

3Q18 Conference Call

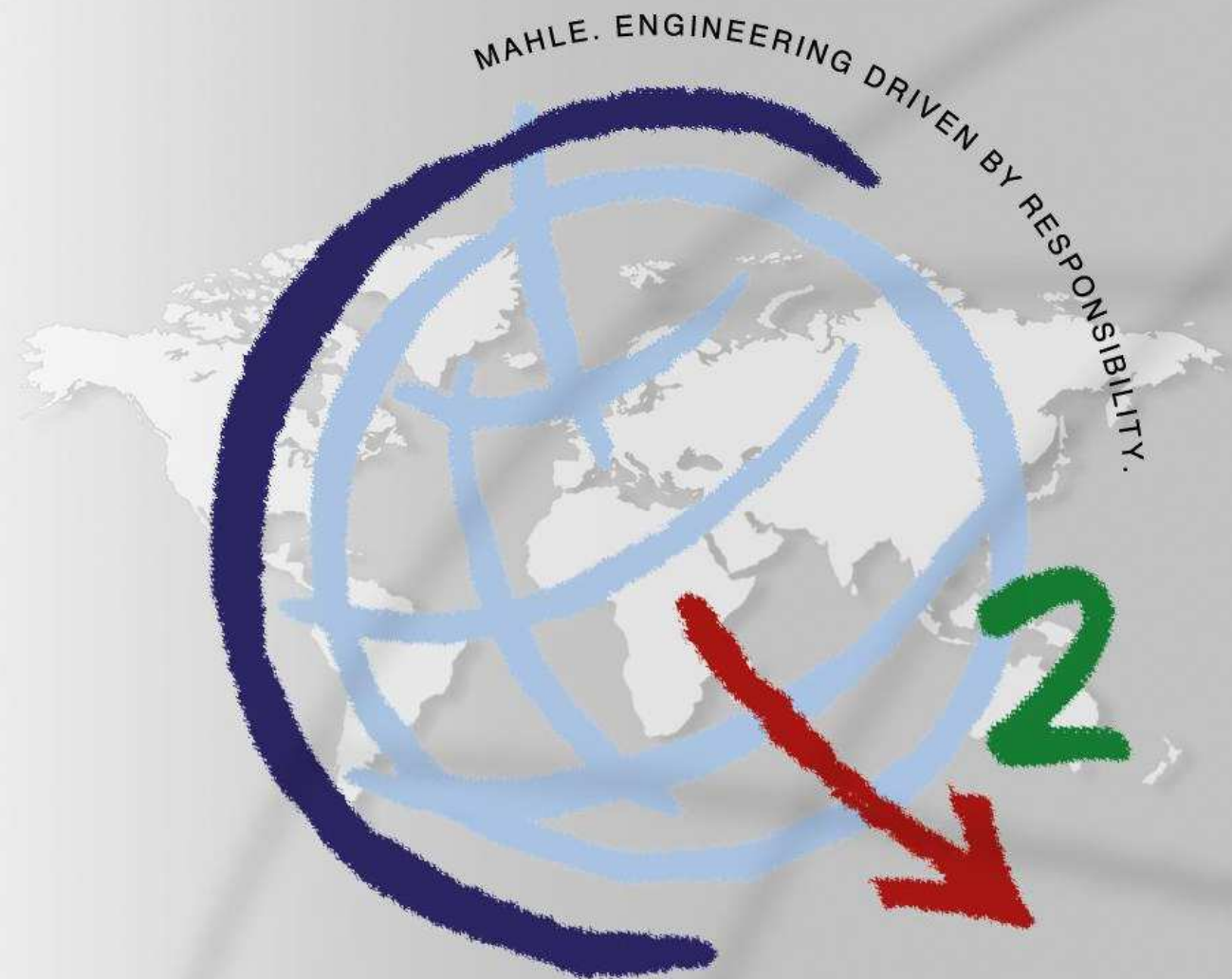
MAHLE Metal Leve S.A.

November 14th, 2018

12:00 p.m. (Brasília time)

09:00 a.m. (New York time)

14:00 p.m. (London time)





3Q18 Highlights



Market Overview



Net Revenues Performance by Market



Summary P&L & EBITDA



Financial Management: Net financial result & Indebtedness



Capex & Depreciation

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

Main Indicators								
(R\$ million)	3Q18	2Q18	3Q17	(a/b)	(a/c)	9M18	9M17	(d/e)
	(a)	(b)	(c)			(d)	(e)	
Net revenues	710.3	628.2	596.5	13.1%	19.1%	1,957.2	1,687.9	16.0%
EBITDA	148.7	112.9	132.6	31.7%	12.1%	380.4	319.1	19.2%
EBITDA margin	20.9%	18.0%	22.2%	2,9 p.p.	-1,3 p.p.	19.4%	18.9%	0,5 p.p.
Net income	92.2	60.2	98.4	53.2%	-6.3%	223.8	193.8	15.5%
Net margin	13.0%	9.6%	16.5%	3,4 p.p.	-3,5 p.p.	11.4%	11.5%	-0,1 p.p.



Light vehicles (ths)	Brazil	Argentina	Total
Sales	1,783.0 13.1%	563.1 -12.1%	2,346.1 5.8%
Production	2,094.4 9.6%	370.7 5.6%	2,465.2 9.0%



Medium and heavy vehicle (ths)	Brazil	Argentina	Total
Sales	97.8 28.7%	28.4 -9.2%	126.3 17.7%
Production	146.5 24.5%	11.3 -6.0%	157.8 21.9%

+9.7



Total vehicles production

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

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

Source: IHS

Net revenues by market		3Q18	Volume/Price	FX-Variation	3Q17	% volume/price impact	% FX-impacts	H.A. (%)
(R\$ Million)		(a)	(b)	(c)	(d)	(b/d)	(c/d)	(a/d)
Original equipment	Domestic ¹	192.0	30.9	(2.5)	163.6	18.9%	-1.4%	17.4%
	Export	275.3	(10.4)	56.2	229.4	-4.5%	24.5%	20.0%
	Subtotal	467.3	20.5	53.8	393.0	5.2%	13.7%	18.9%
Aftermarket	Domestic ¹	185.0	49.1	(22.2)	158.2	31.0%	-14.0%	16.9%
	Export	58.0	6.4	6.3	45.3	14.2%	13.8%	28.0%
	Subtotal	243.0	55.5	(15.9)	203.5	27.3%	-7.8%	19.4%
Total		710.3	76.0	37.9	596.5	12.7%	6.4%	19.1%

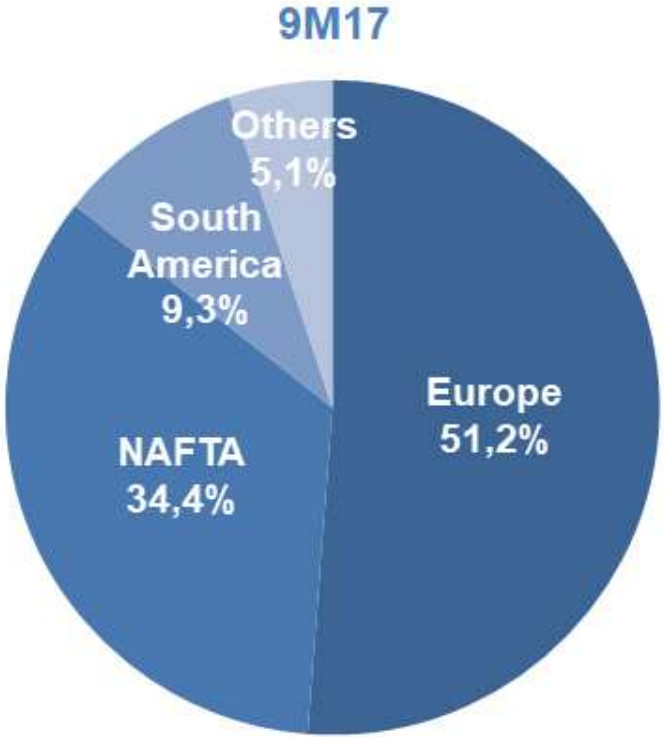
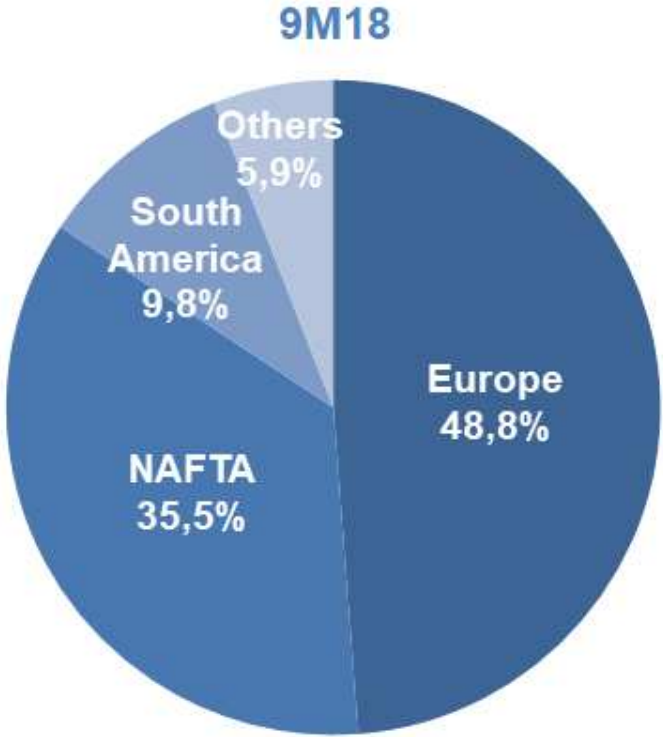
¹ Domestic market includes Brazil and Argentina.

- Volume / price impact by 12.7% between periods.

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

¹ Domestic market includes Brazil and Argentina.

- Volume / price impact by 11.6% between periods.



Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Cost of sales	(493.7)	(411.6)	-69.5%	-69.0%	19.9%	(1,388.8)	(1,214.3)	-71.0%	-71.9%	14.4%
Gross income	216.6	184.9	30.5%	31.0%	17.1%	568.4	473.6	29.0%	28.1%	20.0%
Gross margin	30.5%	31.0%			-0,5 p.p.	29.0%	28.1%			0,9 p.p.

- 3Q18 gross margin of 30.5% (31.0% in the 3Q17);
- If compared 9M18 with the same period in 2017, the gross margin achieved 29.0% and 28.1%, respectively.

■ SG&A expenses:

- The increase in selling expenses resulted from the performance of the Company's revenue and the truckers' strike in May, with effects still in the 3Q18 when the Company incurred additional costs with special freights to be able to deliver its products to customers;
- The main change in general and administrative expenses between the quarters is the reclassification in the 3Q17, where general and administrative expenses were partially recorded in other operating expenses (labor contingencies).

■ R&D expenses:

- Kept the same historical levels.

■ Other operating income (expenses):

- Gain on disposal of assets, i.e., sale of MAHLE Hirschvogel Forjas S.A;
- Lower impact the Reintegra Program;
- Provision/reversal for obsolescence .

Summary P&L (R\$ million)	3Q18	3Q17	V.A. (%)	V.A. (%)	H.A. (%)	9M18	9M17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	710.3	596.5	100.0%	100.0%	19.1%	1,957.2	1,687.9	100.0%	100.0%	16.0%
Selling expenses	(51.6)	(37.9)	-7.3%	-6.4%	36.1%	(137.2)	(105.1)	-7.0%	-6.2%	30.5%
General and administrative expenses	(23.3)	(17.7)	-3.3%	-3.0%	31.6%	(66.6)	(68.5)	-3.4%	-4.1%	-2.8%
Technology and product development expenses	(20.1)	(19.1)	-2.8%	-3.2%	5.2%	(57.2)	(62.0)	-2.9%	-3.7%	-7.7%
Other operating income (expenses)	2.2	(1.0)	0.3%	-0.2%	-320.0%	2.1	10.4	0.1%	0.6%	-79.8%

Operating income measured by the EBITDA

Driven by performance

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

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

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

¹ IAS 29 – “Financial Reporting in Hyperinflationary Economies”

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

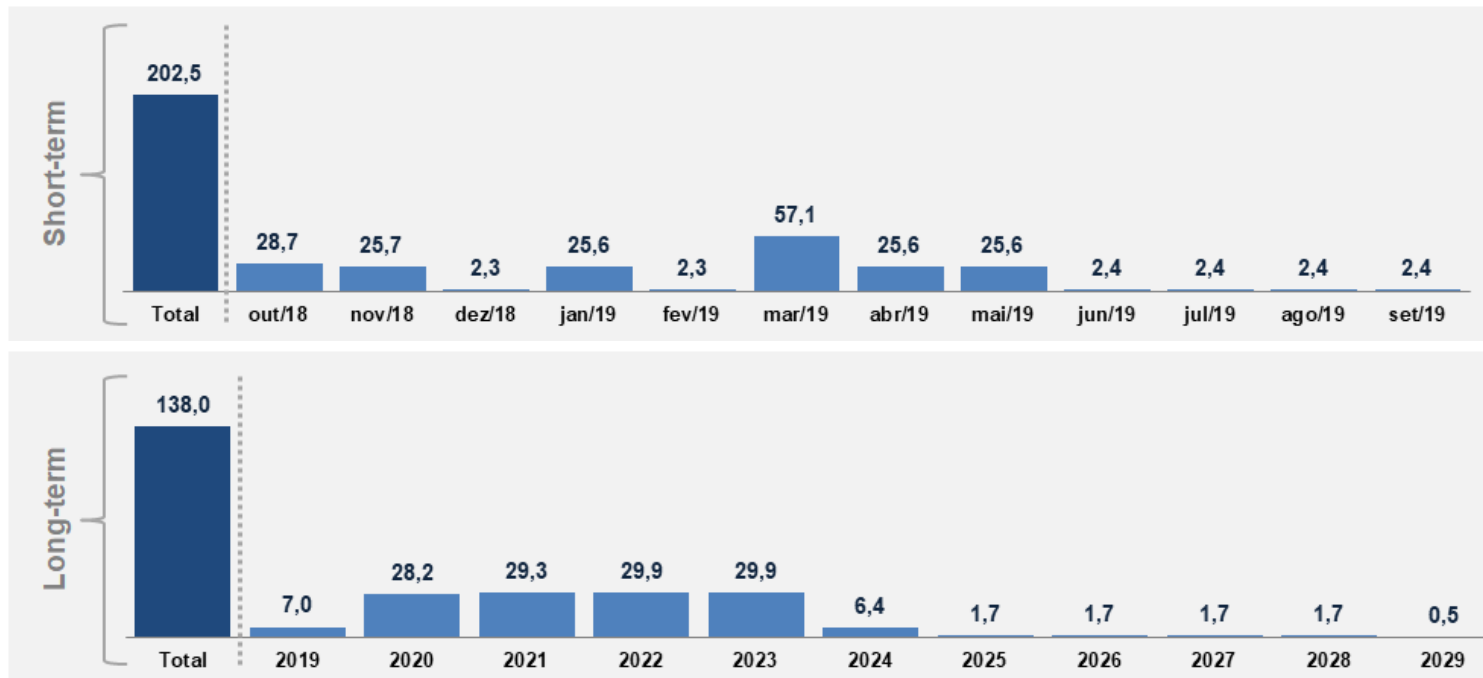
Interest rates and volumes (average)	3Q18 (a)	3Q17 (b)	Var. (a - b)	9M18 (c)	9M17 (d)	Var. (c - d)
Remuneration of investments ¹	6.1%	8.7%	-2.6 p.p.	6.3%	10.0%	-3.7 p.p.
Cost of debt	3.6%	8.0%	-4.4 p.p.	4.2%	8.8%	-4.6 p.p.
Investments - average (R\$ million)	124.1	422.5	-70.6%	93.3	313.8	-70.3%
Average debt (R\$ million)	(322.0)	(500.4)	-35.7%	(195.4)	(506.4)	-61.4%

Financial Management – Indebtedness
(part I)

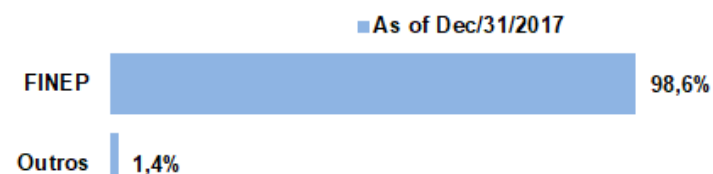
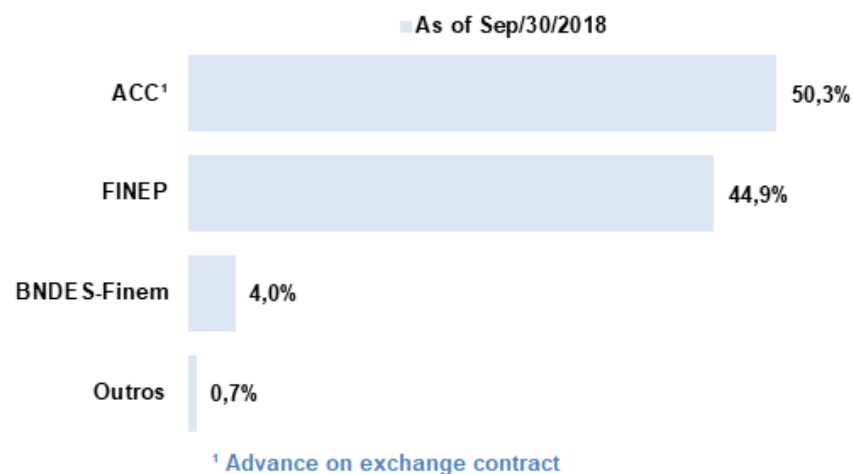
Driven by performance

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

■ Below is presented the maturities of short-term and long-term indebtedness:

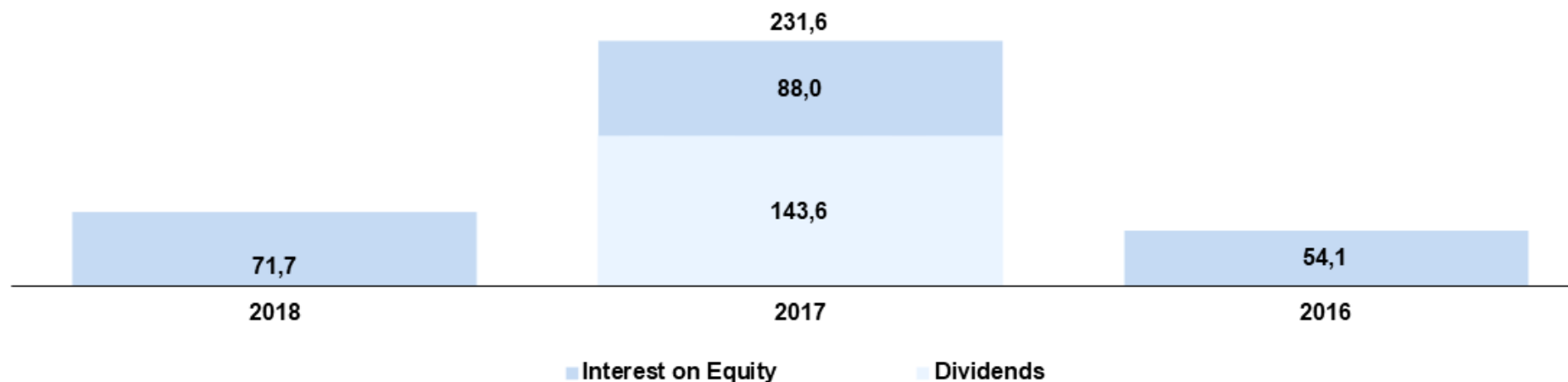


- Below is a breakdown of the Company's financing transactions per type for each of the periods indicated in the table above:



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

Dividends and Interest on Equity (net of income tax)



- R\$ 71,7 million Interest on Equity payment approved on November, 13th BoD meeting.

- Capital expenditures estimated for 2018 total R\$ 105.5 million, which should exceed depreciation for the year.

CAPEX & Depreciation (R\$ million)	9M18	9M17
Capex	55.0	47.0
Total depreciation	68.3	71.4

Capex	9M18	9M17
% of Net sales revenue	2.8%	2.8%
% of Depreciation	80.5%	65.8%

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Earning Results Conference Call – 3Q18

MAHLE

Driven by performance



Questions & Answers

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