

MAHLE REPORTS EBITDA OF R$ 112.9 MILLION IN THE 2Q18; MARGIN OF 18.0%

Mogi Guaçu (SP), August 13, 2018 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian autoparts company that manufactures and sells components for internal combustion engines and automotive filters, announces today its results for the second quarter of 2018. The Company's operating and financial information, unless otherwise indicated, is presented on a consolidated basis in BRL according to Brazilian Corporation Law.

Conference call and Webcast of Results:

Date: August 14, 2018

12:00 (Brasília time), 11:00 (Eastern time)

Phone numbers:

Brazil: +55 11 3193-1001

Brazil: +55 11 2820-4001

USA: +1 646 828-8246

Others: 1-800-492-3904

Password: MAHLE

Webcast:
http://cast.comunique-se.com.br/MAHLE/2Q18

Website RI:
http://ri.mahle.com.br/

Website MAHLE:
http://www.br.mahle.com/pt/

2Q18 HIGHLIGHTS

- **Net Sales Revenue** of R$ 628.2 million in the 2Q18, meaning a growth of 9.0% compared to the 2Q17;

- Growth of 19.9% in **domestic sales of original equipment manufacturer (OEM)** and 14.1% in **Original Equipment (EO Exports) Market,** both in the 2Q18 compared to the same period of 2017;

- MAHLE Metal Leve S.A. was chosen the **2nd best company in the "Automotive Industry and Heavy Vehicles" category**, according to "Valor Inovação Brasil 2018" survey. In addition, the company is ranked 21st in the general classification, climbing 17 positions from the previous year's position. The award is granted by the consulting firm *Strategy&,* which, jointly with newspaper *Valor Econômico* and the National Association for Research and Development of Innovative Companies (Anpei) recognizes Brazil's most innovative companies based on investments and innovation solutions, among other benchmarks.

Main Indicators

(R$ million)	2Q18 (a)	1Q18 (b)	2Q17 (c)	(a/b)	(a/c)	1H18 (d)	1H17 (e)	(c/e)
Net revenues	628.2	618.7	576.3	1.5%	9.0%	1,246.9	1,091.4	14.2%
EBITDA	112.9	118.8	107.7	-5.0%	4.8%	231.7	186.5	24.2%
EBITDA margin	18.0%	19.2%	18.7%	-1.2 p.p.	-0,7 p.p.	18.6%	17.1%	1,5 p.p.
Net income	60.2	71.4	57.0	-15.7%	5.6%	131.6	95.4	37.9%
Net margin	9.6%	11.5%	9.9%	-1.9 p.p.	-0,3 p.p.	10.6%	8.7%	1,9 p.p.

TABLE OF CONTENTS

1 MANAGEMENT'S COMMENTS 3

2 ABOUT MAHLE METAL LEVE 4

3 PERFORMANCE OF THE AUTOMOTIVE INDUSTRY 5

3.1 Performance of the Brazilian automotive industry 5
3.2 Performance of the Argentinean automotive industry 6
3.3 Production and sales of vehicles in Brazil and Argentina 6
3.4 Vehicle production in the main export markets 6

4 ECONOMIC AND FINANCIAL PERFORMANCE 7

4.1 Net sales revenue and market share by segment 7
4.2 OEM (original equipment manufacturer) sales 8
4.3 Aftermarket sales 9
4.4 Consolidated exports by region 10
4.5 Net sales revenue by segment 10
4.6 Net sales revenue by product 10
4.7 Gross margin 10
4.8 Selling, general and administrative expenses 11
4.9 Technology and product development expenses 11
4.10 Other operating income (expenses), net 11
4.11 Operating income measured by EBITDA 12
4.12 Net financial income (expenses) 12
4.13 Income and social contribution taxes 13
4.14 Net income 13
4.15 Capital expenditures 13
4.16 Net position of financial assets and liabilities 14

5 INVESTOR RELATIONS AND CAPITAL MARKET 14

5.1 Performance of the Company shares and free-float shares 15
5.2 Shareholders' profile 15

6 INDEPENDENT AUDITORS 15

7 REPRESENTATION BY THE EXECUTIVE BOARD 16

8 ACKNOWLEDGEMENTS 16

MANAGEMENT 16

9 EXHIBITS 16

9.1 Balance sheet 16
9.2 Income Statement 17
9.3 Cash Flow Statement 18

1 Management's Comments

Based on the macroeconomic fundamentals, the second quarter of 2018 began with expectation of keeping the same good performance of the first quarter of 2018.

However, in the second half of May there was a truckers' strike which contributed to creating an environment of uncertainties and affected negatively the economy, including the agriculture, civil construction and automotive industries, among others. MAHLE Metal Leve S.A., a player in the automotive market, also faced problems regarding the supply of raw materials for its production process.

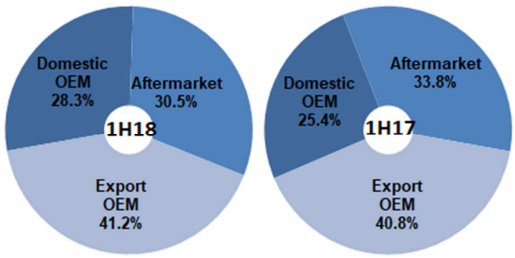
After eleven days of roadblocks, the result was a shortage of supplies followed by increase in prices, coupled with mobility problems due to lack of fuel for cars, buses and airplanes resulting in interruption of the activities in several sectors. There was an overall increase in the market pessimism, coupled with the "effect of the World Cup" that began few weeks after the truckers' strike, causing part of the consumers to postpone the purchase of new vehicles and/or the performance of repair in their cars. On the other hand, the credit demand for purchase of vehicles has not been affected, meaning that consumers were indeed inquiring credit agencies into the possibility of purchasing a new vehicle in the future.

Also as a consequence of the strike, the impact on the economic activity can still be relevant and the negative effects on the entrepreneurs' and consumers' confidence may impair the consumption and investments in the months following the end of the strike.

It should be noted that even undergoing the abovementioned events, the Company reported net sales revenue of R$ 628.2 million in the 2Q18, representing a growth of 9.0% in relation to the 2Q17, resulting from the good performance of domestic OEM sales (19.9%) and OEM exports (14.1%), which partially offset the aftermarket sales (-4.9%).

The increase in our net sales revenue was due, among other factors, to the positive impact of the exchange variation between the periods (1H18 *versus* 1H17), but mainly to the 10.4% increase in volume/price, particularly in the domestic OEM sales were the volume/price increase was equivalent to 27.5%, *i.e.* higher than the raise of 13.3% in the Brazilian vehicle production for the same period.

The graph below shows revenue distribution in the 1H18 and 1H17 in the markets where the Company operates:



In the 1H18, the Company reported operating result measured by EBITDA of R$ 231.7 million, reaching EBITDA margin of 18.6% due to an increase in sales volume in all our markets, greater presence of products with more technology and therefore greater value added.

MAHLE Metal Leve S.A. was chosen the 2nd best company in the "Automotive Industry and Heavy Vehicles" category according to "Valor Inovação Brasil 2018". In addition, the company is ranked 21st in the general classification thus improving its last year's 38th position. The award is granted by consulting firm Strategy&, which,

jointly with newspaper *Valor Econômico* and the National Association for Research and Development of Innovative Companies (Anpei), recognizes Brazil's most innovative companies based on investments and innovation solutions, among other benchmarks.

There are still important challenges to be overcome. However, with the endless engagement of our professionals and Management, always focused on innovation, automation and cost management and constantly committed to developing products and solutions to maintain a long-term relationship with our stakeholders, we will overcome such challenges.

2 About MAHLE Metal Leve

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

We have developed activities in Brazil since the 50's and have a broad portfolio of products and integrated solutions that in most cases have been customized jointly with our major customers. We operate in the OEM (original equipment manufacturers) and aftermarket segments, serving automakers and large autoparts distributors and engine overhaul enterprises.

Our products are manufactured and sold in Brazil and Argentina, and also exported to over 60 countries, among 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 and others.

We own five industrial plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, all of which are located 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 located 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 belong to the German autoparts group MAHLE, or MAHLE Group, which was established in 1920 and is one of the most traditional groups in the autoparts industry in the world. MAHLE Group, including the Company, currently has more than 170 industrial plants in 35 countries on five continents, 16 research and development centers and approximately 78 thousand employees.

As part of the MAHLE Group, a group with global operations, we are able to exchange knowledge, have constant access to the latest technology and develop new products together with our customers, which are key factors to the high level of market penetration and customer loyalty that we have achieved.

3 Performance of the automotive industry

3.1 Performance of the Brazilian automotive industry

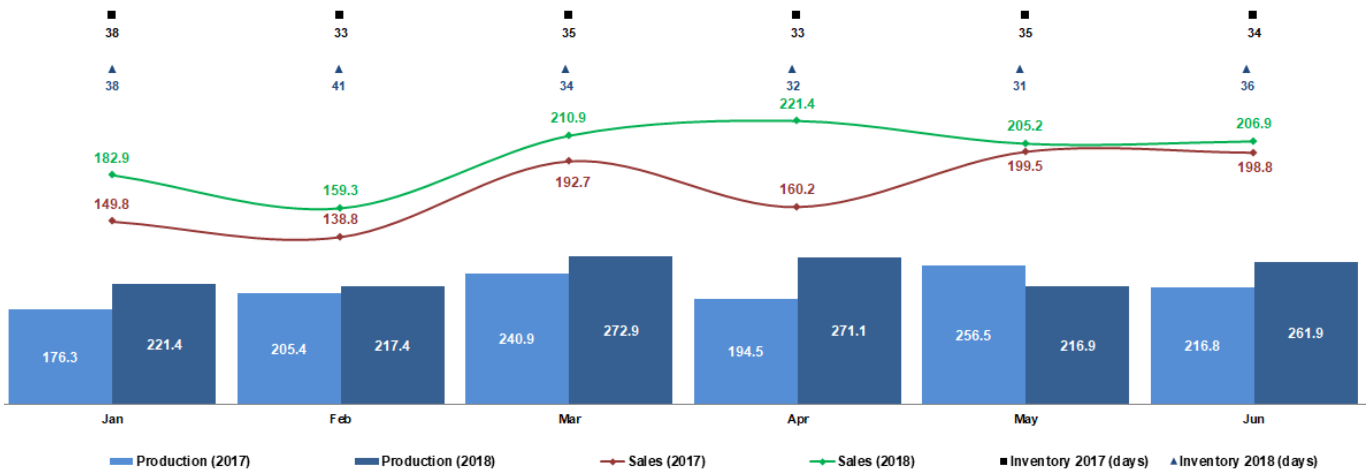
Brazilian automotive industry												
Segments	Jan-Jun 2018					Jan-Jun 2017					Sales Variation (A/C)	Production Variation (B/D)
	Sales (Local + Imp) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (Local + Imp) (C)	Export	Import	Inventory (*)	Total Production (D)		
Passenger Cars	957,936	302,692	-97,999	19,131	1,181,760	847,810	306,192	-77,472	-17,295	1,059,235	13.0%	11.6%
Light Commercials	171,220	57,258	-44,353	4,101	188,226	145,283	53,038	-32,980	-8,080	157,261	17.9%	19.7%
Total of Light vehicles	**1,129,156**	**359,950**	**-142,352**	**23,232**	**1,369,986**	**993,093**	**359,230**	**-110,452**	**-25,375**	**1,216,496**	**13.7%**	**12.6%**
Trucks	32,025	14,329	-725	3,958	49,587	21,455	13,631	-818	1,753	36,021	49.3%	37.7%
Buses	5,573	4,722	-3	4,641	14,933	4,897	4,104	-	972	9,973	13.8%	49.7%
Total Trucks and Buses	**37,598**	**19,051**	**-728**	**8,599**	**64,520**	**26,352**	**17,735**	**-818**	**2,725**	**45,994**	**42.7%**	**40.3%**
Agricultural	19,865	6,124	-45	1,228	27,172	20,324	6,000	-57	1,567	27,834	-2.3%	-2.4%
Total of medium and heavy vehicle	**57,463**	**25,175**	**-773**	**9,827**	**91,692**	**46,676**	**23,735**	**-875**	**4,292**	**73,828**	**23.1%**	**24.2%**
Total vehicle sales	**1,186,619**	**385,125**	**-143,125**	**33,059**	**1,461,678**	**1,039,769**	**382,965**	**-111,327**	**-21,083**	**1,290,324**	**14.1%**	**13.3%**
Variation (un) - 1H18 x 1H17	**146,850**	**2,160**	**-31,798**	**54,142**	**171,354**							
Variation (%) - 1H18 x 1H17	**14.1%**	**0.6%**	**28.6%**	**-256.8%**	**13.3%**							

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

Brazilian vehicle production in the 1H18 grew 13.3% and **sales of the Brazilian automotive industry** increased 14.1% compared to the same period of 2017.

According to the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA) **vehicle inventory** recorded at the end of the 1H18 totaled 240.6 thousand units, corresponding to 36 days of sales. In the same period of the previous year, vehicle inventory was equivalent to 34 days of sales, corresponding to 222.7 thousand units.

The graph below shows the changes in the production, sales and total inventory of national vehicles in the first six months of 2018 compared to the same period of 2017:



3.2 Performance of the Argentinean automotive industry

Comparing the 1H18 with the 1H17, the Argentinean automotive industry reported a growth of 1.6% in sales and 9.4% in production of vehicles.

Argentinian automotive industry			
Vehicle Sales (Locally-manufactured and imported)	**Jan-Jun 2018 (A)**	**Jan-Jun 2017 (B)**	**A/B**
Total of Light vehicle	**421,607**	**414,872**	**1.6%**
Total of medium and heavy vehicle (**)	**20,814**	**20,490**	**1.6%**
Total vehicle sales	**442,421**	**435,362**	**1.6%**
Exports	121,570	98,421	23.5%
Imports	302,550	293,227	3.2%
Automotive trade balance	**(180,980)**	**(194,806)**	**-7.1%**
Vehicle inventory variation in the period (*)	9,266	8,354	10.9%
Production of Light vehicle	**242,655**	**220,654**	**10.0%**
Medium and heavy vehicle production	**7,238**	**7,766**	**-6.8%**
Total vehicle production	**249,893**	**228,420**	**9.4%**

(*) Vehicle inventory variation = production - (sales + exports - imports).
(**) Source: Arcaras Arg.
(***) Source: IHS
Source: Adefa

3.3 Production and sales of vehicles in Brazil and Argentina

The table below shows consolidated figures for vehicle production and sales in Brazil and Argentina. This refers to the domestic market in which the Company operates.

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Jun 2018	Jan-Jun 2017	variation	Jan-Jun 2018	Jan-Jun 2017	variation
Light vehicle	1,612,641	1,437,150	12.2%	1,550,763	1,407,965	10.1%
Medium and heavy vehicle	98,930	81,594	21.2%	78,277	67,166	16.5%
Total	**1,711,571**	**1,518,744**	**12.7%**	**1,629,040**	**1,475,131**	**10.4%**

Source: Anfavea and Adefa

3.4 Vehicle production in the main export markets

The table below shows the figures for vehicle production in the 1H18 in Europe and NAFTA (Company's main export markets) compared to the 1H17.

Vehicle Production in the main exports market (in ths)			
Segment	**Jan-Jun 2018 (A)**	**Jan-Jun 2017 (B)**	**A/B**
Production of Light vehicle	8,760	8,985	-2.5%
Production of medium and heavy vehicle	309	262	17.7%
North America	**9,069**	**9,247**	**-1.9%**
Production of Light vehicle	11,881	11,600	2.4%
Production of medium and heavy vehicle	353	328	7.6%
Europe	**12,234**	**11,928**	**2.6%**
Total Vehicle Production	**21,303**	**21,175**	**0.6%**

Source: IHS

4 Economic and financial performance

Summary P&L (R$ million)	2Q18	2Q17	V.A. (%)	V.A. (%)	H.A. (%)	1H18	1H17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	**628.2**	**576.3**	**100.0%**	**100.0%**	**9.0%**	**1,246.9**	**1,091.4**	**100.0%**	**100.0%**	**14.2%**
Cost of sales	(449.9)	(420.7)	-71.6%	-73.0%	6.9%	(895.1)	(802.7)	-71.8%	-73.5%	11.5%
Gross income	**178.3**	**155.6**	**28.4%**	**27.0%**	**14.6%**	**351.8**	**288.7**	**28.2%**	**26.5%**	**21.9%**
Selling expenses	(47.8)	(34.8)	-7.6%	-6.0%	37.4%	(85.6)	(67.2)	-6.9%	-6.2%	27.4%
General and administrative expenses	(22.9)	(27.7)	-3.6%	-4.8%	-17.3%	(43.3)	(50.8)	-3.5%	-4.7%	-14.8%
Technology and product development expenses	(20.2)	(22.1)	-3.2%	-3.8%	-8.6%	(37.1)	(42.9)	-3.0%	-3.9%	-13.5%
Other operating income (expenses)	2.2	13.2	0.4%	2.3%	-83.3%	(0.1)	11.4	0.0%	1.0%	-100.9%
Equity in the results of investees	-	(0.2)	0.0%	0.0%	-100.0%	(0.0)	(0.3)	0.0%	0.0%	-100.0%
Operating income	**89.6**	**84.0**	**14.3%**	**14.6%**	**6.7%**	**185.7**	**138.9**	**14.9%**	**12.7%**	**33.7%**
Financial income (expenses), net	(5.2)	(7.6)	-0.8%	-1.3%	-31.6%	(7.0)	(16.9)	-0.6%	-1.5%	-58.6%
Income tax and social contribution	(23.8)	(18.9)	-3.8%	-3.3%	25.9%	(47.6)	(25.7)	-3.8%	-2.4%	85.2%
Net income attributable to owners of the parent	**60.2**	**57.0**	**9.6%**	**9.9%**	**5.6%**	**131.6**	**95.4**	**10.6%**	**8.7%**	**37.9%**
Net income of non-controlling interest	0.4	(3.5)	0.1%	-0.6%	-111.4%	(0.5)	(6.3)	0.0%	-0.6%	-92.1%
EBITDA	**112.9**	**107.7**	**18.0%**	**18.7%**	**4.8%**	**231.7**	**186.5**	**18.6%**	**17.1%**	**24.2%**
Margins:										
Gross margin	28.4%	27.0%			1,4 p.p.	28.2%	26.5%			1,7 p.p.
Operating margin	14.3%	14.6%			-0,3 p.p.	14.9%	12.7%			2,2 p.p.
Net margin attributable to owners of the parent	9.6%	9.9%			-0,3 p.p.	10.6%	8.7%			1,9 p.p.
EBITDA margin	18.0%	18.7%			-0,7 p.p.	18.6%	17.1%			1,5 p.p.
SG&A expenses to net sales revenue	**11.3%**	**10.8%**			**0,5 p.p.**	**10.3%**	**10.8%**			**-0,5 p.p.**

4.1 Net sales revenue and market share by segment

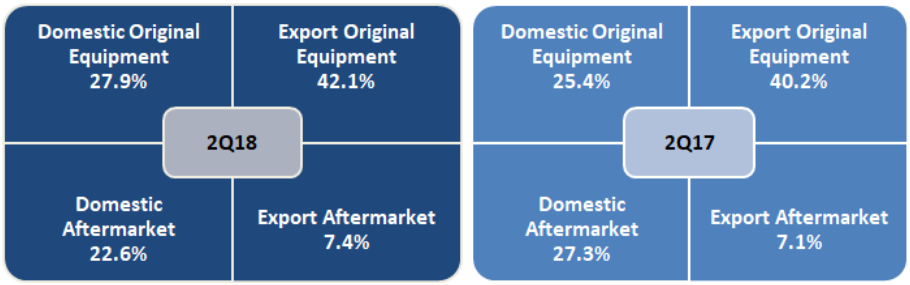
In the 2Q18, the Company reported a growth of 9.0% in its consolidated net sales revenue compared to the same period of 2017.

The table below shows the dynamics of the Company's revenue by segment and respective impacts in terms of volume/price and exchange variation between the years:

	Net revenues by market (R$ Million)	2Q18 (a)	Volume/Price (b)	FX-Variation (c)	2Q17 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic[1]	175.2	29.5	(0.4)	146.1	20.2%	-0.3%	19.9%
	Export	264.3	13.9	18.7	231.7	6.0%	8.1%	14.1%
	Subtotal	**439.5**	**43.4**	**18.3**	**377.8**	**11.5%**	**4.8%**	**16.3%**
Aftermarket	Domestic[1]	142.3	(8.3)	(7.0)	157.6	-5.3%	-4.4%	-9.7%
	Export	46.4	1.0	4.5	40.9	2.4%	11.0%	13.4%
	Subtotal	**188.7**	**(7.3)**	**(2.5)**	**198.5**	**-3.7%**	**-1.2%**	**-4.9%**
	Total	**628.2**	**36.1**	**15.8**	**576.3**	**6.3%**	**2.7%**	**9.0%**

[1] Domestic market includes Brazil and Argentina.

Below is the market share in relation to consolidated net sales revenue between the quarters:



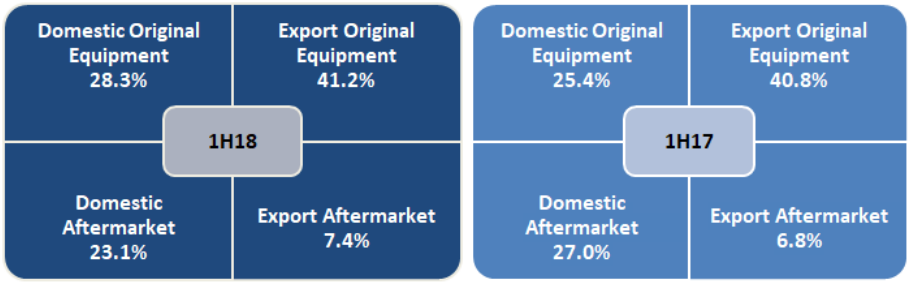
In the 1HT18, the Company reported a growth of 14.2% in its consolidated net sales revenue compared to the 1H17.

The table below shows the dynamics of the Company's revenue by segment and respective impacts in terms of volume/price and exchange variation between the periods:

	Net revenues by market (R$ Million)	1H18 (a)	Volume/Price (b)	FX-Variation (c)	1H17 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic[1]	353.3	76.5	(0.9)	277.7	27.5%	-0.3%	27.2%
	Export	513.7	24.7	43.9	445.1	5.5%	9.9%	15.4%
	Subtotal	**867.0**	**101.2**	**43.0**	**722.8**	**14.0%**	**6.0%**	**20.0%**
Aftermarket	Domestic[1]	288.0	6.1	(13.1)	295.0	2.1%	-4.5%	-2.4%
	Export	91.9	12.5	5.8	73.6	17.0%	7.9%	24.9%
	Subtotal	**379.9**	**18.6**	**(7.3)**	**368.6**	**5.0%**	**-1.9%**	**3.1%**
	Total	**1,246.9**	**119.8**	**35.7**	**1,091.4**	**11.0%**	**3.2%**	**14.2%**

[1] *Domestic market includes Brazil and Argentina.*

Below is the market share in relation to consolidated net sales revenue between the periods:



4.2 OEM (original equipment manufacturer) sales

Domestic market:

In the 2Q18, domestic OEM sales grew 19.9% due to an increase of 20.2% in volume/price, which was partially offset by the exchange variation (-0.3%) resulting from OEM sales in Argentina (consolidated into domestic OEM sales).

In the 1H18, domestic OEM sales grew 27.2% due to an increase of 27.5% in volume/price, which was partially offset by the exchange variation (-0.3%) also resulting from OEM sales in Argentina (consolidated into domestic OEM sales).

Although the vehicle production and sales performance in the second quarter of 2018 had not been the same of the first quarter in view of the truckers' strike, the Company kept reporting increased net sales revenue in this market mainly due to its vehicle exports from Brazil, coupled with an increase in vehicle production to meet the local demand, as reported by the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA), in Brazil, and by the *Asociación de Fábricas de Automotores* (Adefa), in Argentina.

OEM exports:

The performance of OEM exports results mainly from an increase in light vehicles sales to Europe and heavy vehicles to North America.

In the 2Q18, the Company reported growth of 14.1% in this market mainly due to the positive impact of 8.1% of the exchange da variation and a 6.0% increase in volumes.

In the table in the opposite side is the Company's performance in OEM exports in strong currencies in both quarters:

Export Sales by currency (R$ Million)	Apr-Jun 2018 (a)	Apr-Jun 2017 (b)	H.A. (%) (a/b)
Original equipment			
EUR	23.6	22.2	6.3%
USD	46.7	46.2	1.1%

In the 1H18, the Company reported a growth of 15.4% in this market mainly due to the positive impact of 9.9% of the exchange variation and a 5.5% increase in volumes.

In the table in the opposite side is the Company's performance in OEM exports in strong currencies in both six-month periods:

Export Sales by currency (R$ Million)	Jan-Jun 2018 (a)	Jan-Jun 2017 (b)	H.A. (%) (a/b)
Original equipment			
EUR	48.8	45.0	8.4%
USD	90.5	87.5	3.4%

4.3 *Aftermarket sales*

Domestic aftermarket:

In the 2Q18, domestic aftermarket sales fell 9.7% due to a reduction in volume/price of 5.3%, coupled with the exchange variation (-4.4%) resulting from aftermarket sales in Argentina (consolidated into domestic aftermarket sales).

In the 1H18, domestic aftermarket fell 2.4%, with an increase in volume/price of 2.1%, offset by the exchange variation (-4.5%) resulting from aftermarket sales in Argentina (consolidated into domestic aftermarket sales).

According to a survey by the National Federation of Motor Vehicle Distribution (Fenabrave) to measure the behavior of the new and used vehicle markets, transfers of vehicle ownership decreased in the first half of 2018, due to the macroeconomic scenario which still affects the aftermarket sales, worsened by the troubles caused by the cargo transportation stoppage resulting from the truckers' strike, as mentioned the Management's Comments.

Aftermarket exports:

In the 2Q18, aftermarket exports increased 13.4% in relation to the same period of 2017, with an increase of 11.0% in volume/price, coupled with the positive impact of the exchange variation 2.4%.

Below is the Company's performance in aftermarket exports in strong currencies in both quarters:

Export Sales by currency (R$ Million)	Apr-Jun 2018 (a)	Apr-Jun 2017 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	1.3	1.3	0.0%
USD	11.4	11.3	0.9%

In the 1H18, compared with the 1H17, aftermarket exports grew 24.9% due to an increase of 17.0% in volume/price, coupled with the positive impact of the exchange variation 7.9%.

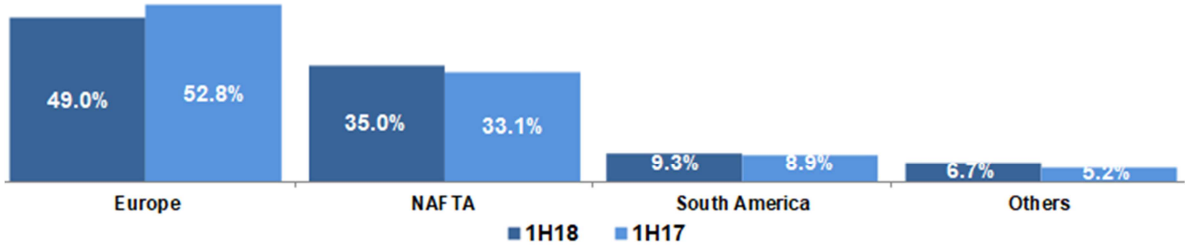
Below is the Company's performance in aftermarket exports in strong currencies in both six-month periods:

Export Sales by currency (R$ Million)	Jan-Jun 2018 (a)	Jan-Jun 2017 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	2.0	2.3	-13.0%
USD	24.5	20.7	18.4%

This performance is due to an increase in the volume of sales to South America countries. According to the Ministry of Industry, Foreign Trade and Services (MDIC), the Pacific Alliance countries have imported more Brazilian products since 2017 because of an evolution in trade agreements entered into with those countries. The products imported from Brazil include passenger and cargo vehicles, engines and their components. The main countries to which the Company exports include, among others, Chile, Paraguay, Peru, Bolivia and Uruguay.

4.4 Consolidated exports by region

The graph below shows the distribution of the Company's sales by geographic region in the 1H18 and 1H17:

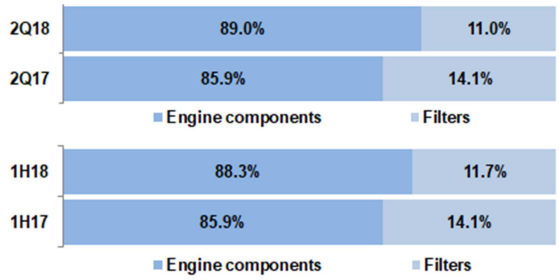


4.5 Net sales revenue by segment

In the 2Q18, sales of engine components increased 12.9% and sales of filters fell 15.0%, compared to the same period of 2017. Comparing the 1H18 to the 1H17, engine components sales increased 17.4% while filters sales decreased 5.0%, as shown in the opposite chart:

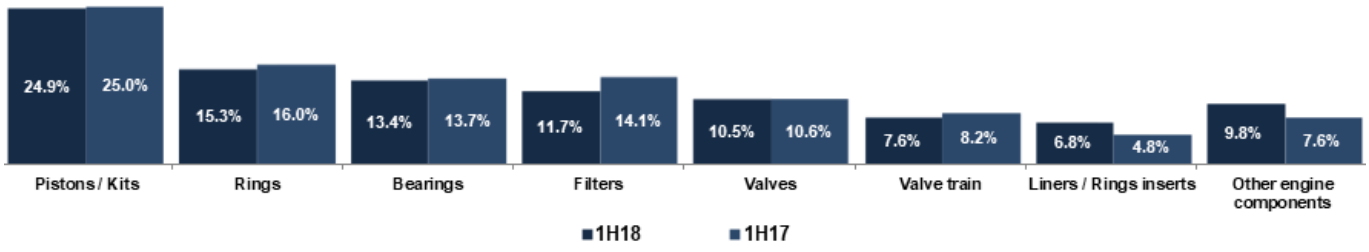
Performance of the net sales revenue by segment (R$ million)	2Q18 (a)	2Q17 (b)	H.A. (%) (a/b)	1H18 (c)	1H17 (d)	H.A. (%) (c/d)
Engine components	559.2	495.1	12.9%	1,100.5	937.3	17.4%
Filters	69.0	81.2	-15.0%	146.4	154.1	-5.0%
Total	**628.2**	**576.3**	**9.0%**	**1,246.9**	**1,091.4**	**14.2%**

The reduction in revenue from filters is due to the effects of the truck drivers' strike, which directly affected the Aftermarket market. It should be noted that the Company does not export filters; therefore, this segment was not subject to impacts of exchange variation between the quarters, as happened in the engine components segment.



4.6 Net sales revenue by product

The graph below shows total sales share by product in the 1H18 compared to the 1H17:



4.7 Gross margin

As shown in the table below, the Company closed the 2Q18 with gross margin of 28.4% (27.0% in the 2Q17), while in the 1H18, the gross margin was 28.2% (26.5% in the 1H17):

Summary P&L (R$ million)	2Q18 (a)	2Q17 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)	1H18 (c)	1H17 (d)	V.A. (%) (c)	V.A. (%) (d)	H.A. (%) (c/d)
Net sales revenue	**628.2**	**576.3**	**100.0%**	**100.0%**	**9.0%**	**1,246.9**	**1,091.4**	**100.0%**	**100.0%**	**14.2%**
Cost of sales	(449.9)	(420.7)	-71.6%	-73.0%	6.9%	(895.1)	(802.7)	-71.8%	-73.5%	11.5%
Gross income	**178.3**	**155.6**	**28.4%**	**27.0%**	**14.6%**	**351.8**	**288.7**	**28.2%**	**26.5%**	**21.9%**
Gross margin	28.4%	27.0%			1,4 p.p.	28.2%	26.5%			1,7 p.p.

As a consequence of the volume growth between the periods, the Company increased the use of its production capacity in both quarters mainly due to the better performance of the OEM domestic sales, which, coupled with efforts to intensify the initiatives of productivity gains in the Company's direct and indirect areas, led to a better margin, as mentioned above.

4.8 *Selling, general and administrative expenses*

Increased selling expenses resulted from the performance of the Company's revenue and from the effects of the truckers' strike in May, when the Company incurred additional costs with special freights to be able to deliver its products to clients in lesser time.

Reduced general and administrative expenses in both periods result from efforts to strengthen initiatives of productivity gains in the direct and indirect areas of the Company.

Summary P&L (R$ million)	2Q18	2Q17	V.A. (%)	V.A. (%)	H.A. (%)	1H18	1H17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	**628.2**	**576.3**	**100.0%**	**100.0%**	**9.0%**	**1,246.9**	**1,091.4**	**100.0%**	**100.0%**	**14.2%**
Selling expenses	(47.8)	(34.8)	-7.6%	-6.0%	37.4%	(85.6)	(67.2)	-6.9%	-6.2%	27.4%
General and administrative expenses	(22.9)	(27.7)	-3.6%	-4.8%	-17.3%	(43.3)	(50.8)	-3.5%	-4.7%	-14.8%
SG&A expenses	**(70.7)**	**(62.5)**	**11.3%**	**10.8%**	**13.1%**	**(128.9)**	**(118.0)**	**10.3%**	**10.8%**	**9.2%**
SG&A expenses to net sales revenue	**11.3%**	**10.8%**			**0,5 p.p.**	**10.3%**	**10.8%**			**-0,5 p.p.**

4.9 *Technology and product development expenses*

It should be noted that R&D expenses returned to the historical level. The Company maintained focus on technological innovations involving developments in partnership with customers, such as patent registrations and release of new products to the market. In the 2Q18, such expenses accounted for 3.2% of net sales revenue (3.8% in the 2Q17), while in the 1H18 and 1H17 they accounted for 3.0% and 3.9%, respectively.

Summary P&L (R$ million)	2Q18	2Q17	V.A. (%)	V.A. (%)	H.A. (%)	1H18	1H17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	**628.2**	**576.3**	**100.0%**	**100.0%**	**9.0%**	**1,246.9**	**1,091.4**	**100.0%**	**100.0%**	**14.2%**
Technology and product development expenses	(20.2)	(22.1)	-3.2%	-3.8%	-8.6%	(37.1)	(42.9)	-3.0%	-3.9%	-13.5%

4.10 *Other operating income (expenses), net*

In the 2Q18, a net income of R$ 2.2 million was recorded in other net operating income (expenses), and in the 1H18, the Company recorded a net expense of R$ 0.1 million in other net operating income (expenses), as shown below:

Other income and expenses, net						
R$ million	2Q18 (a)	2Q17 (b)	Var. (a-b)	1H18 (c)	1H17 (d)	Var. (c-d)
Gains/losses on disposal of assets/others	-	17.3	17.3	-	17.3	(17.3)
Recovered taxes (Reintegra)	3.1	3.9	0.8	7.1	7.4	(0.3)
Electric power	0.3	0.6	0.3	0.7	0.7	-
Provision/Reversal for obsolescence	-	0.1	0.1	0.1	1.2	(1.1)
Provision for restructuring	-	-	-	0.2	-	0.2
Gains/losses on disposal of assets/others	-	(1.8)	(1.8)	-	(3.2)	3.2
Provision/Reversal for labor, civil and tax contingencies	(0.7)	(9.8)	(9.1)	(6.8)	(14.7)	7.9
Other income/expenses	(0.5)	2.9	3.4	(1.4)	2.7	(4.1)
Total of others incomes and expenses, net	2.2	13.2	11.0	(0.1)	11.4	(11.5)

4.11 Operating income measured by EBITDA

In the 2Q18, EBITDA was R$ 112.9 million (R$ 107.7 million in the 2Q17), representing an EBITDA margin of 18.0% (18.7% in the 2Q17). The table below shows the changes between the periods in the accounts that make up operating income:

EBITDA 2Q17	Gross income	General and administrative expenses	Technology and product development expenses	Equity in the results of investees	Depreciation	Other operating income (expenses)	Selling expenses	EBITDA 2Q18
107.7	22.7	4.8	1.9	0.2	(0.4)	(11.0)	(13.0)	112.9
EBITDA margin 18.7%								EBITDA margin 18.0%

In the 1H18, EBITDA was R$ 231.7 million (R$ 186.5 million in the 1H17), representing an EBITDA margin of 18.6% (17.1% in the 1H17). The table below shows the changes between the periods in the accounts that make up operating income:

Adjusted EBITDA 1H17	Gross income	General and administrative expenses	Technology and product development expenses	Equity in the results of investees	Depreciation	Other operating income (expenses)	Selling expenses	EBITDA 1H18
186.5	63.1	7.5	5.8	0.3	(1.6)	(11.5)	(18.4)	231.7
EBITDA margin 17.1%								EBITDA margin 18.6%

4.12 Net financial income (expenses)

In the 2Q18, the Company recorded a net financial expense of R$ 5.2 million, while in the 2Q17, net financial expenses amounted to R$ 7.6 million, meaning a positive variation of R$ 2.4 million between the periods.

In the 1H18, the Company recorded a net financial expense of R$ 7.0 million, while in the 2H17, net financial expenses amounted to R$ 16.9 million, meaning a positive variation of R$ 9.9 million between the periods.

Net financial result (R$ million)	2Q18 (a)	2Q17 (b)	Var. (a - b)	1H18 (c)	1H17 (d)	Var. (c - d)
Interests (income on investments)	1.7	5.7	(4.0)	3.1	11.4	(8.3)
Interests (expenses on financing)	(2.4)	(9.3)	6.9	(4.5)	(21.2)	16.7
Interests (Others)	0.1	1.7	(1.6)	0.5	3.9	(3.4)
Interests, net (i)	**(0.6)**	**(1.9)**	**1.3**	**(0.9)**	**(5.9)**	**5.0**
Exchange variation, net	32.3	18.7	13.6	39.8	13.3	26.5
Result with derivatives	(26.9)	(13.2)	(13.7)	(27.0)	(3.3)	(23.7)
Exchange variation and Result with derivatives (ii)	**5.4**	**5.5**	**(0.1)**	**12.8**	**10.0**	**2.8**
Monetary variation, net	(8.3)	(9.4)	1.1	(15.9)	(17.9)	2.0
Others	(1.7)	(1.8)	0.1	(3.0)	(3.1)	0.1
Monetary variation, net + Others (iii)	**(10.0)**	**(11.2)**	**1.2**	**(18.9)**	**(21.0)**	**2.1**
Financial income (expenses), net (i + ii + iii)	**(5.2)**	**(7.6)**	**2.4**	**(7.0)**	**(16.9)**	**9.9**

The negative variation of R$ 4.0 million in “Interest (income on investments)” between the periods results from a reduction in the average investment levels in the period (R$ 136.2 million and R$ 296.5 million, respectively, averages for the 2Q18 and 2Q17), coupled with a reduction in the remuneration percentages (6.3% p.a. and 10.5% p.a., respectively, averages for the 2Q18 and the 2Q17), which followed the reduction in the Basic Interest Rate (SELIC) in Brazil.

The reductions of R$ 1.3 million and R$ 5.0 million in “Interest, net" (item “i” of the table above) between the 2Q18 and 2Q17, and the 1H18 and 1H17, respectively, result from the drop in the interest rates and the reduction of indebtedness.

The table below shows the dynamics of the interest rates and volumes in the Company.

Interest rates and volumes (average)	2Q18 (a)	2Q17 (a)	Var. (a - b)	1H18 (c)	1H17 (d)	Var. (c - d)
Remunetarion of investments[1]	6.3%	10.5%	-4.2 p.p.	6.4%	11.0%	-4.6 p.p.
Cost of debt	3.9%	9.0%	-5.1 p.p.	4.6%	9.1%	-4.5 p.p.
Investments - average	136.2	296.5	-54.1%	62.3	257.1	-75.8%
Average debt	(284.8)	(474.0)	-39.9%	(114.9)	(475.8)	-75.9%

[1] Bank deposit certificates (CDBs) and repurchase agreements with average remuneration of 99.0% of the interbank deposit rate CDI), invested exclusively with fist rate banks in Brazil.

There was a reduction in the average volume of gross debt of 39.9% (from R$ 474.0 million to R$ 284.8 million in the 2Q17 and 2Q18, respectively) as the Company settled loans and financing, mainly those taken from the National Bank for Economic and Social Development (BNDES) and from commercial banks (export credit notes NCE), and the reduction in the 1H18 compared to the 1H17 was of 75.9% (from R$ 475.8 million to R$ 114.9 million, respectively), for the same reason.

4.13 Income and social contribution taxes

As of June 30, 2018, the Company recorded a provision for income and social contribution tax expense of R$ 47.6 million, consolidated (expense of R$ 25.7 million as of June 30, 2017), as detailed below:

- ✓ Current tax: an expense of R$ 69.4 million, generated by the parent and its subsidiary MAHLE Argentina S/A.;
- ✓ Deferred tax: income of R$ 21.8 million, with no impact on cash, comprising mainly changes in the provisions and realization of differences measured according to Law 12.973/14.

Additional information is available in note 11 to the Quarterly Financial Statements as of June 30, 2018.

4.14 Net income

In the 2Q18, the Company had net income of R$ 60.2 million (R$ 57.0 million in the 2Q17), representing an increase of 5.6% between the periods, and net margin in the 2Q18 of 9.6% and 9.9% in the 2Q17. In the 1H18, net income amounted to R$ 131.6 million (R$ 95.4 million in the 1H17), representing an increase of 37.9% between the periods, and net margin in the 1H18 of 10.6% and of 8.7% in the 1H17.

Summary P&L (R$ million)	2Q18	2Q17	V.A. (%)	V.A. (%)	H.A. (%)	1H18	1H17	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
Net sales revenue	**628.2**	**576.3**	**100.0%**	**100.0%**	**9.0%**	**1,246.9**	**1,091.4**	**100.0%**	**100.0%**	**14.2%**
Net income attributable to owners of the parent	**60.2**	**57.0**	**9.6%**	**9.9%**	**5.6%**	**131.6**	**95.4**	**10.6%**	**8.7%**	**37.9%**
Net margin attributable to owners of the parent	9.6%	9.9%			-0,3 p.p.	10.6%	8.7%			1,9 p.p.

4.15 Capital expenditures

The table below shows capital expenditures (capex) as well as total accumulated depreciation in the 1H18 and 1H17, respectively:

CAPEX & Depreciation (R$ million)	1H18	1H17
Capex	29.0	29.3
Total depreciation	46.1	47.8
Capex	**1H18**	**1H17**
% of Net sales revenue	2.3%	2.7%
% of Depreciation	62.9%	61.3%

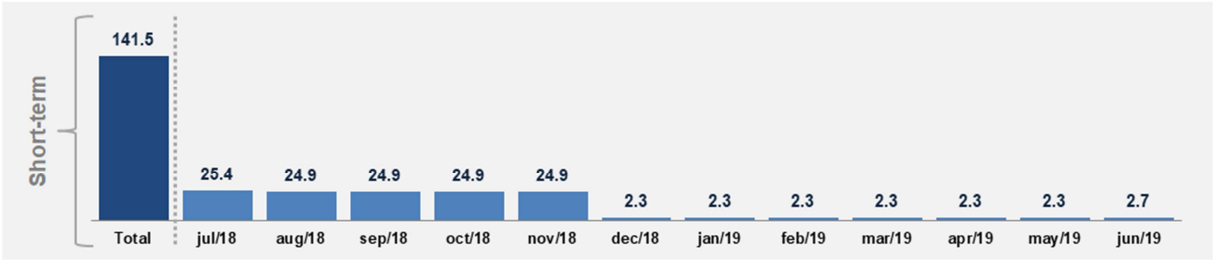
In the 1H18, capital expenditures were channeled into R&D equipment, replacement of machinery and equipment to increase productivity and quality, new products, new buildings, IT, among others.

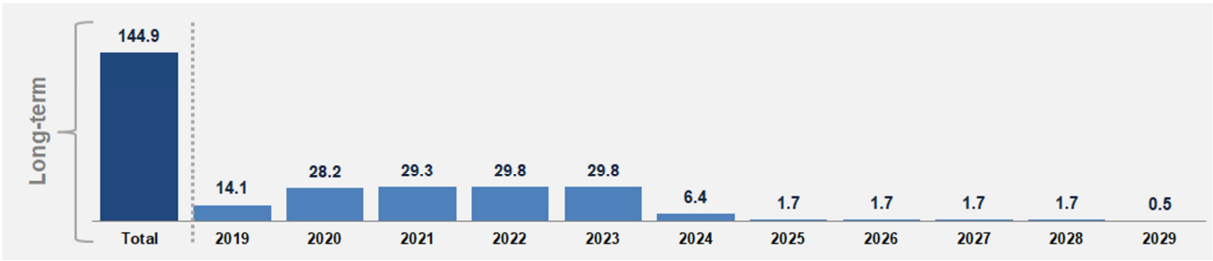
4.16 Net position of financial assets and liabilities

At the end of 1H18, the net position of the Company's financial assets and liabilities was R $ 124.4 million (liability position), while at the end of 2017 it was R $ 14.0 million (asset position).

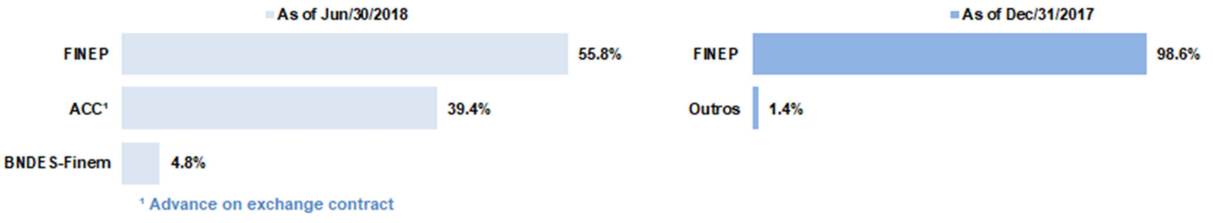
Net indebtedness (R$ million)	As of Jun/30/2018 (a)	As of Dec/31/2017 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Liabilities (i)	**286.4**	**176.0**	**110.6**	**100%**	**100%**
Short term	141.5	31.0	110.4	49%	18%
Long term	144.9	145.0	(0.1)	51%	82%
Cash / banks / cash investments/ Loans - related parties (ii):	**(162.0)**	**(190.0)**	**28.0**		
Net position (i + ii)	**124.4**	**(14.0)**	**138.4**		

The graphs below show the maturities of short-term and long-term transactions at the end of the 1H18, representing 49% and 51%, respectively, of the financing described in the above table:





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

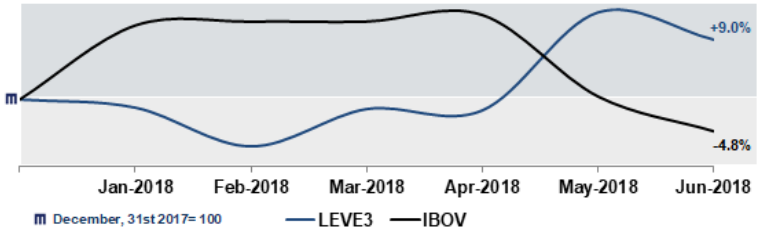


5 Investor Relations and Capital Market

In the 1H18, the Company's Investor Relations team maintained the actions to improve its internal processes and information flow, thus enhancing interaction with the most varied capital market players and stakeholders, seeking to show to the market how the Company operates. Further, the Company continues participating in several meetings, conferences, site visits, teleconferences, and other events focused on the capital market, including contacts by phone and emails.

5.1 Performance of the Company shares and free-float shares

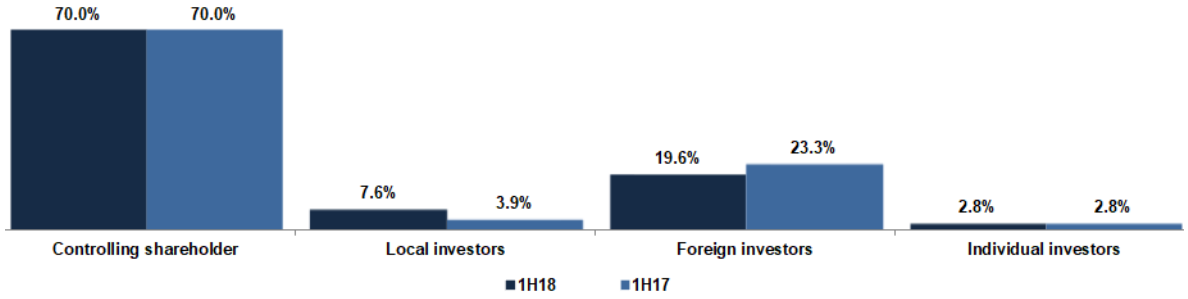
The graphs below show the evolution of LEVE3 shares, the Average Daily Trading Volume (ADTV) and the ADTV turnover in relation to the free-float market capitalization:



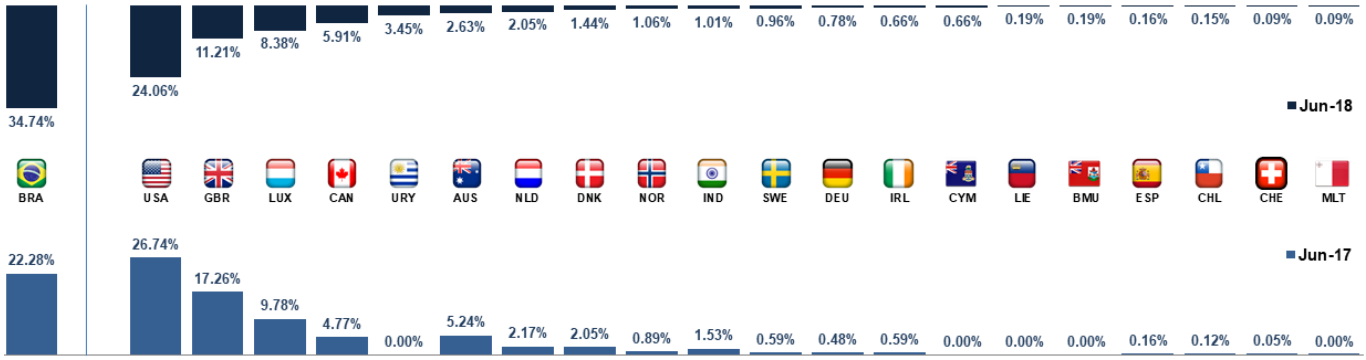
Average Daily Trading Volume (ADTV) and ADTV turnover to Free-Float Mkt Cap				
Period	3Q17	4Q17	1Q18	2Q18
Trading Volume (R$ million)	5.0	6.4	5.6	8.7
Turnover (%)	0.70%	0.75%	0.61%	0.88%

5.2 Shareholders' profile

In the 1H18 and 1H17, respectively, shareholders' profile in relation to the quantity of the Company shareholders, including free-float shares, was represented as follows:



The graph below contains the main countries in which the Company's free-float shares were held in the 1H18 and 1H17:



6 Independent Auditors

In accordance with CVM Instruction 381/03, the Company and its subsidiaries adopt the policy of ensuring that provision of other services by the auditors does not create conflict of interest nor affects the independence and objectivity required by independent auditing services.

During the 2Q18, the Company did not engage KPMG Auditores Independentes to perform other services, therefore not generating any situation that could create conflict of interests pursuant to that legislation.

7 Representation by the Executive Board

In compliance with the provisions of CVM Instruction 480, management declares that it discussed, reviewed and agreed with the financial statements for the quarter ended June 30, 2018 and the opinions expressed in the independent auditor's report.

8 Acknowledgements

Company's management thanks its shareholders, employees, customers and suppliers for the support and trust during the second quarter of 2018.

Management

9 Exhibits

9.1 Balance sheet

BALANCE SHEETS (CONSOLIDATED)	As of Jun/30/2018	As of Dec/31/2017
ASSETS	**2,325.0**	**2,226.1**
Current assets	**1,184.6**	**1,061.3**
Cash and cash equivalents	61.7	41.0
Financial investments	109.4	128.1
Trade accounts receivable	451.9	388.2
Inventories	419.6	352.1
Recoverable taxes	75.5	68.7
Income tax and social contribution recoverable	19.9	28.5
Other assets	46.6	54.7
Non current assets	**1,140.4**	**1,164.8**
Deferred taxes	28.5	5.0
Loans to related parties	-	20.9
Recoverable taxes	15.9	14.4
Invesments in subsidiaries and subs. joined	0.6	0.6
Property, plant and equipment	611.1	640.3
Intangible assets	462.5	459.0
Current assets held for sale	7.2	7.2
Other assets	14.6	17.4
LIABILITIES	**2,325.0**	**2,226.1**
Current liabilities	**618.5**	**425.8**
Salaries, accrual for vacation and social charges	106.4	82.9
Trade accounts payable	192.0	171.9
Income tax and social contribution payable	28.6	25.4
Borrowings	141.5	31.0
Provisions	52.2	44.6
Other liabilities	97.8	70.0
Non current liabilities	**432.8**	**450.2**
Borrowings	144.9	145.0
Deferred taxes	0.4	8.5
Provisions	268.6	285.0
Other liabilities	18.9	11.7
Consolidated shareholder's equity	**1,273.7**	**1,350.1**
Stock capital	966.3	966.3
Income reserves	280.5	280.4
Accumulated profit / loss	132.5	(0.0)
Proposed dividends	-	143.6
Other comprehensive income	4.0	42.3
Accumulated conversion adjustments	(104.1)	(77.5)
Minorities	(5.5)	(5.0)

9.2 Income Statement

INCOME STATEMENT (CONSOLIDATED)	As of Jun/30/2018 (a)	As of Jun/30/2017 (b)	Var. (a/b)
Net sales revenue	**1,246.9**	**1,091.4**	**14.2%**
Cost of sales	(895.1)	(802.7)	**11.5%**
Gross income	**351.8**	**288.7**	**21.9%**
Operating income (expenses)	**(166.1)**	**(149.8)**	**11.0%**
Selling expenses	(85.6)	(67.2)	**27.5%**
General and administrative expenses	(43.3)	(50.8)	**-14.9%**
Technology and product development expenses	(37.1)	(42.9)	**-13.4%**
Other operating income	(0.1)	11.4	**-100.9%**
Equity in the results of investees	(0.0)	(0.3)	**0.0%**
Results before financial revenues and expenses	**185.7**	**138.9**	**33.7%**
Financial revenues	93.3	59.0	**58.1%**
Financial expenses	(100.3)	(75.9)	**32.2%**
Income and social contribution taxes	**178.7**	**122.0**	**46.5%**
Current	(69.4)	(44.6)	**56.2%**
Deferred	21.8	18.9	**16.0%**
Net income from continuing operations	**131.1**	**96.3**	**36.1%**
Loss of discontinued operations	-	(7.2)	**-100.0%**
Net income for the period	**131.1**	**89.1**	**47.1%**
For the ownership of controlling shareholders	131.6	95.4	**38.0%**
For the ownership of non-controlling shareholders	(0.5)	(6.3)	**-91.1%**
Basic and diluted earnings per share issued in BRL	**1.02557**	**0.74374**	**37.9%**

9.3 Cash Flow Statement

STATEMENT OF CASH FLOW (CONSOLIDATED)	As of Jun/30/2018	As of Jun/30/2017
Cash flow from operating activities		
Profit (losses) before tax	178.6	112.7
Depreciation and amortization	45.9	51.3
Equity in the results of investees	0.0	0.3
Interest and monetary and exchange variations, net	7.2	39.6
Losses/(gains) on derivative financial instruments	3.0	8.1
Result on property, plant and equipment sold	0.1	(0.4)
Income from disposal of discontinued operations	-	(17.3)
Provision (reversal) for impairment of trade receivables	4.5	(2.1)
Provision (reversal) for contingencies and legal obligations	(3.0)	9.8
Provision (reversal) for guarantees	4.3	(6.6)
Other provisions (reversal)	5.6	12.3
Provision (reversal) for losses with property, plant and equipment, and intangibles	(0.1)	(0.2)
Provision (reversal) for losses on inventories	(2.4)	1.2
Assets and liabilities variation		
Trade accounts receivable and related parties	(68.1)	(82.9)
Inventories	(64.9)	1.9
Recoverable taxes	(19.0)	(17.5)
Other assets	(5.1)	(16.3)
Trade accounts payable and related parties	20.1	27.2
Salaries, accrual for vacation and social charges	23.4	38.8
Taxes and contributions payable	(0.3)	(6.2)
Other liabilities	(33.9)	(16.6)
Cash Flow from operating activities	**95.9**	**137.1**
Income tax and social contribution paid	(42.4)	(24.4)
Net cash used in operating activities	**53.5**	**112.7**
Net Cash from Investment Activities	**(7.7)**	**23.1**
Loans granted to related parts	(198.7)	(345.4)
Settlement of loans from related parts	219.6	395.3
Additions to property, plant and equipment	(25.2)	(27.5)
Additions to intangible assets	(3.8)	(3.3)
Discontinued Operations Cash	-	(1.5)
Proceeds from sales of property, plant and equipment	0.4	5.5
Net Cash from Financing Activities	**(45.5)**	**(11.0)**
Inflow of funding	120.0	51.1
Amortization of financing-principal amounts	(14.1)	(42.4)
Amortization of financing interest	(4.2)	(21.2)
Dividends and interest on equity paid	(156.3)	-
Related Party Loans	111.1	1.5
Payment of Related Party Loans	(102.0)	-
Effects of the exchange rates variation on cash and cash equivalents	**1.7**	**3.1**
Increase (Decrease) in cash and cash equivalent, net	**2.0**	**127.9**
Cash and cash equiv. at the beginning of the period	169.1	256.4
Cash and cash equiv. at the end of the period	171.1	384.3
Increase (Decrease) in cash and cash equivalent, net	**2.0**	**127.9**