

3Q19 Conference Call

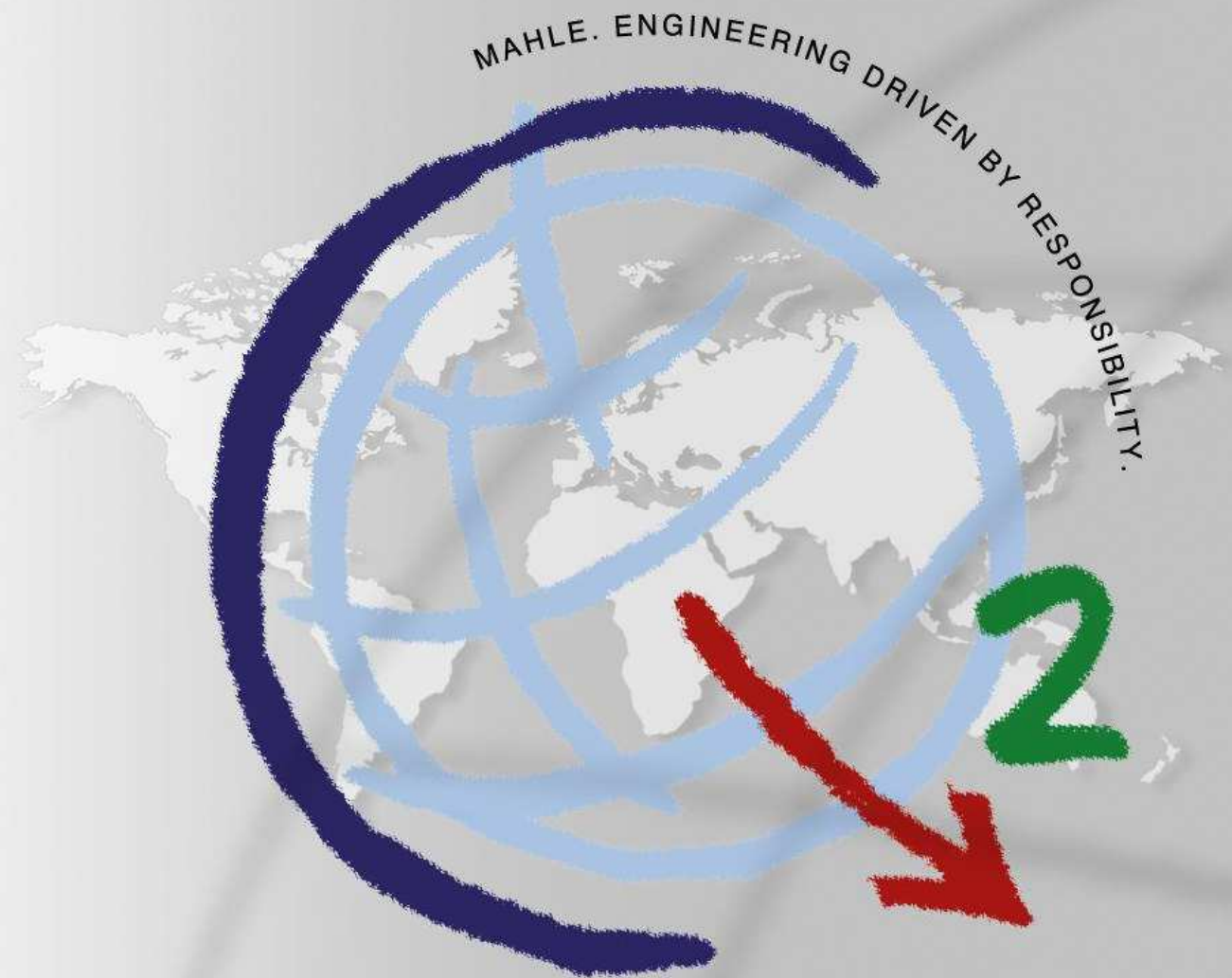
MAHLE Metal Leve S.A.

November 18th, 2019

12 noon Brasília time

3:00 p.m. London time

10:00 a.m. New York time



Agenda



3Q19 Highlights



Market Overview



Net Revenues Performance by Market



Summary P&L & EBITDA



Financial Management: Net financial result & Indebtedness



Capex & Depreciation

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.
- **Domestic Original Equipment market:** 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, has approved the distribution of **R\$ 70.0 million** relating to the period from January 1 to October 31, 2019.

Key indicators								
(R\$ million)	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.

Market Overview

Brazil & Argentina Registration and Production (9M19 x 9M18)



Light vehicles (ths)	Brazil	Argentina	Total
Sales	1,940.2 8.8%	291.2 -48.3%	2,231.4 -4.9%
Production	2,149.2 2.6%	241.3 -34.9%	2,390.5 -3.0%

-2.8%



Total vehicles production



Medium and heavy vehicle (ths)	Brazil	Argentina	Total
Sales	122.0 24.8%	14.3 -49.6%	136.3 8.0%
Production	150.5 2.7%	6.4 -39.7%	156.9 -0.1%

Sources: Anfavea, Adefa, Acaras, IHS and Indec.

Vehicle production in the main exports markets

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%
North America	13,100	13,239	-1.0%
Production of Light vehicle	16,004	16,658	-3.9%
Production of medium and heavy vehicle	496	502	-1.2%
Europe	16,499	17,160	-3.9%
Total Vehicle Production	29,599	30,399	-2.6%

Source: IHS

Net Revenues Performance by Market

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 ¹	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%
	Subtotal	419.5	(49.2)	1.4	467.3	-10.5%	0.3%	-10.2%
Aftermarket	Domestic ¹	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%
	Subtotal	226.0	1.0	(18.0)	243.0	0.4%	-7.4%	-7.0%
Total		645.5	(48.2)	(16.6)	710.3	-6.8%	-2.3%	-9.1%

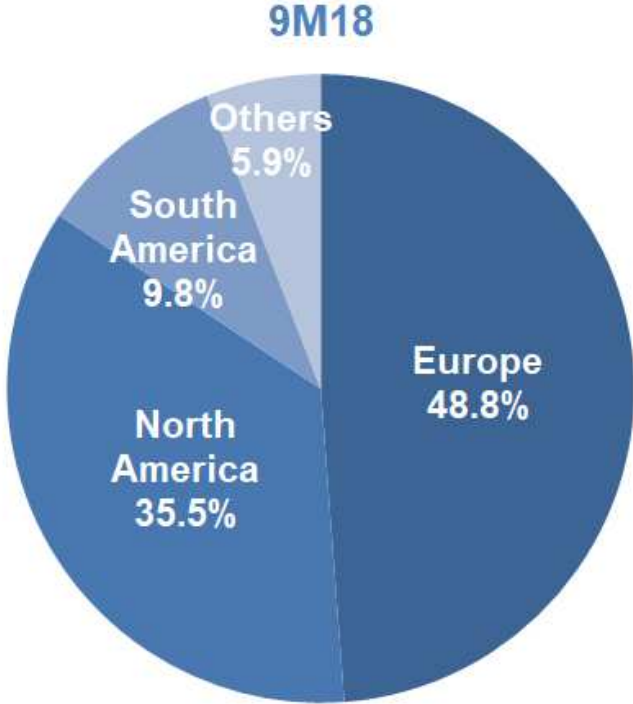
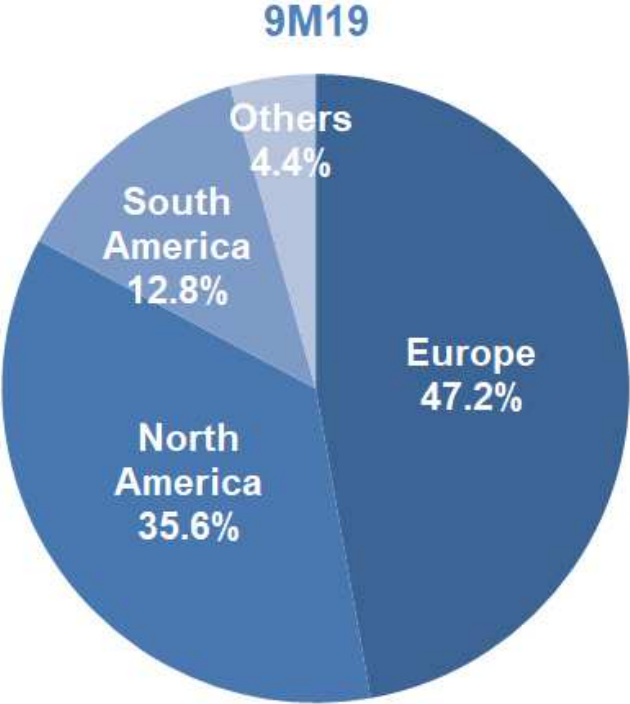
¹ Domestic market includes Brazil and Argentina.

Net Revenues Performance by Market

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 ¹	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%
	Subtotal	1,285.9	(89.5)	41.1	1,334.3	-6.7%	3.1%	-3.6%
Aftermarket	Domestic ¹	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%
	Subtotal	644.6	61.9	(40.2)	622.9	9.9%	-6.4%	3.5%
Total		1,930.5	(27.6)	0.9	1,957.2	-1.4%	0.0%	-1.4%

¹ Domestic market includes Brazil and Argentina.

MAHLE Metal Leve’s consolidated exports by region



Summary P&L

- The Company closed 3Q19 with a gross margin of 27.6% (30.5% in 3Q18).
- If compared 9M19 with the same period in 2018, the gross margin achieved 26.5% and 29.0%, respectively.

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.

Summary P&L

Selling expenses:

- In the 3Q19 and 9M19, the reduction is reflecting the efforts made specially in the productivity gains initiatives also in the Company's indirect areas.

General and Administrative expenses:

- Lower mainly due to restructuring effects.

R&D expenses:

- R&D expenses were focused on technological innovations involving developments in partnership with customers, such as patent registrations and release of new products to the market.

Other operating income (expenses):

- Revenue from Reintegra Program in 2018 and not applicable in 2019;
- Export Expenses (Argentina).

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%
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%
Other operating income (expenses)	(2.1)	2.2	-0.3%	0.3%	-195.5%	(4.6)	2.1	-0.2%	0.1%	-319.0%

Operating income measured by the EBITDA

- The table below shows the changes between the periods in the accounts that make up operating income:

EBITDA 3Q18	Selling and distribution expenses	¹ 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%

EBITDA 9M18	¹ 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%

¹ IAS 29 – “Financial Reporting in Hyperinflationary Economies”

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
Finance costs, net	(1.9)	(0.8)	(1.1)	(5.6)	(1.7)	(3.9)
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
Exchange variation and Gain (loss) on derivatives (ii)	(1.9)	3.2)	(5.1)	1.5)	16.0)	(14.5)
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
Monetary variation, net + Others (iii)	(6.7)	(10.1)	3.4)	(24.7)	(29.0)	4.3)
Finance income (costs) (i + ii + iii)	(10.5)	(7.7)	(2.8)	(28.8)	(14.7)	(14.1)

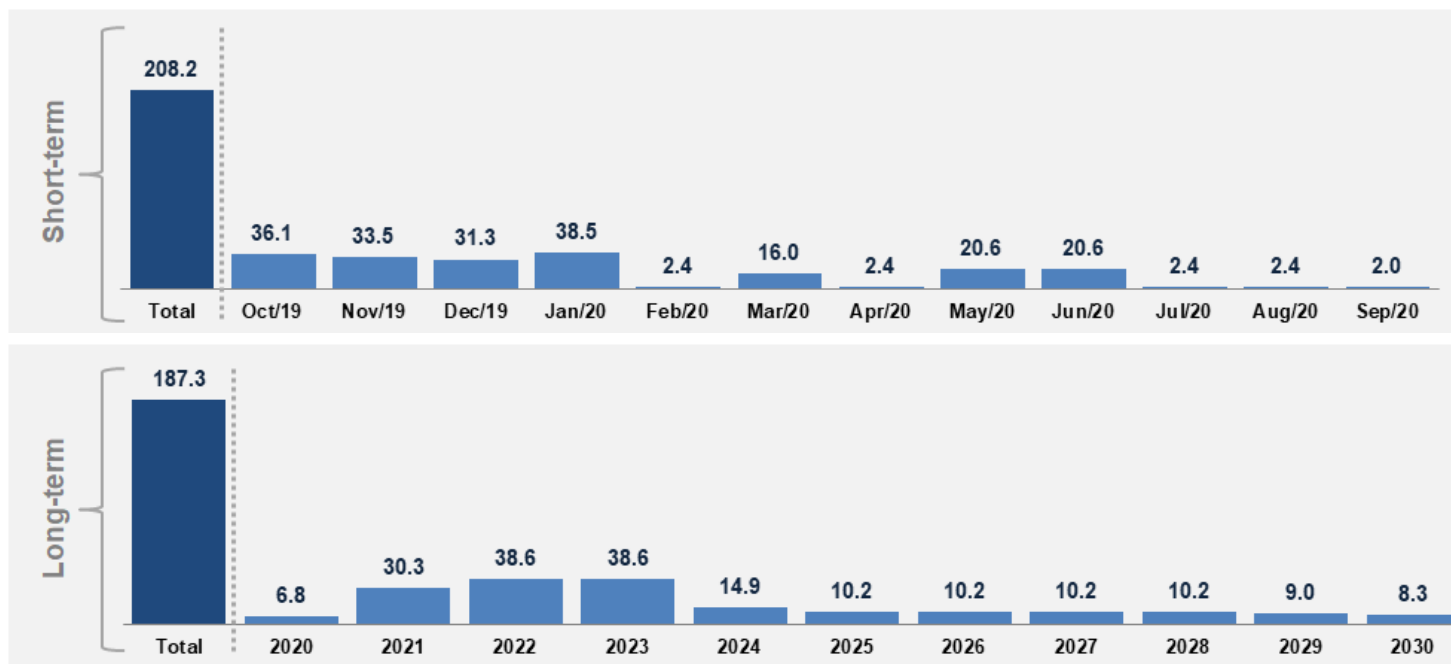
Interest rates and volumes (average)	3Q19 (a)	3Q18 (b)	Var. (a - b)	9M19 (c)	9M18 (c)	Var. (c-d)
Investment Yield ¹	5.5%	6.1%	-0.6 p.p.	5.9%	6.3%	-0.4 p.p.
Cost of debt	4.1%	3.6%	0.5 p.p.	4.1%	4.2%	-0.1 p.p.
Investments - average (R\$ million)	106.2	124.1	-14.4%	73.2	93.3	-21.5%
Average debt (R\$ million)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

¹ 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.

Financial Management – Indebtedness (part I)

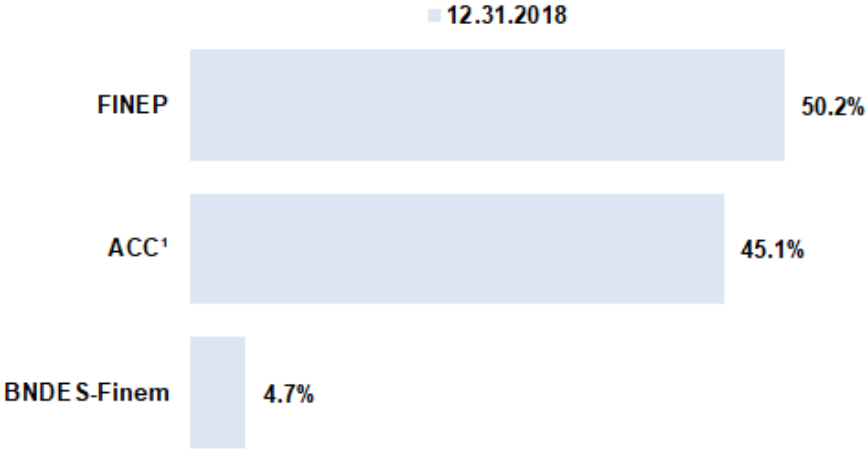
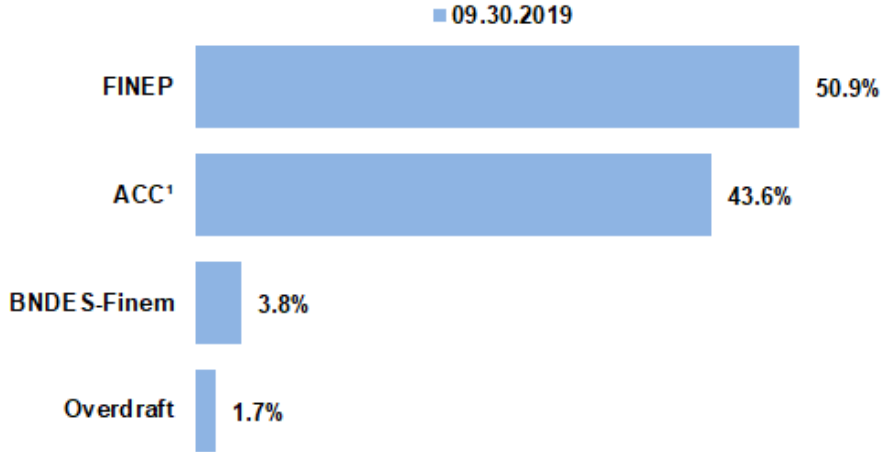
Net indebtedness (R\$ million)	09.30.2019 (a)	12.31.2018 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Liabilities (i)	395.5	291.6	103.9	100%	100%
Short-term	208.2	160.4	47.8	53%	55%
Long-term	187.3	131.2	56.1	47%	45%
Cash / banks / cash investments/ Loans - related parties (ii):	(231.3)	(138.3)	(93.0)	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

■ Below is presented the maturities of short-term and long-term indebtedness (R\$ million):



Financial Management – Indebtedness (part II)

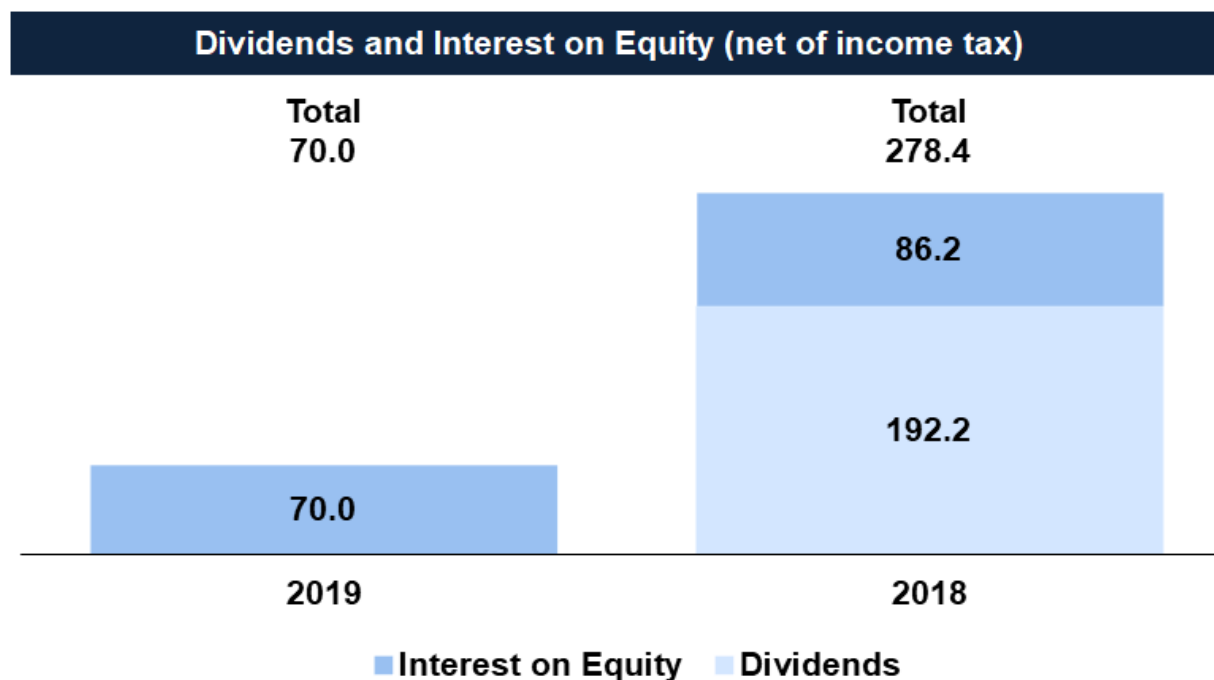
Below is a breakdown of the Company’s financing transactions per type:



¹ Advance on exchange contract

Net Income & Benefits to Shareholders

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	69.0	94.1	10.7%	13.2%	-26.7%	190.4	225.2	9.9%	11.5%	-15.5%



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%



Questions & Answers

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