

MAHLE REPORTS EBITDA OF R\$ 91.5 million in 1Q20; MARGIN OF 15.9%

Mogi Guaçu, SP, May 13, 2020 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, today reported financial results for the first quarter of 2020. Unless otherwise noted, financial and operating information is provided on a consolidated basis and in Brazilian reais (BRL) and is prepared in accordance with the Brazilian Corporation Law.

HIGHLIGHTS

Earnings conference call and webcast:

Date: 5/14/2020

Time:

12 noon - Brasilia
4:00 p.m. - London
11:00 a.m. - New York

Webcast (in English):

<https://webcastlite.mziq.com/cover.html?webcastId=856caca4-f07e-453b-9b76-997681808d3e>

Webcast

(simultaneous translation):
<https://webcastlite.mziq.com/cover.html?webcastId=3e34f9cd-e199-4861-90b4-009aea429479>

Dial-in numbers:

Brazil: +55 11 3181-8565

Brazil: +55 11 4210-1803

To listen to a replay of the earnings call (in English), please ask the operator.

USA: +1 412 717-9627

Passcode: MAHLE

- **Net Sales Revenue** in 1Q20 was R\$ 573.8 million, representing a decrease of 7.9% compared with 1Q19;
- **Domestic Original Equipment Market:** The Company reported an 8.9% decline in its first-quarter sales. The consolidated vehicle production fell 15.7%, the Brazilian market fell 15.9% and the Argentine market reported a decline of 13.6%;
- **100 years of existence:** In December 2020, the MAHLE Group will complete 100 years with the confidence that we will continue to grow and work to be an innovative and attractive company for our shareholders, employees and partners;

(R\$ million)	Key indicators				
	1Q20 (a)	4Q19 (b)	1Q19 (c)	(a/b)	(a/c)
Net revenue	573.8	595.7	623.2	-3.7%	-7.9%
EBITDA	91.5	76.6	120.3	19.5%	-23.9%
EBITDA margin	15.9%	12.9%	19.3%	3.0 p.p.	-3.4 p.p.
Profit for the year	21.5	66.2	63.9	-67.5%	-66.4%
Net margin	3.7%	11.1%	10.3%	-7.4 p.p.	-6.6 p.p.

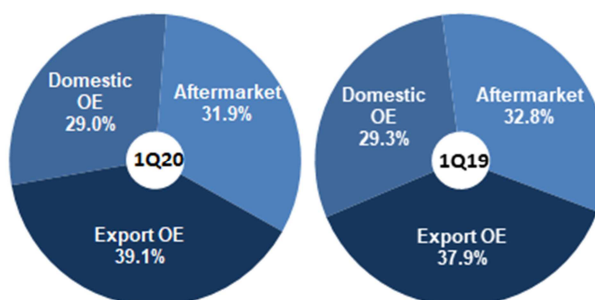
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1 Management Commentary

Fiscal 2020 began with a more moderate than expected automotive production growth and the new challenges posed by the global novel coronavirus (COVID-19) pandemic.

In 1Q20 the Company's revenue fell 7.9% compared with the same period of 2019, driven by declines in sales of OE exports (-5.0%), domestic OE market (-8.9%) and Aftermarket (-10.4%). The chart below shows the Company's revenue broken down by business segment in 1Q20 and 1Q19:



For 1Q20 the Company reported an EBITDA margin of 15.9% and EBITDA of R\$ 91.5 million.

In the first quarter of 2020, the global scenario was marked by the initial developments of the COVID-19 pandemic and the Company is monitoring any potential impact that this pandemic may have on its business.

MAHLE Metal Leve S.A. formed a crisis committee to closely monitor this evolving situation at all its plants with the objective of reducing as much as possible the risk of infection of employees and service providers. The Company has taken a series of measures in response to COVID-19 in line with the recommendations and guidance from the proper health authorities and local government officials. We made temporary adjustments in production operations at all manufacturing plants to meet the market demand by adjusting shifts with enhanced cleaning and sanitization protocols. Additionally, the Company allowed the administrative staff to work from home.

During this challenging time, the Company is seeking labor measures to keep its workforce employed and to deal with the state of calamity declared by Decree No. 06 of March 20, 2020. To this end, the Company made collective labor agreements to preserve as many jobs as possible through reduction of working hours and salary, temporary suspension of employment contract for 60 days. If the market eventually improves and we need to increase our workforce, the suspension of employment contract and/or reduction of working hours and salary, both measures provided for in said collective labor agreement, may be canceled in whole or in part, and the employee may return to work upon at least 48 hours advance notice of recall.

We will actively monitor the economic situation in Brazil and globally in order to adjust our operations accordingly. As for accounts receivable, all measures have been taken to mitigate the risk of default, such as renegotiation and extension of payment terms upon request.

The Company negotiated the terms of its loans with financial institutions to improve cash flow and to mitigate any liquidity risk.

Management will closely monitor the potential impacts of this crisis to submit to the Ordinary General Meeting to be held on May 29, 2020 for vote the retention of the remaining profit for fiscal year 2019. Therefore, at this time the Company's crisis management is focused on the sanitary issue, on protecting its employees and its cash to ensure operational continuity.

2 About MAHLE Metal Leve

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

We have been operating in Brazil since the 1950's and have a large portfolio of products and integrated solutions that in most cases have been specially customized in conjunction with our principal customers. In the original equipment industry, MAHLE supplies automotive manufacturers and the Aftermarket business segment supplies large auto parts distributors and engine repair shops.

Our products are manufactured and sold in Brazil and Argentina and exported to more than 60 countries, including 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, among others.

We own five production plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, 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 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 the development of components and solution packages for internal combustion engines. This center allows us to deliver value to and serve our customers in a customized and efficient manner, and develop innovative new product technologies and processes.

As part of the globally active MAHLE Group, we are able to exchange knowledge, provide and have constant access to the latest technologies and work alongside our customers to develop new products, which we believe are key factors to the high level of market penetration and customer loyalty that we have achieved.

3 The MAHLE Group celebrates its 100-year anniversary



MAHLE has been keeping people in motion for 100 years.

It is time to celebrate. On December 1, 2020 we will achieve an important milestone in our Company's history: the 100th anniversary of the MAHLE Group.

MAHLE Metal Leve S.A. (Company) belongs to the MAHLE Group (controlling shareholder), one of the world's most traditional groups in the automotive parts industry and that was founded in Germany. Today, the MAHLE Group, including the Company, operates around 160 production locations and 16 research and development centers, in 35 countries on 5 continents.

The year is 1920. The start of an exciting decade in which Charles Lindberg flies across the Atlantic, Albert Einstein receives the Nobel Prize, Mahatma Gandhi begins his non-violent protest, Deutsche Luft Hansa AG is founded and the Nürburgring starts operating. In Stuttgart/Germany, two brothers lay the foundation for a global company: Back in those times, Ernst and Hermann Mahle develop products which become best-sellers and which establish the reputation of today's global corporation as an innovator. Since then, MAHLE has become one of the 20 largest automotive suppliers worldwide with around 79,000 employees. Our innovative solutions continue to set new standards in the field of alternative drives and in the optimization of internal combustion engines.

"We will continue to grow and work on being an innovative and attractive company for our employees and partners. We want to shape the next 100 years of mobility", says Dr. Jörg Stratmann, CEO of the MAHLE Group.

The automotive industry is going through an unprecedented transformation. The MAHLE Group is positioning itself for the future of mobility, focusing on global and automotive megatrends.

The MAHLE Group's vision will drive the transformation process. The motivation to be part of the change is therefore crucial in accomplishing goals and turning vision into reality.

We are looking forward to celebrating our 100th anniversary together with you and for this reason we would like to invite you to visit our website at <http://www.br.mahle.com/pt/100-years/>
Today and tomorrow. For future generations. And for the next 100 years.

4 Development of the Automotive Industry

4.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Mar 2020					Jan-Mar 2019					Sales Variation (A/C)	Production Variation (B/D)
	Sales (**) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (**) (C)	Export	Import	Inventory (*)	Total Production (D)		
Passenger Cars	451,006	74,377	-33,603	3,348	495,128	496,818	86,816	-42,895	46,376	587,115	-9.2%	-15.7%
Light Commercial	83,279	10,853	-26,045	-8,006	60,081	84,638	13,147	-25,218	7,288	79,855	-1.6%	-24.8%
Total light vehicles	534,285	85,230	-59,648	-4,658	555,209	581,456	99,963	-68,113	53,664	666,970	-8.1%	-16.8%
Trucks	20,135	2,759	-893	2,705	24,706	21,464	2,519	-732	1,510	24,761	-6.2%	-0.2%
Buses	3,661	1,009	0	1,304	5,974	4,680	2,080	0	-644	6,116	-21.8%	-2.3%
Total Trucks and Buses	23,796	3,768	-893	4,009	30,680	26,144	4,599	-732	866	30,877	-9.0%	-0.6%
Agricultural	9,469	2,347	0	-1,621	10,195	9,285	2,684	0	-1,153	10,816	2.0%	-5.7%
Total medium and heavy vehicles	33,265	6,115	-893	2,388	40,875	35,429	7,283	-732	-287	41,693	-6.1%	-2.0%
Total vehicle sales	567,550	91,345	-60,541	-2,270	596,084	616,885	107,246	-68,845	53,377	708,663	-8.0%	-15.9%
Variation (un) - 1Q20 x 1Q19	-49,335	-15,901	8,304	-55,647	-112,579							
Variation (%) - 1Q20 x 1Q19	-8.0%	-14.8%	-12.1%	-104.3%	-15.9%							

Source: Anfavea

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

(**) Sales (Domestic + Imported)

The table below shows Brazil's domestic auto production, sales and inventory for the periods under review:

Vehicle Production - monthly (thousand units)	Jan	Feb	Mar
2019	202.0	261.3	245.3
2020	194.2	207.8	194.1
Total vehicle sales - monthly (thousand units)	Jan	Feb	Mar
2019	202.5	201.5	213.0
2020	196.0	203.8	167.7
Brazilian Vehicles Inventory (days)	Jan	Feb	Mar
2019	37	43	41
2020	43	37	48

Source: Anfavea

4.2 Developments of the Argentine market

Argentina's automotive industry			
Vehicle Sales (Locally-manufactured and imported)	Jan-Mar 2020 (A)	Jan-Mar 2019 (B)	A/B
Total of Light vehicle	71,840	94,150	-23.7%
Total of medium and heavy vehicle	3,867	4,635	-16.6%
Total vehicle sales	75,707	98,785	-23.4%
Exports	40,734	47,919	-15.0%
Imports	50,059	67,629	-26.0%
Automotive trade balance	(9,325)	(19,710)	-52.7%
Vehicle inventory variation in the period (*)	5,355	4,142	29.3%
Production of Light vehicle	65,980	76,692	-14.0%
Medium and heavy vehicle production	1,890	1,890	0.0%
Total vehicle production	67,870	78,582	-13.6%

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

(**) Source: Adefa/Arcaras Argentina/IHS.

4.3 Vehicle production and sales in Brazil and Argentina

The table below shows consolidated vehicle production and sales figures for Brazil and Argentina. The Company's domestic market comprises Brazil and Argentina.

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Mar 2020	Jan-Mar 2019	variation	Jan-Mar 2020	Jan-Mar 2019	variation
Light vehicle	621,189	743,662	-16.5%	606,125	675,606	-10.3%
Medium and heavy vehicle	42,765	43,583	-1.9%	37,132	40,064	-7.3%
Total	663,954	787,245	-15.7%	643,257	715,670	-10.1%

Source: Anfavea and Adefa

4.4 Vehicle production in the main export markets

The table below shows vehicle production in 1Q20 in North America and Europe, which are the Company's main export markets, compared with 1Q19.

Vehicle Production in the main export market (in thousands)			
Segment	Jan-Mar 2020 (A)	Jan-Mar 2019 (B)	A/B
Production of Light vehicle	3,710	4,234	-12.4%
Production of medium and heavy vehicle	135	166	-18.7%
North America	3,845	4,400	-12.6%
Production of Light vehicle	4,487	5,657	-20.7%
Production of medium and heavy vehicle	147	166	-11.4%
Europe	4,634	5,823	-20.4%
Total Vehicle Production	8,479	10,223	-17.1%

Source: IHS

5 Company's Financial and Economic Performance

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	573.8	623.2	100.0%	100.0%	-7.9%
Cost of sales	(412.1)	(454.4)	-71.8%	-72.9%	-9.3%
Gross profit	161.7	168.8	28.2%	27.1%	-4.2%
Selling and distribution expenses	(43.2)	(38.0)	-7.5%	-6.1%	13.7%
General and administrative expenses	(25.3)	(19.0)	-4.4%	-3.0%	33.2%
Technology and product development expenses	(19.2)	(20.1)	-3.3%	-3.2%	-4.5%
Other operating income (expenses) ¹	(8.7)	(0.5)	-1.5%	-0.1%	-1640.0%
Equity in the results of investees	(0.0)	(0.0)	0.0%	0.0%	0.0%
Gains/losses on net monetary position	1.0	6.4	0.2%	1.0%	-84.4%
Operating profit	66.3	97.6	11.6%	15.7%	-32.1%
Finance income (costs), net	(40.6)	(8.8)	-7.1%	-1.4%	361.4%
Income tax and social contribution	(5.2)	(25.6)	-0.9%	-4.1%	-79.7%
Profit for the year	20.5	63.2	3.6%	10.1%	-67.6%
Profit for the year attributable to: Owners of the parent	21.5	63.9	3.7%	10.3%	-66.4%
Attributable to: Non-controlling-interests	(1.0)	(0.7)	-0.2%	-0.1%	-42.9%
EBITDA	91.5	120.3	15.9%	19.3%	-23.9%
Margins:					
Gross margin	28.2%	27.1%			1,1 p.p.
Operating margin	11.6%	15.7%			-4,1 p.p.
Net margin attributable to owners of the parent	3.7%	10.3%			-6,6 p.p.
EBITDA margin	15.9%	19.3%			-3,4 p.p.
SG&A expenses to net sales revenue	11.9%	9.1%			2,8 p.p.

¹ Additional information is provided in item 5.10 of this document.

5.1 Net sales revenue and net revenue by market

It is important to note that the Company considers as Domestic Market the revenue generated from its operations in Brazil and Argentina. For this reason, in this market, with respect to the consolidation of the financial statements, the tables below show the negative exchange rate effects of the translation of the financial statements from Argentine peso to Brazilian real.

The Company reported a reduction of 7.9% in its consolidated net revenue for 1Q20 compared with the same period of 2019. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate variation period over period:

Net revenue by market (R\$ Million)		1Q20 (a)	Volume/Price (b)	FX-Variation (c)	1Q19 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic ¹	166.5	(16.1)	(0.2)	182.8	-8.8%	-0.1%	-8.9%
	Export	224.1	(34.2)	22.3	236.0	-14.5%	9.5%	-5.0%
	Subtotal	390.6	(50.3)	22.1	418.8	-11.9%	5.2%	-6.7%
Aftermarket	Domestic ¹	144.6	(7.8)	(3.7)	156.1	-4.9%	-2.5%	-7.4%
	Export	38.6	(14.1)	4.4	48.3	-29.1%	9.0%	-20.1%
	Subtotal	183.2	(21.9)	0.7	204.4	-10.7%	0.3%	-10.4%
Total		573.8	(72.2)	22.8	623.2	-11.6%	3.7%	-7.9%

¹ Domestic market includes Brazil and Argentina.

5.2 OE sales

Domestic market:

In 1Q20, the domestic OE segment reported a decline of 8.9%, with an 8.8% fall in volume/price and exchange rate effects of -0.1%. It is worth mentioning that the consolidation vehicle production (vehicle production in Brazil and Argentina) fell 15.7%. In the quarter the major factors that affected sales in the domestic market were: the high inventory levels of motor vehicle dealerships at the beginning of the year and as from mid-March the effects of COVID-19 on the economy, principally after quarantine was imposed.

Export market:

In 1Q20, we saw a decline of 5.0% in this market, where the positive exchange rate effects of 9.5% were offset by a fall of 14.5% in volumes. The table below presents exports in hard currency for 1Q20 compared with 1Q19:

Export Sales by currency (million)	Jan-Mar 2020 (a)	Jan-Mar 2019 (b)	H.A. (%) (a/b)
Original equipment			
EUR	18.5	20.2	-8.4%
USD	30.9	41.0	-24.6%

The major factor that affected our exports was the global COVID-19 pandemic which initially impacted our main export markets.

5.3 Aftermarket sales

Domestic market:

When comparing 1Q20 with 1Q19, the domestic Aftermarket declined 7.4%, with negative impacts of volume/price of 4.9% and exchange rate changes of 2.5%.

The months of January and February 2020 were impacted by the high level of inventory at the dealerships, which resulted in an adjustment to the inventory of the Company's customers, with effects on the dealers' purchase volumes in the period. As from mid-March, the Brazilian market started to feel the effects of the COVID-19 pandemic. In order to slow the spread of infection, the governments ordered the closure of businesses, causing disruptions to supply chain operations.

Export market:

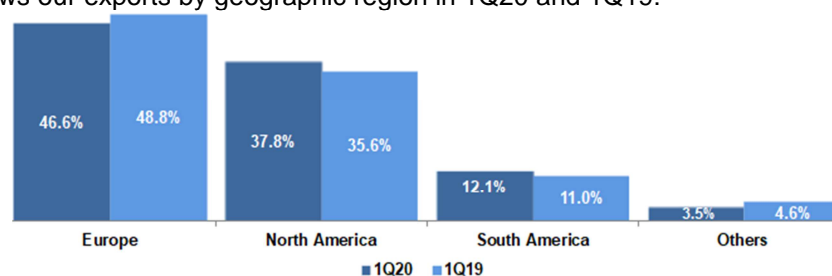
In 1Q20, our Aftermarket exports fell 20.1% compared with the same period of 2019, with a 29.1% fall in volume/price offset in part by positive exchange rate effects of 9.0%. The table below shows Aftermarket exports in hard currency:

Export Sales by currency (million)	Jan-Mar 2020 (a)	Jan-Mar 2019 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	0.1	0.0	100.0%
USD	8.8	12.8	-31.3%

The beginning of the year was equally challenging for this segment on account of several economic and political crises in South American countries at the end of 2019. Added to this is the COVID-19 pandemic, which led some countries to establish stricter customs controls. Our teams could not travel to visit our customers' sites during the lockdown and then are offering phone and e-mail support to our customers to stay engaged with the markets.

5.4 Consolidated export by region

The graph below shows our exports by geographic region in 1Q20 and 1Q19:



5.5 Net revenue by segment

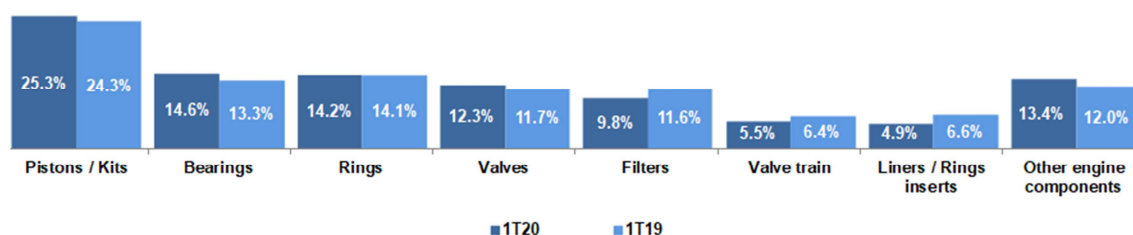
In 1Q20, the engine component segment posted a 6.0% decline in sales and the filter segment registered a drop of 22.5% compared with the same period of 2019.

Net sales revenue by segment	1Q20	1Q19	A.V.	A.V.	H.A.
(R\$ million)	(a)	(b)	(a)	(b)	(a/b)
Engine components	517.5	550.6	90.2%	88.4%	-6.0%
Filters	56.3	72.6	9.8%	11.6%	-22.5%
Total	573.8	623.2	100.0%	100.0%	-7.9%

For the filter segment, in the months of January and February 2020 there was an adjustment to our customers' inventory due to their high level of inventory, which affected our sales volume in the period. In March, the Company started sales actions to recapture part of lost sales, which initially resulted in a sales increase but was negatively affected by the COVID-19 pandemic from the middle of the month, when almost all states have put in place measures to slow the spread of the disease.

5.6 Net revenue by product

The graph below shows the share of each product in the Company's total sales in terms of percentage for 1Q20 and 1Q19:



5.7 Gross margin

The Company ended 1Q20 with a gross margin of 28.2% versus 27.1% in 1Q19, as shown below:

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	573.8	623.2	100.0%	100.0%	-7.9%
Cost of sales	(412.1)	(454.4)	-71.8%	-72.9%	-9.3%
Gross profit	161.7	168.8	28.2%	27.1%	-4.2%
Gross margin	28.2%	27.1%			1.1 p.p.

5.8 Selling, general and administrative expenses

In 1Q20, the foreign currency exposure of some expenses had a negative impact on selling expenses. General and administrative expenses increased in the period due principally to restructuring initiatives.

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	573.8	623.2	100.0%	100.0%	-7.9%
Selling and distribution expenses	(43.2)	(38.0)	-7.5%	-6.1%	13.7%
General and administrative expenses	(25.3)	(19.0)	-4.4%	-3.0%	33.2%
SG&A expenses	(68.5)	(57.0)	11.9%	9.1%	20.2%
SG&A expenses to net sales revenue	11.9%	9.1%			2.8 p.p.

5.9 Technology and new product development expenses

The Company believes that it is of utmost importance to continue to invest in R&D and that the focus on technology innovations involving developments in partnership with customers with patent registration and launch of new products in the market are among our key competitive advantages.

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	573.8	623.2	100.0%	100.0%	-7.9%
Technology and product development expenses	(19.2)	(20.1)	-3.3%	-3.2%	-4.5%

5.10 Other operating income (expenses), net

This account records a net expense of R\$ 8.7 million for 1Q20 compared to a net expense of R\$ 0.5 million in the same period of 2019, as shown in the table below:

Other income and expenses, net (R\$ million)	1Q20 (a)	1Q19 (b)	Var. (a-b)
Compulsory loan reversal	4.3	-	4.3
Export Expenses (Argentina)	(2.5)	(4.0)	1.5
Provision/Reversal for obsolescence	-	(0.2)	0.2
Provision/Reversal for losses on products	-	-	-
Electric power	0.1	0.3	(0.2)
Provision/Reversal for labor, civil and tax contingencies	(10.5)	2.8	(13.3)
Recovered taxes (Reintegra)	0.2	0.2	-
Other income/expenses	(0.3)	0.4	(0.7)
Total other income and expenses	(8.7)	(0.5)	(8.2)

The major variances in the periods were as follows:

- The negative variance in "Provision/reversal for labor, civil and tax contingencies";
- The line item of export expenses (Argentina) refers to the new export tax imposed by the Argentine government (3 pesos per dollar on exports).

5.11 Operating result measured by EBITDA

The table below shows changes in the components of EBITDA for the periods under review:

EBITDA	R\$ million	Margin
1Q19	120.3	19.3%
Gross profit	-7.1	
Selling and distribution expenses	-5.2	
General and administrative expenses	-6.3	
Technology and product development expenses	0.9	
Other operating income (expenses) ¹	-8.2	
Gains/losses on net monetary position	-5.4	
Depreciation	2.5	
1Q20	91.5	15.9%

¹ Additional information is provided in item 5.10 of this document.

² Additional information is provided in Note 34 to the Interim Financial Statements at March 31, 2019.

5.12 Finance income and costs

The Company recorded net finance costs of R\$ 40.6 million for 1Q20 and of R\$ 8.8 million for the same period of 2019, which represents a negative variance of R\$ 31.8 million period over period.

Finance income and costs (R\$ million)	1Q20 (a)	1Q19 (b)	Var. (a - b)
Interest income on financial investments	1.4	1.0	0.4
Interest on loans	(3.9)	(3.3)	(0.6)
Other income	1.3	0.6	0.7
Finance costs, net	(1.2)	(1.7)	0.5
1. Accounts receivable / Accounts payable Exchange Variation (1.1. + 1.2.)	25.7	1.0	24.7
1.1. Exchange Variation	50.1	4.2	45.9
1.2. FX-Hedging	(24.4)	(3.2)	(21.2)
2. ACC Exchange Variation	(60.9)	(1.0)	(59.9)
3. Other transactions	2.5	2.6	(0.1)
Exchange variation and Gain (loss) on derivatives (ii) - (1+2+3)	(32.7)	2.6	(35.4)
Monetary variation, net	(5.6)	(8.0)	2.4
Other	(1.1)	(1.8)	0.7
Monetary variation, net + Others (iii)	(6.7)	(9.8)	3.1
Finance income (costs) (i + ii + iii)	(40.6)	(8.9)	(31.8)

Net interest (i):

The positive variance of R\$ 0.4 million in "Interest income on financial investments" from 1Q19 to 1Q20 was due to the increase in the average amount of financial investments to R\$ 216.9 million in 1Q20 from R\$ 111.1 million in 1Q19, while there was a reduction in the average rates of interest to 4.3% p.a. in 1Q20 from 6.1% p.a. in 1Q19, following the cut in Brazil's basic interest rate (SELIC).

The negative variance of R\$ 0.6 million in "Interest expenses on loans" from 1Q19 to 1Q20 was due to the increase in the average levels of borrowings to R\$ 507.2 million in 1Q20 from R\$ 355.5 million in 1Q19, which was offset by a reduction in the weighted average cost to 4.3% p.a. in 1Q20 from 4.6% p.a. in 1Q19.

The table below shows interest rates and average amounts of debt and investments:

Interest rates and volumes (average)	1Q20 (a)	1Q19 (b)	Var. (a - b)
Investment Yield*	3.5%	6.1%	-2.6 p.p.
Cost of debt	4.3%	4.6%	-0.3 p.p.
Investments - average (R\$ million)	216.9	111.1	95.2%
Average debt (R\$ million)	(507.2)	(355.5)	42.7%

The Company's average debt increased 42.7%, from R\$ 355.5 million in 1Q19 to R\$ 507.2 million in 1Q20 due to new borrowing agreements like 4131/Bank Credit Note (working capital loan with floating rates of CDI + annual fixed cost).

Exchange rate variation, net and Gain (loss) on derivatives (ii):

It is worth mentioning that these two line items “Exchange rate variation, net” and “Gain (loss) on derivatives” should always be analyzed together, because the Company monitors and manages its foreign currency exposures and continually assesses whether it needs to use derivatives to hedge its foreign exchange risk. The objective of the currency hedging program is to minimize foreign exchange risks that could arise from adverse market conditions and negatively impact the Company’s profitability. Also, with respect to foreign exchange risks, the hedging policy is to protect the estimated cash flow position (budget) and actual cash flow (balance sheet) denominated in and/or indexed to foreign currency through the use of derivative financial instruments (NDF – Non-Deliverable Forwards). Additional information is provided in Note 31 to the Interim Financial Statements at March 31, 2020.

Net monetary variation + Other (iii):

The positive variation period over period was due to the monetary adjustment to the provisions for labor, tax contingencies and judicial deposits.

5.13 Income tax and social contribution

The Company recorded a provision of R\$ 5.2 million for income tax and social contribution on profit at March 31, 2020 in the consolidated financial statements (expense of R\$ 25.6 million at March 31, 2019) as detailed below:

- Current tax: expense of R\$ 13.8 million generated principally by the parent company and its subsidiary MAHLE Argentina S.A.;
- Deferred tax: credit of R\$ 8.6 million with no impact on cash, comprising mainly changes in provisions and realization of differences measured according to Law 12.973/14.

Additional information is provided in Note 11 to the Interim Financial Statements at March 31, 2020.

5.14 Net profit

The Company’s first-quarter 2020 net profit was R\$ 21.5 million, a decrease of 66.4% from R\$ 63.9 million in 1Q19, while net margin was 3.7% in 1Q20 versus 10.3% in 1Q19.

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	573.8	623.2	100.0%	100.0%	-7.9%
Profit for the year attributable to: Owners of the parent	21.5	63.9	3.7%	10.3%	-66.4%
Net margin attributable to owners of the parent	3.7%	10.3%			-6.6 p.p.

Additional information on earnings per share is contained in Note 23 to the Interim Financial Statements at March 31, 2020.

5.15 Investments

The table below shows investments and total accumulated depreciation for 1Q20 and 1Q19:

CAPEX & Depreciation (R\$ million)	1Q20	1Q19
Capex	4.9	17.2
Total depreciation	25.6	22.9

Capex	1Q20	1Q19
% of Net sales revenue	0.9%	2.8%
% of Depreciation	19.1%	75.1%

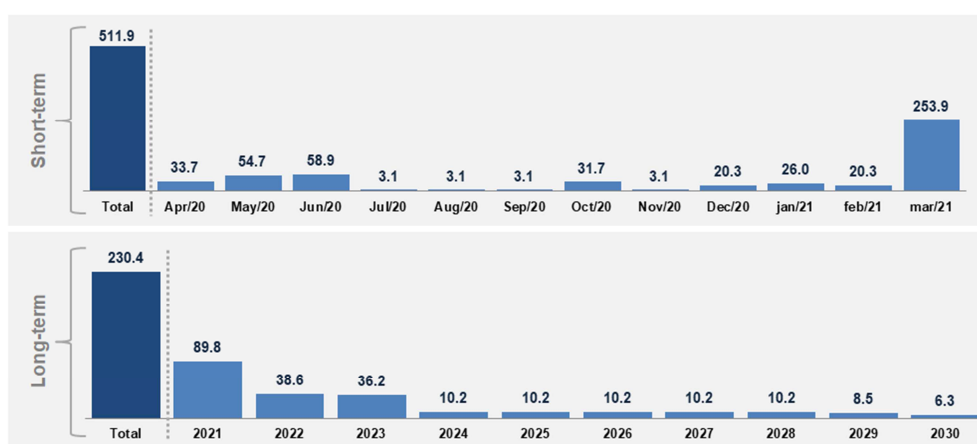
In 1Q20, the Company invested in R&D equipment, energy efficiency programs, new machinery and equipment in order to increase productivity and quality, new products, new buildings, information technology, among others. It is worth noting that the volume of investments in 1Q20 was impacted by the COVID-19 pandemic.

5.16 Net position of financial assets and liabilities

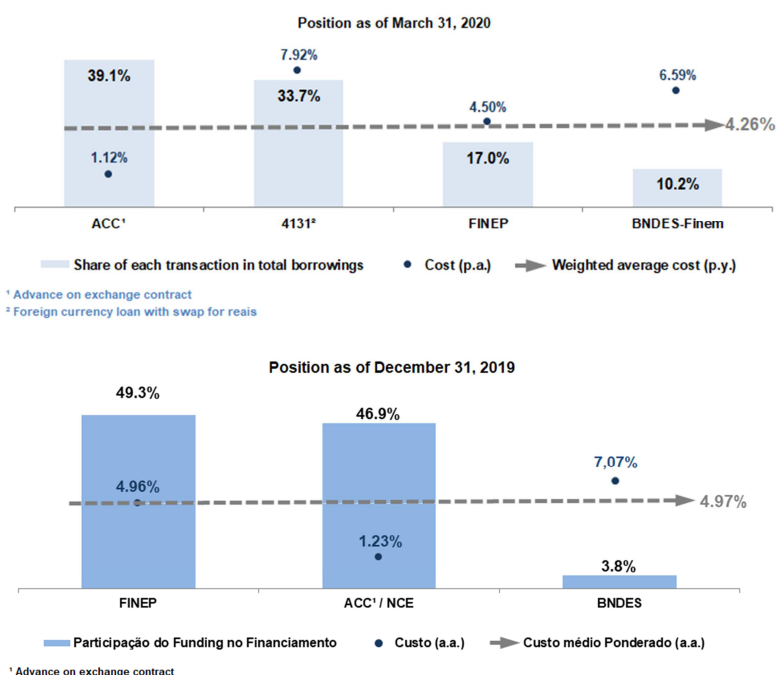
At the end of 1Q20, the Company's net debt was R\$ 183.4 million versus R\$ 188.3 million at the end of 2019.

Net indebtedness (R\$ million)	03.31.2020 (a)	12.31.2019 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Cash / banks / cash investments/ Loans - related parties (i):	558.9	205.8	353.1		
Liabilities (ii)	(742.3)	(394.1)	(348.2)	100%	100%
Short-term	(511.9)	(213.9)	(298.0)	69%	54%
Long-term	(230.4)	(180.2)	(50.2)	31%	46%
Net position (i - ii)	(183.4)	(188.3)	4.9		

The charts below show the maturities of the liabilities classified into short-term and long-term at the end of 1Q20, which represents 69% and 31%, respectively, of the debt displayed in the table above:



The chart below shows our borrowings at March 31, 2020 and December 31, 2019, broken down by type of facility with respective cost, and the Company's weighted average cost:



5.17 Distribution of interest on capital to shareholders

In fiscal year 2019, the Board of Directors approved the distribution of R\$ 81.9 million in Interest on Capital (gross), which will be submitted to the Ordinary General Meeting for approval in May 2020, as shown below:

Date	Record Date	Date Ex-interest on equity	Payment Date	Type of payout	Period	Reference Year	Total Gross Amount (in R\$ million)	Gross Amount per Share (in R\$)	Net Amount per Share (in R\$)
December 26, 2019	December 26, 2019	1/3/2020	May 25, 2020	Interest on capital	November 2019 - December 2019	2019	11.9	0.0929136226	0.0789765792
November 11, 2019	November 11, 2019	11/22/2019	December 20, 2019	Interest on capital	01/01/2019 to 10/31/2019	2019	70.0	0.5455655350	0.4637307048
Interest on capital							81.9	0.6384791577	0.5427072840

For more information about payouts, please visit our website: <https://ri.mahle.com.br/acoes/historico-de-proventos/>

The remaining profits for fiscal year 2019 are recorded as a proposal for distribution of additional dividends according to the terms of paragraph 6, article 202 of the Brazilian Corporate Law. However, the decision to retain these profits in the Company will be submitted to the Ordinary General Meeting for vote.

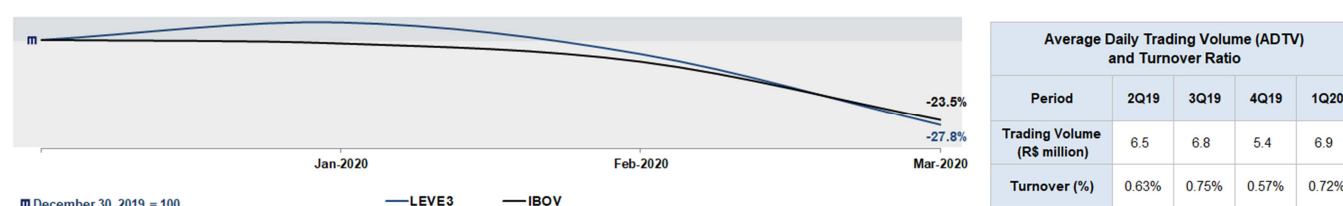
In the fulfillment of the duty of diligence set forth in article 153 of the Brazilian Corporate Law and sensitive to the potential impacts of COVID-19 on the Brazilian and global economies, which are unprecedented in world history, Management emphasizes the need to preserve the Company's cash resources in order to have a cushion to ride out the effects of the COVID-19 pandemic, the extent of which cannot be estimated at this time, and to keep our business operating smoothly and in compliance with legal and contractual obligations previously assumed by the Company.

6 Investor Relations and Capital Market

During the first quarter of 2020, our Investor Relations team continued to have interactions with investors and the general market but within the limitation imposed by the strict measures introduced to tackle the spread of COVID-19. The staff adopted a work-from-home policy to comply with social distancing directives. Unfortunately, in-person meetings, conferences and site visits had to be canceled. It is worth noting that we continue to interact with our shareholders and the general market by teleconferencing, phone and e-mail.

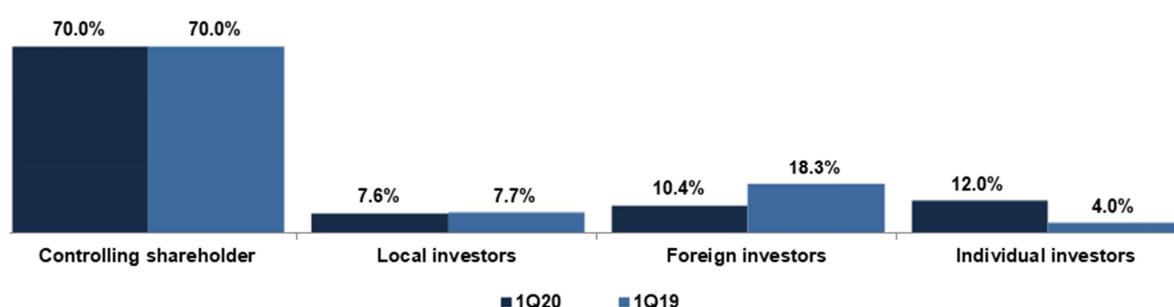
6.1 Stock performance and free float turnover

The graphs below show the market performance of LEVE3 stock, Average Daily Trading Volume (ADTV), and the ratio of average turnover to free-float market capitalization:

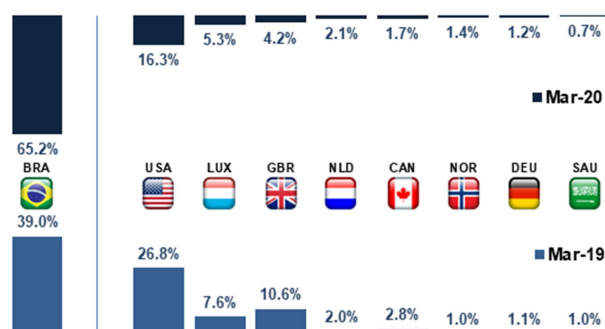


6.2 Shareholder structure

At the end of 1Q20 and 1Q19, the Company's existing shareholder base and free float are as follows:



The graph below shows the main countries from which the Company's free float investors are from at the end of 1Q20 and 1Q19:



7 Coronavirus

MAHLE Metal Leve is concerned with the health of its employees and society and has therefore joined the fight against COVID-19.

Initially, the Company's filter factory in the city of Mogi Guaçu formed a task force to mass-produce disposable face masks using available resources. These masks are being sent to the cities of Mogi Guaçu, Itajubá and Limeira for supply to health care workers and wider community.

Additionally, the units of Mogi Guaçu, Itajubá and Limeira will donate medical supplies to the local hospitals to help fight the ongoing coronavirus pandemic. The medical supplies include mechanical ventilators, vital signs monitors, disposable masks and masks with filter, gloves, oximeters, etc. according to the needs of the hospitals.

The Company's health services further expanded its offerings during this unsettling time to include online health care services and to support employees' families.

The Company is taking the appropriate preventive measures to ensure a safe and gradual return of employees to the workplace, in line with the guidance from the World Health Organization (WHO) and local authorities.

MAHLE will continue to evaluate other ways to support communities, using existing available resources and its technology experience to help fight COVID-19.

8 Independent Auditors

In accordance with CVM Instruction 381/03, the Company and its subsidiaries take appropriate steps to ensure that the provision of non-audit services by the external auditors does not create any conflict of interest or impair the independence and objectivity of the external auditors.

During the first quarter of 2020, the Company did not engage KPMG Auditores Independentes to perform non-audit services; therefore, there is no situation that could constitute conflict of interest under that Instruction.

9 Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the financial statements for the quarter ended March 31, 2020 and the opinions expressed in the independent auditor's report.

10 Acknowledgements

The Management Board would like to thank all employees, shareholders, customers and suppliers of the Company for their support and confidence in the Company during the first quarter of 2020.

The Management Board

11 Exhibits

11.1 Balance sheet

BALANCE SHEET (CONSOLIDATED)	12.31.19	03.31.20
ASSETS	2,804.2	2,327.7
Current assets	1,514.3	1,096.8
Cash and cash equivalents	101.8	80.7
Financial investments	386.6	88.1
Trade accounts receivable	435.8	394.3
Inventories	436.6	396.1
Recoverable taxes	45.4	45.9
Income tax and social contribution recoverable	65.3	60.2
Other assets	42.8	31.5
Non-current assets	1,289.9	1,230.9
Deferred taxes	27.7	1.8
Loans to related parties	70.5	37.0
Recoverable taxes	20.3	17.2
Income tax and social contribution recoverable	-	-
Investments in subsidiaries	0.3	0.3
Property, plant and equipment	637.0	644.0
Intangible assets	469.7	469.6
Long-term assets in use	20.6	20.1
Other assets	43.8	40.9
LIABILITIES	2,804.2	2,327.7
Current liabilities	972.9	587.1
Salaries, vacation and social charges	67.2	67.6
Trade accounts payable	177.5	149.5
Lease liability	8.8	37.7
Income tax and social contribution payable	18.6	213.9
Borrowings	511.9	8.8
Provisions	46.6	45.6
Other liabilities	142.3	64.0
Non-current liabilities	499.6	443.6
Borrowings	230.4	180.2
Trade accounts payable	13.5	16.2
Deferred taxes	7.0	3.1
Provisions	239.9	235.3
Other liabilities	8.8	8.8
Consolidated shareholder's equity	1,331.7	1,297.0
Capital stock	966.3	966.3
Revenue reserves	308.0	308.0
Retained earnings (accumulated deficit)	21.5	-
Proposed dividends	175.6	175.6
Other comprehensive income	9.5	36.6
Cumulative translation adjustments	(141.6)	(182.9)
Non-controlling interests	(7.6)	(6.6)

11.2 Statement of income

INCOME STATEMENT (CONSOLIDATED)	03.31.20 (a)	03.31.19 (b)	Var. (a/b)
Net sales revenue	573.8	623.2	-7.9%
Cost of sales	(412.1)	(454.4)	-9.3%
Gross income	161.7	168.8	-4.2%
Operating income (expenses)	(95.4)	(71.2)	34.0%
Selling expenses	(41.6)	(36.4)	14.3%
Gains/losses on the recoverable value of accounts receivable	(1.6)	(1.6)	0.0%
General and administrative expenses	(25.3)	(19.0)	33.2%
Technology and product development expenses	(19.2)	(20.1)	-4.5%
Other operating income (expenses), net	(8.7)	(0.5)	1640.0%
Gains/losses on net monetary position	1.0	6.4	-84.4%
Equity in the results of investees	(0.0)	(0.0)	0.0%
Profit before finance income and costs	66.3	97.6	-32.1%
Finance income	90.8	31.1	192.0%
Finance costs	(131.4)	(39.9)	229.3%
Income and social contribution taxes	25.7	88.8	-71.1%
Current Income tax and social contribution	(13.8)	(27.7)	-50.2%
Deferred Income tax and social contribution	8.6	2.1	309.5%
Net income for the period	20.5	63.2	-67.6%
Attributable to: Owners of the parent	21.5	63.9	-66.4%
Attributable to: Non-controlling-interests	(1.0)	(0.7)	42.9%
Basic and diluted earnings per share (in reais)	0.16671	0.49831	-66.5%

11.3 Statement of cash flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	03.31.20	03.31.19
Cash flows from operating activities		
Profit (losses) before tax	25.6	88.8
Depreciation and amortization	25.1	22.7
Interest and monetary and exchange variations, net	94.1	(2.1)
Losses/(gains) on derivative financial instruments	24.2	0.6
Result on disposal of property, plant and equipment	(0.0)	(0.0)
Provision (reversal) for impairment of trade receivables	2.5	(0.3)
Provision (reversal) for contingencies and legal obligations	7.0	(6.8)
Provision (reversal) for guarantees	0.4	(0.7)
Other provisions (reversal)	1.1	5.3
Recognition (reversal) of provision for impairment of the property, plant and equipment and intangible assets	(0.0)	0.2
Provision (reversal) for losses on inventories	2.7	(2.0)
Interest expense on lease liability	0.6	0.3
Gain / loss on monetary variation, net	(1.0)	(6.4)
Changes in assets and liabilities		
Trade accounts receivable and related parties	(44.0)	(20.7)
Inventories	(42.7)	(5.1)
Recoverable taxes	(5.6)	3.1
Other assets	(17.7)	(6.8)
Trade accounts payable and related parties	28.0	2.3
Salaries, accrual for vacation and social charges	(0.4)	14.4
Taxes and contributions payable	(15.9)	(2.7)
Other liabilities	1.5	(7.2)
Cash from operations	85.5	76.9
Income tax and social contribution paid	(13.2)	(16.2)
Net cash used in operating activities	72.3	60.7
Net Cash from Investment Activities	(28.3)	(38.0)
Loans granted to related subsidiaries	(212.2)	(210.9)
Loan repayments received from related parties	188.6	190.1
Additions to property, plant and equipment	(5.0)	(15.8)
Additions to intangible assets	(0.0)	(1.4)
Proceeds from sales of property, plant and equipment	0.3	0.0
Net Cash from Financing Activities	275.0	48.0
Proceeds from borrowings	344.5	95.5
Repayment of principal of loans	(64.0)	(43.0)
Payment of interest on loans	(2.6)	(2.8)
Dividends and interest on capital paid	(0.1)	(0.0)
Repayment of the principal of the lease liability	(2.8)	(1.7)
Effect of foreign exchange variation on cash and cash equivalents	0.6	2.5
Net increase (decrease) in cash and cash equivalents	319.6	73.2
Cash and cash equivalents at the beginning of the period	168.8	97.6
Cash and cash equivalents at the end of the period	488.4	170.8
Increase (Decrease) in cash and cash equivalents, net	319.6	73.2