

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
at September 30, 2019

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>

Dial-in numbers:

Brazil: +55 11 3193-1080
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To listen to a replay of the earnings call (in English), please ask the operator.

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website:
<https://ri.mahle.com.br/>

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.

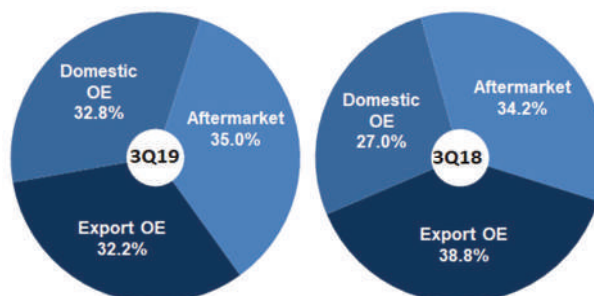
However, the market in general remains alert in light of uncertainties abroad, such as volatile markets, the flattening of economic growth curves, and a multitude of political imponderables, such as US-China trade war, Brexit, etc.

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%
Total light vehicles	1,940,166	322,442	-217,235	103,780	2,149,153	1,782,954	497,361	-225,956	39,685	2,094,044	8.8%	2.6%
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%
Total Trucks and Buses	89,455	15,057	-2,162	6,885	109,235	63,262	26,930	-1,236	11,349	100,305	41.4%	8.9%
Agricultural	32,584	9,679	-248	-750	41,265	34,551	9,713	-219	2,128	46,173	-5.7%	-10.6%
Total medium and heavy vehicles	122,039	24,736	-2,410	6,135	150,500	97,813	36,643	-1,455	13,477	146,478	24.8%	2.7%
Total vehicle sales	2,062,205	347,178	-219,645	109,915	2,299,653	1,880,767	534,004	-227,411	53,162	2,240,522	9.6%	2.6%
Variation (un) - 9M19 x 9M18	181,438	-186,826	7,766	56,753	59,131							
Variation (%) - 9M19 x 9M18	9.6%	-35.0%	-3.4%	106.8%	2.6%							

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: Anfaeva

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%
Total vehicle sales	305,505	591,458	-48.3%
Exports	168,023	198,337	-15.3%
Imports	210,331	403,913	-47.9%
Automotive trade balance	(42,308)	(205,576)	-79.4%
Vehicle inventory variation in the period (*)	(1,213)	23,749	-105.1%
Production of Light vehicle	241,330	370,707	-34.9%
Medium and heavy vehicle production	6,368	10,562	-39.7%
Total vehicle production	247,698	381,269	-35.0%

(*) 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%
Total	2,547,351	2,621,791	-2.8%	2,367,710	2,472,225	-4.2%

Source: Anfaeva 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%
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.

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)
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%
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 ¹	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%
Operating profit	105.2	126.1	16.3%	17.8%	-16.6%	294.7	311.8	15.3%	15.9%	-5.5%
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%
Profit for the year	69.0	94.1	10.7%	13.2%	-26.7%	190.4	225.2	9.9%	11.5%	-15.5%
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%
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%
EBITDA	129.1	148.7	20.0%	20.9%	-13.2%	364.3	380.4	18.9%	19.4%	-4.2%
Margins:										
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.
SG&A expenses to net sales revenue	9.4%	10.4%			-1 p.p.	9.4%	10.2%			-0.7 p.p.

¹ 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 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.

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 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.

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:

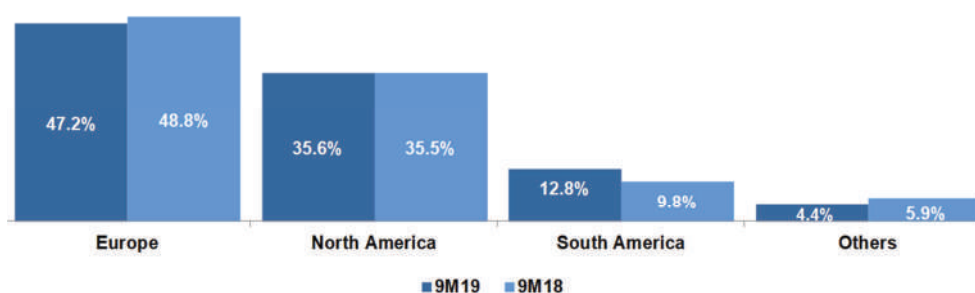
Export Sales by currency (million)	Jul-Sep 2019 (a)	Jul-Sep 2018 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	0.4	1.0	-60.0%
USD	12.4	13.9	-10.8%

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

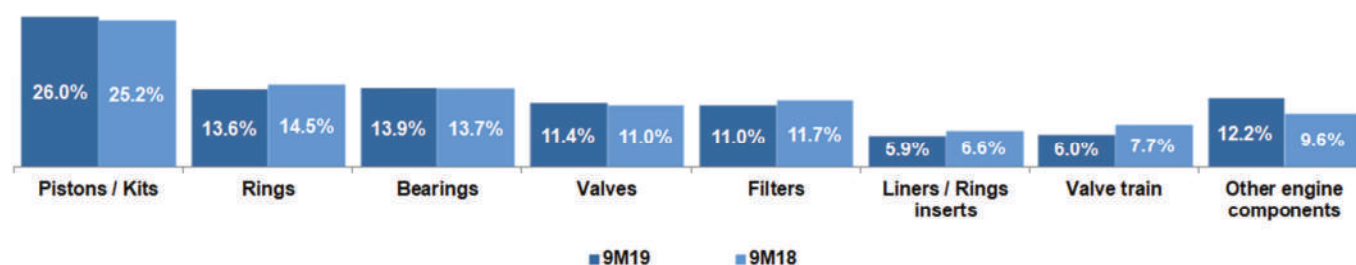
In 3Q19, the engine component segment posted an 8.5% decline in sales and the filter segment registered a drop of 14.0% compared to the same period in 2018. For 9M19 and 9M18, the engine component segment and the filter segment showed a fall in sales of 0.6% and 7.1%, respectively.

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%
Total	645.5	710.3	-9.1%	1,930.5	1,957.2	-1.4%

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 Economies¹.

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.

¹Additional 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 (a)	3Q18 (b)	Var. (a-b)	9M19 (c)	9M18 (d)	Var. (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
Total other income and expenses	(2.1)	2.2	(4.3)	(4.6)	2.1	(6.7)

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	* 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	* 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 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
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)

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*	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%

* 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.

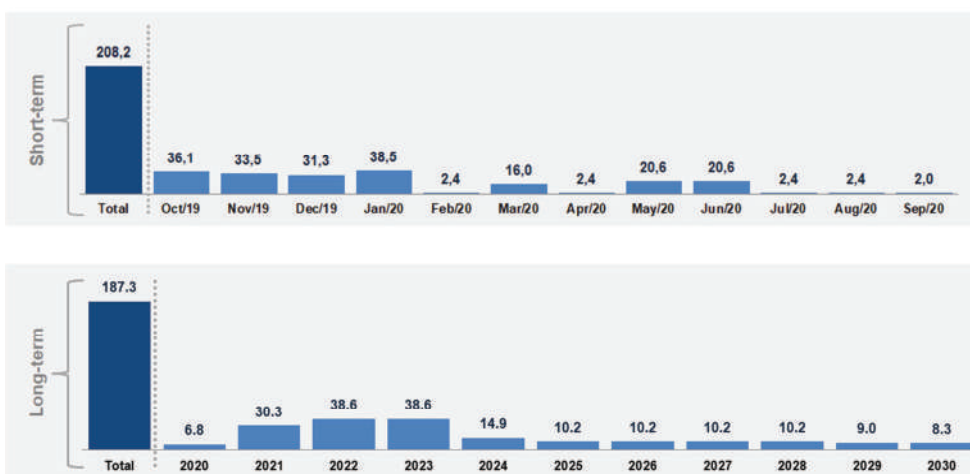
Additional information is provided in Notes 13 and 14 to the Interim Financial Statements at September 30, 2019.

4.16 Net position of financial assets and liabilities

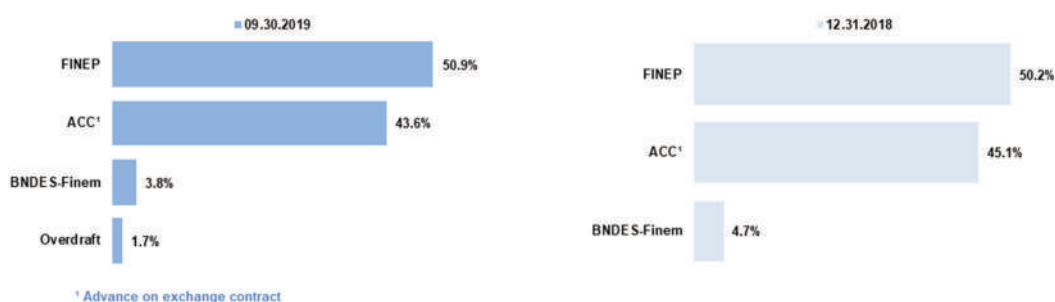
At the end of 9M19, the Company’s net position of financial assets and liabilities was R\$ 164.2 million (liability position), while at the end of 2018, the net position was R\$ 153.3 million (liability position).

Net indebtedness (R\$ million)	09.30.2019 (a)	12.31.2018 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
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		

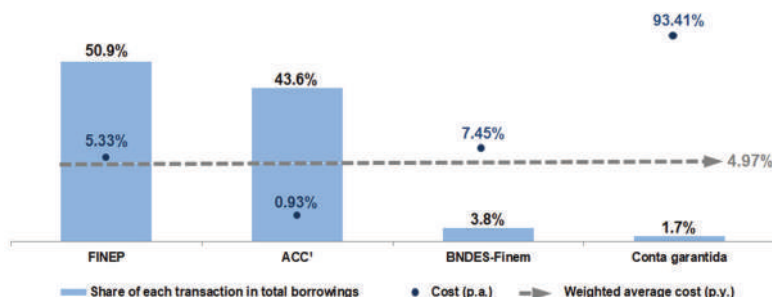
The charts below show the maturities of the liabilities classified into short-term and long-term at the end of 9M19, which represents 53% and 47%, respectively, of the debt displayed in the table above:



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.

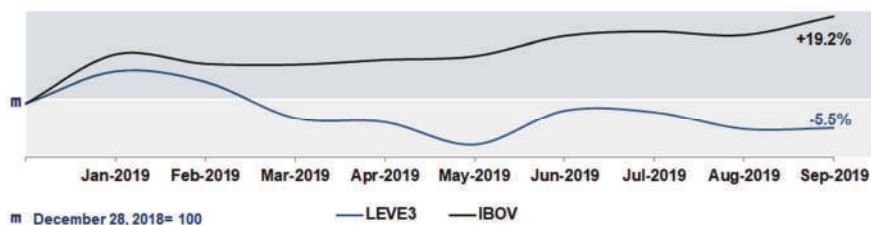


For more information about this award, please access:

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

5.1 Stock performance and free float turnover

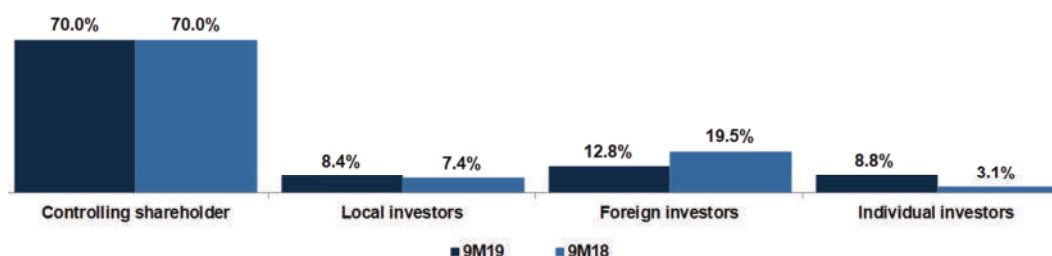
The graphs below show the market performance of LEVE3 stock, Average Daily Trading Volume (ADTV), and the ratio of average turnover to free-float market capitalization:



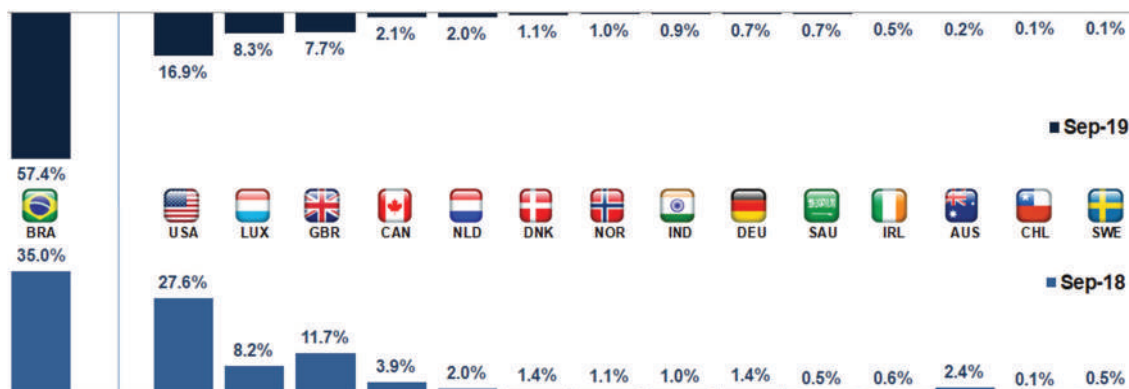
Period	4Q18	1Q19	2Q19	3Q19
Trading Volume (R\$ million)	7.2	6.5	6.8	5.4
Turnover (%)	0.78%	0.63%	0.75%	0.57%

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



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Independent Auditors' Report on Review of Interim Financial Information

(A free translation of the original report in Portuguese, as filed with the *Comissão de Valores Mobiliários* (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM, and of the International Financial Reporting Standards - IFRS)

To the Management and Shareholders of the

MAHLE Metal Leve S.A.

Mogi Guaçu - SP

Introduction

We have reviewed the individual and consolidated interim financial information of MAHLE Metal Leve S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended September 30, 2019, which comprises the statement of financial position as of September 30, 2019 and the respective statements of profit or loss, other comprehensive income for the three and nine-month period then ended and the changes in equity and cash flows for the nine-month period then ended, including notes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21(R1) *Demonstração Intermediária* and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and for presentation of this interim financial information in accordance with the rules issued by *Comissão de Valores Mobiliários* (CVM) applicable to the preparation of these quarterly information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standard on interim review (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with auditing standards and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information referred above is not prepared, in all material respects, in accordance with CPC 21(R1) and the IAS 34, issued by IASB, applicable to the preparation of the Quarterly Information and presented in accordance with the rules issued by *Comissão de Valores Mobiliários (CVM)*.

Other matters - Statements of value added

The individual and consolidated interim financial information, related to statements of value added (DVA) for the three and nine-month period ended September 30, 2019, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Campinas, November 14, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Carlos Humberto Rodrigues da Silva
Contador CRC 1SP217733/O-4

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
at September 30, 2019

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) at September 30, 2019

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MAHLE Metal Leve S.A.

**Balance sheet
at September 30, 2019 and December 31, 2018**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Cash and cash equivalents	6	200,712	89,008	204,587	97,591
Trade and related-party receivables	7	388,965	356,057	466,728	437,603
Inventories	8	318,344	288,776	427,048	401,410
Taxes recoverable	9	38,370	68,094	46,753	79,558
Income tax and social contribution recoverable	9	11,851	34,924	19,983	47,371
Dividends and interest on capital receivable	10	38,642	60,724	-	-
Unrealized gains on derivative financial instruments	31	3,570	7,083	4,178	7,083
Other assets		31,675	31,669	41,683	35,716
Total current assets		1,032,129	936,335	1,210,960	1,106,332
Taxes recoverable	9	11,089	11,707	17,067	20,424
Loans to related parties	10	9,250	15,030	26,678	40,743
Deferred income tax and social contribution	11.b	12,093	12,798	12,418	13,250
Other assets		15,087	13,856	21,293	22,474
Total long-term assets		47,519	53,391	77,456	96,891
Investments in subsidiaries	12	182,929	195,281	435	512
Property, plant and equipment	13	575,232	594,018	624,916	645,516
Rights-of-use assets	13	17,107	-	17,107	-
Intangible assets	14	442,652	439,502	470,191	466,880
		1,217,920	1,228,801	1,112,649	1,112,908
Total non-current assets		1,265,439	1,282,192	1,190,105	1,209,799
Total assets		2,297,568	2,218,527	2,401,065	2,316,131

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Balance sheet at September 30, 2019 and December 31, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities	Note	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Dividends and interest on capital payable	10	733	13.280	733	13.280
Trade and related-party payables	15	141.873	126.008	178.624	156.839
Taxes and contributions payable	16	23.645	24.114	27.280	27.526
Income tax and social contribution payable	16	9.106	334	18.557	23.573
Borrowings	17.a	179.375	140.022	208.174	160.381
Lease liabilities	17.b	5.548	-	5.548	-
Salaries, vacation pay and social charges	18	100.479	73.817	108.624	82.336
Sundry provision	19	32.874	29.097	36.066	32.434
Provisions for warranties	20	8.234	11.121	10.701	13.309
Unrealized losses on derivative financial instruments	31	11.510	12.309	11.510	16.887
Other liabilities		33.927	32.761	37.500	34.901
Total current liabilities		547.304	462.863	643.317	561.466
Deferred income tax and social contribution	11.b	-	-	8.409	4.275
Provision for subsidiary's net capital deficiency	12	-	8.837	-	-
Borrowings	17.a	187.303	131.240	187.303	131.240
Lease liabilities	17.b	11.559	-	11.559	-
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	223.781	251.072	228.626	258.054
Other liabilities		7.182	8.155	7.182	8.155
Total non-current liabilities		429.825	399.304	443.079	401.724
Total liabilities		977.129	862.167	1.086.396	963.190
Equity	22				
Share capital		966.255	966.255	966.255	966.255
Revenue reserves		295.072	295.072	295.072	295.072
Other comprehensive income		(145.029)	(107.882)	(145.029)	(107.882)
Retained earnings		204.141	10.687	204.141	10.687
Proposal additional dividends		-	192.228	-	192.228
Equity attributable to the owners of the parent		1.320.439	1.356.360	1.320.439	1.356.360
Non-controlling interests		-	-	(5.770)	(3.419)
Total equity		1.320.439	1.356.360	1.314.669	1.352.941
Total liabilities and equity		2.297.568	2.218.527	2.401.065	2.316.131

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of income

Quarter and periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company			
		2019		2018	
	Note	3Q2019	9M2019	3Q2018	9M2018
Net revenue	24	538,748	1,597,870	575,592	1,608,045
Cost of sales	25	(406,604)	(1,214,905)	(431,771)	(1,209,158)
Gross profit		132,144	382,965	143,821	398,887
Selling expenses	26	(31,771)	(90,514)	(33,719)	(96,432)
Impairment of trade receivables		216	(642)	(74)	(3,207)
General and administrative expenses	27	(17,150)	(54,342)	(19,286)	(57,982)
Technology and product development costs	28	(17,514)	(57,811)	(17,155)	(49,260)
Other income (expenses), net	30	358	8,002	(1,029)	(2,188)
Gain on variation monetary	34	11,994	42,769	25,900	25,900
Profit before finance income (costs) and taxation		78,277	230,427	98,458	215,718
Finance income	29	22,153	54,286	35,304	88,851
Finance costs	29	(29,958)	(74,410)	(48,013)	(114,182)
Finance income (costs), net		(7,805)	(20,124)	(12,709)	(25,331)
Equity in the results of investees	12	17,579	39,965	24,910	86,958
Profit before taxation		88,051	250,268	110,659	277,345
Current income tax and social contribution	11.a	(21,185)	(56,785)	(16,931)	(73,406)
Deferred income tax and social contribution	11.a	2,409	(618)	(1,506)	19,872
Income tax and social contribution		(18,776)	(57,403)	(18,437)	(53,534)
Profit for the period		69,275	192,865	92,222	223,811

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of income

Quarters and periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Consolidated			
		2019		2018	
	Note	3Q2019	9M2019	3Q2018	9M2018
Net revenue	24	645.533	1.930.534	710.334	1.957.248
Cost of sales	25	(467.162)	(1.418.161)	(493.705)	(1.388.814)
Gross profit		178.371	512.373	216.629	568.434
Selling expenses and distribution	26	(41.726)	(120.436)	(50.345)	(132.098)
Impairment of trade receivables		(221)	(1.849)	(1.247)	(5.099)
General and administrative expenses	27	(18.890)	(61.286)	(23.280)	(66.608)
Technology and product development costs	28	(19.198)	(63.043)	(20.050)	(57.199)
Other income (expenses), net	30	(2.054)	(4.561)	2.229	2.125
Gains (loss) on net monetary variation	34	9.112	33.723	2.390	2.390
Operating profit		105.394	294.921	126.326	311.945
Finance income	29	41.505	92.836	59.289	152.625
Finance costs	29	(51.988)	(121.644)	(67.000)	(167.309)
Finance income (costs), net		(10.483)	(28.808)	(7.711)	(14.684)
Equity in the results of investees	12	(31)	(76)	(67)	(82)
Profit before taxation		94.880	266.037	118.548	297.179
Current income tax and social contribution	11.a	(26.694)	(68.217)	(22.715)	(92.110)
Deferred income tax and social contribution	11.a	949	(7.306)	(1.699)	20.115
Income tax and social contribution		(25.745)	(75.523)	(24.414)	(71.995)
Profit for the period		69.135	190.514	94.134	225.184
Profit attributable to					
Owners of the parent		69.275	192.865	92.222	223.811
Non-controlling interests		(140)	(2.351)	1.912	1.373
Profit for the period		69.135	190.514	94.134	225.184
Basic earnings per share (in reais)		0,53991	1,50314	0,71875	1,74432

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarters and periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Profit for the period	69,275	192,865	92,222	223,811
Comprehensive income				
Items that will be reclassified to profit or loss				
Change in cash flow hedge, net	(7,415)	256	(2,964)	(35,077)
Change in subsidiaries' cash flow hedge, net	-	8,873	(2,878)	(19,109)
Income tax and social contribution on cash flow hedge	2,521	(87)	1,008	11,926
Cumulative translation adjustments	(25,148)	(45,755)	(26,845)	(53,568)
Other comprehensive income	(30,042)	(36,713)	(31,679)	(95,828)
Total comprehensive income for the period, net of income tax and social contribution	39,233	156,152	60,543	127,983
Total comprehensive income	39,233	156,152	60,543	127,983

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarter and periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		2019		2018	
		3Q2019	9M2019	3Q2018	9M2018
Profit for the period		69,135	190,514	94,134	225,184
Comprehensive income					
Items that will be reclassified to profit or loss					
Change in cash flow hedge, net		(7,415)	9,129	(5,842)	(54,186)
Income tax and social contribution on cash flow hedge	11.b ii	2,521	(87)	1,008	11,926
Cumulative translation adjustments		(25,148)	(45,755)	(26,845)	(53,568)
Other comprehensive income		(30,042)	(36,713)	(31,679)	(95,828)
Total comprehensive income for the period, net of income tax and social contribution		39,093	153,801	62,455	129,356
Comprehensive income attributable to:					
Owners of the parent		39,233	156,152	60,543	127,983
Non-controlling interests		(140)	(2,351)	1,912	1,373
Total comprehensive income		39,093	153,801	62,455	129,356

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended September 30, 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent											
	Revenue reserves				Other comprehensive income				Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Legal reserve	Reserve for expansion and modernization	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total				
At December 31, 2018	966.255	137.311	157.761	192.228	487.300	21.584	(129.466)	(107.882)	10.687	1.356.360	(3.419)	1.352.941
Equity transactions with shareholders												
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	155	155	-	155
Profit for the period	-	-	-	-	-	-	-	-	192.865	192.865	(2.351)	190.514
Other comprehensive income												
Cumulative translation adjustments	-	-	-	-	-	-	(45.755)	(45.755)	-	(45.755)	-	(45.755)
Financial instrument adjustments	22	-	-	-	-	9.129	-	9.129	-	9.129	-	9.129
Taxes on financial instrument adjustments	22	-	-	-	-	(87)	-	(87)	-	(87)	-	(87)
Realization of deemed cost, net	22	-	-	-	-	(434)	-	(434)	434	-	-	-
Internal changes in equity												
Payment of proposed additional dividends	-	-	-	(192.228)	(192.228)	-	-	-	-	(192.228)	-	(192.228)
At September 30, 2019	966.255	137.311	157.761	-	295.072	30.192	(175.221)	(145.029)	204.141	1.320.439	(5.770)	1.314.669

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended September 30, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent											
	Revenue reserves				Total	Other comprehensive income			Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Legal reserve	Reserve for expansion and modernization	Proposed additional dividends		Carrying value adjustments	Cumulative translation adjustments	Total				
At December 31, 2017	966.255	122.727	157.761	143.635	424.123	42.162	(77.492)	(35.330)	-	1.355.048	(4.828)	1.350.220
Equity transactions with shareholders												
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	197	197	-	197
Profit for the period	-	-	-	-	-	-	-	-	223.811	223.811	1.373	225.184
Other comprehensive income												
Cumulative translation adjustments	-	-	-	-	-	-	(53.568)	(53.568)	-	(53.568)	-	(53.568)
Financial instrument adjustments	-	-	-	-	-	(54.186)	-	(54.186)	-	(54.186)	-	(54.186)
Taxes on financial instrument adjustments	-	-	-	-	-	11.926	-	11.926	-	11.926	-	11.926
Realization of deemed cost, net	-	-	-	-	-	(952)	-	(952)	952	-	-	-
Internal changes in equity												
Gains (loss) on net monetary variation	-	-	-	(143.635)	(143.635)	-	-	-	16.824	16.824	-	16.824
Payment of proposed additional dividends	-	-	-	-	-	-	-	-	-	(143.635)	-	(143.635)
At September 30, 2018	966.255	122.727	157.761	-	280.488	(1.050)	(131.060)	(132.110)	241.784	1.356.417	(3.455)	1.352.962

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of cash flows

Periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		9M2019	9M2018	9M2019	9M2018
Cash flows from operating activities					
Profit before taxation	Note	250.268	277.345	266.037	297.179
Adjustments for:					
Depreciation and amortization		67.370	65.078	69.557	68.546
Equity in the results of investees	12	(39.965)	(87.762)	76	82
Recognition (reversal) of provision for impairment of investments	12	-	804	-	-
Interest and foreign exchange and monetary variations, net		21.236	30.580	25.874	544
Unrealized (losses) gains on derivative financial instruments		2.970	(561)	2.538	227
Results on disposal of property, plant and equipment		(49)	(129)	(46)	(2.915)
Recognition (reversal) of provision for impairment of trade receivables	7	125	3.875	1.396	5.952
Recognition (reversal) of provision for tax and other contingencies	21	(17.765)	5.994	(16.776)	1.000
Recognition (reversal) of provisions for warranties		(818)	3.928	(270)	4.504
Recognition (reversal) of sundry provision		3.777	5.621	3.632	4.537
Recognition (reversal) of provision for impairment of property, plant and		157	(109)	157	(173)
Recognition (reversal) of provision for inventory loss	8	(2.725)	3.843	(3.705)	(1.817)
Interest expense on lease liability	17.b	775	-	775	-
Gains (loss) on net monetary variation	34	(42.769)	(25.900)	(33.723)	(2.390)
(Increase) decrease in assets					
Trade and related-party receivables		(33.033)	(91.100)	(30.521)	(123.048)
Inventories		(26.147)	(79.106)	(21.308)	(84.531)
Taxes recoverable		55.704	1.108	57.219	(13.809)
Other assets		(1.237)	(11.854)	(4.962)	(12.542)
Increase (decrease) in liabilities					
Trade and related-party payables		15.865	22.661	21.785	16.634
Salaries, vacation pay and social charges		26.662	27.541	26.288	25.580
Taxes and contributions payable		(469)	159	(13.375)	(4.546)
Other liabilities		(28.824)	(33.864)	(31.553)	(39.586)
Cash from operations					
		251.108	118.152	319.095	139.428
Income tax and social contribution paid		(48.587)	(58.083)	(52.051)	(64.600)
Net cash provided by operating activities					
		202.521	60.069	267.044	74.828
Cash flows from investing activities					
Dividends and interest on capital received from subsidiary	10	82.099	70.630	-	-
Loans granted to subsidiaries		(3.022)	(16.297)	(427.567)	(265.158)
Loan repayments received from subsidiaries		-	800	441.760	271.235
Additions to property, plant and equipment	13	(43.030)	(42.175)	(51.055)	(49.747)
Additions to intangible assets	14	(5.733)	(5.273)	(5.790)	(5.286)
Proceeds from sale of property, plant and equipment		385	689	453	10.659
Net cash used in investing activities					
		30.699	8.374	(42.199)	(38.297)
Cash flows from financing activities					
Proceeds from borrowings	17.a	220.752	230.673	287.039	244.912
Repayment of principal of borrowings	17.a	(129.939)	(90.330)	(189.875)	(94.743)
Repayment of interest on borrowings	17.a	(8.615)	(6.317)	(9.549)	(6.416)
Obtaining loans from related parties		-	-	-	120.985
Repayment of related party loans		-	-	-	(120.988)
Repayment of the principal and interest on the lease liability	17.b	(4.936)	-	(4.936)	-
Dividends and interest on capital paid	10	(204.621)	(156.303)	(204.621)	(156.303)
Net cash provided by (used in) financing activities					
		(127.359)	(22.277)	(121.942)	(12.553)
Effect of foreign exchange variation on cash and cash equivalents					
		5.843	8.241	4.093	3.766
Increase (reduction) in cash and cash equivalents, net					
		111.704	54.407	106.996	27.744
Represented by:					
Cash and cash equivalents at the beginning of the period		89.008	129.352	97.591	169.070
Cash and cash equivalents at the end of the period	6	200.712	183.759	204.587	196.814
Increase (reduction) in cash and cash equivalents, net					
		111.704	54.407	106.996	27.744

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of value added
Periods ended September 30, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	9M2019	9M2018	9M2019	9M2018
Gross revenue	2,072,471	2,049,954	2,388,764	2,394,596
Sales of goods, products and services	2,030,271	2,043,659	2,356,797	2,385,485
Other revenue	41,956	9,391	32,118	13,085
Provision for impairment of trade receivables	244	(3,096)	(151)	(3,974)
Inputs acquired from third parties	(1,054,938)	(1,189,904)	(1,251,723)	(1,367,720)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(718,689)	(621,916)	(872,104)	(735,331)
Materials, energy, outsourced services and other	(358,156)	(602,126)	(403,813)	(668,976)
Impairment/recovery of assets	21,907	34,138	24,194	36,587
Gross value added	1,017,533	860,050	1,137,041	1,026,876
Depreciation and amortization	(67,370)	(65,078)	(69,557)	(68,546)
Net value added generated by the company	950,163	794,972	1,067,484	958,330
Value added received through transfer	94,251	175,809	92,757	152,543
Equity in the results of investees	39,965	86,958	(76)	(82)
Finance income	54,286	88,851	92,833	152,625
Total value added to distribute	1,044,414	970,781	1,160,241	1,110,873
Distribution of value added	1,044,414	970,781	1,160,241	1,110,873
Personnel	402,411	304,693	446,496	369,365
Taxes and contributions	365,821	328,954	386,638	346,958
Capital providers	83,317	113,323	136,593	169,366
Interest	9,983	6,954	12,608	8,561
Rentals	9,957	-	11,857	1,782
Foreign exchange, monetary and other variations	63,377	106,369	112,128	159,023
Shareholders	192,865	223,811	190,514	225,184
Dividends and interest on capital	-	-	-	-
Retained earnings	192,865	223,811	192,865	223,811
Share of non-controlling interests of retained earnings	-	-	(2,351)	1,373

The accompanying notes are an integral part of these interim financial statements.

The Company improved the detail of revenue and expense accounts for the purpose of presenting fairly the amounts of the statement of value added. This improvement was made prospectively and, for this reason, we can see an increase in the item line “personnel and charges” and a decrease in “inputs acquired from third parties”.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

1 Operations

MAHLE Metal Leve S.A. (the Company) is an entity domiciled in Brazil. The registered address of the Company's head office is Ernst Mahle Avenue, number 2000, Zip Code 13.846.146, Mogi Guaçu, São Paulo. The Company's consolidated (consolidated) and separate (parent company) financial statements for the periods ended September 30, 2019 includes the Company and its subsidiaries (referred to collectively as the Group).

The Company's main activities are the research, development, manufacturing and marketing, in Brazil and abroad, of parts and accessories for internal combustion engines, the sale of which is made to entities in various industries and lines of activity, such as manufacturers of automobiles, trucks and tractors, etc., the spare parts market, stationary and other engines industry.

The Company shares are listed on the Novo Mercado listing segment of B3 – Brasil, Bolsa, Balcão, which requires issuers to meet the highest standards of corporate governance.

2 Entities of the Group (subsidiaries)

	Country	Ownership percentage (%)			
		09.30.2019		12.31.2018	
		Direct	Indirect	Direct	Indirect
<u>Subsidiaries</u>					
MAHLE Argentina S.A.	Argentina	99.2	0.8	99.2	0.8
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	Brazil	60	-	60	-
MAHLE Metal Leve GmbH	Austria	100	-	100	-
MAHLE Hirschvogel Forjas S.A.	Brazil	51	-	51	-
<u>Related companies</u>					
Innoferm Tecnologia Ltda.	Brazil	33.33	-	33.33	-

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

3 Basis of preparation

a. Statement of compliance with respect to IFRS and CPC standards

The parent company and consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as according to accounting practices adopted in Brazil, and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

In addition, the quarterly information does not include all annual financial statement requirements and, therefore, it should be read together with the parent company and consolidated financial statements of MAHLE Metal Leve S.A. at December 31, 2018.

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of MAHLE Metal Leve S.A.. There have been no changes in assumptions and judgments made by management relating to the use of estimates to prepare this quarterly information in relation to those applied in the financial statements at December 31, 2018 as disclosed on March 12, 2019.

The issuance of the parent company and consolidated financial statements was authorized by the Company's Board of Directors on November 14, 2019. Only the shareholders have the power to amend the financial statements after issuance.

4 Changes in accounting policies and disclosures

These parent company and consolidated interim financial statements have been prepared under the same accounting practices as described and disclosed in Note 8 to the financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 – Lease as from January 1, 2019.

IFRS 16 / CPC06 (R2) Leases

CPC 06 (R2)/IFRS 16 replaces the requirements of CPC 06 (R1)/IAS 17 and related interpretations and is effective for annual periods beginning on or after January 1, 2019.

CPC 06 (R2)/IFRS 16 introduced a single accounting model under which lessees must recognize all significant leases on balance sheet. As a result, the Group as a lessee has recognized the right-of-use assets representing its right to the underlying leased assets and the lease liabilities representing its obligation to make lease payments.

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The Group applied CPC 06 (R2)/IFRS 16 Leases using the modified retrospective approach. Under this approach, the cumulative effect of initially applying CPC 06 (R2)/IFRS 16 is recognized as an adjustment to property, plant and equipment at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented as previously reported under CPC 06/IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below:

a) Definition of a lease

The Group evaluates whether a contract is, or contains a lease, based on the new definition of a lease. As per CPC 06 (R2)/IFRS 16, a contract is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to CPC 06 (R2)/IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied CPC 06 (R2)/IFRS 16 only to contracts that had been previously identified as leases. Therefore, the new definition of a lease under CPC 06 (R2)/IFRS 16 was applied only to contracts entered into or amended on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

b) As a lessee:

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred all of the risks and rewards of ownership. Under CPC 06 (R2)/IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (for example, IT equipment, other equipment). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are presented in Note 13. The lease liabilities are presented in Note 17.b – Borrowings and lease liabilities.

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i) Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the inception of the lease. The right-of-use asset is measured initially at cost and subsequently at cost less any accumulated depreciation and impairment losses, plus the adjustment for remeasurement of the lease liability.

The lease liability is measured initially at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is defined by the Group (risk-free rate + country risk premium + credit risk factor + risk factor premium).

The Group has applied judgment to determine the lease term of some contracts with renewal options. The assessment of whether the Group is reasonably certain to exercise those options has an impact on the lease term, which significantly affects the value of lease liabilities and right-of-use assets recognized.

ii) Transition

The Group previously classified leases of land and buildings as operating leases as per CPC 06(R1)/IAS 17. On transition, for leases classified as operating leases under CPC 06(R1)/IAS 17, lease liabilities were measured at the present value of the remaining payments discounted at the incremental borrowing rate of the Company at January 1, 2019.

Right-of-use assets are measured at either:

- carrying amount as if CPC 06 (R2)/IFRS 16 had been applied since the commencement date, discounted at the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its major lease of property; or
- an amount equal to the lease liability, adjusted for prepaid or accrued lease payments
- the Group applied this approach to all other leases.

The Group used the following practical expedients when applying CPC 06 (R2)/IFRS 16 to leases previously classified as operating leases under CPC 06/IAS 17.

- Recognition exemption for leases with term less than 12 months.
- Exclusion of initial direct costs from right-of-use asset at date of initial application.

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c) Impact on financial statements:

i) Impacts on transition

On transition to CPC 06 (R2)/IFRS 16, the Group recognized right-of-use assets and lease liabilities.

When measuring the lease liabilities for those leases previously classified as operating leases, the Group discounted the lease payments using its incremental borrowing rate at January 1, 2019. The incremental borrowing rate applied by the Company is 12.85%.

j) Impacts on period

As a result of the initial application of CPC 06 (R2) / IFRS 16 *Leases*, in relation to leases that were previously classified as operating leases, at January 1, 2019 the Group recognized the amount of R\$ 23,435 of right-of-use assets with corresponding lease liabilities as stated in Note 17.b..

The Group recognized depreciation and interest expenses instead of operating lease expenses. The Group recognized R\$ 2,774 of depreciation and R\$ 517 of interest for the first nine months of 2019, and R\$ 1,387 of depreciation and R\$ 258 of interest on leases for the third quarter of 2019.

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(in thousand of reais)

5 Segment reporting

1) Operating segments

The Group determines the operating segments based on the reports used to take strategic operating decisions of the Management, the segments being divided into engine components and filter. The presentation of the reported information is consistent with the statement of profit or loss.

There was no change in the segment structure presented in the financial statements at December 31, 2018.

	Consolidated					
	9 months 2019			9 months 2018		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	2,137,719	307,082	2,444,801	2,146,983	326,247	2,473,230
Deductions from sales	(419,238)	(95,029)	(514,267)	(418,160)	(97,822)	(515,982)
Net operating revenue	1,718,481	212,053	1,930,534	1,728,823	228,425	1,957,248
Cost of sales	(1,253,471)	(164,690)	(1,418,161)	(1,211,573)	(177,241)	(1,388,814)
Gross profit	465,010	47,363	512,373	517,250	51,184	568,434
Selling expenses and distribution and Impairment of trade receivables	(104,238)	(18,047)	(122,285)	(118,891)	(18,306)	(137,197)
Administrative expenses	(50,859)	(10,427)	(61,286)	(54,304)	(12,304)	(66,608)
Technology research costs	(55,861)	(7,182)	(63,043)	(49,680)	(7,519)	(57,199)
Other operating income (expenses)	(4,632)	71	(4,561)	1,995	130	2,125
Equit	(76)	-	(76)	(82)	-	(82)
Gains (loss) on net monetary variation	32,077	1,646	33,723	4,105	(1,715)	2,390
Finance income	88,649	4,187	92,836	146,377	6,248	152,625
Finance costs	(115,023)	(6,621)	(121,644)	(158,356)	(8,953)	(167,309)
Profit before income tax and social contribution	255,047	10,990	266,037	288,414	8,765	297,179
Income tax and social contribution	(71,778)	(3,745)	(75,523)	(68,999)	(2,996)	(71,995)
Profit for the year	183,269	7,245	190,514	219,415	5,769	225,184
Non-controlling interests	1,859	492	2,351	(1,909)	536	(1,373)
Profit for the year	185,128	7,737	192,865	217,506	6,305	223,811

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	Consolidated					
	3rd quarter 2019			3rd quarter 2018		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	724,265	102,051	826,316	781,383	115,876	897,259
Deductions from sales	(149,226)	(31,557)	(180,783)	(153,059)	(33,866)	(186,925)
Net operating revenue	575,039	70,494	645,533	628,324	82,010	710,334
Cost of sales	(413,554)	(53,608)	(467,162)	(430,050)	(63,655)	(493,705)
Gross profit	161,485	16,886	178,371	198,274	18,355	216,629
Selling expenses and distribution and Impairment of trade receivables	(36,972)	(4,975)	(41,947)	(44,671)	(6,921)	(51,592)
Administrative expenses	(15,328)	(3,562)	(18,890)	(18,972)	(4,308)	(23,280)
Technology research costs	(17,112)	(2,086)	(19,198)	(18,354)	(1,696)	(20,050)
Other operating income (expenses)	(1,934)	(120)	(2,054)	2,021	208	2,229
Equity	(31)	-	(31)	(67)	-	(67)
Gains (loss) on net monetary variation	9,112	-	9,112	4,105	(1,715)	2,390
Finance income	40,203	1,302	41,505	56,768	2,521	59,289
Finance costs	(49,384)	(2,604)	(51,988)	(63,396)	(3,604)	(67,000)
Profit before income tax and social contribution	90,039	4,841	94,880	115,708	2,840	118,548
Income tax and social contribution	(24,091)	(1,654)	(25,745)	(23,445)	(969)	(24,414)
Profit for the year	65,948	3,187	69,135	92,263	1,871	94,134
Non-controlling interests	(0)	140	140	(2,070)	158	(1,912)
Profit for the year	65,948	3,327	69,275	90,193	2,029	92,222

Net operating revenue comprises revenue from the sale of products and services, where most of service revenue refers to the engine component segment.

	Consolidated					
	09.30.2019			12.31.2018		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Balance sheet accounts						
Total assets	2,266,954	134,111	2,401,065	2,191,298	124,833	2,316,131
Inventories	379,175	47,873	427,048	359,883	41,527	401,410
Property, plant and equipment	2,404,607	144,318	2,548,925	2,357,598	139,240	2,496,838
Depreciation and amortization	(1,812,652)	(94,250)	(1,906,902)	(1,762,423)	(88,899)	(1,851,322)
Intangible assets	62,618	183	62,801	59,542	92	59,634
Goodwill	407,390	-	407,390	407,246	-	407,246
Investment - Innoferm Tecnologia Ltda.	435	-	435	512	-	512
Other	825,381	35,987	861,368	768,940	32,873	801,813

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Notes to the interim financial statements

(in thousand of reais)

2) Distribution by geographic area

No customer accounts for more than 10% of total consolidated.

Net operating revenue is distributed as follows:

Sales per country	Consolidated							
	3Q2019	%	YTD 2019	%	3Q 2018	%	YTD 2018	%
Domestic market (Brazil and Argentina)	387,929	60.1%	1,094,856	56.7%	376,990	53.1%	1,018,260	52.0%
Europe	117,388	18.2%	394,595	20.4%	161,111	22.7%	458,101	23.4%
Central and North America	93,345	14.5%	297,896	15.4%	121,438	17.1%	333,432	17.0%
South America	36,015	5.6%	107,275	5.6%	35,362	5.0%	91,688	4.7%
Africa, Asia, Oceania and Middle East	10,856	1.6%	35,912	1.9%	15,433	2.1%	55,767	2.9%
Foreign countries	257,604	39.9%	835,678	43.3%	333,344	46.9%	938,988	48.0%
Total	645,533	100.0%	1,930,534	100.0%	710,334	100.0%	1,957,248	100.0%

6 Cash and cash equivalents

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
BRL	2,010	750	2,134	1,250
ARS (expressed in BRL)	-	-	2,622	4,490
USD (expressed in BRL)	17,361	12,292	17,361	12,292
EUR (expressed in BRL)	55,792	19,974	56,453	21,647
Cash and demand deposits	75,163	33,016	78,570	39,679
BRL	119,550	44,368	119,692	46,288
ARS (expressed in BRL)	-	-	-	-
USD (expressed in BRL)	-	11,624	-	11,624
Financial investments	119,550	55,992	119,692	57,912
BRL	5,999	-	6,121	-
ARS (expressed in BRL)	-	-	204	-
Cash in transit	5,999	-	6,325	-
	200,712	89,008	204,587	97,591

The Group holds checking accounts at major banks in Brazil and abroad.

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(in thousand of reais)

Financial investments have made as follows:

- Bank Deposit Certificates (CDBs) and repurchase agreements (100.0 %), which yield an average interest rate of 99.1 % of the Interbank Deposit Certificate (CDI) rate, held exclusively at first-tier banks in Brazil;
- Certificate deposits and time deposits which are short-term, highly liquid investments with original maturities of three months or less and subject to an insignificant risk of change in value.
- Financial investments are recorded at updated value up to the end of the period. Their values reflect the redemption amount that would be realized if the investments were redeemed on that date. Yields on these transactions are recognized as finance income.

Cash in transit is deposits in foreign currency relating to funds received from customers abroad, available for redemption from the banks with which the Group operates, as well as payments received from local customers available on the next day (D+1).

7 Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Market				
Domestic	248,097	208,973	248,560	209,255
Foreign	67,017	73,837	154,381	148,704
	315,114	282,810	402,941	357,959
Other accounts receivable	2,511	15,355	2,511	15,355
Provision for impairment of trade receivables	(7,559)	(7,434)	(10,466)	(9,070)
	310,066	290,731	394,986	364,244
Related parties (Note 10)	78,899	65,326	71,742	73,359
	388,965	356,057	466,728	437,603

The Group's exposure to credit and currency risks relating to trade receivables is disclosed in Note 31.

Other receivables derive from the sale of property, plant and equipment, tooling, scraps and other.

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The amounts and aging analysis of trade receivables are as follows:

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Not yet due	285,065	262,992	354,086	327,799
Past due:				
Up to 7 days	8,650	7,058	14,937	8,806
From 8 to 30 days	5,182	8,907	10,119	12,195
From 31 to 60 days	5,758	7,237	8,161	9,556
From 61 to 90 days	4,277	2,370	5,584	3,427
From 91 to 120 days	1,346	2,707	3,034	3,199
From 121 to 180 days	1,334	2,119	1,750	2,567
From 181 to 360 days	2,781	2,164	3,793	2,636
Over 360 days	3,232	2,611	3,988	3,129
(-) Provision for impairment of trade receivables	<u>(7,559)</u>	<u>(7,434)</u>	<u>(10,466)</u>	<u>(9,070)</u>
Total past due deducted provision	25,001	27,739	40,900	36,445
	<u>310,066</u>	<u>290,731</u>	<u>394,986</u>	<u>364,244</u>

At September 30, 2019, trade receivables of the parent company in the amount of R\$ 25,001 (December 31, 2018 - R\$ 27,739) and consolidated trade receivables at September 30, 2019 of R\$ 40,900 (December 31, 2018 - R\$ 36,445) were past due but not impaired. These relate to a number of original equipment and aftermarket customers for whom there is no recent history of default. Other past-due accounts do not pose a risk for the Company because they were settled after the date of these interim financial statements.

In the table above, where provision for the impairment of trade receivables (over 120 days past due) is presented, the amounts of goods returned and advances from customers are excluded.

No provision for impairment of accounts receivable has been recognized for related parties, but there are no significant accounts.

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Changes in the provision for impairment of trade receivables are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	(7,434)	(9,070)
Receivables provided for in the period	(8,557)	(11,228)
Receivables reversed in the period	7,909	9,271
Receivables written off definitively	892	892
Foreign exchange variation	(369)	(331)
At September 30, 2019	(7,559)	(10,466)

8 Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2019</u>	<u>12.31.2018</u>	<u>09.30.2019</u>	<u>12.31.2018</u>
Finished products	133.286	133.864	216.779	221.372
Work in progress	117.239	86.742	123.593	96.775
Raw materials	54.741	49.630	68.701	61.221
Auxiliary materials	4.052	7.559	6.628	10.365
Imports in transit	9.026	10.981	11.347	11.677
	318.344	288.776	427.048	401.410

In September 30, 2019, inventory was stated net of provision for losses. These losses relate to products with a negative margin, tooling, quality issues, out-of-specification materials, obsolescence and slow-moving items in the amount of R\$ 28,617 (R\$ 31,342 in December 31, 2018) in the parent company and R\$ 40,155 (R\$ 43,860 in December 31, 2018) in the consolidated accounts.

Changes in the provision for inventory loss are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	(31,342)	(43,860)
Reversal of provision	8,704	11,253
Recognition of provision	(6,316)	(11,415)
Inventory written off definitively as loss	337	337
Foreign exchange variation	-	3,530
At September 30, 2019	(28,617)	(40,155)

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9 Taxes recoverable and income tax and social contribution recoverable

	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Income tax and social contribution recoverable	11.851	34.924	19.983	47.371
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	25.660	49.920	25.828	50.061
ICMS and Excise Tax (IPI)	7.103	8.386	7.103	8.386
Import Tax	2.369	5.036	4.079	6.620
Social Contribution on Revenues (COFINS)	2.658	3.902	2.658	3.902
Social Integration Program (PIS)	572	840	572	840
Other	8	10	6.513	9.749
Taxes recoverable	38.370	68.094	46.753	79.558
Current	50.221	103.018	66.736	126.929
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	11.089	11.707	11.089	11.707
Export incentive - Argentina	-	-	5.978	8.717
Non-current	11.089	11.707	17.067	20.424

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(in thousand of reais)

10 Related parties

The aggregate amount of transactions and outstanding balances with related parties is presented below:

	Parent company													
	Balances at 09.30.2019						Transactions from 01.01.2019 to 09.30.2019							
	Current assets			Non-current assets		Current liabilities			Non-current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (**)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (**)	Lease Liabilities	Lease Liabilities	Products	Other	Products	Other *		
Companies														
Subsidiaries														
Direct subsidiaries														
MAHLE Metal Leve GmbH	56.212	60	38.642	-	1.808	60	-	-	281.766	808	-	-		
MAHLE Argentina S.A.	5.097	60	-	-	-	-	-	34.751	1.636	580	-			
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	89	60	-	6.670	-	-	-	-	120	-	-			
MAHLE Hirschvogel Forjas S.A.	31	60	-	2.580	-	-	-	-	94	-	-			
Sub-total Controladas Diretas	61.429		38.642	9.250	1.808	-	-	-	316.517	2.658	580	-		
Related companies														
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3.603	60	-	-	4.871	60	-	-	726	13.565	26.246	1.445		
MAHLE Engine Componentes USA, Inc.	1.968	60	-	-	559	60	-	-	10.636	(19)	921	112		
MAHLE Pistoni Italia SPA	1.610	60	-	-	15	60	-	-	9.538	-	178	4		
MAHLE Engine Components (Yingkou) Co., Ltd.	1.369	60	-	-	-	-	-	4.837	393	-	-			
MAHLE Compressores do Brasil Ltda.	1.293	60	-	-	3.452	60	-	-	989	5.391	10.261	118		
MAHLE Technologies Holding (China) Co., Ltd.	1.196	60	-	-	74	60	-	-	-	1.040	-	63		
MAHLE Aftermarket S.de R.L.de C.V.	1.031	60	-	-	-	-	-	3.852	-	-	-			
MAHLE Engine Components (Nanjing) Co., Ltd.	823	60	-	-	-	-	-	3.152	-	-	-			
MAHLE Intemational GmbH	650	60	-	-	15.274	60	-	-	-	1.675	-	11.136		
MAHLE Aftermarket GmbH	606	60	-	-	3.124	60	-	-	2.068	768	3.987	117		
MAHLE GmbH	578	60	-	-	14.011	60	-	-	534	441	9.673	13.658		
MAHLE Engine Comp. Slovakia	473	60	-	-	-	-	-	829	-	-	-			
MAHLE Clevite Inc.	368	60	-	-	53	60	-	-	657	386	-	130		
MAHLE Componentes de Motores S.A.	365	60	-	-	-	-	-	1.146	164	104	-			
MAHLE Filter Systems North America Inc	360	60	-	-	-	-	-	-	576	1	-			
MAHLE Industries Inc	319	60	-	-	697	60	-	-	-	338	-	37		
MAHLE Engine Systems UK Ltd.	248	60	-	-	1.555	60	-	-	-	456	1.665	8		
MAHLE Compon. de Mot. de México, S. de R.L. d	122	60	-	-	898	60	-	-	388	129	3.440	(88)		
MAHLE Engine Comp. (Chongqing) Co. Ltd.	110	60	-	-	-	-	-	495	-	-	-			
MAHLE Motor Parcalari San. Izmir A.S	108	60	-	-	-	-	-	162	-	52	-			
MAHLE Industriemotoren-Komponenten GmbH	102	60	-	-	-	-	-	484	-	-	-			
MAHLE France SAS	56	60	-	-	-	-	-	163	-	-	-			
MAHLE Letrika d.o.o	17	60	-	-	422	60	-	-	29	2.035	-			
MAHLE Filter Systems India Ltd. (India)	17	60	-	-	-	-	-	31	-	-	-			
MAHLE Vöcklabruck GmbH	15	60	-	-	-	-	-	27	-	-	-			
MAHLE India Pistons Ltd.	15	60	-	-	-	-	-	15	-	-	-			
MAHLE S.A.	12	60	-	-	-	-	-	84	-	-	-			
MAHLE Engine Comp. Japan Corporation	11	60	-	-	76	60	-	-	76	-	-	(22)		
MAHLE Japan Ltd.	8	60	-	-	-	-	-	-	7	-	-			
MAHLE Kleinmot. GmbH	7	60	-	-	-	-	-	32	-	-	-			
MAHLE Holding (India) Private Limited	9	60	-	-	52	60	-	-	4	-	-	53		
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	-	-	-			
MAHLE Polska Spolka Z.0.0	2	60	-	-	-	-	-	32	-	-	-			
MAHLE Filtersysteme GmbH	1	60	-	-	449	60	-	-	1	12	1.134			
Innoferm Tecnologia Ltda.	-	-	-	-	2.000	60	-	-	-	-	-			
MAHLE Indústria e Comércio Ltda.	-	-	-	-	1.209	60	5.548	11.559	-	-	-	5.439		
MAHLE Aftermarket Pte. Ltd	-	-	-	-	800	60	-	-	-	-	2.284	-		
MAHLE Filtersysteme Austria GmbH	-	-	-	-	651	60	-	-	-	-	1.921	-		
MAHLE Trading (Shanghai) Co. Ltd.	-	-	-	-	380	60	-	-	-	-	785	-		
MAHLE Letrika (Suzhou) Automotive	-	-	-	-	289	60	-	-	-	71	1.817	-		
MAHLE Aftermarket Italy S.P.A.	-	-	-	-	246	60	-	-	-	-	298	2		
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	168	60	-	-	-	-	238	-		
MAHLE Engine Comp. (Thailand) Co. Ltd.	-	-	-	-	162	60	-	-	-	-	-	18		
MAHLE Filter Systems Japan Corporation	-	-	-	-	136	60	-	-	-	-	753	-		
MAHLE Trading Japan Co. Ltd.	-	-	-	-	100	60	-	-	62	55	177	-		
MAHLE Componente de Motor SRL	-	-	-	-	85	60	-	-	-	-	248	-		
MAHLE Powertrain LLC	-	-	-	-	-	-	-	-	310	-	-			
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	-	248	-	-	-			
Other	-	-	-	-	127	-	-	-	269	1	203	61		
Total related companies	17.470		-	-	51.935		5.548	11.559	41.532	25.781	67.299	33.425		
Total related parties	78.899		38.642	9.250	53.743		5.548	11.559	358.049	28.439	67.879	33.425		

* This includes property, plant and equipment of R\$ 61 and brand license of R\$ 8,052

** Realization of term days refers to current assets and current liabilities

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Parent company										
	Balances at 12.31.2018						Transactions from 01.01.2018 to 09.30.2018				
	Current assets			Non-current assets	Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (**)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Dividends and interest on capital payable	Payment term in days (**)	Products	Other	Products	Other *
Companies											
Subsidiaries											
Direct subsidiaries											
MAHLE Metal Leve GmbH	38,454	60	60,724	-	3,278	-	60	323,723	48	-	-
MAHLE Argentina S.A.	2,595	60	-	-	895	-	60	40,763	1,578	1,434	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	89	60	-	15,030	-	-	-	-	116	-	-
MAHLE Hirschvogel Forjas S.A.	155	60	-	-	-	-	-	-	91	-	-
MAHLE Industry do Brasil Ltda.	-	-	-	-	-	-	-	-	24	-	-
Sub-total Controladas Diretas	41,293	-	60,724	15,030	4,173	-	-	364,486	1,857	1,434	-
Related companies											
MAHLE Engine Components (Nanjing) Co., Ltd.	4,970	60	-	-	-	-	-	11,003	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,913	60	-	-	3,993	-	60	652	12,144	-	(30)
MAHLE Engine Componentes USA, Inc.	3,041	60	-	-	47	-	60	15,489	285	187	30
MAHLE Aftermarket S.de R.L.de C.V.	2,472	60	-	-	-	-	-	3,327	-	-	-
MAHLE Compressores do Brasil Ltda.	2,039	60	-	-	5,543	-	60	976	5,158	-	118
MAHLE Pistoni Italia SPA	2,017	60	-	-	61	-	60	13,016	24	-	114
MAHLE Aftermarket GmbH	1,491	60	-	-	2,485	-	60	3,739	689	2,732	2,584
MAHLE Engine Components (Yingkou) Co., Ltd.	1,187	60	-	-	-	-	-	4,174	410	-	-
MAHLE International GmbH	483	60	-	-	7,786	-	60	-	1,406	-	8,123
MAHLE Industries Inc	435	60	-	-	614	-	60	-	99	-	696
MAHLE Componentes de Motores S.A.	352	60	-	-	2	-	60	724	102	860	-
MAHLE GmbH	292	60	-	-	9,015	-	60	357	140	2,255	13,510
MAHLE Aftermarket Inc.	225	60	-	-	109	-	60	617	266	-	103
MAHLE Compon. de Mot. de México, S. de R.L. d	178	60	-	-	(119)	-	60	2,410	52	1,058	-
MAHLE Engine Systems UK Ltd.	132	60	-	-	1,462	-	60	-	592	1,491	-
MAHLE Engine Comp. Japan Corporation	131	60	-	-	90	-	60	49	-	-	26
MAHLE Engine Comp. (Chongqing) Co. Ltd.	115	60	-	-	-	-	-	446	-	-	-
MAHLE Anand Filter Systems Private Limited	81	60	-	-	-	-	-	30	-	-	-
MAHLE Filtre Sistemleri A.S.	78	60	-	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	76	60	-	-	-	-	-	-	-	-	-
MAHLE Filter Systems North America Inc	66	60	-	-	-	-	-	-	1,177	-	-
MAHLE S.A.	49	60	-	-	-	-	-	61	-	-	-
MAHLE Japan Ltd.	46	60	-	-	-	-	-	-	40	-	-
MAHLE Industriemotoren-Komponenten GmbH	39	60	-	-	-	-	-	289	-	-	-
MAHLE France SAS	39	60	-	-	-	-	-	694	94	-	-
MAHLE Trading Japan Co. Ltd.	29	60	-	-	-	-	-	41	52	364	-
MAHLE Letrika d.o.o	19	60	-	-	434	-	60	(1)	55	1,564	6
MAHLE Ventiltrieb GmbH	19	60	-	-	-	-	-	149	-	-	-
MAHLE Kleinmot. GmbH	8	60	-	-	-	-	-	72	-	-	-
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	3	-	-
MAHLE Technologies Holding (China) Co., Ltd.	2	60	-	-	-	-	-	-	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	-	2,500	-	60	-	-	-	-
MAHLE Filtersysteme GmbH	-	-	-	-	948	-	60	-	3	-	817
MAHLE Filtersysteme Austria GmbH	-	-	-	-	817	-	60	-	-	2,797	-
MAHLE Indústria e Comércio Ltda.	-	-	-	-	562	7,419	60	-	-	-	5,057
MAHLE Filter Systems Japan Corporation	-	-	-	-	281	-	60	-	-	1,026	26
MAHLE Letrika (Suzhou) Automotive	-	-	-	-	255	-	60	-	60	1,982	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	161	-	60	-	-	159	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	-	106	-	60	5	-	71	-
MAHLE Componente de Motor SRL	-	-	-	-	74	-	60	-	-	205	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	1,236	-	-	-	-	-
MAHLE Motor Parcalari San. Izmir A.S	-	-	-	-	-	-	-	3,044	-	367	29
MAHLE Vöcklabruck GmbH	-	-	-	-	-	-	-	5,141	-	-	31
MAHLE India Pistons Ltd.	-	-	-	-	-	-	-	1,258	-	-	-
MAHLE Technologies Rus O.O.O.	-	-	-	-	-	-	-	1,030	-	-	-
MAHLE Engine Comp. Slovakia	-	-	-	-	-	-	-	925	-	4	-
MAHLE Polska Spolka Z.0.0	-	-	-	-	-	-	-	193	-	-	-
MAHLE Aftermarket Pte. Ltd	-	-	-	-	-	-	-	-	2	4,677	-
MAHLE Trading (Shangai) Co. Ltd.	-	-	-	-	-	-	-	-	(3)	1,113	2
MAHLE Filter Systems Philippines Corporation	-	-	-	-	-	-	-	-	-	313	-
Other	-	-	-	-	43	-	-	50	61	82	13
Total related companies	24,033	-	-	-	37,269	8,655	-	69,960	22,911	23,307	31,255
Total related parties	65,326	-	60,724	15,030	41,442	8,655	-	434,446	24,768	24,741	31,255

* This includes property, plant and equipment of R\$ 832 and brand license of R\$ 7,734

** Realization of term days refers to current assets and current liabilities

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated										
	Balances at 09.30.2019					Transactions from 01.01.2019 to 09.30.2019					
	Current assets	Non-current assets	Current liabilities		Non-current liabilities	Sales/revenue		Purchases			
	Receivables (Note 7)	Loan	Suppliers (Note 15)	Payment term in days (**)	Lease Liabilities	Lease Liabilities	Products	Other	Products	Other *	
Related companies											
MAHLE Compon. de Mot. de México, S. de R.L. de C.V.	14.304	60	-	898	60	-	-	70.447	129	3.440	(88)
MAHLE Aftermarket GmbH	10.383	60	-	5.704	60	-	-	50.073	768	9.716	126
MAHLE Componentes de Motores S.A.	5.302	60	-	-	-	-	-	23.535	164	104	-
MAHLE Vöcklabruck GmbH	5.004	60	-	-	-	-	-	26.214	-	-	-
MAHLE Componenti Motori Italia S.p.A.	4.926	60	-	15	60	-	-	26.806	-	178	4
MAHLE Aftermarket S.de R.L.de C.V.	4.379	60	-	-	-	-	-	14.092	-	-	-
MAHLE France SAS	3.901	60	-	16	60	-	-	21.747	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3.603	60	-	4.871	60	-	-	726	13.565	26.246	1.445
MAHLE GmbH	3.081	60	-	16.876	60	-	-	3.891	441	9.673	15.332
MAHLE Engine Componentes USA, Inc.	2.864	60	-	4.300	60	-	-	14.465	(19)	921	1.251
MAHLE Industriemotoren-Komponenten GmbH	1.889	60	-	-	-	-	-	3.961	-	-	84
MAHLE Engine Components (Yingkou) Co., Ltd.	1.369	60	-	-	-	-	-	4.837	393	67	-
MAHLE Compressores do Brasil Ltda.	1.293	60	-	3.452	60	-	-	989	5.391	10.261	118
MAHLE Engine Components (Thailand) Co., Ltd.	1.240	60	-	162	60	-	-	5.698	-	-	18
MAHLE Technologies Holding (China) Co., Ltd.	1.196	60	-	74	60	-	-	-	1.040	-	63
MAHLE S.A.	1.127	60	-	-	-	-	-	2.481	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	823	60	-	-	-	-	-	3.152	-	-	-
MAHLE Motor Parcalari San. Izmir A.S	763	60	-	-	-	-	-	1.562	-	52	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	748	60	-	67	60	-	-	3.672	-	1	72
MAHLE International GmbH	650	60	-	16.422	60	-	-	-	1.675	-	11.921
MAHLE Clevite Inc.	618	60	-	108	60	-	-	2.199	386	-	130
MAHLE Engine Components Slovakia s.r.o	572	60	-	3	60	-	-	1.365	-	-	-
MAHLE Migna Private Ltd.	540	60	-	-	-	-	-	3.165	-	-	-
MAHLE Filter Systems North America Inc	360	60	-	-	-	-	-	-	576	1	-
MAHLE Industries, Inc.	319	60	-	2.349	60	-	-	-	338	-	1.706
MAHLE Engine Systems UK Ltd.	248	60	-	1.555	60	-	-	-	456	1.665	8
MAHLE Engine Components (Chongqing) Co.,Ltd.	110	60	-	-	-	-	-	495	-	-	-
MAHLE Polska Spolka Z.O.O	54	60	-	-	-	-	-	190	-	-	-
MAHLE Letrika d.o.o	17	60	-	422	60	-	-	-	29	2.088	-
MAHLE Filter Systems India Ltd. (India)	17	60	-	-	-	-	-	31	-	-	-
MAHLE India Pistons Ltd.	15	60	-	-	-	-	-	15	-	-	-
MAHLE Engine Componets Japan Corporation	11	60	-	76	60	-	-	76	-	-	(22)
MAHLE Japan Ltd.	8	60	-	-	-	-	-	-	7	-	-
MAHLE Holding (India) Private Limited	4	60	-	52	60	-	-	-	4	-	53
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1	60	-	449	60	-	-	-	1	12	1.134
Innoferm Tecnologia Ltda.	-	-	-	2.000	60	-	-	-	-	-	-
MAHLE Indústria e Comércio Ltda.	-	-	-	1.209	60	5.548	11.559	-	-	-	5.439
MAHLE Aftermarket Pte Ltd.	-	-	-	800	60	-	-	-	-	2.284	-
MAHLE Filtersysteme Austria GmbH	-	-	-	693	60	-	-	-	-	1.921	161
MAHLE Trading (Shanghai) Co.Ltd.	-	-	-	380	60	-	-	-	-	785	-
MAHLE Letrika (Suzhou) Automotive	-	-	-	289	60	-	-	-	71	1.817	-
MAHLE Aftermarket Italy S.P.A.	-	-	-	246	60	-	-	-	-	298	2
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	168	60	-	-	-	-	238	-
MAHLE Filter Systems Japan Corporation	-	-	-	136	60	-	-	-	-	753	-
MAHLE Trading Japan Co. Ltd.	-	-	-	100	60	-	-	62	55	177	-
MAHLE Componente de Motor SRL	-	-	-	85	60	-	-	-	-	248	-
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	-	248	-	-	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	53	60	-	-	3.644	-	62	10
MAHLE Holding Austria GmbH	-	-	26.678	39	60	-	-	-	-	-	-
MAHLE Powertrain LLC	-	-	-	-	-	-	-	-	310	-	-
Other	-	-	-	115	-	-	-	240	1	141	71
Total related companies	71.742		26.678	64.184		5.548	11.559	290.078	25.781	73.149	39.038
Total related parties	71.742		26.678	64.184		5.548	11.559	290.078	25.781	73.149	39.038

* This includes brand license of RS 8,787

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated									
	Balances at 12.31.2018					Transactions from 01.01.2018 to 09.30.2018				
	Current assets	Payment term in days (**)	Non-current assets	Current liabilities	Dividends and interest on capital payable	Payment term in days (**)	Sales/revenue		Purchases	
	Receivables (Note 7)		Loan	Suppliers (Note 15)			Products	Other	Products	Other *
Related companies										
MAHLE Compon. de Mot. de México, S. de R.L. de C.V.	12,318	60	-	(119)	-	60	59,480	52	1,058	-
MAHLE Aftermarket GmbH	10,797	60	-	2,974	-	60	54,928	689	10,911	2,584
MAHLE Vöcklabruck GmbH	9,311	60	-	-	-	-	29,589	-	-	31
MAHLE Componenti Motori Italia S.p.A.	6,032	60	-	61	-	60	28,477	24	-	114
MAHLE Engine Components (Nanjing) Co., Ltd.	4,970	60	-	-	-	-	11,003	-	-	-
MAHLE Componentes de Motores S.A.	4,634	60	-	2	-	60	36,214	102	860	-
MAHLE Aftermarket S.de R.L.de C.V.	4,130	60	-	-	-	-	11,423	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,913	60	-	3,993	-	60	652	12,207	-	1,975
MAHLE Engine Componentes USA, Inc.	3,578	60	-	909	-	60	18,684	285	187	771
MAHLE Compressores do Brasil Ltda.	2,039	60	-	5,543	-	60	976	5,158	-	118
MAHLE France SAS	2,019	60	-	2	-	60	37,059	94	242	-
MAHLE Engine Components (Thailand) Co., Ltd.	1,956	60	-	36	-	60	5,334	61	-	-
MAHLE S.A.	1,386	60	-	-	-	-	4,567	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,267	60	-	14	-	60	4,308	-	-	96
MAHLE Engine Components (Yingkou) Co., Ltd.	1,187	60	-	-	-	-	4,356	410	-	-
MAHLE Engine Components India Private Limited	908	60	-	-	-	-	3,589	-	-	-
MAHLE International GmbH	483	60	-	8,134	-	60	-	1,406	-	8,791
MAHLE Industries, Inc.	435	60	-	1,045	-	60	-	99	-	3,091
MAHLE Aftermarket Inc.	380	60	-	161	-	60	1,090	266	-	103
MAHLE Industriemotoren-Komponenten GmbH	379	60	-	48	-	60	1,988	-	-	69
MAHLE GmbH	292	60	-	11,420	-	60	8,934	140	3,349	15,165
MAHLE Engine Systems UK Ltd.	132	60	-	1,466	-	60	-	592	1,491	-
MAHLE Engine Componets Japan Corporation	131	60	-	90	-	60	49	-	-	26
MAHLE Engine Components (Chongqing) Co.,Ltd.	115	60	-	-	-	-	446	-	-	-
MAHLE Motor Parcalari San. Izmir A.S	82	60	-	-	-	-	8,818	-	367	29
MAHLE Anand Filter Systems Private Limited	81	60	-	-	-	-	30	-	-	-
MAHLE Filtre Sistemleri A.S.	78	60	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	76	60	-	-	-	-	-	-	-	-
MAHLE Filter Systems North America Inc	66	60	-	-	-	-	-	1,177	-	-
MAHLE Engine Comp. Slovakia S.R.O.	58	60	-	-	-	-	1,977	-	4	-
MAHLE Japan Ltd.	46	60	-	-	-	-	-	40	-	-
MAHLE Trading Japan Co. Ltd.	29	60	-	-	-	-	41	52	364	-
MAHLE Letrika D.O.O.	19	60	-	477	-	60	(1)	55	1,564	6
MAHLE Ventiltrieb GmbH	19	60	-	-	-	-	149	-	-	-
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	3	-	-
MAHLE Technologies Holding (China) Co., Ltd.	2	60	-	-	-	-	-	-	-	-
MAHLE Aftermarket S.L.	2	60	-	-	-	-	-	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	2,500	-	60	-	-	-	-
MAHLE Filtersysteme GmbH	-	-	-	948	-	60	-	3	-	817
MAHLE Filtersysteme Austria GmbH	-	-	-	864	-	60	-	-	2,797	202
MAHLE Indústria e Comércio Ltda.	-	-	-	562	7,419	60	-	-	-	5,057
MAHLE Filter Systems Japan Corporation	-	-	-	281	-	60	-	-	1,026	26
MAHLE Letrika (Suzhou) Automotive	-	-	-	255	-	60	-	60	1,982	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	161	-	60	-	-	159	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	122	-	60	5,504	-	71	-
MAHLE Componente de Motor SRL	-	-	-	74	-	60	-	-	205	-
MAHLE Holding Austria GmbH	-	-	40,743	28	-	60	-	-	-	-
MAHLE Engine Comp. Inc	-	-	-	20	-	60	4	-	-	21
MAHLE Polska Spolka Z.0.0	-	-	-	-	-	-	347	-	-	-
MAHLE Aftermarket Pte Ltd.	-	-	-	-	-	-	-	2	4,677	-
MAHLE Trading (Shangai) Co.Ltd.	-	-	-	-	-	-	-	(3)	1,113	2
MAHLE Filter Systems Philippines Corporation	-	-	-	-	-	-	-	-	313	-
MAHLE Filtersysteme France SAS	-	-	-	-	-	-	-	-	70	-
MAHLE India Pistons Ltd.	-	-	-	-	-	-	1,258	-	-	-
MAHLE Technologies Rus O.O.O.	-	-	-	-	-	-	1,030	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	1,236	60	-	-	-	-
Other	-	-	-	-	-	-	10	-	228	6
Total related companies	73,359		40,743	42,071	8,655		342,313	22,974	33,038	39,100
Total related parties	73,359		40,743	42,071	8,655		342,313	22,974	33,038	39,100

* This includes brand license of RS 8,568

** Realization of term days refers to current assets and current liabilities

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The business transactions with related parties relate mainly to the purchase and sale of products and services directly related to the Group's operating activities.

At September 30, 2019, the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. has a balance with the Company of R\$ 6,670 (loan agreement in the amount of R\$ 16,546, with interest rate at 115% of the CDI and provision for losses on investees in the amount of (-) R\$ 9,576). The Company expects to recover this loan via cash flows from the financial asset.

The subsidiary MAHLE Metal Leve GmbH has a daily cash management contract with MAHLE Holding Austria GmbH, subject to interest based on Eonia (Euro OverNight Index Average) + 1.15% p.a., with no definite maturity date. At September 30, 2019, the subsidiary has a balance payable of R\$ 26,678 arising from these transactions (balance receivable of R\$ 40,743 at December 31, 2018).

Since February 15, 2012, the Company has had a brand licensing agreement with its parent company MAHLE GmbH, which is registered with the National Institute of Industrial Property, in which the licensor establishes the payment of royalties of up to 1% of net sales revenue and the Company is authorized to manufacture and distribute products using the brand "MAHLE". At September 30, 2019, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 8,052 (September 30, 2018 - R\$ 7,734) and in the consolidated accounts in the amount of R\$ 8,787 (September 30, 2018 - R\$ 8,568).

Parent company and ultimate parent company

The Company's direct parent company is established as a limited liability company and its corporate name is MAHLE Indústria e Comércio Ltda.

MAHLE Industriebeteiligungen GmbH is the Group's ultimate parent company, established as a limited liability company with its head office in the city of Stuttgart, in the Federal Republic of Germany.

Dividends and interest on capital receivable

The breakdown of dividends and interest on capital receivable from subsidiaries is presented below:

	Parent company				
	12.31.2018	Provision	Receipt	Exchange variation	09.30.2019
MAHLE Metal Leve GmbH	60,724	58,281	(82,099)	1,736	38,642
	60,724	58,281	(82,099)	1,736	38,642

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Dividends and interest on capital payable

The breakdown of dividends and interest on capital payable is presented below:

	Parent company and consolidated				
	Balance 12.31.2018	Addition	Payment	Prescribed dividends and interest on capital	Balance 09.30.2019
MAHLE Indústria e Comércio Ltda.	7,419	115,336	(122,755)	-	-
MAHLE Industriebeteiligungen GmbH.	1,236	19,223	(20,459)	-	-
Non-controlling	4,625	57,669	(61,407)	(154)	733
Total	13,280	192,228	(204,621)	(154)	733

Management compensation

The compensation of the key management personnel, which comprises the executive officers and the Board of Directors, includes salaries, fees, variable benefits and and termination pay.

	Parent company and consolidated			
	2019		2018	
	3Q2019	9 months	3Q2018	9 months
Statutory officers	1,328	4,524	1,516	4,470
Non-statutory officers	1,565	4,228	2,093	8,129
	2,893	8,752	3,609	12,599

The officers receive no share-based compensation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

11 Income tax and social contribution

Income tax and social contribution are calculated at the statutory rates.

a. Reconciliation of income tax and social contribution expense

The reconciliation of the amount that results from applying the combined statutory tax rates with the income tax and social contribution expense recorded in the statement of profit or loss is as follows:

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Profit before income tax and social contribution after interest on capital	88,051	250,268	110,659	277,345
Income tax and social contribution at the statutory rate in Brazil (34%)	(29,937)	(85,091)	(37,624)	(94,297)
Effects of permanent differences:				
Equity in the results of investees	5,977	13,588	8,469	29,566
Gain on monetary items, net	4,078	14,541	8,806	8,806
Other, net	1,106	(441)	1,912	2,391
Total income tax and social contribution	(18,776)	(57,403)	(18,437)	(53,534)
Current income tax and social contribution	(21,185)	(56,785)	(16,931)	(73,406)
Deferred income tax and social contribution	2,409	(618)	(1,506)	19,872
	(18,776)	(57,403)	(18,437)	(53,534)
	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Profit before income tax and social contribution after interest on capital	94,880	266,037	118,548	297,179
Income tax and social contribution at the statutory rate in Brazil (34%)	(32,259)	(90,453)	(40,306)	(101,041)
Effects of permanent differences:				
Equity in the results of investees	(11)	(26)	(32)	(28)
Gain on monetary items, net	3,217	11,841	8,806	8,806
Loss for the year for which no deferred tax asset was recognized	(139)	(1,706)	1,535	1,202
Other, net	3,447	4,821	5,583	19,066
Total income tax and social contribution	(25,745)	(75,523)	(24,414)	(71,995)
Current income tax and social contribution	(26,694)	(68,217)	(22,715)	(92,110)
Deferred income tax and social contribution	949	(7,306)	(1,699)	20,115
	(25,745)	(75,523)	(24,414)	(71,995)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b. Recognized deferred tax assets and liabilities

Deferred income tax and social contribution were calculated on temporarily non-deductible provision.

i. Breakdown of deferred tax assets and liabilities:

	Parent company			
	Assets		Liabilities	
	Balance in 09.30.2019	Balance in 12.31.2018	Balance in 09.30.2019	Balance in 12.31.2018
Property, plant and equipment	-	-	(32,136)	(35,388)
Intangible assets	-	-	(104,212)	(104,213)
Derivatives	2,700	1,777	-	-
Inventory	9,730	10,656	-	-
Provision labor risks	70,461	82,377	-	-
Other provision	65,550	57,589	-	-
Tax (assets) liabilities	148,441	152,399	(136,348)	(139,601)
Amount eligible for offsetting	(136,348)	(139,601)	136,348	139,601
Net tax (assets) liabilities	12,093	12,798	-	(0)

	Consolidated			
	Assets		Liabilities	
	Balance in 09.30.2019	Balance in 12.31.2018	Balance in 09.30.2019	Balance in 12.31.2018
Property, plant and equipment	-	-	(39,114)	(42,116)
Intangible assets	-	-	(104,212)	(104,213)
Derivatives	2,700	1,777	-	-
Inventory	7,815	10,675	-	-
Provision labor risks	70,461	82,377	-	-
Other provision	66,359	60,475	-	-
Tax (assets) liabilities	147,335	155,304	(143,326)	(146,329)
Amount eligible for offsetting	(134,917)	(142,054)	134,917	142,054
Net tax (assets) liabilities	12,418	13,250	(8,409)	(4,275)

Deferred income tax and social contribution assets are recognized to the extent that it is probable future taxable profit will be available to utilize temporary differences, considering projections of future results based on internal assumptions.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

In the parent company and consolidated financial statements, the deferred tax asset was offset against the deferred tax liability when they related to the same tax authority and the same taxable entity.

ii. Changes in temporary differences:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	12,798	8,975
(+) Recognized in profit or loss (note	(618)	(7,306)
(+) Recognized in other comprehensive income	(87)	2,340
At September 30, 2019	12,093	4,009

12 Investments in subsidiaries

	09.30.2019				
	Investments accounted for using the equity method	Goodwill based on expected future profitability	Impairment	Elimination of profit on inventory (Balance at 09/30/2019)	Total
MAHLE Argentina S.A.	117,829	59,549	(38,408)	(1,924)	137,046
MAHLE Metal Leve GmbH	47,892	-	-	(3,083)	44,809
Innoferm Tecnologia Ltda.	3,928	-	-	(3,493)	435
MAHLE Hirschvogel Forjas S.A.	639	35,755	(35,755)	-	639
Total	170,288	95,304	(74,163)	(8,500)	182,929
	12.31.2018				
	Investments accounted for using the equity method	Goodwill based on expected future profitability	Impairment	Elimination of profit on inventory (Balance at 12/31/2018)	Total
MAHLE Argentina S.A.	124,371	59,549	(38,408)	(1,989)	143,523
MAHLE Metal Leve GmbH	51,246	-	-	(2,573)	48,673
Innoferm Tecnologia Ltda.	4,005	-	-	(3,493)	512
MAHLE Hirschvogel Forjas S.A.	2,573	35,755	(35,755)	-	2,573
Total	182,195	95,304	(74,163)	(8,055)	195,281

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Interest (%)	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Equity	Net revenue	Profit (loss) for the period
September 30, 2019										
(9M 2019)										
Subsidiaries										
MAHLE Argentina S.A.	99.20	154,011	55,764	209,775	81,792	9,203	90,995	118,780	288,610	(11,452)
MAHLE Metal Leve GmbH	100.00	127,687	34,244	161,931	114,039	-	114,039	47,892	361,570	54,520
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,445	5	1,450	906	6,928	7,834	(6,384)	2,239	(1,231)
MAHLE Hirschvogel Forjas S.A.	51.00	2,574	6,206	8,780	1,155	6,373	7,528	1,252	-	(3,794)
Subtotal subsidiaries		285,717	96,219	381,936	197,892	22,504	220,396	161,540	652,419	38,043
Related companies										
Innoferm Tecnologia Ltda.	33.33	2,334	9,675	12,009	11	212	223	11,787	-	(229)
Subtotal related companies		2,334	9,675	12,009	11	212	223	11,787	-	(229)
Total		288,051	105,894	393,945	197,903	22,716	220,619	173,327	652,419	37,814
December 31, 2018										
(FY 2018)										
Subsidiaries										
MAHLE Argentina S.A.	99.20	154,165	56,021	210,186	83,969	843	84,812	125,374	378,196	15,661
MAHLE Metal Leve GmbH	100.00	120,727	48,521	169,248	118,002	-	118,002	51,246	525,433	80,457
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,149	9	1,158	720	15,166	15,886	(14,728)	2,184	(1,660)
MAHLE Industry do Brasil Ltda.	99.99	-	-	-	0	-	-	-	30,888	667
MAHLE Hirschvogel Forjas S.A.	51.00	4,708	8,442	13,150	2,102	6,003	8,105	5,045	93	4,166
Subtotal subsidiaries		280,749	112,993	393,742	204,793	22,012	226,805	166,937	936,794	99,291
Related companies										
Innoferm Tecnologia Ltda.	33.33	2,609	9,683	12,292	11	266	277	12,015	-	(338)
Subtotal related companies		2,609	9,683	12,292	11	266	277	12,015	-	(338)
Total		283,358	122,676	406,034	204,804	22,278	227,082	178,952	936,794	98,953
September 30, 2018										
(9M 2018)										
Subsidiaries										
MAHLE Argentina S.A.	99.20	135,999	52,942	188,941	83,680	1,331	85,011	103,930	278,767	17,674
MAHLE Metal Leve GmbH	100.00	154,062	22,827	176,889	121,925	-	121,925	54,964	411,952	69,185
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,288	10	1,298	754	14,952	15,706	(14,408)	1,645	(1,340)
MAHLE Industry do Brasil Ltda.	99.99	28,888	5,058	33,946	7,020	16,352	23,372	10,574	24,523	252
MAHLE Hirschvogel Forjas S.A.	51.00	9,565	8,822	18,387	2,042	11,637	13,679	4,708	93	3,892
Subtotal subsidiaries		329,802	89,659	419,461	215,421	44,272	259,693	159,768	716,980	89,663
Related companies										
Innoferm Tecnologia Ltda.	33.33	2,719	9,683	12,402	29	266	295	12,107	-	(247)
Subtotal related companies		2,719	9,683	12,402	29	266	295	12,107	-	(247)
Total		332,521	99,342	431,863	215,450	44,538	259,988	171,875	716,980	89,416

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Interest in equity				
	Investments	Equity in the results of subsidiaries	Provision for loss (effect on profit or loss)	Elimination of profit on inventory /other assets (equity)	Provision for impairment of investments
September 30, 2019					
	(9M 2019)				
Subsidiaries					
MAHLE Argentina S.A.	117,829	(11,360)	-	65	-
MAHLE Metal Leve GmbH	47,892	54,520	-	(510)	-
MAHLE Filtröil Ind. e Com. de Filtros Ltda.	-	-	(739)	-	-
MAHLE Hirschvogel Forjas S.A.	639	(1,935)	-	-	-
Subtotal subsidiaries	166,360	41,225	(739)	(445)	-
Related companies					
Innoferm Tecnologia Ltda.	3,928	(76)	-	-	-
Subtotal related companies	3,928	(76)	-	-	-
Total	170,288	41,149	(739)	(445)	-
December 31, 2018					
	(FY 2018)				
Subsidiaries					
MAHLE Argentina S.A.	124,371	15,535	-	(2)	-
MAHLE Metal Leve GmbH	51,246	80,457	-	(119)	-
MAHLE Filtröil Ind. e Com. de Filtros Ltda.	-	-	(996)	-	(8,837)
MAHLE Industry do Brasil Ltda.	-	667	-	-	-
MAHLE Hirschvogel Forjas S.A.	2,573	2,125	-	-	-
Subtotal subsidiaries	178,190	98,784	(996)	(121)	(8,837)
Related companies					
Innoferm Tecnologia Ltda.	4,005	-	(113)	-	-
Subtotal related companies	4,005	-	(113)	-	-
Total	182,195	98,784	(1,109)	(121)	(8,837)
September 30, 2018					
	(9M 2018)				
Subsidiaries					
MAHLE Argentina S.A.	103,322	17,414	-	48	-
MAHLE Metal Leve GmbH	54,964	69,185	-	(1,040)	-
MAHLE Filtröil Ind. e Com. de Filtros Ltda.	-	-	(804)	-	(8,646)
MAHLE Industry do Brasil Ltda.	10,573	252	-	-	-
MAHLE Hirschvogel Forjas S.A.	2,401	1,985	-	-	-
Subtotal subsidiaries	171,260	88,836	(804)	(992)	(8,646)
Related companies					
Innoferm Tecnologia Ltda.	4,036	(82)	-	-	-
Subtotal related companies	4,036	(82)	-	-	-
Total	175,296	88,754	(804)	(992)	(8,646)

The subsidiaries belong to the engine component segment, except the subsidiary MAHLE Filtröil Indústria e Comércio de Filtros Ltda.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

MAHLE Argentina S.A.

As mentioned in Note 14, the Company has made provision for the impairment of the goodwill on the acquisition of this subsidiary in the amount of R\$ 38,408.

MAHLE Filtróil Indústria e Comércio de Filtros Ltda.

In order to improve disclosures, at September 30, 2019, the Company reclassified the amount of R\$ 9,576 from provision for losses on investees to intercompany loans in accordance with CPC 18 / IAS 28 Investments in associates and joint ventures.

At December 31, 2018, the interest in the net capital deficiency of the subsidiary MAHLE Filtróil Indústria e Comércio de Filtros Ltda. was R\$ 8,837 and this was recorded in non-current liabilities within "provision for subsidiary's net capital deficiency".

At September 30, 2019 and December 31, 2018, the subsidiary has a loan agreement with the Company as stated in Note 10 – Related parties.

The subsidiary has suffered recurring operating losses and experienced a working capital deficiency and a consequent increase in indebtedness. Since June 2009, several lawsuits have been filed involving the subsidiary's quotaholders with respect to its commercial, financial and administrative management, in addition to an action for dissolution of the subsidiary that was initiated because of a capital increase proposed by the Company but not accepted by the non-controlling quotaholder to resolve the working capital deficit of the subsidiary.

Although the action for dissolution of the subsidiary has been judged in favor of the Company by the lower court, management has concluded, based on its judgment about the possibility of the non-controlling quotaholder filing an appeal to the Superior Court, that the subsidiary has the ability to continue in operational existence for the foreseeable period of more than 12 months from the date of the approval of these financial statements, and, therefore, it is not anticipated that any material losses will arise, other than those already recognized in the financial statements of the parent company. For this reason, the going-concern basis was adopted in preparing the financial statements.

MAHLE Hirschvogel Forjas S.A.

At September 30, 2019, the share of equity in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 639 (R\$ 2,573 at December 31, 2018), which is recorded in current assets as "Investments in subsidiaries".

The financial statements of the subsidiary MAHLE Hirschvogel Forjas S.A. have been prepared assuming that the subsidiary will not continue as a going concern and its assets and liabilities are stated at liquidation value. Because the balances of this subsidiary are immaterial for the Group, NBC TG 31 (CPC 31) – Discontinued Operations / IFRS 5 – Presentation and disclosure of discontinued operations does not apply.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

MAHLE Industry do Brasil Ltda

On November 30, 2018, the subsidiary MAHLE Industry do Brasil Ltda. was merged into its parent MAHLE Metal Leve S.A., resulting in simplification of the corporate structure and consolidation of the operations of the two companies, generating synergy benefits through technical and operating cost reduction and benefits to shareholders and the market in which the companies operate.

Innoferm Tecnologia Ltda.

On August 25, 2015, the company Innoferm Tecnologia Ltda. was founded, in the share capital of which MAHLE Metal Leve S.A. has a stake of 33.3%, totaling 1,000,000 (one million) shares with a face value of R\$ 0.01 (one cent real), totaling R\$ 10.

With the approval of $\frac{3}{4}$ of the share capital, the company may open branches, agencies and offices anywhere in the country, fulfilling the applicable legislation, with unlimited duration. It is based in the city of Mogi Guaçu, State of São Paulo.

Innoferm is engaged in the development and commercialization of technologies related to the production of ethanol and the assignment of exploration rights in general and related applications in the ethanol production cycle via biomass and other underlying technologies.

This investment is recorded and evaluated by the equity method and recognized in the income statement.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

13 Property, plant and equipment

	Parent company									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets (IFRS 16)	Total
At December 31, 2018	52,454	97,001	431,571	4,021	4,713	4,150	3,522	(3,414)	-	594,018
Total cost	52,454	230,485	2,005,716	25,066	24,587	4,150	3,522	(3,414)	-	2,342,566
Accumulated depreciation	-	(133,484)	(1,574,145)	(21,045)	(19,874)	-	-	-	-	(1,748,548)
Net book value	52,454	97,001	431,571	4,021	4,713	4,150	3,522	(3,414)	-	594,018
Initial adoption (IFRS 16)	-	-	-	-	-	-	-	-	23,435	23,435
At January 1, 2019	52,454	97,001	431,571	4,021	4,713	4,150	3,522	(3,414)	23,435	617,453
Additions	-	-	34,673	371	372	3,344	4,270	-	-	43,030
Write-offs	-	-	(41)	(2)	(292)	-	-	(157)	(1,885)	(2,377)
Transfer	-	(51)	11,732	-	-	(7,359)	(4,329)	7	-	-
Depreciation	-	(3,702)	(53,858)	(560)	(1,114)	-	-	-	(4,443)	(63,677)
Depreciation/write-off (deemed cost)	-	(1,909)	(175)	(6)	-	-	-	-	-	(2,090)
At September 30, 2019	52,454	91,339	423,902	3,824	3,679	135	3,463	(3,564)	17,107	592,339
Total cost	52,454	230,434	2,045,448	24,586	23,575	135	3,463	(3,564)	21,550	2,398,081
Accumulated depreciation	-	(139,095)	(1,621,546)	(20,762)	(19,896)	-	-	-	(4,443)	(1,805,742)
Net book value	52,454	91,339	423,902	3,824	3,679	135	3,463	(3,564)	17,107	592,339

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets (IFRS 16)	Total
At December 31, 2018	52,561	105,270	473,063	4,259	5,588	4,150	4,261	(3,636)	-	645,516
Total cost	52,561	241,530	2,142,391	25,538	30,043	4,150	4,261	(3,636)	-	2,496,838
Accumulated depreciation	-	(136,260)	(1,669,328)	(21,279)	(24,455)	-	-	-	-	(1,851,322)
Net book value	52,561	105,270	473,063	4,259	5,588	4,150	4,261	(3,636)	-	645,516
Initial adoption (IFRS 16)	-	-	-	-	-	-	-	-	23,435	23,435
At January 1, 2019	52,561	105,270	473,063	4,259	5,588	4,150	4,261	(3,636)	23,435	668,951
Additions	-	219	36,076	384	486	3,344	10,546	-	-	51,055
Write-offs	-	-	(89)	(3)	(317)	-	-	(157)	(1,885)	(2,451)
Transfer	-	(68)	17,241	(25)	-	(7,359)	(9,796)	7	-	-
Depreciation	-	(3,736)	(55,849)	(578)	(1,171)	-	-	-	(4,443)	(65,777)
Depreciation/write-off (deemed cost)	-	(1,909)	(175)	(6)	-	-	-	-	-	(2,090)
Monetary correction - IAS29	-	2,204	7,852	-	15	-	(95)	-	-	9,976
Foreign exchange variation	(32)	(2,796)	(14,122)	(62)	(318)	-	(377)	66	-	(17,641)
At September 30, 2019	52,529	99,184	463,997	3,969	4,283	135	4,539	(3,720)	17,107	642,023
Total cost	52,529	241,039	2,179,370	24,910	28,573	135	4,539	(3,720)	21,550	2,548,925
Accumulated depreciation	-	(141,855)	(1,715,373)	(20,941)	(24,290)	-	-	-	(4,443)	(1,906,902)
Net book value	52,529	99,184	463,997	3,969	4,283	135	4,539	(3,720)	17,107	642,023

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Deemed cost

Changes in deemed cost

	Parent Company and Consolidated		
		Depreciation/w rite-off	
	12.31.2018	(deemed cost)	09.30.2019
Land	46,905	-	46,905
Buildings and construction	40,488	(1,909)	38,579
Machinery, equipment and facilities	1,953	(175)	1,778
Furniture and fittings	23	(6)	17
Vehicles	(147)	-	(147)
	89,222	(2,090)	87,132

The annual depreciation rates of the property, plant and equipment items at September 30, 2019 are equal to the rates presented at December 31, 2018.

Guarantees

The Group offered items of its property, plant and equipment as collateral for borrowings and tax and labor lawsuits, in the amount of R\$ 6,673 in the consolidated accounts at September 30, 2019 (R\$ 6.759 at December 31, 2018). These items comprise machinery and equipment.

Provision for impairment

The Group has recorded provision at an amount sufficient to cover any impairment losses on property, plant and equipment, which relates substantially to the group of machinery and equipment and is recorded in the parent company and consolidated accounts of property, plant and equipment in accordance with the requirements set out in NBC TG 01 (CPC 01) - (R1)/IAS 36 "Impairment of assets". The parent company and consolidated balance of the provision for losses at September 30, 2019 is R\$ 3,564 (R\$ 3,414 at December 31, 2018) and R\$ 3,720 (R\$ 3,636 at December 31, 2018), respectively.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

14 Intangible assets

	Annual amortization rates (%)	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Goodwill on merger with subsidiary:					
MAHLE Participações Ltda. (a)	-	568,612	568,612	568,612	568,612
Goodwill on acquisition of subsidiaries:					
MAHLE Argentina S.A. (a)	-	-	-	65,840	65,696
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	50,006	48,776	51,728	50,707
Other (a and b)	-	6,374	1,148	7,289	2,445
Usage right and concessions (a) (*)	-	5,665	17,665	5,665	17,665
Usage right and concessions (b) (**)	20	54,351	43,947	54,351	43,947
Provision for impairment of intangible assets (<i>Oring businnes</i>)	-	(188,654)	(188,654)	(188,654)	(188,654)
Provision for impairment of intangible assets (<i>MAHLE Argentina S.A.</i>)	-	-	-	(38,408)	(38,408)
Provision for impairment of intangible assets (<i>MAHLE Hirschvogel Forjas S.A.</i>)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		496,020	491,160	526,080	521,667
Accumulated amortization		(53,368)	(51,658)	(55,889)	(54,787)
		442,652	439,502	470,191	466,880

(a) Indefinite useful life

(b) finite useful life

(*) Of the amount relating to usage right and concessions (b), R\$ 42,171 refers to costs associated with the development of technology for MBE2 project and R\$ 12,000 refers to the exclusive rights to the production and sale of MBE2 products.

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(in thousand of reais)

Statement of changes in intangible assets

	Parent company				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2018	379,958	3,975	55,569	-	439,502
Additions	-	1,288	4,445	-	5,733
Amortization	-	(1,405)	(1,178)	-	(2,583)
At September 30, 2019	379,958	3,858	58,836	-	442,652
	Consolidated				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2018	407,245	4,021	55,569	45	466,880
Additions	-	1,345	4,445	-	5,790
Amortization	-	(1,420)	(1,178)	-	(2,598)
Monetary correction - IAS29	-	6	-	-	6
Foreign exchange variation	145	(18)	-	(14)	113
At September 30, 2019	407,390	3,934	58,836	31	470,191

Impairment

The Company's management continuously monitors the activities and did not detect substantial changes in their operational performance in the first nine months of 2019 of the subsidiaries which could justify a change in the previously recorded impairment amounts.

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15 Trade and related-party payables

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Suppliers - Third Party				
Raw material	70,599	64,298	96,816	93,760
Services	17,531	20,268	17,624	21,008
	88,130	84,566	114,440	114,768
Related parties (Note 10)	53,743	41,442	64,184	42,071
	141,873	126,008	178,624	156,839

The Group's exposure to currency and liquidity risks in connection with accounts payable to suppliers is disclosed in Note 31.

16 Taxes and contributions payable

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
State taxes	11,456	11,005	12,153	11,248
ICMS payable	11,456	11,005	11,485	11,017
Other	-	-	668	231
Federal taxes	12,189	13,109	15,056	16,226
COFINS payable	-	391	17	400
IPI payable	3,847	3,715	5,194	5,903
Import tax	-	4,690	-	4,988
IRRF	1,970	4,226	1,984	4,250
PIS payable	-	66	4	68
Other	6,372	21	7,857	617
Municipal taxes	-	-	71	52
Taxes and contributions payable	23,645	24,114	27,280	27,526
Income tax and social contribution	9,106	334	18,557	23,573
Income tax and social contribution payable	9,106	334	18,557	23,573
Current liabilities	32,751	24,448	45,837	51,099

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17 Borrowings and lease liabilities

a) Borrowings

Description	Average cost	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Borrowings in local currency (R\$)					
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 6.00% p.a.)	4.95%	125,436	146,314	125,436	146,314
BNDES (TJLP+ 1,5% p.a.)	7.45%	15,203	13,778	15,203	13,778
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 5.00% p.a.)	5.95%	75,942	-	75,942	-
	5.48%	216,581	160,092	216,581	160,092
Borrowings in foreign currency					
		Currency			
ACC (average interest 5,02% a.a)	5.02%	USD (expressed in R\$)	-	-	22,158
Over Draft (average interest 93,41% a.a.)	93.41%	ARS (expressed in R\$)			6,641
ACC (average interest 0,33% a.a)	0.33%	EUR (expressed in R\$)	150,097	111,170	150,097
	4.64%		150,097	111,170	178,896
	4.97%		366,678	271,262	395,477
Current - borrowings in local currency			29,278	28,852	29,278
Current - borrowings in foreign currency			150,097	111,170	178,896
Total current			179,375	140,022	208,174
Non-current - borrowings in local currency			187,303	131,240	187,303
Non-current - borrowings in foreign currency			-	-	-
Total non-current			187,303	131,240	187,303

In the first nine months of 2019, the parent company took bank loans on the order of R\$ 220.751 as follows:

- January 2019 R\$ 75,592 - FINEP subject to TJLP p.a. (6.26% p.a. at June 30, 2019). Grace period of 36 months for principal and 109 monthly installments due and payable from December 15, 2021 through December 15, 2030;
- May 2019 BRL 1,369 – BNDES subject to TJLP p.a. + 1.5% p.a. (7.76% p.a. at June 30, 2019). Grace period of 24 months for principal and 96 monthly installments due and payable from May 15, 2021 through April 15, 2029;
- April and May 2019 EUR 25.000– ACC / NCE subject to average interest rate of 0.33% p.a., maturing between October 2019 and January 2020.
- August 2019 EUR 8,000 – ACC with an average cost of 0.305% p.a. Maturity between May and June 2020.

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(in thousand of reais)

The subsidiary in Argentina took bank loans on the order of R\$ 66,300, as follows:

- January to June 2019 USD 10,600 - ACC subject to average interest rate of 3.79% p.a., maturing between February and September 2019.
- July to September 2019 USD 5,300 - ACC with an average cost of 5.02% p.a. Maturity between October 2019 and January 2020.
- September 2019 ARS 91,800 – overdraft account with an average cost of 93.41% p.a. Maturity in October 2019.

Reconciliation of changes in equity with proceeds from borrowings:

Changes in borrowings in first nine months of 2019 were as follows:

Parent company							
12.31.2018	Addition	Monetary Variation	Exchange Variation	Principal Amortization	Amortization Interest	Appropriation of interest	06.30.2019
271,262	220,752	619	2,376	(129,939)	(8,615)	10,223	366,678

Consolidated							
12.31.2018	Addition	Monetary Variation	Exchange Variation	Principal Amortization	Amortization Interest	Appropriation of interest	06.30.2019
291,621	287,039	619	4,431	(189,875)	(9,549)	11,191	395,477

At September 30, 2019, long-term borrowings mature as follows:

Parent company and consolidated	
09.30.2019	
From October 2020	6,809
2021	30,287
2022	38,557
2023	38,557
2024	14,937
2025	10,213
2026	10,213
2027	10,213
2028	10,213
2029	8,965
2030	8,339
	187,303

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Restrictive covenants

FINEP I: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 64%) the expenses incurred in several projects of the program "Innovation in MAHLE Components and Systems", and is collateralized by a bank guarantee with maturity on August 30, 2021. This financing is based on the TJLP interest rate (5.95 % p.a. as at September 30, 2019) plus a bank spread of 5% p.a. less an equalization rate of 6% p.a. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the project.

BNDES: This financing was obtained from the National Bank for Economic and Social Development (BNDES) and was used in the development and construction of a first-generation ethanol plant to demonstrate the economic viability of the MBE2 technology, a solution which increases the production of ethanol. It is collateralized by a bank guarantee with maturity on October 15, 2029 and is subject to TJLP (September 30, 2019 – 5.95% p.a.) plus spread of 1.5% p.a. This agreement contains certain covenants that, if breached, can result in acceleration of maturity, as follows: use of the money for purpose other than that specified in the agreement, change in control of the Company, delay in any payment to BNDES, provision by the Company of inaccurate information to BNDES and suspension of the project.

FINEP II: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 90%) the expenses incurred in several projects of the program "Strategic plan for innovation", and is collateralized by a bank guarantee with maturity on January 21, 2021. This financing is based on the TJLP interest rate (5.95 % p.a. as at September 30, 2019) plus a bank spread of 5% p.a. less an equalization rate of 4.5% p.a. and an additional interest equalization reduction of 0.5% p.a. for provision of bank guarantee. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the project.

At September 30, 2019, there was no delinquency in principal or interest payments and no breach of the terms of the contracts with FINEP and BNDES.

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b) Lease obligations

The lease obligations and the amounts falling due under eligible contracts as per CPC 06 (R2) / IFRS 16 are as follows:

30 days	462
31 to 90 days	925
91 to 365 days	4,161
from April 1, 2020	4,161
2021	5,548
2022	1,850
Total	17,107
Current	5,548
Long-term	11,559
Total	17,107

Changes in lease liability were as follows:

Adoption of IFRS 16 / CPC 06 (R2)	23,435
Balance at January 1, 2019	23,435
Write off	(1,885)
Lease payments	(4,936)
Recovery of taxes (PIS/COFINS)	(282)
Interest	775
Balance at September 30, 2019	17,107

18 Salaries, vacation pay and social charges

	Parent company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Employee profit sharing	17,379	27,622	18,193	28,957
Accrued vacation pay / 13th month salary	72,023	33,189	76,814	37,154
INSS /FGTS	10,759	12,767	10,779	12,791
Other social security obligations	318	239	2,838	3,434
	100,479	73,817	108,624	82,336

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(in thousand of reais)

19 Sundry provision

	Parent company					
	Losses on contracts	Commercial bonuses	Electric power	Employee benefits	Other	Total
At December 31, 2018	8,589	9,268	6,274	3,023	1,943	29,097
Reversal	-	(819)	(6,274)	-	(1,330)	(8,423)
Payment	-	(11,162)	-	-	(1,236)	(12,398)
Complement	-	14,169	7,786	1,376	1,267	24,598
At September 30, 2019	8,589	11,456	7,786	4,399	644	32,874

	Consolidated						
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Other	Total
At December 31, 2018	9,854	9,269	961	6,797	3,023	2,530	32,434
Reversal	-	(819)	-	(6,797)	-	(1,330)	(8,946)
Payment	(262)	(11,162)	(66)	-	-	(1,518)	(13,008)
Complement	-	14,166	386	8,291	1,378	1,964	26,185
Foreign exchange variation	(375)	-	-	-	-	(224)	(599)
At September 30, 2019	9,217	11,454	1,281	8,291	4,401	1,422	36,066

20 Provision for warranties

The Group guarantees the quality of its products, assuming responsibility for providing replacements and repairs for customers for defective products.

	Parent company	Consolidated
At December 31, 2018	11,121	13,309
Reversal	(1,699)	(1,811)
Payment	(2,069)	(2,288)
Complement	881	1,540
Foreign exchange variation	-	(49)
At September 30, 2019	8,234	10,701

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21 Provision for contingencies and judicial deposits linked to judicial proceedings

The Group is a party to civil, labor and tax proceedings in progress both at the administrative and judicial level, which, when applicable, are supported by judicial deposits. The respective provision for contingencies was recorded considering the estimates made by the legal advisors for proceedings in which the likelihood of loss on the respective outcomes was assessed as probable and other unrelated legal obligations.

According to management's assessment, contingencies are as follows:

	Parent company				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2018	242,285	53,960	5,863	(51,036)	251,072
Additions	63,890	-	4,230	(5,545)	62,575
Monetary restatements	16,423	1,846	-	(846)	17,423
Write-off for use	(33,091)	-	(914)	4,660	(29,345)
Write-off for reversal	(82,268)	(73)	-	2,001	(80,340)
Transfer	-	-	-	2,396	2,396
At September 30, 2019	207,239	55,733	9,179	(48,370)	223,781

	Consolidated				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2018	259,167	53,959	5,863	(60,935)	258,054
Additions	66,663	-	4,230	(7,278)	63,615
Monetary restatements	17,447	1,846	-	(777)	18,516
Write-off for use	(38,832)	-	(915)	6,443	(33,304)
Write-off for reversal	(84,850)	(73)	-	4,532	(80,391)
Transfer	-	-	-	2,413	2,413
Foreign exchange variation	(277)	-	-	-	(277)
At September 30, 2019	219,318	55,732	9,178	(55,602)	228,626

The civil provision is related to consumer relations, compensation claims for commercial representation and distribution, service providers, work accidents and professional fees.

The labor provision relates mainly of claims filed by former employees for sums of money resulting from employment relationships and various suits for damages. The reversals are due to settlement agreements made with claimants.

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Transfers relate to judicial deposits not related to the balance of provision for contingencies, and therefore, they are reclassified to other asset accounts.

The tax provision with respect to PIS, COFINS, ICMS, IPI, social security, royalties and drawbacks relates mainly to state and federal procedural assessments that are already being heard in court or not. They refer mainly to litigation with respect to the appropriate interpretation of the tax legislation.

The environmental provision relates mainly to the projection of expenditure required to preserve environmental areas used by the Group.

The main indexes for monetarily restating the contingencies are the basic interest rate (SELIC) and the monetary restatement indexes provided by the Superior Labor Court and law courts, when applicable.

Proceedings involving the risk of possible loss

At September 30, 2019, the Group had labor, civil and tax proceedings brought before the proper authorities in the amount of R\$ 47,577 (December 31, 2018 - R\$ 56,903), which were assessed by the Group's management as having a risk of possible loss, and, therefore, were not provided for in the financial statements.

Contingent asset

The Company has a contingent asset related to a municipal incentive with a final court decision favorable to the Company, however, it is not possible at this time to determine with reasonable accuracy the credit amount to be received. This contingent asset will be periodically assessed to ensure that the developments are properly reflected in the financial statements in accordance with CPC 25/IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Administrative Council for Economic Defense (“CADE”)

The information regarding CADE was disclosed in the financial statements for the year ended December 31, 2018, which were issued on March 12, 2019.

Management continues monitoring this matter and will make required adjustments and disclosures whenever applicable. On February 2, 2018, the Company made a payment in the total of R\$ 17,518, for which a provision had already been recorded in the financial statements of 2017

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(in thousand of reais)

22 Equity

a. Share capital

At September 30, 2019 and December, 31 2018, subscribed and paid-up capital was represented by the following number of shares with no par value:

	<u>Number of shares</u>	
Mahle Indústria e Comércio Ltda.	76,985,132	60.0%
Mahle Industriebeteiligungen GmbH	12,830,850	10.0%
Non-controlling shareholders	<u>38,492,518</u>	<u>30.0%</u>
	<u>128,308,500</u>	<u>100.0%</u>

The Company is authorized to increase its capital up to the limit of R\$ 50,000,000 (fifty million) common shares, regardless of statutory reform, by resolution of the Board of Directors, which will determine the number of shares issued, the period of issuance and payment conditions.

On September 30, 2019, the market value of the Company's common shares corresponded the price of R\$ 23.73 per share (R\$ 25.12 on December 31, 2018).

There were no changes in the policies regarding dividends, interest on capital and revenue reserves in relation to those applied in the financial statements for the year ended December 31, 2018.

b. Other comprehensive income

Cumulative translation adjustments

The Company recognizes under this heading the cumulative effect of the currency translation of the financial statements of its subsidiaries that keep accounting records in a functional currency different from the parent company's functional currency. At September 30, 2019, the Company recorded cumulative translation adjustments of R\$ (-) R\$ 45,755 ((-) R\$ 53,568 at September 30, 2018).

This cumulative effect will be reversed in the statement of income as a gain or loss only in the event of the sale or write-off of the investment.

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Cumulative translation adjustments

- The effects of carrying value adjustments relating to the effective portion of gains or losses on cash flow hedges, which are recognized in September 30, 2019, net of taxes, at (+) R\$ 169 (At September 30, 2018 (-) R\$ 23,151) in the parent company and at (+) R\$ 9,042 (At September 30, 2018 (-) R\$ 42,260) in the consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 434 at September 30, 2019 (At September 30, 2018 - R\$ 952). The deemed cost is accrued to property, plant and equipment recorded in carrying value adjustments, according to the depreciation, disposal or write-off of the respective item of property, plant and equipment, against retained earnings.

23 Earnings per share

In compliance with CVM Resolution 636/2010 which approved Technical Pronouncement NBC TG 41 (CPC 41)-/"IAS 33 - Earnings per share", the Company presents the following information on earnings per share:

	<u>3Q2019</u>	<u>9M2019</u>	<u>3Q2018</u>	<u>9M2018</u>
Profit attributable to owners of the parent	<u>69,275</u>	<u>192,865</u>	<u>92,222</u>	<u>223,811</u>
Shares outstanding	<u>128,308,500</u>	<u>128,308,500</u>	<u>128,308,500</u>	<u>128,308,500</u>
Basic earnings per share (R\$ per share)	<u>0.53991</u>	<u>1.50314</u>	<u>0.71875</u>	<u>1.74432</u>

There are no diluted earnings per share for the Company.

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Notes to the interim financial statements

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24 Net operating revenue

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Gross revenue				
Products	686,372	2,023,079	732,444	2,024,825
Services	13,317	34,936	11,087	34,973
Total revenue with products + services	699,689	2,058,015	743,531	2,059,798
Deductions from sales:				
Taxes on sales	(150,158)	(432,402)	(158,087)	(423,675)
Discounts , returns and sales incentives	(10,783)	(27,743)	(9,852)	(28,078)
Net revenue	538,748	1,597,870	575,592	1,608,045
	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Gross revenue				
Products	814,402	2,412,523	886,970	2,440,114
Services	11,914	32,278	10,289	33,116
Total revenue with products + services	826,316	2,444,801	897,259	2,473,230
Deductions from sales:				
Taxes on sales	(150,374)	(432,986)	(159,016)	(426,413)
Discounts , returns and sales incentives	(30,409)	(81,281)	(27,909)	(89,569)
Net revenue	645,533	1,930,534	710,334	1,957,248

Revenue is derived from two markets: OEM, where customers are car makers, and Aftermarket, where customers are large auto parts distributors and engine overhaul companies.

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The following table shows sales by geographic market and by segment:

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Geographic market				
South America *included domestic market	397,323	1,122,401	373,810	1,017,122
Europe	112,892	373,335	151,051	419,926
Central and North America	23,026	82,572	42,426	133,419
Africa, Asia, Oceania and Middle East	5,507	19,562	8,305	37,578
	538,748	1,597,870	575,592	1,608,045
Revenue by market				
Original equipment	339,509	1,024,789	368,328	1,064,361
Aftermarket	199,239	573,081	207,264	543,684
	538,748	1,597,870	575,592	1,608,045
	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Geographic market				
South America *included domestic market	423,944	1,202,131	412,352	1,109,948
Europe	117,388	394,595	161,111	458,101
Central and North America	93,345	297,896	121,438	333,432
Africa, Asia, Oceania and Middle East	10,856	35,912	15,433	55,767
	645,533	1,930,534	710,334	1,957,248
Revenue by market				
Original equipment	419,489	1,285,921	467,292	1,334,291
Aftermarket	226,044	644,613	243,042	622,957
	645,533	1,930,534	710,334	1,957,248

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(in thousand of reais)

25 Cost of sales and services

Cost of sales and services by nature are as follows:

	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(124,900)	(374,811)	(126,259)	(381,507)
Raw material and others materials	(191,375)	(576,598)	(211,206)	(569,484)
Depreciation and amortization	(21,190)	(61,380)	(19,419)	(58,668)
Utilities and services	(41,977)	(124,774)	(46,757)	(131,350)
Other	(27,162)	(77,342)	(28,130)	(68,149)
Total	(406,604)	(1,214,905)	(431,771)	(1,209,158)

	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(135,359)	(409,053)	(140,003)	(426,941)
Raw material and others materials	(231,966)	(709,287)	(264,839)	(724,423)
Depreciation and amortization	(21,820)	(63,342)	(20,050)	(61,387)
Utilities and services	(44,929)	(135,145)	(50,174)	(142,129)
Other	(33,088)	(101,334)	(18,639)	(33,934)
Total	(467,162)	(1,418,161)	(493,705)	(1,388,814)

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26 Selling expenses

Selling expenses by nature are as follows:

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(10,977)	(32,049)	(11,048)	(31,564)
Freight	(9,911)	(27,769)	(9,885)	(30,792)
Brand license	(2,668)	(8,052)	(2,745)	(7,734)
Variable selling expenses	(1,571)	(4,057)	(1,637)	(5,124)
General expenses	(1,490)	(3,088)	(419)	(2,161)
Travel and entertainment allowance	(561)	(1,745)	(772)	(2,143)
Advertising	(459)	(3,299)	(714)	(1,882)
Depreciation	(150)	(452)	(159)	(531)
Professional services/service orders	(2,019)	(4,845)	(4,147)	(8,540)
Other expenses	(1,965)	(5,158)	(2,193)	(5,961)
	(31,771)	(90,514)	(33,719)	(96,432)

	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(12,623)	(36,777)	(14,077)	(38,343)
Freight	(12,577)	(36,951)	(13,471)	(40,069)
Variable selling expenses	(4,601)	(11,222)	(6,650)	(14,006)
Brand license	(2,920)	(8,787)	(3,040)	(8,568)
General expenses	(2,757)	(8,066)	(3,202)	(8,161)
Professional services/service orders	(2,373)	(5,750)	(4,641)	(9,650)
Travel and entertainment allowance	(610)	(1,885)	(869)	(2,399)
Advertising	(657)	(3,917)	(1,079)	(2,729)
Depreciation	(176)	(537)	(493)	(921)
Other expenses	(2,432)	(6,544)	(2,823)	(7,252)
	(41,726)	(120,436)	(50,345)	(132,098)

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27 General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(6,695)	(22,349)	(7,327)	(21,839)
Management	(2,893)	(8,752)	(3,609)	(12,599)
Professional services/service orders	(4,193)	(8,868)	(3,431)	(7,158)
Maintenance	(730)	(2,390)	(1,306)	(3,076)
Depreciation	(658)	(2,013)	(678)	(2,102)
Materials and utilities	(719)	(2,335)	(952)	(2,865)
PIS/COFINS	(588)	(1,333)	(878)	(1,886)
Travel and entertainment allowance	(180)	(782)	(323)	(1,159)
Other expenses	(494)	(5,520)	(782)	(5,298)
	<u>(17,150)</u>	<u>(54,342)</u>	<u>(19,286)</u>	<u>(57,982)</u>

	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(7,789)	(26,673)	(9,471)	(26,646)
Management	(2,893)	(8,752)	(3,609)	(12,599)
Professional services/service orders	(4,538)	(10,363)	(4,603)	(9,325)
Maintenance	(766)	(2,514)	(1,355)	(3,193)
Materials and utilities	(820)	(2,607)	(1,089)	(3,208)
Depreciation	(682)	(2,080)	(808)	(2,333)
PIS/COFINS	(593)	(1,345)	(893)	(1,932)
Travel and entertainment allowance	(198)	(874)	(370)	(1,297)
Other expenses	(611)	(6,078)	(1,082)	(6,075)
	<u>(18,890)</u>	<u>(61,286)</u>	<u>(23,280)</u>	<u>(66,608)</u>

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Notes to the interim financial statements

(in thousand of reais)

28 Technology and product development costs

The costs of technology and product development by nature are as follows:

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(11,103)	(35,785)	(9,833)	(28,451)
Materials/utilities	(1,569)	(6,330)	(2,205)	(5,421)
Depreciation	(1,201)	(3,525)	(1,222)	(3,777)
Professional services/service orders	(1,259)	(4,386)	(812)	(2,373)
Maintenance	(820)	(2,519)	(795)	(2,121)
General expenses	(741)	(3,474)	(1,801)	(5,455)
Other expenses	(821)	(1,792)	(487)	(1,662)
	(17,514)	(57,811)	(17,155)	(49,260)

	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Personnel and benefits	(11,303)	(36,673)	(10,414)	(29,742)
Materials/utilities	(1,595)	(6,419)	(2,253)	(5,505)
Professional services/service orders	(1,334)	(4,743)	(1,681)	(4,638)
Depreciation	(1,216)	(3,598)	(1,281)	(3,905)
General expenses	(2,098)	(7,171)	(2,944)	(9,178)
Maintenance	(820)	(2,519)	(801)	(2,131)
Other expenses	(832)	(1,920)	(676)	(2,100)
	(19,198)	(63,043)	(20,050)	(57,199)

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29 Finance income and costs, net

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Finance income				
Interest	2,181	5,966	2,320	5,984
Exchange variation (a)	18,421	38,017	28,657	73,548
Monetary variation gains	562	1,810	97	1,281
Derivative financial instruments (c)	827	7,756	3,907	7,155
Other	162	737	323	883
	22,153	54,286	35,304	88,851
Finance costs				
Interest	(3,331)	(9,256)	(2,391)	(6,946)
Exchange variations (b)	(12,519)	(28,962)	(27,679)	(46,146)
Monetary variation losses	(5,359)	(19,682)	(7,884)	(23,534)
Derivative financial instruments (d)	(8,619)	(13,756)	(9,543)	(35,454)
Other	(130)	(2,754)	(516)	(2,102)
	(29,958)	(74,410)	(48,013)	(114,182)
Finance income (costs), net	(7,805)	(20,124)	(12,709)	(25,331)
Summary of foreign exchange variations (a+b)	5,902	9,055	978	27,402
Trade payables	(1,588)	(1,553)	(491)	(4,291)
Borrowings	(5,330)	(4,138)	(5,333)	(5,333)
Interest on capital receivable	1,404	1,736	1,285	6,085
Cash and cash equivalents	3,282	3,556	1,643	9,123
Trade receivables	8,128	9,504	3,889	21,851
Other	6	(50)	(15)	(33)
Summary of derivative instruments (c+d)	(7,792)	(6,000)	(5,636)	(28,299)
Income	827	7,756	3,907	7,155
Expenses	(8,619)	(13,756)	(9,543)	(35,454)
Net result of foreign exchange variations and derivative financial instruments	(1,890)	3,055	(4,658)	(897)

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	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Finance income				
Interest	2,250	6,266	2,417	6,824
Exchange variation (a)	36,179	74,520	52,443	134,678
Monetary variation gains	642	1,844	228	1,622
Derivative financial instruments (c)	827	7,756	3,906	7,537
Other	1,607	2,450	295	1,964
	41,505	92,836	59,289	152,625
Finance costs				
Interest	(4,184)	(11,880)	(3,314)	(8,553)
Exchange variations (b)	(30,213)	(66,979)	(43,650)	(86,032)
Monetary variation losses	(6,535)	(22,074)	(8,484)	(25,806)
Derivative financial instruments (d)	(8,619)	(13,756)	(9,496)	(40,174)
Other	(2,437)	(6,955)	(2,056)	(6,744)
	(51,988)	(121,644)	(67,000)	(167,309)
Finance income (costs), net	(10,483)	(28,808)	(7,711)	(14,684)
Summary of foreign exchange variations (a+b)	5,966	7,541	8,793	48,646
Trade receivables	17,344	25,720	21,973	62,234
Borrowings	(7,151)	(7,472)	(5,333)	(5,333)
Cash and cash equivalents	3,181	3,634	(7,755)	(6,389)
Interest on capital receivable	1,404	1,736	1,285	6,085
Trade payables	(8,811)	(16,025)	(1,363)	(7,918)
Other	(1)	(52)	(14)	(33)
Summary of derivative instruments (c+d)	(7,792)	(6,000)	(5,590)	(32,637)
Income	827	7,756	3,906	7,537
Expenses	(8,619)	(13,756)	(9,496)	(40,174)
Net result of foreign exchange variations and derivative financial instruments	(1,826)	1,541	3,203	16,009

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Notes to the interim financial statements

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30 Other operating income and expenses, net

	Parent company			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Other income				
Reversal of provision for labor, civil and tax contingencies	29,091	82,341	14,785	36,252
Taxes recovered (Reintegra)	182	557	1,636	8,776
Reversal of provision for obsolescence (Property, plant and equipment)	18	66	9	109
Gains on disposal of assets /other	1	85	213	214
Other income	1,671	4,940	3,399	6,116
	30,963	87,989	20,042	51,467
Other expenses				
Provision for labor, civil and tax contingencies	(25,423)	(72,073)	(19,836)	(50,889)
Losses on disposal of assets /other	(14)	(59)	(6)	(81)
Provision for environmental liability	(4,230)	(4,230)	-	-
Provision for obsolescence (Property, plant and equipment)	-	(223)	-	-
Other expenses	(938)	(3,402)	(1,229)	(2,685)
	(30,605)	(79,987)	(21,071)	(53,655)
Other operating income (expenses), net	358	8,002	(1,029)	(2,188)
	Consolidated			
	2019		2018	
	3Q2019	9M2019	3Q2018	9M2018
Other income				
Reversal of provision for labor, civil and tax contingencies	29,835	84,921	17,271	45,031
Taxes recovered (Reintegra)	182	557	1,636	8,776
Reversal of provision for obsolescence (Property, plant and equipment)	18	66	8,254	8,393
Reversal of provision of losses on products	311	311	-	-
Gains on disposal of assets of MAHLE Hirschvogel Forjas S.A.	-	-	2,744	2,744
Gain on monetary items	2,722	4,787	-	-
Gains on disposal of assets /other	27	153	214	265
Reversal of provision for restructuring	-	-	-	170
Other income	1,893	5,415	3,593	6,473
	34,988	96,210	33,712	71,852
Other expenses				
Provision for labor, civil and tax contingencies	(25,910)	(76,863)	(20,667)	(55,242)
Losses on disposal of assets /other	(35)	(105)	(8,180)	(8,255)
Provision for environmental liability	(4,230)	(4,230)	-	-
Provision for obsolescence (Property, plant and equipment)	-	(223)	-	-
Losses on monetary items	(2,470)	(4,352)	-	-
Export expenses - Argentina	(3,165)	(10,659)	(1,280)	(1,280)
Other expenses	(1,232)	(4,339)	(1,356)	(4,950)
	(37,042)	(100,771)	(31,483)	(69,727)
Other operating income (expenses), net	(2,054)	(4,561)	2,229	2,125

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31 Financial instruments

I. Financial instruments and risk management

Financial instruments are used to assure the Group's continuity, liquidity and profitability, and there is no speculative purpose. The financial instruments are recorded in the financial statements and classified in conformity with CPC 40/48 (IFRS 7/9), allowing the reader to assess the Group's financial position. The table below shows the classification of the financial instruments.

		Parent Company							
		09.30.2019				12.31.2018			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	81,162	-	81,162	-	33,016	-	33,016
Financial investments	6	-	119,550	-	119,550	-	55,992	-	55,992
Trade receivables	7	388,965	-	-	388,965	290,731	-	-	290,731
Receivables from and loans to related parties	10	9,250	-	-	9,250	80,356	-	-	80,356
Unrealized gains on derivatives	31	-	-	3,570	3,570	-	-	7,083	7,083
Total		398,215	200,712	3,570	602,497	371,087	89,008	7,083	467,178

		Parent Company							
		09.30.2019				12.31.2018			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	10	(53,743)	-	-	(53,743)	(41,442)	-	-	(41,442)
Trade payables	15	(88,130)	-	-	(88,130)	(84,566)	-	-	(84,566)
Lease Liabilities	17.b	(17,107)	-	-	(17,107)	-	-	-	-
Borrowings	17.a	(366,678)	-	-	(366,678)	(271,262)	-	-	(271,262)
Unrealized losses on derivatives	31	-	-	(11,510)	(11,510)	-	-	(12,309)	(12,309)
Total		(525,658)	-	(11,510)	(537,168)	(397,270)	-	(12,309)	(409,579)

		Consolidated							
		09.30.2019				12.31.2018			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	84,895	-	84,895	-	39,679	-	39,679
Financial investments	6	-	119,692	-	119,692	-	57,912	-	57,912
Trade receivables	7	466,728	-	-	466,728	364,244	-	-	364,244
Receivables from and loans to related parties	10	26,678	-	-	26,678	114,102	-	-	114,102
Unrealized gains on derivatives	31	-	-	4,178	4,178	-	-	7,083	7,083
Total		493,406	204,587	4,178	702,171	478,346	97,591	7,083	583,020

		Consolidated							
		09.30.2019				12.31.2018			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	10	(64,184)	-	-	(64,184)	(42,071)	-	-	(42,071)
Trade payables	15	(114,440)	-	-	(114,440)	(114,768)	-	-	(114,768)
Lease Liabilities	17.b	(17,107)	-	-	(17,107)	-	-	-	-
Borrowings	17.a	(395,477)	-	-	(395,477)	(291,621)	-	-	(291,621)
Unrealized losses on derivatives	31	-	-	(11,510)	(11,510)	-	-	(16,887)	(16,887)
Total		(591,208)	-	(11,510)	(602,718)	(448,460)	-	(16,887)	(465,347)

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- Evaluation of the business model to determine the classification of financial instruments

- Cash and cash equivalents and financial investments: the Company manages these transactions based on fair value through profit or loss so that they are measured and recorded at fair value through profit or loss.
- Trade receivables and loans to related parties: for these assets the Company has as business model the maintenance of receivables according to the contractual cash flows, and it is not Company's practice to have these cash flows advanced through discounting or assignment of receivables. Additionally, the payment feature of these receivables was also evaluated and the conclusion was that they meet the payment criteria of "principal and interest" only, with no leverage feature, and are therefore classified as amortized cost.
- Unrealized gains on derivatives: the Company uses derivatives for hedging purposes only and adopts the hedge accounting procedure for these transactions. Accordingly, they are classified as derivatives designated for cash flow hedge and recorded at fair value.

- Fair value hierarchy and measurement

The financial instruments that are measured at fair value after initial recognition must be grouped in Levels 1 to 3 based on the observable level of the fair value.

The Company presents financial instruments only within Level 2, whose valuation is based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Fair value calculation

Derivative financial instruments are carried at fair value in accordance with the valuation method. For the period ended September 30, 2019 and the year ended December 31, 2018, all derivative financial instruments were classified within Level 2.

The Level 2 classification considers inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

The fair values of derivative financial instruments are determined using the discounted cash flow method. This method consists of determining the future cash flow by applying contractual rates up to maturity and discounted to present value at the date of the financial statements at the market rates.

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- Fair value versus carrying amount

As for trade receivables, receivables from related parties, trade payables and payables to related parties, the Group believes that the variation between their original maturities and the date of the financial statements is immaterial.

The table below presents an analysis of financial instruments that are measured at fair value compared to the carrying amount after initial recognition and their respective fair value hierarchies.

	Note	Consolidated				Level
		09.30.2019		12.31.2018		
		Carrying amount	Fair value	Carrying amount	Fair value	
Assets						
Cash, demand deposits and cash in transit	6	84,895	84,895	39,679	39,679	2
Financial investments	6	119,692	119,692	57,912	57,912	2
Trade receivables	7	466,728	466,728	364,244	364,244	2
Receivables from and loans to related parties	10	26,678	26,678	114,102	114,102	2
Unrealized gains on derivatives	31	4,178	4,178	7,083	7,083	2
Total		702,171	702,171	583,020	583,020	
Liabilities						
Payables to related parties	10	(64,184)	(64,184)	(42,071)	(42,071)	2
Trade payables	15	(114,440)	(114,440)	(114,768)	(114,768)	2
Lease Liabilities	17.b	(17,107)	(17,107)	-	-	2
Borrowings	17.a	(395,477)	(395,477)	(291,621)	(291,621)	2
Unrealized losses on derivatives	31	(11,510)	(11,510)	(16,887)	(16,887)	2
Net position		(602,718)	(602,718)	(465,347)	(465,347)	

- Hedge accounting

The Group adopts hedge accounting to minimize its exposure to volatility in currency and commodity price. The hedge accounting policy is properly formalized and sets out the hedged items; the authorized hedging instruments; and the method of assessing the effectiveness of the hedging relationship.

Hedging objective and strategy:

Currency hedge

The purpose of the currency hedge program is to minimize foreign exchange risks that may arise in adverse times in the market and that may adversely affect the Group's profitability.

The foreign exchange hedging policy is to hedge the entire position of budgeted cash flow (budget) as well as the actual cash flow (balance sheet) denominated and/or indexed in a foreign currency using derivative financial instruments (NDF - Non-deliverable Forwards).

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For the budgeted cash flow, this policy covers different levels and time horizons, so as to reach the following levels of hedge at the end of the current month (base date):

- i) 75% of the net foreign exchange risk exposure – 1st to 6th month following the base date;
- ii) 50% of the net foreign exchange risk exposure – 7th to 9th month following the base date; and
- iii) 25% of the net foreign exchange risk exposure – 10th to 24th month following the base date.

The net foreign exchange risk exposure for the months following the time horizon of the budget will be based on the budget itself or its latest version (reviewed by the business areas on a quarterly basis).

For the actual cash flow, the policy is to hedge 100% of the net foreign exchange risk exposure (denominated and/or indexed in a foreign currency).

Commodity hedging (metal raw materials)

The purpose of the commodity hedging program is to minimize the risks of fluctuations in metal raw material prices (aluminum, nickel and copper) quoted on the London Metal Exchange (LME), which may arise during adverse times in the market and which would adversely affect the Group's profitability.

The commodity hedging policy is to hedge the planned volumes of budgeted cash flows (budget) using swaps.

The execution of this policy covers different levels and time horizons so as to reach the following levels of hedge at the end of each quarter of the calendar year (base date):

Year 1:

- i) 75% of the net exposure – 1st and 2nd quarter subsequent to the base date;
- ii) 50% of the net exposure – 3rd quarter subsequent to the base date; and
- iii) 25% of the net exposure – 4th quarter subsequent to the base date.

Year 2/Year 3:

- i) up to 25% of the net exposure

The percentage of the commodity hedging operations for the Year 2 and Year 3 subsequent to the base date shall be defined by the Global Committee together with the Regional Procurement Department. This decision shall be based on a study of historical average prices of metals for the last 5 and 10 years versus the prices quoted on the LME at the time of the hedging operations.

The net exposure for the quarters following the time horizon of the budget will be based on the budget itself or its latest version (reviewed by the business areas on a quarterly basis).

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II. Risk management

Overview

The Company's risk management objectives are to preserve the value of the financial assets; preserve the liquidity of the financial assets; ensure that the Company has financial resources to conduct its business, including expansion.

Basically, risks are classified into two categories - strategic/operational and economic/financial:

- a) Strategic/operational risks (including, but not limited to, demand behavior, competition and significant changes in industry structure) are addressed by the Company's management model. These are classified as operational risk and business risk. These risk factors were presented in detail in the financial statements for the year ended December 31, 2018.
- b) Economic/financial risks mainly reflect the behavior of macroeconomic variables, such as the prices of metals used by the Group (aluminum, copper and nickel), exchange and interest rates, which have direct impacts on operations, as well as the characteristics of the financial instruments used by the Company. These risks are monitored by senior management, which is actively involved in the Company's operational management, by reference to the Group's global policies.

The main economic/financial risks considered by the Group include:

- Liquidity risk;
- Credit risk;
- Risk of fluctuation in interest rates;
- Risk of fluctuation in exchange rates;
- Market risk - fluctuations in the prices of inputs (commodities).

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b.1) Liquidity risk

The table below shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of currency negotiation agreements at the net position.

<u>Consolidated</u>		<u>09.30.2019</u>					
	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	10	(64,184)	(64,184)	(64,184)	-	-	-
Trade payables	15	(114,440)	(114,440)	(114,440)	-	-	-
Lease Liabilities	17.b	(17,107)	(17,107)	(7,468)	(7,767)	(1,872)	-
Borrowings	17.a	(395,477)	(506,711)	(199,992)	(50,749)	(153,094)	(102,876)
Unrealized losses on derivatives	31	(11,510)	(11,510)	(11,510)	-	-	-
Total		(602,718)	(713,952)	(397,594)	(58,516)	(154,966)	(102,876)

<u>Consolidated</u>		<u>12.31.2018</u>					
	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	10	(42,071)	(42,071)	(42,071)	-	-	-
Trade payables	15	(114,768)	(114,768)	(114,768)	-	-	-
Borrowings	17.a	(291,621)	(324,947)	(149,639)	(38,497)	(119,685)	(17,126)
Unrealized losses on derivatives	31	(16,887)	(16,887)	(16,887)	-	-	-
Total		(465,347)	(498,673)	(323,365)	(38,497)	(119,685)	(17,126)

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b.2) Credit risk

The carrying amount of financial assets that represent the maximum exposure to credit risk on the date of these financial statements was as follows:

Assets	Note	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Cash, demand deposits and cash in transit	6	81,162	33,016	84,895	39,679
Financial investments	6	119,550	55,992	119,692	57,912
Trade receivables	7	388,965	290,731	466,728	364,244
Receivables from and loans to related parties	10	9,250	80,356	26,678	114,102
Unrealized gains on derivatives	31	3,570	7,083	4,178	7,083
Total		602,497	467,178	702,171	583,020

The Group also has policies for granting credit to its customers, where credit limits and monitoring criteria are pre-established and consist of systematic checking and pre-billing to verify items such as late payments and the available balance of the invoicing limit. Market information on customers is also important in the context of the granting and management of credit.

The Group considers that there is no significant risk of concentration of credit in relation to customers:

Trade receivables
Counterparties with external credit rating (Standard & Poor's)

Counterparties unrated external de crédito	Parent Company		Consolidated	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
<i>Top 20</i>	164,066	148,434	220,218	195,867
<i>Third Parties</i>	153,559	149,731	185,233	177,447
<i>Intercompanies</i>	78,899	65,326	71,743	73,359
Total of trade accounts receivables and other account receivable	396,524	363,491	477,194	446,673

With respect to financial institutions, the Group operates only with banks with a minimum risk rating of AA (Fitch National Long-Term or equivalent from Moody's or Standard & Poor's).

Cash, demand deposits, cash in transit and financial investments	Note	Parent Company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
AAA*	6	144,249	54,416	144,615	55,057
AA*		50,464	34,592	50,485	36,371
<i>Others</i>		5,999	-	9,487	6,163
		200,712	89,008	204,587	97,591

*Fitch National Long Term

MAHLE Metal Leve S.A.

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(in thousand of reais)

The table above presents the risk rating of financial investments, cash and cash in transit.

b.3) Risk of fluctuation in interest rates

The carrying value of financial instruments that represent the maximum exposure to the interest rate risk on the financial position date was:

	Note	Parent company		Consolidated	
		09.30.2019	12.31.2018	09.30.2019	12.31.2018
Cash, demand deposits and cash in transit	6	81,162	33,016	84,895	39,679
Financial investments	6	119,550	55,992	119,692	57,912
Borrowings	17.a	(366,678)	(271,262)	(395,477)	(291,621)
Total		(165,966)	(182,254)	(190,890)	(194,030)

At September 30, 2019, of the balance of borrowings of R\$ 366,678 (Parent company) and R\$ 395,477 (Consolidated), 31.72% refers to FINEP subject to simplified interest rate of TJLP - 1% p.a., 37.95% refers to ACC / NCE subject to an average interest rate of 0.33%, 19.20% refers to FINEP II subject to simplified interest rate of TJLP p.a., 3.85% refers to BNDES subject to simplified interest rate of TJLP +1.5%, 5.60% refers to the subsidiary in Argentina with ACC subject to an average interest rate of 5.02%, and 1.68% refers to overdraft account with an average interest rate of 93.41%.

This rate condition being considered, the Group believes that fluctuations in interest rates will not result in any material impact on its results. Accordingly, the Group maintains financial assets or liabilities bearing fixed interest rates at amortized cost and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model, or carries out sensitivity analyses for the interest rate variation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.4) Risk of fluctuation in exchange rates

At September 30, 2019, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 3,065 thousand in the parent company and consolidated accounts, as shown below:

Foreign exchange exposure arising from accounts receivable and payable in foreign currency at September 30, 2019

Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company and consolidated	Parent company and consolidated	Parent company and consolidated
(+) Trade receivables	23,276	8,779	-
(+) Demand deposits (in foreign currency)	2,968	20,789	-
(-) Adiantamento de Contrato de Câmbio	-	(33,043)	-
(-) Imports	(2,741)	(7,511)	(129,098)
(-) Currency forwards - sale	(14,219)	-	89,505
(=) Net balance of foreign exchange exposure	9,284	(10,986)	(39,593)

Net balance of foreign exchange exposure in USD (EUR and JPY equivalents in USD) - in thousands

Currency	Parent company and consolidated		
USD	9,284		
EUR	(11,983)	(*) Paridade EUR / USD	1.0908
JPY	(366)	(**) Paridade JPY / USD	108.11007
Total	(3,065)		

MAHLE Metal Leve S.A.

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(in thousand of reais)

Additionally, we present the notional value of NDFs for hedging the Group's budget:

Parent company and consolidated (USD)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2019 (Oct-Dec)	(8,749)	6,562	3.8045	75.0%
2020 (Jan-Dec)	(37,327)	17,482	3.9764	46.8%
2021 (Jan-Sep)	(29,015)	7,254	4.1479	25.0%
Total	(75,091)	31,298	3.9801	41.7%

Parent company and consolidated (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2019 (Oct-Dec)	(5,835)	4,377	4.4744	75.0%
2020 (Jan-Dec)	(28,342)	13,470	4.7714	47.5%
2021 (Jan-Sep)	(22,799)	5,700	4.9119	25.0%
Total	(56,976)	23,547	4.7502	41.3%

Parent company and consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2019 (Oct-Dec)	118,148	(88,611)	0.0355	75.0%
2020 (Jan-Dec)	503,778	(231,689)	0.0382	46.0%
2021 (Jan-Sep)	391,537	(97,884)	0.0408	25.0%
Total	1,013,463	(418,184)	0.0382	41.3%

- Sensitivity analysis

For the purposes of carrying out sensitivity analysis of market risks, the Group analyzes together asset and liability positions indexed to a foreign currency.

For the sensitivity analysis of transactions indexed in foreign currency, management adopted as a probable scenario the amounts accounted for and determined at the exchange rates disclosed by the Brazilian Central Bank. For other scenarios, the depreciation and appreciation of the exchange rates were considered as references for calculating the amounts recorded in the books under those scenarios. The other scenarios were estimated with appreciation and depreciation of the real of 25% and 50%, compared to the probable scenario.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The methodology adopted for the calculation of the balances in the table below consisted of replacing the closing foreign exchange rate used for the purposes of accounting records with the stressed rates, in accordance with the scenarios below:

Sensitivity analysis table

The selling rates published on September 30, 2019 by the Brazilian Central Bank for USD, EUR and JPY were used in this sensitivity analysis.

	Parent company and consolidated			
	USD/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - USD	** Average rate of bills of exchange	Total R\$
50% better	6.2466		4.0180	20,690
25% better	5.2055		4.0180	11,024
Balance sheet date	4.1644	9,284	4.0180	1,359
25% worse	3.1233		4.0180	(8,307)
50% worse	2.0822		4.0180	(17,972)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

	Parent company and consolidated			
	EUR/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - EUR	** Average rate of bills of exchange	Total R\$
50% better	2.2713		4.4853	24,323
25% better	3.4069		4.4853	11,848
Balance sheet date	4.5425	(10,986)	4.4853	(628)
25% worse	5.6781		4.4853	(13,103)
50% worse	6.8138		4.4853	(25,580)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

	Parent company and consolidated			
	JPY/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - JPY	** Average rate of bills of exchange	Total R\$
50% better	0.0193		0.0376	725
25% better	0.0289		0.0376	344
Balance sheet date	0.0385	(39,593)	0.0376	(36)
25% worse	0.0482		0.0376	(420)
50% worse	0.0578		0.0376	(800)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

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Notes to the interim financial statements

(in thousand of reais)

Budgeted cash flow - exposure in foreign currency

The Group projects and conducts its transactions based on its current cash flows, which means that subsequent changes in the exchange rates can result in expenditure for the Group. To hedge its future cash flow against currency fluctuations, the Group uses forward contracts for USD, EUR and JPY (NDF).

Sensitivity analysis table

Parent company and consolidated sensitivity analysis table – cash flow derivatives portfolio for the period ended September 30, 2019

Scenario	USD/BRL exchange rate for settlement of operations	Notional value - USD (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	EUR/BRL exchange rate for settlement of operations (USD/EUR parity - 1.27)	Notional value - EUR (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	JPY/BRL exchange rate for settlement of operations	Notional value - JPY (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	Total adjustment in R\$ thousand
50% better	2.0822	31,298	3.9801	59,401	2.2713	23,547	4.7502	58,372	0.0578	(418,184)	0.0382	8,173	125,946
25% better	3.1233	31,298	3.9801	26,816	3.4069	23,547	4.7502	31,631	0.0482	(418,184)	0.0382	4,146	62,593
Balance sheet date	4.1644	31,298	3.9801	(5,768)	4.5425	23,547	4.7502	4,891	0.0385	(418,184)	0.0382	119	(758)
25% worse	5.2055	31,298	3.9801	(38,352)	5.6781	23,547	4.7502	(21,850)	0.0289	(418,184)	0.0382	(3,909)	(64,111)
50% worse	6.2466	31,298	3.9801	(70,937)	6.8138	23,547	4.7502	(48,590)	0.0193	(418,184)	0.0382	(7,936)	(127,463)

The selling rates published on September 30, 2019 by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

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(in thousand of reais)

All the instruments are traded with top-tier banks on an organized over-the-counter market, duly registered with the Clearing House for the Custody and Financial Settlement of Securities, as presented below:

Foreign currency	Weighted average forward rate - value for settlement	Notional value - thousand				
		Parent company		Consolidated		
		09.30.2019	09.30.2018	09.30.2019	09.30.2018	
Short position	EUR	4.74960	23,547	24,623	23,547	24,623
Short position	USD	4.01272	45,517	56,939	45,517	56,939
Long position	JPY	0.03809	(507,689)	(692,642)	(507,689)	(692,642)

Foreign currency	Weighted average forward rate - value for settlement	Fair market value - thousand				
		Parent company		Consolidated		
		09.30.2019	09.30.2018	09.30.2019	09.30.2018	
Short position	EUR	4.74960	1,284	(10,624)	1,284	(10,624)
Short position	USD	4.01272	(8,929)	(15,798)	(8,929)	(15,798)
Long position	JPY	0.03809	729	1,051	729	1,051

b.5) Market risk, fluctuations in prices of inputs (commodities).

The table below presents the outstanding position at September 30, 2019 and 2018:

Long position Commodities	Weighted average price on maturity	Notional value - metric tons			
		Parent company		Consolidated	
		09.30.2019	09.30.2018	09.30.2019	09.30.2018
Copper	5,745	364	349	364	349
Aluminum	1,750	198	221	198	221
TOTAL		562	570	562	570

Long position Commodities	Weighted average price on maturity	Notional value (fair market value)			
		Parent company		Consolidated	
		09.30.2019	09.30.2018	09.30.2019	09.30.2018
Copper	5,745	(603)	(571)	(603)	(571)
Aluminum	1,750	(148)	(141)	(148)	(141)
TOTAL		(751)	(712)	(751)	(712)

Additionally, we present the notional value of the commodities to protect the economic plan of the Company.

MAHLE Metal Leve S.A.

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(in thousand of reais)

Consolidated (ALUMINUM)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2019 (Oct-Dec)	83	63	1,970	75.9%
2020 (Jan-Jul)	305	135	1,893	44.3%
Total	388	198	1,918	51.0%

Consolidated (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2019 (Oct-Dec)	153	115	6,344	75.2%
2020 (Jan-Aug)	446	249	6,075	55.8%
Total	599	364	6,160	60.8%

- Sensitivity analysis table

For the purposes of carrying out the sensitivity analysis of market risks, the Group analyzes together long and short positions of the prices of commodities (nickel, copper and aluminum).

For the sensitivity analysis of commodity transactions, management adopted as a probable scenario the amounts recognized in its books, determined by projected prices disclosed by the LME and exchange rates published by the Brazilian Central Bank at September 30, 2019. As a reference, the depreciation and appreciation of the prices used for accounting records were considered for the other scenarios. The scenarios were estimated with appreciation and depreciation of 25% and 50%, respectively, of prices in the probable scenario.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The methodology adopted for calculating the balances presented in the table below consisted of replacing the closing exchange rate and commodity prices at September 30, 2019 used for the purposes of accounting records with the stressed rates and prices calculated in accordance with the following scenarios.

Sensitivity analysis on results of operations of purchase of commodity swap contracts - Parent company and Consolidated					
Commodity	Volume in metric tons	Settlement price on maturity (USD/metric ton)	Weighted average price on maturity (USD/metric ton)	Total adjustment BRL	Total effect on purchases of commodities BRL
Copper					
50% better		8,592		4,315	(4,315)
25% better		7,160		2,144	(2,144)
Balance sheet date	364	5,728	5,745	(26)	26
25% worse		4,296		(2,197)	2,197
50% worse		2,864		(4,368)	4,368
Aluminum					
50% better		2,555		664	(664)
25% better		2,129		313	(313)
Balance sheet date	198	1,704	1,750	(38)	38
25% worse		1,278		(389)	389
50% worse		852		(740)	740

The selling rates of the USD published on September 30, 2019 by the Brazilian Central Bank and the metal prices published on the same date by the LME were used.

MAHLE Metal Leve S.A.

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(in thousand of reais)

The results from foreign exchange and commodity derivative financial instruments affected the Group's and its subsidiaries' information as presented below:

	09.30.2019		09.30.2018	
	Parent company	Consolidated	Parent company	Consolidated
Results of derivatives (exports/imports)				
Provisions				
- Operations on accounts receivable and payable	2,970	2,970	(560)	(377)
- Operations on IOC	BS (2,693)	(2,693)	4,194	4,194
Cash effect				
- Operations on accounts receivable and payable	5,723	5,723	24,665	28,820
Note 29	6,000	6,000	28,299	32,637
Total derivative operations - Net finance result	6,000	6,000	28,299	32,637
Exchange variations (gains and losses)	9,055	7,541	27,402	48,646
Results of derivatives (exports/imports)	6,000	6,000	28,299	32,637
Gross sales	1,418	1,418	773	773
Cost of sales	520	520	329	329
Effects of foreign exchange variation and financial instruments on profit and loss	16,993	15,479	56,803	82,385
Gross sales				
- Settlements with cash effect	1,418	1,418	773	773
Cost of sales				
- Settlements with cash effect	520	520	329	329
Total derivative operations - gross result	1,938	1,938	1,102	1,102
Equity				
Provisions				
- Operations on sales to be made	(BS) 5,790	5,790	24,497	24,497
- Operations on commodities	(BS) 751	751	713	713
Deferred income tax and social contribution	2,224	2,224	8,571	8,571
Total derivative operations - Equity	8,765	8,765	33,781	33,781
Provision for unrealized losses and gains on derivatives				
(BS) - Sum of the net balance sheet				
Balance sheet assets	3,570	4,178	3,070	3,479
Balance sheet liabilities	(11,510)	(11,510)	(29,534)	(44,554)
Balance sheet, net	(7,940)	(7,332)	(26,464)	(41,075)

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (September 30, 2019 and 2018).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

32 Employee benefits

The employee benefits offered by the Group are mainly granted on a monthly basis and recognized in the accounting records accordingly. There are no post-employment benefits, pension funds or other benefits that require specific accounting treatment.

For the period ended September 30, 2019, the Group granted profit-sharing to its employees, based on a union agreement, in the amount of R\$ 32,379 (R\$ 35,543 in the first nine months of 2018) in the parent company and R\$ 32,426 (R\$ 35,626 in the first nine months of 2018) in the consolidated accounts. The criteria established for the payment of profit-sharing follow the rules defined in the collective bargaining agreement, which establish certain goals to be attained, such as: i) meeting production goals for a predetermined number of employees; ii) maintaining the level of absenteeism at or below a previously established annual average rate of hours of absence in relation to the standard hours worked; and iii) maintaining the annual level of waste at or below the previously set average annual rate in relation to the number of parts produced.

Supplementary pension plan - defined contribution

In September 2006, the Group joined a free benefit-generating private pension plan, managed by Bradesco Vida e Previdência S.A. (the Manager), offering all its employees the option to participate. The contributions are defined according to salary bracket. Annually, the Manager conducts an actuarial valuation of the plan in order to determine possible adjustments to the contribution levels.

The Group contributed to the private pension plan an amount of R\$ 2,195 at September 30, 2019 (R\$ 4,120 at September 30, 2018).

33 Insurance

The Group has a policy of taking out insurance coverage for assets subject to risks at amounts considered sufficient to cover losses, including property insurance, domestic and international transportation insurance, vehicle insurance and other coverages considering the nature of the risks. The insurance is contracted with leading insurance companies with the advice of specialist insurance brokers.

For 2019 the insurance coverage for operational risks (combined property damages and lost profits) is R\$ 5,592,402 (2018 - R\$ 4,227,407).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

34 Application of CPC 42 / IAS 29 - Financial Reporting in Hyperinflationary Economies

CPC 42 / IAS 29 - Financial Reporting in Hyperinflationary Economies requires adjustments to the results of operations of subsidiary MAHLE Argentina S.A. as from the third quarter of 2018. This standard requires adjustments to the results of operations of subsidiary MAHLE Argentina S.A. as if Argentina's economy had been hyperinflationary as from January 1, 2018 (start of the period in which hyperinflation was identified).

The statement of income is restated at the end of each reporting period for the change in the general price index and subsequently translated at the closing rate for each period (rather than the accumulated average rate for the year for non-hyperinflationary economies), thus resulting in the effects on the income statement accounts of both the inflation and the currency translation;

The impacts of the application of CPC 42 / IAS 29 *Financial Reporting in Hyperinflationary Economies* on the parent company and consolidated financial statements as at September 30, 2019 are shown below:

	3Q2019	YTD September 2019
Reconciliation of result adjustments		
Gain on monetary position of investments from parent company - reflex recomposition	11,994	42,769
Gain on monetary position of investments from subsidiary - reflex recomposition	97	345
Loss on monetary position of subsidiary MAHLE Argentina S.A.	(2,979)	(9,391)
Gain on monetary item, result (consolidated)	9,112	33,723

The respective statement of income for the period ended September 30, 2019 was restated for inflation and subsequently translated at the closing rate in September of 0.07234 BRL for 1 ARS.

* * *

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the parent company and consolidated financial statements

MAHLE Metal Leve S.A.
CNPJ No. 60.476.884/0001-87
Publicly-held company

REPRESENTATION

Messrs. Sergio Pancini de Sá and Christian Harald Binkert, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item VI of Article 25 of CVM Instruction 480, of December 7, 2009, do hereby declare that:

They have reviewed and discussed, and agree with, the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the period ended September 30, 2019, and thus authorize their completion.

Mogi Guaçu, November 14 2019.

Sergio Pancini de Sá
CEO

Christian Harald Binkert
Executive Officer

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the independent auditor's report on the financial statements

MAHLE Metal Leve S.A.
CNPJ No. 60.476.884/0001-87
Publicly-held company

REPRESENTATION

Messrs. Sergio Pancini de Sá and Christian Harald Binkert, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item V of Article 25 of CVM Instruction 480, of December 7, 2009, do hereby declare that:

They have reviewed and discussed, and agree with, the opinion expressed by PricewaterhouseCoopers Auditores Independentes on the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the period ended September 30, 2019.

Mogi Guaçu, November 14, 2019

Sergio Pancini de Sá
CEO

Christian Harald Binkert
Executive Officer