

## MAHLE REPORTS EBITDA OF R\$ 129.1 million in 3Q19; MARGIN OF 20.0%

Mogi Guaçu (SP), November 14, 2019 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, announces today its results for the fiscal third quarter of 2019. The Company's operating and financial information is presented on a consolidated basis in BRL in accordance with the Brazilian Corporation Law unless otherwise indicated.

### Earnings conference call and webcast:

Date: 11/18/2019

#### Time:

12 noon - Brasilia  
3:00 p.m. - London  
10:00 a.m. - New York

#### Webcast (in English):

<http://cast.comunique-se.com.br/Mahle/3Q19>

Webcast  
(simultaneous translation):  
<http://cast.comunique-se.com.br/Mahle/3T19>

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

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## 3Q19 HIGHLIGHTS

- **Net Sales Revenue** of R\$ 645.5 million in 3Q19, which represents a decline of 9.1% as compared to 3Q18. In 9M19, net sales revenue was 1.4% lower than in 9M18. We will discuss this in items 1 and 4 in this document;
- **Domestic Original Equipment:** in the 3Q19, the Company reported a sales increase of 10.4%. While the market consolidated vehicle production was down 3.0%, the market in Brazil increased by 2.8%, and Argentina market decreased by 37.4%;
- **Interest on Capital (gross):** at the Board of Directors' meeting held on November 14, 2019, was approved the distribution of **R\$ 70.0 million** relating to the period from January 1 to October 31, 2019.
- **Transparency Trophy:** In October 2019, MAHLE Metal Leve won the "Troféu Transparência" for the sixth consecutive year from the National Association of Finance, Administration and Accounting Executives (ANEFAC) for its high-quality fiscal 2018 financial statements. We will discuss this in item 5 in this document;

(R\$ million)	Key indicators							
	3Q19	2Q19	3Q18	(a/b)	(a/c)	9M19	9M18	(d/e)
	(a)	(b)	(c)			(d)	(e)	
Net revenue	645.5	661.8	710.3	-2.5%	-9.1%	1,930.5	1,957.2	-1.4%
EBITDA	129.1	114.9	148.7	12.4%	-13.2%	364.3	380.4	-4.2%
EBITDA margin	20.0%	17.4%	20.9%	2.6 p.p.	-0.9 p.p.	18.9%	19.4%	-0.5 p.p.
Profit for the year	69.2	59.7	92.2	15.9%	-24.9%	192.8	223.8	-13.9%
Net margin	10.7%	9.0%	13.0%	1.7 p.p.	-2.3 p.p.	10.0%	11.4%	-1.4 p.p.

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## 1 Management's Comments

The market's expectation is for the economy to recover bolstered by reforms and stimulus which are being proposed by the Brazilian government still for 2019. Therefore, the upward bias to vehicle output in Brazil is likely to continue.

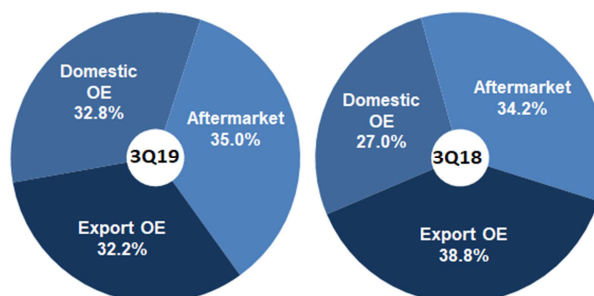
However, the market in general remains alert in light of uncertainties abroad, such as volatile markets, the flattening of economic growth curves, and a multitude of political imponderables, such as US-China trade war, Brexit, etc.

Furthermore, the beginning of this year was marked by the deepening of the economic crisis in Argentina with a consequent fall in sales of vehicles and components.

We believe that, in spite of this difficult context, the results that the Company has achieved in the first nine months of 2019 are positive.

The whole scenario described above reinforces the Company's strategy of working to increase synergy and productivity in order to maintain market competitiveness, mainly in exports. In addition, another response to dealing with uncertainties facing us is MAHLE's business model, i.e., a balanced presence in our different business segments: Original Equipment (OE) and Aftermarket both in the domestic and export markets. This balance between our revenue streams allows us to offset fluctuations in these segments and stabilize our profitability margins over time.

The Company's revenue fell 9.1% in 3Q19 compared with the same period in 2018, with a 10.4% increase in domestic OE sales offset by decreases of 7.0% in Aftermarket and 24.6% in OE exports. The chart below shows the Company's revenue broken down by business segment in 3Q19 and 3Q18:



In 3Q19 the Company reported an EBITDA margin of 20.0% and EBITDA of R\$ 129.1 million. For 9M19 EBITDA margin was 18.9% (R\$ 364.3 million).

For the sixth year running, the Company has been honored by the National Association of Finance, Administration and Accounting Executives (ANEFAC) as one of Brazil's most transparent companies with the Transparency Trophy 2019 for its high-quality financial statements for the fiscal year 2018 in the "under R\$ 5 billion in net revenue" category.

MAHLE believes that trust is the foundation of any relationship, so we understand that this award is a mark of credibility aligned with the Company's commitment to integrity.

We can see in the market the importance of our high-quality financial reports and, as a consequence, a reduced risk perception.

## 2 About MAHLE Metal Leve

We are a Brazilian auto parts company that manufactures and sells components for internal combustion engines and automotive filters. We manufacture products with the latest technology and the highest quality, and we continuously invest 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 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 are part of the German group MAHLE, one of the world's most traditional suppliers to the automotive industry, which was founded in 1920 in Germany. The MAHLE Group currently has more than 170 production locations in 35 countries on five continents, 16 research and development centers and approximately 79,000 employees. As part of the globally active MAHLE Group, we are able to exchange knowledge, have constant access to the latest technologies and develop new products together with our customers, which we believe are key factors to the high level of market penetration and customer loyalty that we have achieved.

## 3 Developments of the automotive industry

### 3.1 Developments of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Sep 2019					Jan-Sep 2018					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	1,645,577	275,478	-132,798	88,450	1,876,707	1,511,749	419,266	-153,403	35,384	1,812,996	8.9%	3.5%
Light Commercials	294,589	46,964	-84,437	15,330	272,446	271,205	78,095	-72,553	4,301	281,048	8.6%	-3.1%
<b>Total light vehicles</b>	<b>1,940,166</b>	<b>322,442</b>	<b>-217,235</b>	<b>103,780</b>	<b>2,149,153</b>	<b>1,782,954</b>	<b>497,361</b>	<b>-225,956</b>	<b>39,685</b>	<b>2,094,044</b>	<b>8.8%</b>	<b>2.6%</b>
Trucks	74,255	9,838	-2,158	5,517	87,452	52,779	20,464	-1,233	5,244	77,254	40.7%	13.2%
Buses	15,200	5,219	-4	1,368	21,783	10,483	6,466	-3	6,105	23,051	45.0%	-5.5%
<b>Total Trucks and Buses</b>	<b>89,455</b>	<b>15,057</b>	<b>-2,162</b>	<b>6,885</b>	<b>109,235</b>	<b>63,262</b>	<b>26,930</b>	<b>-1,236</b>	<b>11,349</b>	<b>100,305</b>	<b>41.4%</b>	<b>8.9%</b>
Agricultural	32,584	9,679	-248	-750	41,265	34,551	9,713	-219	2,128	46,173	-5.7%	-10.6%
<b>Total medium and heavy vehicles</b>	<b>122,039</b>	<b>24,736</b>	<b>-2,410</b>	<b>6,135</b>	<b>150,500</b>	<b>97,813</b>	<b>36,643</b>	<b>-1,455</b>	<b>13,477</b>	<b>146,478</b>	<b>24.8%</b>	<b>2.7%</b>
<b>Total vehicle sales</b>	<b>2,062,205</b>	<b>347,178</b>	<b>-219,645</b>	<b>109,915</b>	<b>2,299,653</b>	<b>1,880,767</b>	<b>534,004</b>	<b>-227,411</b>	<b>53,162</b>	<b>2,240,522</b>	<b>9.6%</b>	<b>2.6%</b>
<b>Variation (un) - 9M19 x 9M18</b>	<b>181,438</b>	<b>-186,826</b>	<b>7,766</b>	<b>56,753</b>	<b>59,131</b>							
<b>Variation (%) - 9M19 x 9M18</b>	<b>9.6%</b>	<b>-35.0%</b>	<b>-3.4%</b>	<b>106.8%</b>	<b>2.6%</b>							

Source: Anfavea

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

(\*\*) Sales (Domestic + Imported)

**Motor vehicle production in Brazil** went up 2.6% in 9M19 and **Brazil's auto industry sales** also rose 9.6% compared to the same period last year.



According to the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA), **vehicle inventory** recorded at the end of 9M19 reached 348.6 thousand units, corresponding to 45 days of sales, while in the same period of the previous year, vehicle inventory was equivalent to 40 days of sales, with 283.4 thousand units. The table below shows the changes in production, sales and total inventory of locally produced vehicles for 9M19 against 9M18:

Vehicle Production - monthly (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Production (2018)	221.4	217.4	272.9	271.1	216.9	261.6	252.3	298.3	228.9	2,240.8
Production (2019)	202.9	260.4	245.1	271.9	281.2	237.6	273.2	275.4	252.1	2,299.8
Total vehicle sales - monthly (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Sales (2018)	182.9	159.3	210.9	221.4	205.2	206.9	222.2	253.6	218.2	1,880.6
Sales (2019)	202.5	201.5	213.0	235.0	248.5	227.6	247.5	247.2	239.5	2,062.3
Brazilian Vehicles Inventory (days)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Sales (2018)	38	41	34	32	31	36	34	34	40	
Sales (2019)	37	43	41	40	39	42	39	42	45	

Source: Anfavea

### 3.2 Developments of the Argentina market

The Argentine automotive industry reported a decline of 48.3% in vehicle sales and of 35.0% in vehicle production when comparing 9M19 to 9M18.

Argentina's automotive industry			
Vehicle Sales (Locally-manufactured and imported)	Jan - Sep 2019 (A)	Jan - Sep 2018 (B)	A/B
Total of Light vehicle	291,219	563,096	-48.3%
Total of medium and heavy vehicle	14,286	28,362	-49.6%
<b>Total vehicle sales</b>	<b>305,505</b>	<b>591,458</b>	<b>-48.3%</b>
Exports	168,023	198,337	-15.3%
Imports	210,331	403,913	-47.9%
<b>Automotive trade balance</b>	<b>(42,308)</b>	<b>(205,576)</b>	<b>-79.4%</b>
Vehicle inventory variation in the period (*)	(1,213)	23,749	-105.1%
<b>Production of Light vehicle</b>	<b>241,330</b>	<b>370,707</b>	<b>-34.9%</b>
<b>Medium and heavy vehicle production</b>	<b>6,368</b>	<b>10,562</b>	<b>-39.7%</b>
<b>Total vehicle production</b>	<b>247,698</b>	<b>381,269</b>	<b>-35.0%</b>

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

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

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-Sep 2019	Jan-Sep 2018	variation	Jan-Sep 2019	Jan-Sep 2018	variation
Light vehicle	2,390,483	2,464,751	-3.0%	2,231,385	2,346,050	-4.9%
Medium and heavy vehicle	156,868	157,040	-0.1%	136,325	126,175	8.0%
<b>Total</b>	<b>2,547,351</b>	<b>2,621,791</b>	<b>-2.8%</b>	<b>2,367,710</b>	<b>2,472,225</b>	<b>-4.2%</b>

Source: Anfavea and Adefa

### 3.3 Vehicle production in the main export markets

The table below shows vehicle production figures for 9M19 in North America and Europe, which are the Company's main export markets, compared with the same period of 2018.

Vehicle Production in the main export market (in thousands)			
Segment	Jan-Sep 2019 (A)	Jan-Sep 2018 (B)	A/B
Production of Light vehicle	12,597	12,770	-1.3%
Production of medium and heavy vehicle	502	468	7.3%
<b>North America</b>	<b>13,100</b>	<b>13,239</b>	<b>-1.0%</b>
Production of Light vehicle	16,004	16,658	-3.9%
Production of medium and heavy vehicle	496	502	-1.2%
<b>Europe</b>	<b>16,499</b>	<b>17,160</b>	<b>-3.9%</b>
<b>Total Vehicle Production</b>	<b>29,599</b>	<b>30,399</b>	<b>-2.6%</b>

Source: IHS

#### 4 Company's Financial and Economic Performance

Summary P&L (R\$ million)	3Q19	3Q18	V.A.	V.A.	H.A.	9M19	9M18	V.A.	V.A.	H.A.
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
<b>Net sales revenue</b>	<b>645.5</b>	<b>710.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-9.1%</b>	<b>1,930.5</b>	<b>1,957.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.4%</b>
Cost of sales	(467.2)	(493.7)	-72.4%	-69.5%	-5.4%	(1,418.2)	(1,388.8)	-73.5%	-71.0%	2.1%
<b>Gross profit</b>	<b>178.3</b>	<b>216.6</b>	<b>27.6%</b>	<b>30.5%</b>	<b>-17.7%</b>	<b>512.3</b>	<b>568.4</b>	<b>26.5%</b>	<b>29.0%</b>	<b>-9.9%</b>
Selling and distribution expenses	(41.7)	(50.4)	-6.5%	-7.1%	-17.3%	(120.4)	(132.1)	-6.2%	-6.7%	-8.9%
Gains/losses on the recoverable value of accounts receivable	(0.3)	(1.2)	0.0%	-0.2%	-75.0%	(1.9)	(5.1)	-0.1%	-0.3%	-62.7%
General and administrative expenses	(18.9)	(23.3)	-2.9%	-3.3%	-18.9%	(61.3)	(66.6)	-3.2%	-3.4%	-8.0%
Technology and product development expenses	(19.1)	(20.1)	-3.0%	-2.8%	-5.0%	(63.0)	(67.2)	-3.3%	-2.9%	10.1%
Other operating income (expenses)	(2.1)	2.2	-0.3%	0.3%	-195.5%	(4.6)	2.1	-0.2%	0.1%	-319.0%
Gains/losses on net monetary position <sup>1</sup>	9.1	2.4	1.4%	0.3%	279.2%	33.7	2.4	1.7%	0.1%	1304.2%
Equity in the results of investees	(0.1)	(0.1)	0.0%	0.0%	0.0%	(0.1)	(0.1)	0.0%	0.0%	0.0%
<b>Operating profit</b>	<b>105.2</b>	<b>126.1</b>	<b>16.3%</b>	<b>17.8%</b>	<b>-16.6%</b>	<b>294.7</b>	<b>311.8</b>	<b>15.3%</b>	<b>15.9%</b>	<b>-5.5%</b>
Finance income (costs), net	(10.5)	(7.7)	-1.6%	-1.1%	36.4%	(28.8)	(14.7)	-1.5%	-0.8%	95.9%
Income tax and social contribution	(25.7)	(24.3)	-4.0%	-3.4%	5.8%	(75.5)	(71.9)	-3.9%	-3.7%	5.0%
<b>Profit for the year</b>	<b>69.0</b>	<b>94.1</b>	<b>10.7%</b>	<b>13.2%</b>	<b>-26.7%</b>	<b>190.4</b>	<b>225.2</b>	<b>9.9%</b>	<b>11.5%</b>	<b>-15.5%</b>
<b>Profit for the year attributable to: Owners of the parent</b>	<b>69.2</b>	<b>92.2</b>	<b>10.7%</b>	<b>13.0%</b>	<b>-24.9%</b>	<b>192.8</b>	<b>223.8</b>	<b>10.0%</b>	<b>11.4%</b>	<b>-13.9%</b>
Attributable to: Non-controlling-interests	(0.2)	1.9	0.0%	0.3%	-110.5%	(2.4)	1.4	-0.1%	0.1%	-271.4%
<b>EBITDA</b>	<b>129.1</b>	<b>148.7</b>	<b>20.0%</b>	<b>20.9%</b>	<b>-13.2%</b>	<b>364.3</b>	<b>380.4</b>	<b>18.9%</b>	<b>19.4%</b>	<b>-4.2%</b>
<b>Margins:</b>										
Gross margin	27.6%	30.5%			-2.9 p.p.	26.5%	29.0%			-2.5 p.p.
Operating margin	16.3%	17.8%			-1.5 p.p.	15.3%	15.9%			-0.6 p.p.
Net margin attributable to owners of the parent	10.7%	13.0%			-2.3 p.p.	10.0%	11.4%			-1.4 p.p.
EBITDA margin	20.0%	20.9%			-0.9 p.p.	18.9%	19.4%			-0.5 p.p.
<b>SG&amp;A expenses to net sales revenue</b>	<b>9.4%</b>	<b>10.4%</b>			<b>-1 p.p.</b>	<b>9.4%</b>	<b>10.2%</b>			<b>-0.7 p.p.</b>

<sup>1</sup> Additional information is provided in Note 34 to the financial statements at September 30, 2019 (Adoption of IAS 29 - Financial Reporting in Hyperinflationary Economies).

##### 4.1 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 foreign exchange impacts arising from the translation of the financial statements from Argentine peso to Brazilian real.

In 3Q19, the Company reported a reduction of 9.1% in its consolidated net revenue compared to the same period in 2018. The table below shows revenue by market and its respective impacts in terms of volume/price and foreign exchange variation period over period:

Net revenue by market		3Q19	Volume/Price	FX-Variation	3Q18	% 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>	211.9	22.9	(3.0)	192.0	11.9%	-1.5%	10.4%
	Export	207.6	(72.1)	4.4	275.3	-26.2%	1.6%	-24.6%
	<b>Subtotal</b>	<b>419.5</b>	<b>(49.2)</b>	<b>1.4</b>	<b>467.3</b>	<b>-10.5%</b>	<b>0.3%</b>	<b>-10.2%</b>
Aftermarket	Domestic <sup>1</sup>	176.1	5.8	(14.7)	185.0	3.1%	-7.9%	-4.8%
	Export	49.9	(4.8)	(3.3)	58.0	-8.3%	-5.7%	-14.0%
	<b>Subtotal</b>	<b>226.0</b>	<b>1.0</b>	<b>(18.0)</b>	<b>243.0</b>	<b>0.4%</b>	<b>-7.4%</b>	<b>-7.0%</b>
<b>Total</b>	<b>645.5</b>	<b>(48.2)</b>	<b>(16.6)</b>	<b>710.3</b>	<b>-6.8%</b>	<b>-2.3%</b>	<b>-9.1%</b>	

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

In 9M19, the Company reported a reduction of 1.4% in its consolidated net revenue compared to the same period in 2018. The table below shows revenue by market and its respective impacts in terms of volume/price and foreign exchange variation period over period:

Net revenue by market		9M19	Volume/Price	FX-Variation	9M18	% 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>	596.6	61.9	(10.6)	545.3	11.4%	-2.0%	9.4%
	Export	689.3	(151.4)	51.7	789.0	-19.2%	6.6%	-12.6%
	<b>Subtotal</b>	<b>1,285.9</b>	<b>(89.5)</b>	<b>41.1</b>	<b>1,334.3</b>	<b>-6.7%</b>	<b>3.1%</b>	<b>-3.6%</b>
Aftermarket	Domestic <sup>1</sup>	498.3	74.4	(49.1)	473.0	15.7%	-10.4%	5.3%
	Export	146.3	(12.5)	8.9	149.9	-8.3%	5.9%	-2.4%
	<b>Subtotal</b>	<b>644.6</b>	<b>61.9</b>	<b>(40.2)</b>	<b>622.9</b>	<b>9.9%</b>	<b>-6.4%</b>	<b>3.5%</b>
<b>Total</b>	<b>1,930.5</b>	<b>(27.6)</b>	<b>0.9</b>	<b>1,957.2</b>	<b>-1.4%</b>	<b>0.0%</b>	<b>-1.4%</b>	

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

## 4.2 Original Equipment sales

### Domestic market:

The domestic OE segment grew 10.4% in 3Q19, with an 11.9% increase in volume/price partially offset by the foreign exchange variation (-1.5%) from the operations in Argentina, which were consolidated in our domestic OE segment.

For 9M19, the domestic OE segment posted growth of 9.4%, with an 11.4% increase in volume/price partially offset by the foreign exchange variation (-2.0%) arising also from the operations in Argentina, which were consolidated in our domestic OE segment. Please note that, in the same period, consolidated vehicle production of Brazil and Argentina fell 2.8%.

### Export market:

For 3Q19, we saw a decline of 24.6% in this market, where the positive foreign exchange impact of 1.6% was more than offset by a fall of 26.2% in volumes. The table on the right presents exports in hard currency comparing 3Q19 to 3Q18:

Export Sales by currency (million)	Jul-Sep 2019 (a)	Jul-Sep 2018 (b)	H.A. (%) (a/b)
Original equipment			
EUR	17.4	25.7	-32.3%
USD	34.6	46.5	-25.6%

In 9M19, we saw a fall of 12.6% in this market due to the positive foreign exchange impact of 6.6% which was offset by a fall of 19.2% in volumes. The table on the right presents exports in hard currency comparing 9M19 to 9M18:

Export Sales by currency (million)	Jan-Sep 2019 (a)	Jan-Sep 2018 (b)	H.A. (%) (a/b)
Original equipment			
EUR	57.0	74.5	-23.5%
USD	117.2	137.0	-14.5%

## 4.3 Aftermarket sales

### Domestic market:

In 3Q19, the domestic Aftermarket posted a reduction of 4.8% primarily due to the fall in sales volume in Argentina as the country faces a political and financial crisis, however, we had a positive volume/price impact of 3.1% which was partially offset by the foreign exchange variation (-7.9%), since we consolidated the operations in Argentina in our domestic Aftermarket.

When comparing 9M19 with 9M18, the domestic Aftermarket grew 5.3%, with a positive volume/price impact of 15.7% which was partially offset by the foreign exchange variation (-10.4%) due to the same factors as explained in the preceding paragraph.

### Export market:

In 3Q19, our Aftermarket exports were down 14.0% compared to the same period in 2018, with an 8.3% fall in volume/price and a negative foreign exchange impact of 5.7%. Chile and Paraguay are the markets that have had the largest fall in Aftermarket export volumes. The table on the right shows Aftermarket exports in hard currency:

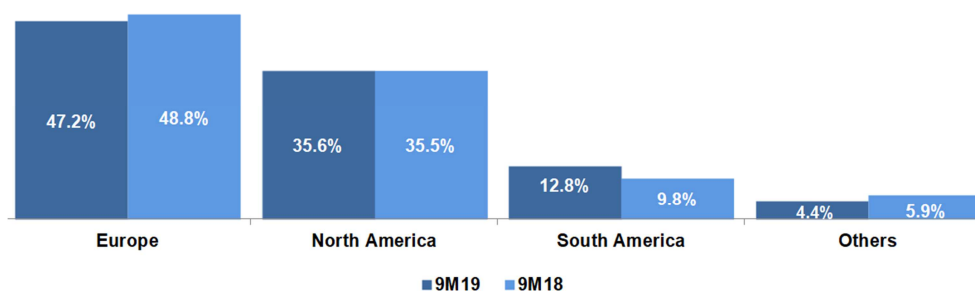
Export Sales by currency (million)	Jul-Sep 2019 (a)	Jul-Sep 2018 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	0.4	1.0	-60.0%
USD	12.4	13.9	-10.8%

When comparing 9M19 with 9M18, our Aftermarket exports were down 2.4%, with a positive foreign exchange impact of 5.9% offset by a negative volume/price impact (-8.3%). The table on the right shows Aftermarket exports in hard currency:

Export Sales by currency (million)	Jan-Sep 2019 (a)	Jan-Sep 2018 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	0.8	3.0	-73.3%
USD	37.0	38.4	-3.6%

#### 4.4 Consolidated export by region

The graph below shows our exports by geographic region in 9M19 and 9M18:



#### 4.5 Net revenue by segment

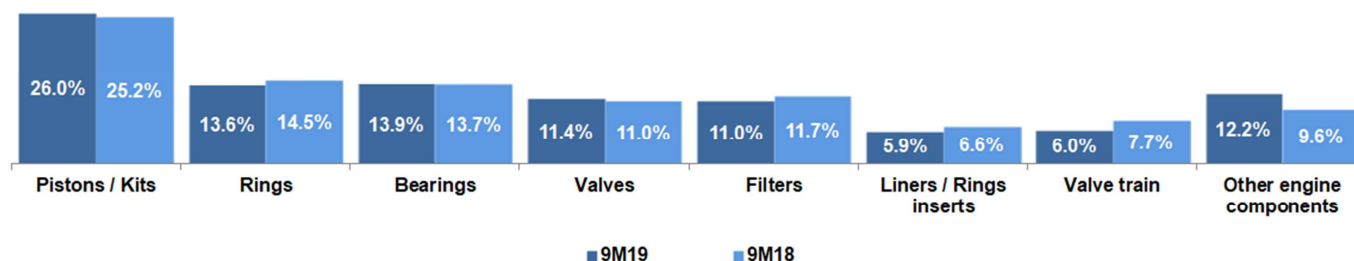
In 3Q19, the engine component segment posted an 8.5% decline in sales and the filter segment registered a drop of 14.0% compared to the same period in 2018. For 9M19 and 9M18, the engine component segment and the filter segment showed a fall in sales of 0.6% and 7.1%, respectively.

Net sales revenue by segment (R\$ million)	3Q19 (a)	3Q18 (b)	H.A. (%) (a/b)	9M19 (c)	9M18 (d)	H.A. (%) (c/d)
Engine components	575.0	628.3	-8.5%	1,718.4	1,728.8	-0.6%
Filters	70.5	82.0	-14.0%	212.1	228.4	-7.1%
<b>Total</b>	<b>645.5</b>	<b>710.3</b>	<b>-9.1%</b>	<b>1,930.5</b>	<b>1,957.2</b>	<b>-1.4%</b>

For the filter segment, it should be considered that in 2018 there were sales of tooling and research & development services amounting to R\$ 3.7 million. If we exclude this effect in the comparison, this segment would have a fall of 5.6% for the periods compared above. In addition, it is important to note that we do not export filters and, therefore, there was no foreign exchange impact on the filter segment as it was seen in the engine component segment.

#### 4.6 Net revenue by product

The graph below shows the share of each product in the Company's total sales in terms of percentage for 9M19 and 9M18:



#### 4.7 Gross margin

The Company closed 3Q19 with a gross margin of 27.6% (30.5% in 3Q18), while for 9M19 gross margin was 26.5% (29.0% in 9M18), as shown below:



Summary P&L (R\$ million)	3Q19	3Q18	V.A.	V.A.	H.A.	9M19	9M18	V.A.	V.A.	H.A.
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	645.5	710.3	100.0%	100.0%	-9.1%	1,930.5	1,957.2	100.0%	100.0%	-1.4%
Cost of sales	(467.2)	(493.7)	-72.4%	-69.5%	-5.4%	(1,418.2)	(1,388.8)	-73.5%	-71.0%	2.1%
Gross profit	178.3	216.6	27.6%	30.5%	-17.7%	512.3	568.4	26.5%	29.0%	-9.9%
Gross margin	27.6%	30.5%			-2.9 p.p.	26.5%	29.0%			-2.5 p.p.

The gross margin for 9M19, when compared to the same period in 2018, was impacted mainly by the following:

- Payroll taxation;
- Application of IAS 29 Financial Reporting in Hyperinflationary Economies<sup>1</sup>.

It is important to note that, without the effects of the application of IAS 29, gross margin would have stood at 28.8% for 3Q19 and 27.8% for 9M19.

<sup>1</sup>Additional information is provided in Note 34 to the Financial Statements at September 30, 2019 (Application of IAS 29 - Financial Reporting in Hyperinflationary Economies).

#### 4.8 Selling, general and administrative expenses

In 3Q19 and 9M19, the Company posted a decrease in selling, general and administrative expenses. In both periods, the decrease in expenses was due to the efforts to increase productivity also in the Company's indirect areas.

Summary P&L (R\$ million)	3Q19	3Q18	V.A.	V.A.	H.A.	9M19	9M18	V.A.	V.A.	H.A.
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	645.5	710.3	100.0%	100.0%	-9.1%	1,930.5	1,957.2	100.0%	100.0%	-1.4%
Selling and distribution expenses	(41.7)	(50.4)	-6.5%	-7.1%	-17.3%	(120.4)	(132.1)	-6.2%	-6.7%	-8.9%
General and administrative expenses	(18.9)	(23.3)	-2.9%	-3.3%	-18.9%	(61.3)	(66.6)	-3.2%	-3.4%	-8.0%
SG&A expenses	(60.6)	(73.7)	9.4%	10.4%	-17.8%	(181.7)	(198.7)	9.4%	10.2%	-8.6%
SG&A expenses to net sales revenue	9.4%	10.4%			-1.0 p.p.	9.4%	10.2%			-0.7 p.p.

Please note that, in both periods of 2019, there are the effects of the application of IAS 29, i.e. the reported amounts would be smaller.

#### 4.9 Technology and new product development expenses

The Company believes that it is of utmost importance to continue to make investments in R&D and that the focus on technological innovations involving partnerships with customers with registration of patents and launch of new products in the market are a few of its main competitive strengths.

Summary P&L (R\$ million)	3Q19	3Q18	V.A.	V.A.	H.A.	9M19	9M18	V.A.	V.A.	H.A.
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	645.5	710.3	100.0%	100.0%	-9.1%	1,930.5	1,957.2	100.0%	100.0%	-1.4%
Technology and product development expenses	(19.1)	(20.1)	-3.0%	-2.8%	-5.0%	(63.0)	(57.2)	-3.3%	-2.9%	10.1%

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

This account recorded a net expense of R\$ 2.1 million for 3Q19 and a net expense of R\$ 4.6 million for 9M19, as shown in the table below:

Other income and expenses, net (R\$ million)	3Q19	3Q18	Var.	9M19	9M18	Var.
	(a)	(b)	(a-b)	(c)	(d)	(c-d)
Provision/Reversal for labor, civil and tax contingencies	4.0	(3.4)	7.4	8.1	(10.2)	18.3
Provision/Reversal for losses on products	0.3	-	0.3	0.3	-	0.3
Provision for restructuring	-	-	-	-	0.2	(0.2)
Provision/Reversal for obsolescence	-	0.1	(0.1)	(0.2)	0.2	(0.4)
Gains/losses on disposal of assets/other	(0.1)	0.2	(0.3)	0.0	0.2	(0.2)
Electric power	0.2	1.2	(1.0)	0.8	1.9	(1.1)
Recovered taxes (Reintegra)	0.2	1.7	(1.5)	0.6	8.8	(8.2)
Export Expenses (Argentina)	(3.2)	(1.3)	(1.9)	(10.7)	(1.3)	(9.4)
Gains on sale of assets of subsidiary MAHLE Hirschvogel Forjas S.A.	-	2.7	(2.7)	-	2.7	(2.7)
Provision for environmental liability	(4.2)	-	(4.2)	(4.2)	-	(4.2)
Other income/expenses	0.7	1.0	(0.3)	0.7	(0.4)	1.1
<b>Total other income and expenses</b>	<b>(2.1)</b>	<b>2.2</b>	<b>(4.3)</b>	<b>(4.6)</b>	<b>2.1</b>	<b>(6.7)</b>

The positive variance in "Provision/reversal for labor, civil and tax contingencies" is mainly due to favorable court decisions on lawsuits.

#### 4.11 Operating performance measured by EBITDA

EBITDA was R\$ 129.1 million in 3Q19 (R\$ 148.7 million in 3Q18), with an EBITDA margin of 20.0% (20.9% in 3Q18). The table below displays changes in the components of the operating result for the periods analyzed:

EBITDA 3Q18	Selling and distribution expenses	<sup>1</sup> Gains/losses on net monetary position (Argentina IAS 29)	General and administrative expenses	Depreciation	Technology and product development expenses	Gains/losses on the recoverable value of accounts receivable	Other operating income (expenses)	Gross income	EBITDA 3Q19
148.7	8.7	6.7	4.4	1.3	1.0	0.9	(4.3)	(38.3)	129.1
EBITDA margin 20.9%									EBITDA margin 20.0%

For 9M19, EBITDA was R\$ 364.3 million (R\$ 380.4 million in 9M18), with an EBITDA margin of 18.9% (19.4% in 9M18). The table below displays changes in the components of the operating result for the periods analyzed:

EBITDA 9M18	<sup>1</sup> Gains/losses on net monetary position (Argentina IAS 29)	Selling and distribution expenses	General and administrative expenses	Gains/losses on the recoverable value of accounts receivable	Depreciation	Technology and product development expenses	Other operating income (expenses)	Gross income	EBITDA 9M19
380.4	31.3	11.7	5.3	3.2	1.0	(5.8)	(6.7)	(56.1)	364.3
EBITDA margin 19.4%									EBITDA margin 18.9%

<sup>1</sup> Additional information is provided in Note 34 to the Interim Financial Statements at September 30, 2019 (Adoption of IAS 29 - Financial Reporting in Hyperinflationary Economies).

#### 4.12 Finance result, net

In 3Q19, the Company recorded net finance costs of R\$ 10.5 million versus finance costs of R\$ 7.7 million in 3Q18, representing a negative variance of R\$ 2.8 million period over period.

Finance income and costs (R\$ million)	3Q19 (a)	3Q18 (b)	Var. (a - b)	9M19 (c)	9M18 (c)	Var. (c-d)
Interest income on financial investments	1.2	1.4	(0.2)	3.3	4.5	(1.2)
Interest on loans	(3.9)	(2.7)	(1.2)	(10.7)	(7.2)	(3.5)
Other income	0.8	0.5	0.3	1.8	1.0	0.8
<b>Finance costs, net</b>	<b>(1.9)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(5.6)</b>	<b>(1.7)</b>	<b>(3.9)</b>
Exchange variation, net	5.9	8.8	(2.9)	7.5	48.6	(41.1)
Gain (loss) on derivatives	(7.8)	(5.6)	(2.2)	(6.0)	(32.6)	26.6
<b>Exchange variation and Gain (loss) on derivatives (ii)</b>	<b>(1.9)</b>	<b>3.2</b>	<b>(5.1)</b>	<b>1.5</b>	<b>16.0</b>	<b>(14.5)</b>
Monetary variation, net	(5.9)	(8.3)	2.4	(20.2)	(24.2)	4.0
Other	(0.8)	(1.8)	1.0	(4.5)	(4.8)	0.3
<b>Monetary variation, net + Others (iii)</b>	<b>(6.7)</b>	<b>(10.1)</b>	<b>3.4</b>	<b>(24.7)</b>	<b>(29.0)</b>	<b>4.3</b>
<b>Finance income (costs) (i + ii + iii)</b>	<b>(10.5)</b>	<b>(7.7)</b>	<b>(2.8)</b>	<b>(28.8)</b>	<b>(14.7)</b>	<b>(14.1)</b>

The negative variance of R\$ 0.2 million in “Interest income on financial investments” from the third quarter of 2018 to the same quarter of the current year was due to the decrease in the average levels of financial investments to R\$ 106.2 million in 3Q19 from R\$ 124.1 million in 3Q18, whereas there was also a reduction in the interest rates to 5.5% p.a. in 3Q19 from 6.1% p.a. in 3Q18. When comparing 9M19 to 9M18, the negative variance in “Interest income on financial investments” was R\$ 1.2 million, due to the decrease in the average levels of financial investments to R\$ 73.2 million in 9M19 from R\$ 93.3 million in 9M18, while there was also a reduction in interest rates to 5.9% p.a. in 9M19 from 6.3% p.a. in 9M18. In both periods, the movements followed a cut in Brazil’s basic interest rate (SELIC).

The negative variance of R\$ 1.2 million in “Interest expenses on loans” from 3Q18 to 3Q19 was due to the increase in the average levels of borrowings to R\$ 382.2 million in 3Q19 from R\$ 322.0 million in 3Q18, plus an increase in weighted average cost to 4.1% p.a. in 3Q19 from 3.6% p.a. in 3Q18. When comparing 9M19 to 9M18, the negative variance in “Interest expenses on loans” was R\$ 3.5 million, attributable to the increase in the average levels of borrowings to R\$ 282.5 million in 9M19 from R\$ 195.4 million in 9M18 while the weighted average cost remained stable at 4.1% p.a. in 9M19 and 4.2% p.a. in 9M18.

With respect to item “ii” of the table above, please note that these two line items “Foreign exchange variation, net” and “Gain (loss) on derivatives” should always be analyzed together, because the Company monitors and manages foreign exchange 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 derivatives (NDF – Non-Deliverable Forwards). Additional information is provided in Note 31 to the Interim Financial Statements at September 30, 2019.

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

Interest rates and volumes (average)	3Q19 (a)	3Q18 (b)	Var. (a - b)	9M19 (c)	9M18 (c)	Var. (c-d)
Investment Yield <sup>1</sup>	5.5%	6.1%	-0.6 p.p.	5.9%	6.3%	-0.4 p.p.
Cost of debt	4.1%	3.6%	0.5 p.p.	4.1%	4.2%	-0.1 p.p.
Investments - average (R\$ million)	106.2	124.1	-14.4%	73.2	93.3	-21.5%
Average debt (R\$ million)	(382.2)	(322.0)	18.7%	(282.5)	(195.4)	44.6%

<sup>1</sup> Bank deposit certificates (CDBs) and repurchase agreements with an average interest rate at 99.1% of the interbank deposit rate (CDI) issued by top-tier banks in Brazil.

There has been an 18.7% increase in average debt from R\$ 322.0 million in 3Q18 to R\$ 382.2 million in 3Q19, due to new borrowing agreements, principally export financing (NCE) and advance on foreign exchange contract (ACC). When comparing the first nine months of 2018 to the same period this year, there was a 44.6% increase in average debt to R\$ 282.5 million in 9M19 from R\$ 195.4 million in 9M18, due to new loan agreements, principally NCE, study and project financing (FINEP), and ACC.

#### 4.13 Income tax and social contribution

At September 30, 2019, the Company recorded a provision for consolidated income tax and social contribution expense of R\$ 75.5 million (expense of R\$ 71.9 million at September 30, 2018) as detailed below:

- Current tax: expense of R\$ 68.2 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 7.3 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 September 30, 2019.

#### 4.14 Net profit

Net profit was R\$ 69.2 million in 3Q19, representing a decrease of 24.9% from R\$ 92.2 million in 3Q18, while net margin was 10.7% in 3Q19 and 13.0% in 3Q18. For 9M19, net profit was R\$ 192.8 million, down 13.9% from R\$ 223.8 million in 9M18, while net margin was 10.0% in 9M19 versus 11.4% in 9M18.

Summary P&L (R\$ million)	3Q19	3Q18	V.A. (%)	V.A. (%)	H.A. (%)	9M19	9M18	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	645.5	710.3	100.0%	100.0%	-9.1%	1,930.5	1,957.2	100.0%	100.0%	-1.4%
Profit for the year attributable to: Owners of the parent	69.2	92.2	10.7%	13.0%	-24.9%	192.8	223.8	10.0%	11.4%	-13.9%
Net margin attributable to owners of the parent	10.7%	13.0%			-2.3 p.p.	10.0%	11.4%			-1.4 p.p.

#### 4.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation in 9M19 and 9M18:

CAPEX & Depreciation (R\$ million)	9M19	9M18
Capex	56.8	55.0
Total depreciation	70.5	68.3

Capex	9M19	9M18
% of Net sales revenue	2.9%	2.8%
% of Depreciation	80.6%	80.5%

In 3Q19, the Company spent money on acquiring 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.

Additional information is provided in Notes 13 and 14 to the Interim Financial Statements at September 30, 2019.

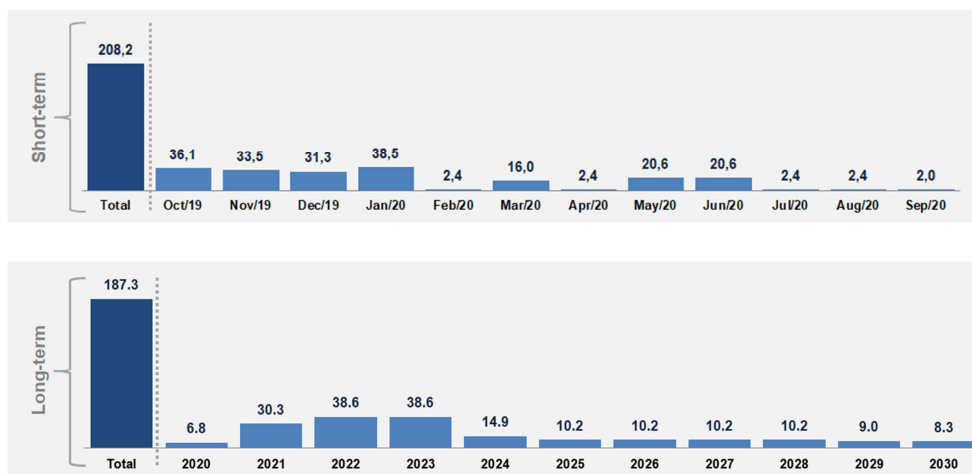
#### 4.16 Net position of financial assets and liabilities

At the end of 9M19, the Company's net position of financial assets and liabilities was R\$ 164.2 million (liability position), while at the end of 2018, the net position was R\$ 153.3 million (liability position).

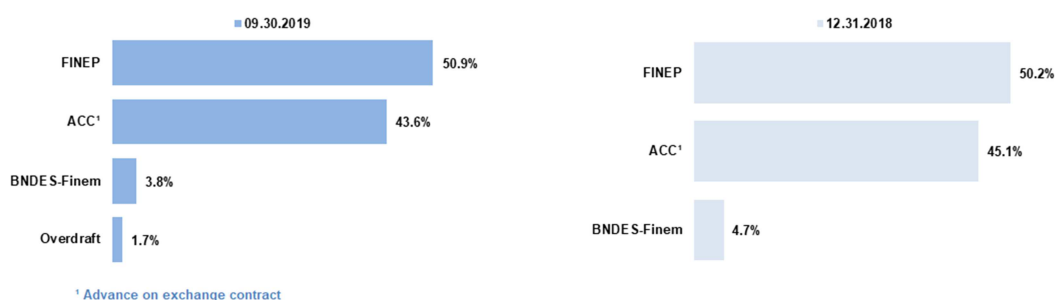
Net indebtedness (R\$ million)	09.30.2019 (a)	12.31.2018 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
<b>Liabilities (i)</b>	<b>395.5</b>	<b>291.6</b>	<b>103.9</b>	<b>100%</b>	<b>100%</b>
Short-term	208.2	160.4	47.8	53%	55%
Long-term	187.3	131.2	56.1	47%	45%
<b>Cash / banks / cash investments/ Loans - related parties (ii):</b>	<b>(231.3)</b>	<b>(138.3)</b>	<b>(93.0)</b>		
<b>Net position (i + ii)</b>	<b>164.2</b>	<b>153.3</b>	<b>10.9</b>		



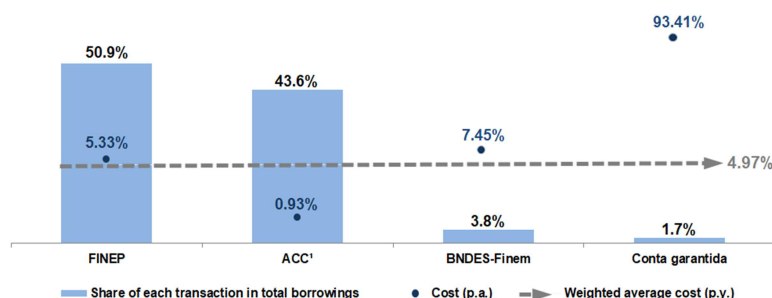
The charts below show the maturities of the liabilities classified into short-term and long-term at the end of 9M19, which represents 53% and 47%, respectively, of the debt displayed in the table above:



The chart below shows our borrowings at September 30, 2019, broken down by type of facility with respective cost, and the Company's weighted average cost:



The chart below shows our borrowings at September 30, 2019, broken down by type of facility with respective cost, and the Company's weighted average cost:



#### 4.17 Distribution of interest on capital to shareholders

At the Board of Directors' Meeting held on November 14, 2019, the Board approved the distribution of Interest on Capital in the amount of R\$ 70.0 million for the period from January 1 to October 31, 2019, as shown below:

Date	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\$)
November 11, 2019	December 20, 2019	Interest on capital	01/01/2019 to 10/31/2019	2019	70.0	0.5455655350	0.4637307048

For more information about this payout, please refer to *Aviso aos Acionistas* (Notice to Shareholders) on the Investor Relations website: <https://ri.mahle.com.br/pt/comunicados-e-atas/aviso-aos-acionistas>

## 5 Investor Relations and Capital Market

In 9M19, the Company's Investor Relations department maintained its initiatives in support of interactions with our investors and the general market. Also, we continued to attend several meetings in person, conferences, site visits, call conferences and capital market events, in addition to interactions by telephone and e-mails.

For the sixth year running, the Company has been honored by the National Association of Finance, Administration and Accounting Executives (ANEFAC) as one of Brazil's most transparent companies with the Transparency Trophy 2019 for its high-quality financial statements for the fiscal year 2018 in the "under R\$ 5 billion in net revenue" category.

Saying that transparency is more important today than ever before may be a big mistake because it has always been, and will continue to be, fundamental. History confirms that the relationship that has a better chance of lasting is that built on the foundation of truth, honesty and transparency. This award is a recognition of the work the Company has been doing for a number of years and that is aligned with the values and principles inherent in the day-to-day actions.

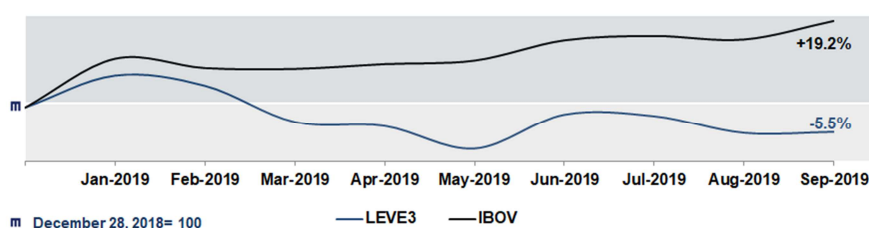


For more information about this award, please access:

<http://revistaanefac.com/edicao/198/transparencia-198/>

### 5.1 Stock performance and free float turnover

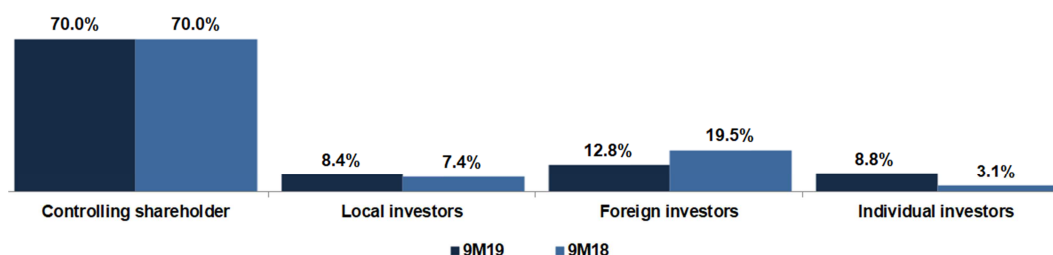
The graphs below show the market performance of LEVE3 stock, Average Daily Trading Volume (ADTV), and the ratio of average turnover to free-float market capitalization:



Average Daily Trading Volume (ADTV) and Turnover Ratio				
Period	4Q18	1Q19	2Q19	3Q19
Trading Volume (R\$ million)	7.2	6.5	6.8	5.4
Turnover (%)	0.78%	0.63%	0.75%	0.57%

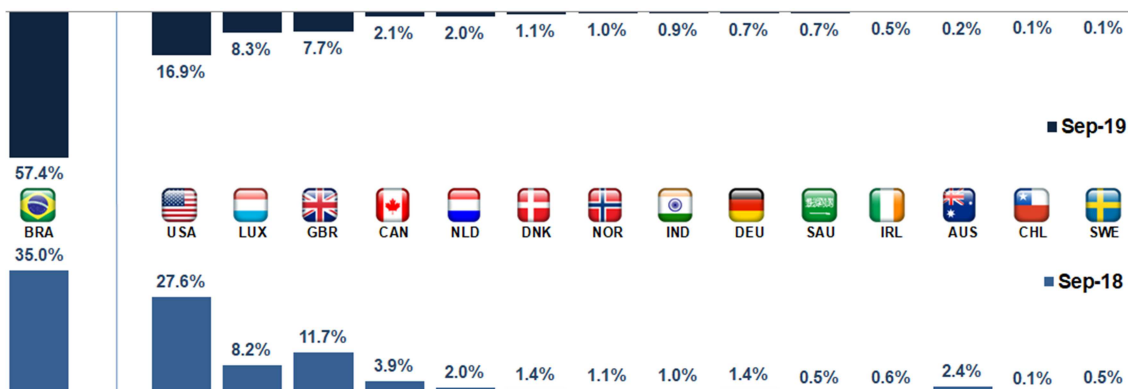
### 5.2 Shareholder structure

At the end of 9M19 and 9M18, 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

9M19 and 9M18:



### 6 Independent Auditors

In accordance with CVM Instruction 381/03, the Company and its subsidiaries adopt a policy 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.

In 3Q19, 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.

### 7 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 interim financial statements for the quarter ended September 30, 2019 and the opinions expressed in the independent auditor's report.

### 8 Acknowledgements

Management would like to thank the employees, shareholders, customers and suppliers of the Company for their support and trust during 2019.

### Management

## 9 Exhibits

## 9.1 Balance sheet

BALANCE SHEET (CONSOLIDATED)	09.30.19	12.31.18
<b>ASSETS</b>	<b>2,401.1</b>	<b>2,316.0</b>
<b>Current assets</b>	<b>1,211.0</b>	<b>1,106.4</b>
Cash and cash equivalents	84.9	39.7
Financial investments	119.7	57.9
Trade accounts receivable	466.7	437.6
Inventories	427.0	401.4
Recoverable taxes	46.8	79.6
Income tax and social contribution recoverable	20.0	47.4
Other assets	45.9	42.8
<b>Non-current assets</b>	<b>1,190.1</b>	<b>1,209.6</b>
Deferred taxes	12.4	13.3
Loans to related parties	26.7	40.7
Recoverable taxes	17.1	20.4
Investments in subsidiaries	0.4	0.5
Property, plant and equipment	642.0	645.5
Intangible assets	470.2	466.9
Other assets	21.3	22.3
<b>LIABILITIES</b>	<b>2,401.1</b>	<b>2,316.0</b>
<b>Current liabilities</b>	<b>643.3</b>	<b>561.3</b>
Salaries, vacation and social charges	108.6	82.3
Trade accounts payable	178.6	156.8
Lease liability	5.5	-
Income tax and social contribution payable	27.3	27.5
Borrowings	208.2	160.4
Provisions	46.8	45.7
Other liabilities	68.3	88.6
<b>Non-current liabilities</b>	<b>443.0</b>	<b>401.7</b>
Borrowings	187.3	131.2
Trade accounts payable	11.6	-
Deferred taxes	8.4	4.3
Provisions	228.6	258.1
Other liabilities	7.1	8.1
<b>Consolidated shareholder's equity</b>	<b>1,314.8</b>	<b>1,353.0</b>
Capital stock	966.3	966.3
Revenue reserves	295.1	295.1
Retained earnings (accumulated deficit)	204.1	10.7
Proposed dividends	-	192.2
Other comprehensive income	30.2	21.6
Cumulative translation adjustments	(175.1)	(129.5)
Non-controlling interests	(5.8)	(3.4)

## 9.2 Statement of income

INCOME STATEMENT (CONSOLIDATED)	09.30.19 (a)	09.30.18 (b)	Var. (a/b)
<b>Net sales revenue</b>	<b>1,930.5</b>	<b>1,957.2</b>	<b>-1.4%</b>
Cost of sales	(1,418.2)	(1,388.8)	2.1%
<b>Gross income</b>	<b>512.3</b>	<b>568.4</b>	<b>-9.9%</b>
<b>Operating income (expenses)</b>	<b>(217.6)</b>	<b>(256.6)</b>	<b>-15.2%</b>
Selling expenses	(120.4)	(132.1)	-8.9%
Gains/losses on the recoverable value of accounts receivable	(1.9)	(5.1)	-62.7%
General and administrative expenses	(61.3)	(66.6)	-8.0%
Technology and product development expenses	(63.0)	(57.2)	10.1%
Other operating income (expenses), net	(4.6)	2.1	-319.0%
Gains/losses on net monetary position	33.7	2.4	1304.2%
Resultado de equivalência patrimonial	(0.1)	(0.1)	0.0%
<b>Profit before finance income and costs</b>	<b>294.7</b>	<b>311.8</b>	<b>-5.5%</b>
Finance income	92.8	152.6	-39.2%
Finance costs	(121.6)	(167.3)	-27.3%
<b>Income and social contribution taxes</b>	<b>265.9</b>	<b>297.1</b>	<b>-10.5%</b>
Current Income tax and social contribution	(68.2)	(92.0)	-25.9%
Deferred Income tax and social contribution	(7.3)	20.1	-136.3%
<b>Net income for the period</b>	<b>190.4</b>	<b>225.2</b>	<b>-15.5%</b>
Attributable to: Owners of the parent	192.8	223.8	-13.9%
Attributable to: Non-controlling-interests	(2.4)	1.4	-271.4%
<b>Basic and diluted earnings per share (in reais)</b>	<b>1.50314</b>	<b>1.74432</b>	<b>-11.8%</b>



## 9.3 Statement of cash flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	09.30.19	09.30.18
<b>Cash flows from operating activities</b>		
Profit (losses) before tax	266.0	297.2
Depreciation and amortization	69.6	68.5
Equity in the results of investees	0.1	0.1
Interest and monetary and exchange variations, net	25.9	0.5
Losses/(gains) on derivative financial instruments	2.5	0.2
Result on disposal of property, plant and equipment	(0.0)	(2.9)
Provision (reversal) for impairment of trade receivables	1.4	6.0
Provision (reversal) for contingencies and legal obligations	(16.8)	1.0
Provision (reversal) for guarantees	(0.3)	4.5
Other provisions (reversal)	3.6	4.5
Recognition (reversal) of provision for impairment of the property, plant and equipment and intangible assets	0.2	(0.2)
Provision (reversal) for losses on inventories	(3.7)	(1.8)
Interest expense on lease liability	0.8	-
Gain / loss on monetary variation, net	(33.7)	(2.4)
<b>Changes in assets and liabilities</b>		
Trade accounts receivable and related parties	(30.5)	(123.0)
Inventories	(21.3)	(84.5)
Recoverable taxes	57.2	(13.8)
Other assets	(5.0)	(12.5)
Trade accounts payable and related parties	21.8	16.6
Salaries, accrual for vacation and social charges	26.3	25.6
Taxes and contributions payable	(13.4)	(4.5)
Other liabilities	(31.6)	(39.6)
<b>Cash from operations</b>	<b>319.1</b>	<b>139.5</b>
Income tax and social contribution paid	(52.1)	(64.6)
<b>Net cash used in operating activities</b>	<b>267.0</b>	<b>74.9</b>
<b>Net Cash from Investment Activities</b>	<b>(42.2)</b>	<b>(38.3)</b>
Loans granted to related subsidiaries	(427.6)	(265.2)
Loan repayments received from related parties	441.8	271.2
Additions to property, plant and equipment	(51.1)	(49.7)
Additions to intangible assets	(5.8)	(5.3)
Proceeds from sales of property, plant and equipment	0.5	10.7
<b>Net Cash from Financing Activities</b>	<b>(121.9)</b>	<b>(12.6)</b>
Proceeds from borrowings	287.0	244.9
Repayment of principal of loans	(189.9)	(94.7)
Payment of interest on loans	(9.5)	(6.4)
Dividends and interest on capital paid	(204.6)	(156.4)
Related Party Loans	-	121.0
Payment of Related Party Loans	-	(121.0)
Repayment of the principal of the lease liability	(4.9)	-
<b>Effect of foreign exchange variation on cash and cash equivalents</b>	<b>4.1</b>	<b>3.7</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>107.0</b>	<b>27.7</b>
Cash and cash equivalents at the beginning of the period	97.6	169.1
Cash and cash equivalents at the end of the period	204.6	196.8
<b>Increase (Decrease) in cash and cash equivalents, net</b>	<b>107.0</b>	<b>27.7</b>