket exports increased 28.0% in relation to the same period of 2017, with an increase of 14.2% in volume/price, coupled with the positive impact of the exchange variation (13.8%).

Below is the Company's performance in aftermarket exports in strong currencies in both periods:

Export Sales by currency	Jul-Sep 2018 (a)	Jul-Sep 2017 (b)	H.A. (%) (a/b)
<b>Aftermarket</b>			
EUR	1.0	1.5	-33.3%
USD	13.9	12.6	10.3%

In the 9M18, compared with the 9M17, aftermarket exports also grew 26.1% due to an increase of 15.9% in volume/price, coupled with the positive impact of the exchange variation (10.2%).

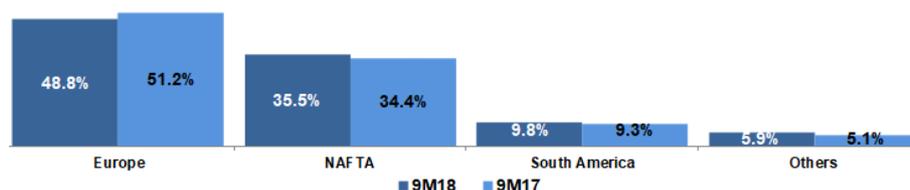
Below is the Company's performance in aftermarket exports in strong currencies in both nine-month periods:

Export Sales by currency	Jan-Sep 2018 (a)	Jan-Sep 2017 (b)	H.A. (%) (a/b)
<b>Aftermarket</b>			
EUR	3.0	3.8	-21.1%
USD	38.4	33.3	15.3%

This performance is due to an increase in the volume of sales to South America countries. According to the Ministry of Industry, Foreign Trade and Services (MDIC), the Pacific Alliance countries have imported more Brazilian products since 2017 because of an evolution in trade agreements entered into with those countries. The main countries to which the Company exports include, among others, Chile, Paraguay, Peru, Bolivia and Uruguay.

#### 4.4 Consolidated exports by region

The graph below shows the distribution of the Company's sales by geographic region in the 9M18 and 9M17:

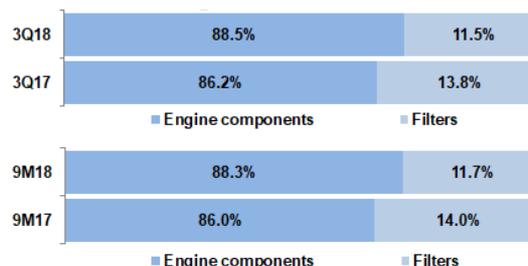


#### 4.5 Net sales revenue by segment

In the 3Q18, sales of engine components increased 22.2% and sales of filters fell by 0.6% compared to the same period of 2017. Comparing the 9M18 with the 9M17, sales of engine components increased 19.1% while sales of filters decreased 3.5%, as shown in the opposite chart:

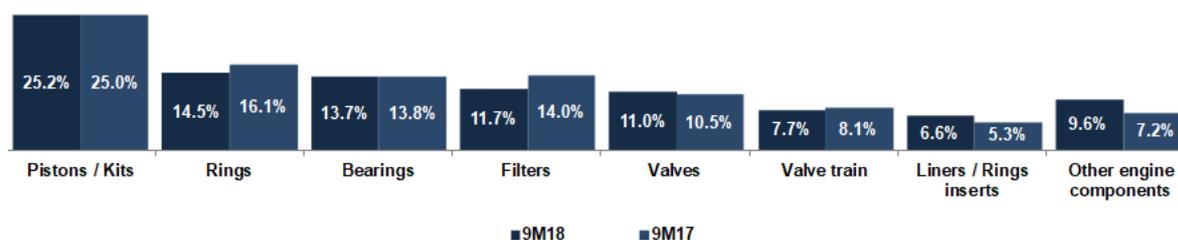
Performance of the net sales revenue by segment (R\$ million)	3Q18	3Q17	H.A. (%)	9M18	9M17	H.A. (%)
	(a)	(b)	(a/b)	(c)	(d)	(c/d)
Engine components	628.3	514.0	22.2%	1,728.8	1,451.3	19.1%
Filters	82.0	82.5	-0.6%	228.4	236.6	-3.5%
<b>Total</b>	<b>710.3</b>	<b>596.5</b>	<b>19.1%</b>	<b>1,957.2</b>	<b>1,687.9</b>	<b>16.0%</b>

It should be noted that the Company does not export filters; therefore, this segment was not subject to impacts of exchange variation between the periods, as noted in the engine components segment.



#### 4.6 Net sales revenue by product

The graph below shows total sales share by product in the 9M18 compared to the 9M17:



#### 4.7 Gross margin

As shown in the table below, the Company closed the 3Q18 with gross margin of 30.5% (31.0% in the 3Q17), while in the 9M18 gross margin was 29.0% (28.1% in the 9M17):

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Cost of sales	(493.7)	(411.6)	-69.5%	-69.0%	19.9%	(1,388.8)	(1,214.3)	-71.0%	-71.9%	14.4%
Gross income	216.6	184.9	30.5%	31.0%	17.1%	568.4	473.6	29.0%	28.1%	20.0%
Gross margin	30.5%	31.0%			-0.5 p.p.	29.0%	28.1%			0.9 p.p.

#### 4.8 Selling, general and administrative expenses

The increase in selling expenses resulted from the performance of the Company's revenue and the truckers' strike in May, with effects still in the 3Q18 when the Company incurred additional costs with special freights to be able to deliver its products to customers.

The main change in general and administrative expenses between the quarters is the reclassification in the 3Q17, where general and administrative expenses were partially recorded in other operating expenses (labor contingencies), thus we understand that the comparability between the quarters cannot be performed..

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Selling expenses	(51.6)	(37.9)	-7.3%	-6.4%	36.1%	(137.2)	(105.1)	-7.0%	-6.2%	30.5%
General and administrative expenses	(23.3)	(17.7)	-3.3%	-3.0%	31.6%	(66.6)	(68.5)	-3.4%	-4.1%	-2.8%
SG&A expenses	(74.9)	(55.6)	10.5%	9.3%	34.7%	(203.8)	(173.6)	10.4%	10.3%	17.3%
SG&A expenses to net sales revenue	10.5%	9.3%			1.2 p.p.	10.4%	10.3%			0.1 p.p.

#### 4.9 Technology and product development expenses

The Company maintained focus on technological innovations involving developments in partnership with customers, such as patent registrations and release of new products to the market. In the 3Q18, such expenses

accounted for 2.8% of net sales revenue (3.2% in the 3Q17), while in the 9M18 and 9M17 they accounted for 2.9% and 3.7%, respectively.

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Technology and product development expenses	(20.1)	(19.1)	-2.8%	-3.2%	5.2%	(57.2)	(62.0)	-2.9%	-3.7%	-7.7%

#### 4.10 Other operating income (expenses), net

In the 3Q18, a net income of R\$ 2.2 million was recorded in other net operating income (expenses), and in the 9M18, the net income recorded in such account amounted to R\$ 2.1 million, as shown below:

Other income and expenses, net						
R\$ million	3Q18 (a)	3Q17 (b)	Var. (a-b)	9M18 (c)	9M17 (d)	Var. (c-d)
Recovered taxes (Reintegra)	1.7	4.2	2.5	8.8	11.6	(2.8)
Provision/Reversal for labor, civil and tax contingencies	(3.4)	(2.4)	1.0	(10.2)	(17.2)	7.0
Gains/losses on disposal of assets/others	-	-	-	-	17.3	(17.3)
Provision for restructuring	-	-	-	0.2	-	0.2
Gains/losses on disposal of assets/others	0.2	-	(0.2)	0.2	(3.2)	3.4
Electric power	1.2	0.3	(0.9)	1.9	1.0	0.9
Ganhos de alienação dos ativos da controlada MAHLE Hirschvogel Forjas S.A.	2.7	-	(2.7)	2.7	-	2.7
Provision/Reversal for obsolescence	0.1	(3.0)	(3.1)	0.2	(1.8)	2.0
Other income/expenses	(0.3)	(0.1)	0.2	(1.7)	2.7	(4.4)
Total of others incomes and expenses, net	2.2	(1.0)	(3.2)	2.1	10.4	(8.3)

#### 4.11 Operating income measured by EBITDA

In the 3Q18, EBITDA was R\$ 148.7 million (R\$ 132.6 million in the 3Q17), representing EBITDA margin of 20.9% (22.2% in the 3Q17). The table below shows the changes between the periods in the accounts that make up operating income:

EBITDA 3Q17	Gross income	Other operating income (expenses)	<sup>1</sup> Gain/loss on monetary variation (Argentina IAS 29)	Depreciation	Technology and product development expenses	General and administrative expenses	Selling expenses	EBITDA 3Q18
132.6	31.7	3.2	2.4	(0.9)	(1.0)	(5.6)	(13.7)	148.7
EBITDA margin 22.2%								EBITDA margin 20.9%

In the 9M18, EBITDA was R\$ 380.4 million (R\$ 319.1 million in the 9M17), representing EBITDA margin of 19.4% (18.9% in the 9M17). The table below shows the changes between the periods in the accounts that make up operating income:

Adjusted EBITDA 9M17	Gross income	Technology and product development expenses	<sup>1</sup> Gain/loss on monetary variation (Argentina IAS 29)	General and administrative expenses	Equity in the results of investees	Depreciation	Other operating income (expenses)	Selling expenses	EBITDA 9M18
319.1	94.8	4.8	2.4	1.9	0.3	(2.5)	(8.3)	(32.1)	380.4
EBITDA margin 18.9%								EBITDA margin 19.4%	

<sup>1</sup> Additional information is available in note 35 to the Quarterly Financial Statements as of September 30, 2018.

#### 4.12 Net financial income (expenses)

In the 3Q18, the Company recorded a net financial expense of R\$ 7.7 million (R\$ 7.1 million in the 3Q17), meaning a negative variation of R\$ 0.6 million between the periods.

In the 9M18, the Company recorded net financial expenses of R\$ 14.7 million (R\$ 24.0 million in the 9M17), a positive variation of R\$ 9.3 million between the periods.

Net financial result (R\$ million)	3Q18 (a)	3Q17 (b)	Var. (a - b)	9M18 (c)	9M17 (d)	Var. (c - d)
Interests (income on investments)	1.4	8.7	(7.3)	4.5	20.1	(15.6)
Interests (expenses on financing)	(2.7)	(9.3)	6.6	(7.2)	(30.5)	23.3
Interests (Others)	0.5	0.7	(0.2)	1.0	4.6	(3.6)
<b>Interests, net (i)</b>	<b>(0.8)</b>	<b>0.1</b>	<b>(0.9)</b>	<b>(1.7)</b>	<b>(5.8)</b>	<b>4.1</b>
Exchange variation, net	8.8	(2.2)	11.0	48.6	11.1	37.5
Result with derivatives	(5.6)	6.3	(11.9)	(32.6)	3.0	(35.6)
<b>Exchange variation and Result with derivatives (ii)</b>	<b>3.2</b>	<b>4.1</b>	<b>(0.9)</b>	<b>16.0</b>	<b>14.1</b>	<b>1.9</b>
Monetary variation, net	(8.3)	(9.3)	1.0	(24.2)	(27.2)	3.0
Others	(1.8)	(2.0)	0.2	(4.8)	(5.1)	0.3
<b>Monetary variation, net + Others (iii)</b>	<b>(10.1)</b>	<b>(11.3)</b>	<b>1.2</b>	<b>(29.0)</b>	<b>(32.3)</b>	<b>3.3</b>
<b>Financial income (expenses), net (i + ii + iii)</b>	<b>(7.7)</b>	<b>(7.1)</b>	<b>(0.6)</b>	<b>(14.7)</b>	<b>(24.0)</b>	<b>9.3</b>

The negative variation of R\$ 7.3 million in "Interest (income on investments)" between the periods results from a reduction in the average investment levels in the period (R\$ 124.1 million and R\$ 422.5 million, respectively, averages for the 3Q18 and 3Q17), coupled with a reduction in the remuneration percentages (6.1% p.a. and 8.7% p.a., respectively, averages for the 3Q18 and the 3Q17), which followed the reduction in the Brazilian Basic Interest Rate (SELIC).

The positive variation of "Interest (expenses on financing)" in the amount of R \$ 6.6 million between the periods is a result of the reduction of average levels of loans in the period (R \$ 322.0 million and R \$ 500.4 million, respectively, 3Q18 and 3Q17 averages), while there was also a reduction in the percentage of remuneration (3.6% pa and 8.0% pa, respectively averages for 3Q18 and 3Q17), a move that also accompanied the reduction of the Basic Interest Rate (SELIC) in Brazil.

Regarding item "ii" of the above table, it is worth mentioning that the analysis should always be performed considering the lines "Net exchange variation" and "Result with derivatives" together, since the Company monitors the foreign currency exposures and manages the risk (exchange variation) constantly evaluating the need to use financial instruments (derivatives).

The table below shows the changes in the interest rates and volumes in the Company:

Interest rates and volumes (average)	3Q18 (a)	3Q17 (b)	Var. (a - b)	9M18 (c)	9M17 (d)	Var. (c - d)
Remuneration of investments <sup>1</sup>	6.1%	8.7%	-2,6 p.p.	6.3%	10.0%	-3,7 p.p.
Cost of debt	3.6%	8.0%	-4,4 p.p.	4.2%	8.8%	-4,6 p.p.
Investments - average (R\$ million)	124.1	422.5	-70.6%	93.3	313.8	-70.3%
Average debt (R\$ million)	(322.0)	(500.4)	-35.7%	(195.4)	(506.4)	-61.4%

<sup>1</sup> Bank deposit certificates (CDBs) and repurchase agreements with average remuneration of 99.6% of the interbank deposit rate (CDI), invested exclusively with first rate banks in Brazil.

There was a reduction in the average volume of gross debt of 35.7% (from R\$ 500.4 million to R\$ 322.0 million in the 3Q17 and 3Q18, respectively) as the Company settled loans and financing, mainly those taken from the National Bank for Economic and Social Development (BNDES) and from commercial banks (export credit notes - NCE), and the reduction in the 9M18 compared to the 9M17 was of 61.4% (from R\$ 506.4 million to R\$ 195.4 million, respectively), for the same reason.

#### 4.13 Income and social contribution taxes

As of September 30, 2018, the Company recorded a provision for income and social contribution tax expense of R\$ 72.0 million, consolidated (expense of R\$ 33.3 million as of September 30, 2017), as detailed below:

- ✓ Current tax: expense of R\$ 92.1 million generated by the parent and its subsidiary MAHLE Argentina S/A.;
- ✓ Deferred tax: income of R\$ 20.1 million with no impact on cash, comprising mainly changes in the provisions and realization of differences measured according to Law 12,973/14.

Additional information is available in note 11 to the Quarterly Financial Statements as of September 30, 2018.

#### 4.14 Net income

In the 3Q18, the Company reported net income of R\$ 92.2 million (R\$ 98.4 million in the 3Q17), representing a reduction of 6.3% between the periods, and net margin of 13.0% (16.5% in the 3Q17). In the 9M18, net income amounted to R\$ 223.8 million (R\$ 193.8 million in the 9M17), representing an increase of 15.5% between the periods, and net margin of 11.4% (11.5% in the 9M17).

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Net income attributable to owners of the parent	92.2	98.4	13.0%	16.5%	-6.3%	223.8	193.8	11.4%	11.5%	15.5%
Net margin attributable to owners of the parent	13.0%	16.5%			-3,5 p.p.	11.4%	11.5%			-0,1 p.p.

#### 4.15 Capital expenditures

The table below shows capital expenditures (capex) as well as total accumulated depreciation in the 9M18 and 9M17, respectively:

CAPEX & Depreciation (R\$ million)	9M18	9M17
Capex	55,0	47,0
Total depreciation	68,3	71,4

Capex	9M18	9M17
% of Net sales revenue	2,8%	2,8%
% of Depreciation	80,5%	65,8%

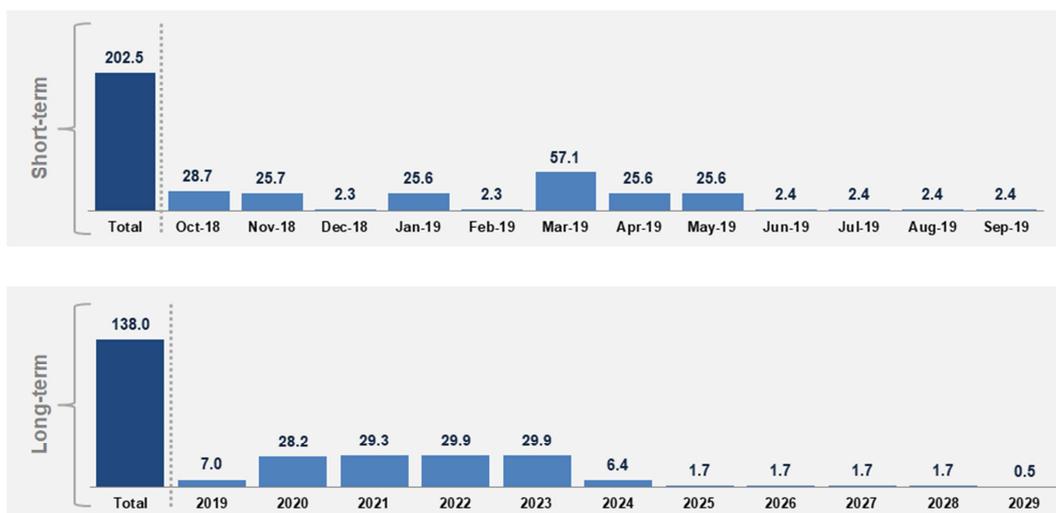
In the 9M18, capital expenditures were channeled into R&D equipment, replacement of machinery and equipment to increase productivity and quality, new products, new buildings, IT, among others.

#### 4.16 Net position of financial assets and liabilities

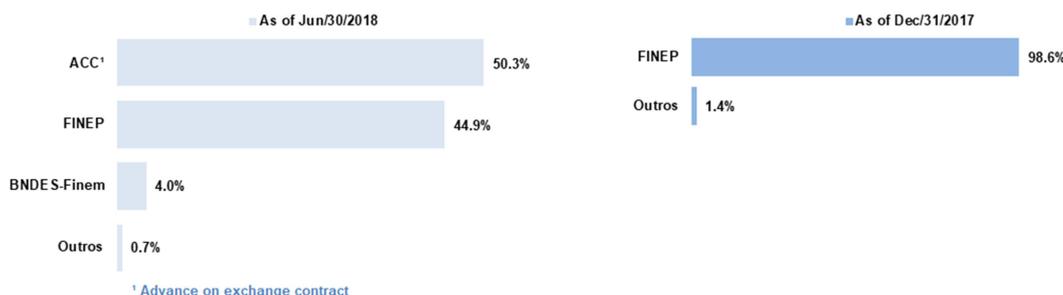
At the end of the 9M18, the net position of the Company's financial assets and liabilities was R\$ 128.8 million (liability position), while at the end of 2017 it was R\$ 14.0 million (asset position).

Net indebtedness (R\$ million)	As of Sep/30/2018 (a)	As of Dec/31/2017 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
<b>Liabilities (i)</b>	<b>340.5</b>	<b>176.0</b>	<b>164.4</b>	<b>100%</b>	<b>100%</b>
Short term	202.5	31.0	171.5	59%	18%
Long term	138.0	145.0	(7.0)	41%	82%
<b>Cash / banks / cash investments/ Loans - related parties (ii):</b>	<b>(211.7)</b>	<b>(190.0)</b>	<b>(21.7)</b>		
<b>Net position (i + ii)</b>	<b>128.8</b>	<b>(14.0)</b>	<b>142.8</b>		

The graphs below show the maturities of short-term and long-term transactions at the end of the 9M18, representing 59% and 41%, respectively, of the financing described in the above table:



Below is the breakdown of the Company's financing transactions per type for each of the periods indicated in the table above:



**4.17 Dividends and interest on capital to shareholders**

The Board of Directors meeting held on November 13, 2018 approved distribution of interest on capital (gross) in the amount of R\$ 71.7 million relating to the period between January 1, 2018 and October 31, 2018.

Date	Payment Date	Type of pay-out	Period	Reference Year	Total Gross Amount (in R\$ million)	Gross Amount per Share (in R\$)	Net Amount per Share (in R\$)
November 13th, 2018	December 12th, 2018	Interest on capital	January, 2018 - October, 2018	2018	71.7	0.5585251386	0.4747463678

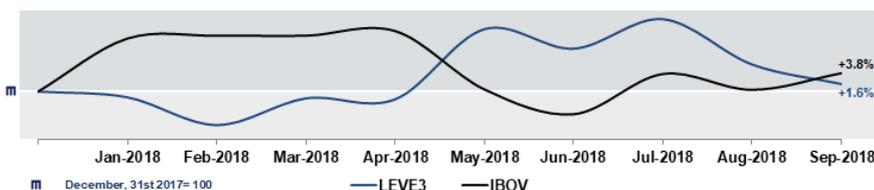
**5 Investor Relations and Capital Market**

Over the 9M18, the Company's Investor Relations team maintained the actions to improve its internal processes and information flow, thus enhancing interaction with the most varied capital market players and stakeholders, seeking to show to the market how the Company operates. Further, the Company continues participating in several meetings, conferences, site visits, teleconferences, and other events focused on the capital market, including contacts by phone and emails.

For the fifth consecutive year the Company was recognized by ANEFAC (Brazil's National Association of Finance, Accounting and Administration Executives) as one of the most transparent companies in the country. The "Transparency Award 2018" highlights the quality of the information in its 2017 financial statements in the category of net income of up to R\$ 5 billion.

**5.1 Performance of the Company shares and free-float shares**

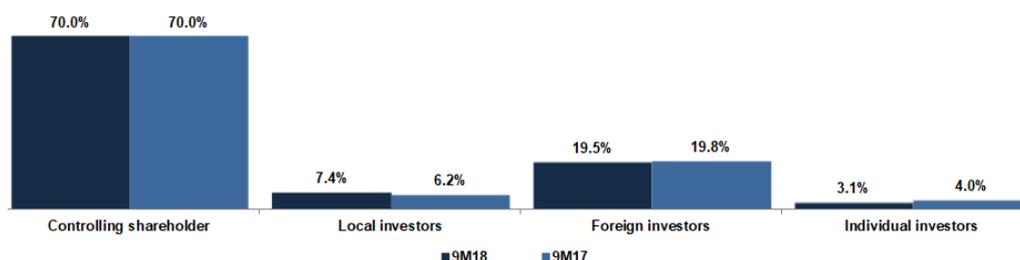
The graphs below show the evolution of LEVE3 shares, the Average Daily Trading Volume (ADTV) and the ADTV turnover in relation to the free-float market capitalization:



Period	4Q17	1Q18	2Q18	3Q18
Trading Volume (R\$ million)	6.4	5.6	8.7	7.8
Turnover (%)	0.75%	0.61%	0.88%	0.76%

**5.2 Shareholders' profile**

In the 9M18 and 9M17, respectively, shareholders' profile in relation to the quantity of the Company shares, including free-float shares, was represented as follows:



The graph below contains the main countries in which the Company's free-float shares were held in the 9M18 and 9M17:



**6 Independent Auditors**

In accordance with CVM Instruction 381/03, the Company and its subsidiaries adopt the policy of ensuring that provision of other services by the auditors does not create conflict of interest nor affects the independence and objectivity required by independent auditing services.

During the 3Q18, the Company did not engage KPMG Auditores Independentes to perform other services, therefore not generating any situation that could create conflict of interests pursuant to that legislation.

**7 Representation by the Executive Board**

In compliance with the provisions of CVM Instruction 480, management declares that it discussed, reviewed and agreed with the financial statements for the quarter ended September 30, 2018 and the opinions expressed in the independent auditor's report.

## 8 Acknowledgements

Company's management thanks its shareholders, employees, customers and suppliers for the support and trust during the third quarter of 2018.

## Management

## 9 Exhibits

### 9.1 Balance sheet

BALANCE SHEETS (CONSOLIDATED)	As of Sep/30/2018	As of Dec/31/2017
<b>ASSETS</b>	<b>2,451.7</b>	<b>2,226.1</b>
<b>Current assets</b>	<b>1,276.7</b>	<b>1,061.3</b>
Cash and cash equivalents	33.8	41.0
Financial investments	163.0	128.1
Trade accounts receivable	505.3	388.2
Inventories	438.2	352.1
Recoverable taxes	79.4	68.7
Income tax and social contribution recoverable	9.9	28.5
Other assets	47.1	54.7
<b>Non current assets</b>	<b>1,175.0</b>	<b>1,164.8</b>
Deferred taxes	26.5	5.0
Loans to related parties	14.9	20.9
Recoverable taxes	18.6	14.4
Investments in subsidiaries and subs. joined	0.5	0.6
Property, plant and equipment	628.0	640.3
Intangible assets	463.8	459.0
Current assets held for sale	-	7.2
Other assets	22.7	17.4
<b>LIABILITIES</b>	<b>2,451.7</b>	<b>2,226.1</b>
<b>Current liabilities</b>	<b>680.3</b>	<b>425.8</b>
Salaries, accrual for vacation and social charges	108.5	82.9
Trade accounts payable	188.5	171.9
Income tax and social contribution payable	27.6	25.4
Borrowings	202.5	31.0
Provisions	51.0	44.6
Other liabilities	102.2	70.0
<b>Non current liabilities</b>	<b>418.4</b>	<b>450.2</b>
Borrowings	138.0	145.0
Deferred taxes	-	8.5
Provisions	271.6	285.0
Other liabilities	8.8	11.7
<b>Consolidated shareholder's equity</b>	<b>1,353.0</b>	<b>1,350.1</b>
Stock capital	966.3	966.3
Income reserves	297.3	280.4
Accumulated profit / loss	225.0	(0.0)
Proposed dividends	-	143.6
Other comprehensive income	(1.1)	42.3
Accumulated conversion adjustments	(131.1)	(77.5)
Minorities	(3.4)	(5.0)

## 9.2 Income statement

INCOME STATEMENT (CONSOLIDATED)	As of Sep/30/2018 (a)	As of Sep/30/2017 (b)	Var. (a/b)
<b>Net sales revenue</b>	1,957.2	1,687.9	16.0%
Cost of sales	(1,388.8)	(1,214.3)	14.4%
<b>Gross income</b>	568.4	473.6	20.0%
<b>Operating income (expenses)</b>	(256.6)	(225.6)	13.7%
Selling expenses	(137.2)	(105.1)	30.5%
General and administrative expenses	(66.6)	(68.5)	-2.8%
Technology and product development expenses	(57.2)	(62.0)	-7.7%
Other operating income	2.1	10.4	-79.8%
Gain/loss on monetary variation, net	2.4	-	100.0%
Equity in the results of investees	(0.1)	(0.4)	-75.0%
<b>Results before financial revenues and expenses</b>	311.8	248.0	25.7%
Financial revenues	152.6	83.2	83.4%
Financial expenses	(167.3)	(107.2)	56.1%
<b>Income and social contribution taxes</b>	297.1	224.0	32.6%
Current	(92.0)	(54.7)	68.2%
Deferred	20.1	21.4	-6.1%
<b>Net income from continuing operations</b>	225.2	190.7	18.1%
Loss of discontinued operations	-	(7.2)	-100.0%
<b>Net income for the period</b>	225.2	183.5	22.7%
For the ownership of controlling shareholders	223.8	193.8	15.5%
For the ownership of non-controlling shareholders	1.4	(10.3)	-113.6%
<b>Basic and diluted earnings per share issued in BRL</b>	1.74432	1.50975	15.5%

## 9.3 Cash flow statement

STATEMENT OF CASH FLOW (CONSOLIDATED)	As of Sep/30/2018	As of Sep/30/2017
<b>Cash flow from operating activities</b>		
Profit (losses) before tax	297.2	214.8
Depreciation and amortization	68.5	74.7
Equity in the results of investees	0.1	0.3
Interest and monetary and exchange variations, net	0.5	52.4
Losses/(gains) on derivative financial instruments	0.2	6.6
Result on property, plant and equipment sold	(2.9)	2.7
Income from disposal of discontinued operations	-	(17.3)
Provision (reversal) for impairment of trade receivables	6.0	(1.0)
Provision (reversal) for contingencies and legal obligations	1.0	(3.4)
Provision (reversal) for guarantees	4.5	(2.1)
Other provisions (reversal)	4.5	17.0
Provision (reversal) for losses with property, plant and equipment, and intangibles	(0.2)	(0.2)
Provision (reversal) for losses on inventories	(1.8)	1.2
Gain / loss on monetary variation, net	(2.4)	-
<b>Assets and liabilities variation</b>		
Trade accounts receivable and related parties	(123.0)	(48.2)
Inventories	(84.5)	(8.0)
Recoverable taxes	(13.8)	(14.2)
Other assets	(12.5)	(27.4)
Trade accounts payable and related parties	16.6	37.7
Salaries, accrual for vacation and social charges	25.6	39.3
Taxes and contributions payable	(4.5)	(21.3)
Other liabilities	(39.6)	(14.4)
<b>Cash Flow from operating activities</b>	<b>139.5</b>	<b>289.2</b>
Income tax and social contribution paid	(64.6)	(35.5)
<b>Net cash used in operating activities</b>	<b>74.9</b>	<b>253.7</b>
<b>Net Cash from Investment Activities</b>	<b>(38.3)</b>	<b>1.6</b>
Loans granted to related parts	(265.2)	(405.3)
Settlement of loans from related parts	271.2	451.2
Additions to property, plant and equipment	(49.7)	(43.0)
Additions to intangible assets	(5.3)	(5.6)
Discontinued Operations Cash	-	(1.5)
Proceeds from sales of property, plant and equipment	10.7	5.8
<b>Net Cash from Financing Activities</b>	<b>(12.6)</b>	<b>(116.2)</b>
Inflow of funding	244.9	141.9
Amortization of financing-principal amounts	(94.7)	(176.9)
Amortization of financing interest	(6.4)	(31.8)
Dividends and interest on equity paid	(156.4)	(50.9)
Related Party Loans	121.0	1.5
Payment of Related Party Loans	(121.0)	-
<b>Effects of the exchange rates variation on cash and cash equivalents</b>	<b>3.7</b>	<b>1.2</b>
<b>Increase (Decrease) in cash and cash equivalent, net</b>	<b>27.7</b>	<b>140.3</b>
Cash and cash equiv. at the beginning of the period	169.1	256.4
Cash and cash equiv. at the end of the period	196.8	396.7
<b>Increase (Decrease) in cash and cash equivalent, net</b>	<b>27.7</b>	<b>140.3</b>