

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
at March 31, 2019

MAHLE REPORTS EBITDA OF R\$ 120.3 MILLION IN 1Q19; MARGIN OF 19.3%

Mogi Guaçu (SP), May 15, 2019 - 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 first quarter of 2019. The Company's operating and financial information is presented on a consolidated basis in BRL according to Brazilian Corporation Law unless otherwise indicated.

1Q19 HIGHLIGHTS

Conference call and Webcast of Results:

Date: May 16, 2019

12 noon Brasília time
04:00 p.m. London time
11:00 a.m. New York time

Phone numbers:

Brazil: +55 11 3193-1001
Brazil: +55 11 2820-4001

USA: +1 646 828-8246

Password: MAHLE

Webcast:
<http://cast.comunique-se.com.br/MAHLE/1Q19>

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

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

- **Net sales revenue** of R\$ 623.2 million in 1Q19, which represents an increase of 0.7% as compared to 1Q18;
- At the end of the first quarter of 2019, whereas the consolidated vehicle production of Brazil and Argentina fell by 4.8%, the Company's **sales** in the domestic OE market (sales to auto manufacturers) **increased** by 2.6%, surpassing Brazil's vehicle production (-0.7% in 1Q19);
- At the Ordinary General Meeting held on April 30, 2019, the shareholders approved the distribution of **supplementary dividends** of R\$ 192.2 million relating to fiscal year 2018. For the full year, the Company distributed R\$ 278.4 million in the form of dividends and interest on capital, totaling **100.0% of the net profit for the year** (after legal deductions).

(R\$ million)	Key indicators				
	1Q19 (a)	4Q18 (b)	1Q18 (c)	(a/b)	(a/c)
Net revenue	623.2	634.5	618.7	-1.8%	0.7%
EBITDA	120.3	86.6	118.8	38.9%	1.3%
EBITDA margin	19.3%	13.6%	19.2%	5,7 p.p.	0,1 p.p.
Profit for the year	63.9	67.9	71.4	-5.9%	-10.5%
Net margin	10.3%	10.7%	11.5%	-0,4 p.p.	-1,2 p.p.

TABLE OF CONTENTS

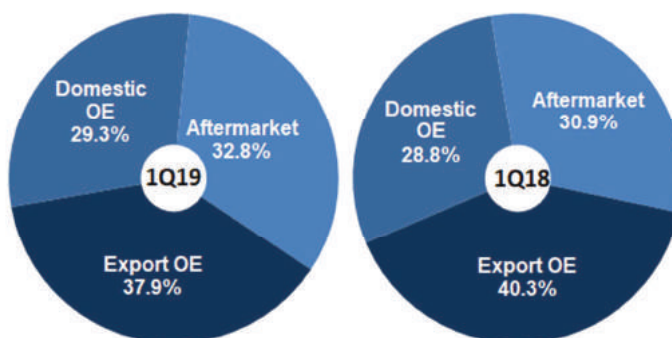
1	MANAGEMENT'S COMMENTS	3
2	ABOUT MAHLE METAL LEVE	3
3	DEVELOPMENTS OF THE AUTOMOTIVE INDUSTRY	4
3.1	Developments of the Brazilian market.....	4
3.2	Developments of the Argentina market	5
3.3	Vehicle production in the main export markets.....	5
4	FINANCIAL AND ECONOMIC PERFORMANCE	6
4.1	Net sales revenue and segments' share	6
4.2	OE sales.....	6
4.3	Aftermarket sales	7
4.4	Consolidated export by region.....	7
4.5	Net revenue by segment	7
4.6	Net revenue by product and service.....	8
4.7	Gross margin.....	8
4.8	Selling, general and administrative expenses	8
4.9	Technology and new product development expenses.....	8
4.10	Other operating income (expenses), net	9
4.11	Operating performance measured by EBITDA	9
4.12	Finance result, net.....	9
4.13	Income tax and social contribution	10
4.14	Net profit.....	11
4.15	Capital expenditures.....	11
4.16	Net position of financial assets and liabilities	11
4.17	Dividends paid to shareholders	12
5	INVESTOR RELATIONS AND CAPITAL MARKET	12
5.1	Stock performance and free float turnover	13
5.2	Shareholder structure	13
6	INDEPENDENT AUDITORS	14
7	REPRESENTATION BY THE EXECUTIVE BOARD	14
8	ACKNOWLEDGEMENTS.....	14
	MANAGEMENT	14

1 Management's Comments

The year 2019 started with negative economic activity data and, consequently, the production rate in the automotive industry has been more moderate than expected.

The Company posted growth of 0.7% in 1Q19 compared to the same period of 2018, driven by strong sales in the domestic OE market (2.6%), Aftermarket (6.9%), which were partly offset by OE exports (-5.4%).

The chart below shows the Company's revenue broken down by market in 1Q19 and 1Q18:



It is important to note that holding balanced market shares both in domestic and export OE and aftermarket segments has allowed us to maintain our profit margins over time.

The Company's operating performance measured by EBITDA was R\$ 120.3 million for 1Q19, with an EBITDA margin of 19.3%.

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, 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, 17 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 Developments of the Automotive Industry

3.1 Developments of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Mar 2019					Jan-Mar 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	495,678	96,804	-42,895	-45,364	584,951	451,504	145,180	-42,932	22,595	576,347	9.8%	1.5%
Light Commercial	85,778	13,159	-25,218	6,183	79,902	76,741	25,223	-20,577	10,700	92,087	11.8%	-13.2%
Total light vehicles	581,456	99,963	-68,113	51,547	664,853	528,245	170,403	-63,509	33,295	668,434	10.1%	-0.5%
Trucks	21,464	2,519	-732	1,510	24,761	14,533	7,331	-305	2,875	24,434	47.7%	1.3%
Buses	4,680	2,080	-	-644	6,116	2,758	2,473	-	1,655	6,886	69.7%	-11.2%
Total Trucks and Buses	26,144	4,599	-732	866	30,877	17,291	9,804	-305	4,530	31,320	51.2%	-1.4%
Agricultural	9,294	2,683	-	-1,109	10,868	7,523	2,936	-	-1,109	12,000	23.5%	-9.4%
Total medium and heavy vehicles	35,438	7,282	-732	-243	41,745	24,814	12,740	-305	3,421	43,320	42.8%	-3.6%
Total vehicle sales	616,894	107,245	-68,845	51,304	706,598	553,059	183,143	-63,814	36,716	711,754	11.5%	-0.7%
Variation (un) - 1Q19 x 1Q18	63,835	-75,898	-5,031	14,588	-5,156							
Variation (%) - 1Q19 x 1Q18	11.5%	-41.4%	7.9%	39.7%	-0.7%							

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

The Brazilian automotive industry has seen a decrease of 0.7% in **production** and growth of 11.5% in **sales** in 1Q19 compared to the same period of 2018.

According to the Brazilian Association of Motor Vehicle Manufacturers (ANFAVEA), **vehicle inventory** recorded at the end of 1Q19 reached 296.4 thousand units, corresponding to 41 days of sales. In the same period of the previous year, vehicle inventory was equivalent to 34 days of sales, representing 230.7 thousand units.

The table at the right side of this section shows the changes in production, sales and total inventory of national vehicles in the first three months of 2019 compared to the same period of 2018:

Vehicle Production - monthly (thousand units)	Jan	Feb	Mar	Total
Production (2018)	221.4	217.4	272.9	711.7
Production (2019)	201.0	260.4	245.0	706.4
Total vehicle sales - monthly (thousand units)	Jan	Feb	Mar	Total
Sales (2018)	182.9	159.3	210.9	553.1
Sales (2019)	202.5	201.5	213.0	617.0
Brazilian Vehicles Inventory (days)	Jan	Feb	Mar	Final
Sales (2018)	38.0	41.0	34.0	34.0
Sales (2019)	37.0	43.0	41.0	41.0

3.2 Developments of the Argentina market

The Argentine automotive industry reported a decline of 56.7% in vehicle sales and of 30.4% in vehicle production when comparing 1Q19 to 1Q18.

Argentina's automotive industry			
Vehicle Sales (Locally-manufactured and imported)	Jan-Mar 2019 (A)	Jan-Mar 2018 (B)	A/B
Total of Light vehicle	94,150	217,747	-56.8%
Total of medium and heavy vehicle (**)	4,626	10,613	-56.4%
Total vehicle sales	98,776	228,360	-56.7%
Exports	47,919	57,348	-16.4%
Imports	67,629	157,846	-57.2%
Automotive trade balance	(19,710)	(100,498)	-80.4%
Vehicle inventory variation in the period (*)	5,038	(3,046)	-265.4%
Production of Light vehicle	76,692	110,598	-30.7%
Medium and heavy vehicle production	2,786	3,605	-22.7%
Total vehicle production	79,478	114,203	-30.4%

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

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Mar 2019	Jan-Mar 2018	variation	Jan-Mar 2019	Jan-Mar 2018	variation
Light vehicle	741,545	779,032	-4.8%	675,606	745,992	-9.4%
Medium and heavy vehicle	44,531	46,925	-5.1%	40,064	35,427	13.1%
Total	786,076	825,957	-4.8%	715,670	781,419	-8.4%

Source: Anfavea and Adefa

3.3 Vehicle production in the main export markets

The table below shows the vehicle production figures for 1Q19 in Europe and North America (Company's main export markets) compared to 1Q18.

Vehicle Production in the main export market (in ths)			
Segment	Jan-Mar 2019 (A)	Jan-Mar 2018 (B)	A/B
Production of Light vehicle	4,345	4,379	-0.8%
Production of medium and heavy vehicle	168	145	15.9%
North America	4,513	4,524	-0.2%
Production of Light vehicle	5,583	5,900	-5.4%
Production of medium and heavy vehicle	173	166	4.2%
Europe	5,756	6,066	-5.1%
Total Vehicle Production	10,269	10,590	-3.0%

Source: IHS

4 Financial and Economic Performance

Summary P&L (R\$ million)	1Q19 (a)	1Q18 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	623.2	618.7	100.0%	100.0%	0.7%
Cost of sales	(454.4)	(445.2)	-72.9%	-72.0%	2.1%
Gross profit	168.8	173.5	27.1%	28.0%	-2.7%
Selling expenses	(37.8)	(37.1)	-6.1%	-6.0%	1.9%
Gains/losses on the recoverable value of accounts receivable	(0.2)	(0.7)	0.0%	-0.1%	-71.4%
General and administrative expenses	(19.0)	(20.4)	-3.0%	-3.3%	-6.9%
Technology and product development expenses	(20.1)	(16.9)	-3.2%	-2.7%	18.9%
Other operating income (expenses)	(0.5)	(2.3)	-0.1%	-0.4%	78.3%
Gains/losses on net monetary position ¹	6.4	-	1.0%	0.0%	100.0%
Operating profit	97.6	96.1	15.7%	15.5%	1.6%
Finance income (costs), net	(8.8)	(1.8)	-1.4%	-0.3%	388.9%
Income tax and social contribution	(25.6)	(23.8)	-4.1%	-3.8%	7.6%
Profit for the year	63.2	70.5	10.1%	11.4%	-10.4%
Profit for the year	63.9	71.4	10.3%	11.5%	-10.5%
Attributable to: Non-controlling-interests	(0.7)	(0.9)	-0.1%	-0.1%	22.2%
EBITDA	120.3	118.8	19.3%	19.2%	1.3%
Margins:					
Gross margin	27.1%	28.0%			-0.9 p.p.
Operating margin	15.7%	15.5%			0.1 p.p.
Net margin attributable to owners of the parent	10.3%	11.5%			-1.2 p.p.
EBITDA margin	19.3%	19.2%			0.1 p.p.
SG&A expenses to net sales revenue	9.1%	9.3%			-0.2 p.p.

¹ Additional information is provided in Note 34 to the financial statements for the year ended December 31, 2018 (Adoption of IAS 29 - Financial Reporting in Hyperinflationary Economies).

4.1 Net sales revenue and segments' share

The Company's consolidated net revenue grew 0.7% in 1Q19 compared to the same period of 2018. The table below shows revenue by market and its respective impact in terms of volume/price and foreign exchange variation period over period:

Net revenues by market (R\$ Million)	1Q19 (a)	Volume/Price (b)	FX-Variation (c)	1Q18 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment							
Domestic ¹	182.8	7.9	(3.2)	178.1	4.4%	-1.8%	2.6%
Export	236.0	(39.1)	25.7	249.4	-15.7%	10.3%	-5.4%
Subtotal	418.8	(31.2)	22.5	427.5	-7.3%	5.3%	-2.0%
Aftermarket							
Domestic ¹	156.1	26.0	(15.6)	145.7	17.8%	-10.7%	7.1%
Export	48.3	(4.0)	6.8	45.5	-8.8%	15.0%	6.2%
Subtotal	204.4	22.0	(8.8)	191.2	11.5%	-4.6%	6.9%
Total	623.2	(9.2)	13.7	618.7	-1.5%	2.2%	0.7%

¹ Domestic market includes Brazil and Argentina.

4.2 OE sales

Domestic market:

The domestic OE segment grew 2.6% in 1Q19, with a 4.5% increase in volume/price, which was partially offset by the foreign exchange variation (-1.8%) from Argentina business (which was consolidated in our domestic OE segment). Please note that, in the same period, consolidated vehicle production of Brazil and Argentina fell by 4.8%.

Export market:

OE export sales fell by 5.4% in 1Q19 and the positive impact of 10.3% foreign exchange variation was offset by a 15.7% decline in volumes. Shown below are exports in hard currency comparing 1Q19 to 1Q18:

Export Sales by currency (million)	Jan-Mar 2019 (a)	Jan-Mar 2018 (b)	H.A. (%) (a/b)
Original equipment			
EUR	20.2	25.9	-22.0%
USD	40.3	43.9	-8.2%

4.3 Aftermarket sales

Domestic market:

The domestic Aftermarket grew 7.1% in 1Q19, with a 17.8% increase in volume/price, which was partially offset by the foreign exchange variation (-10.7%) from Aftermarket Argentina (this unit was consolidated in our domestic Aftermarket).

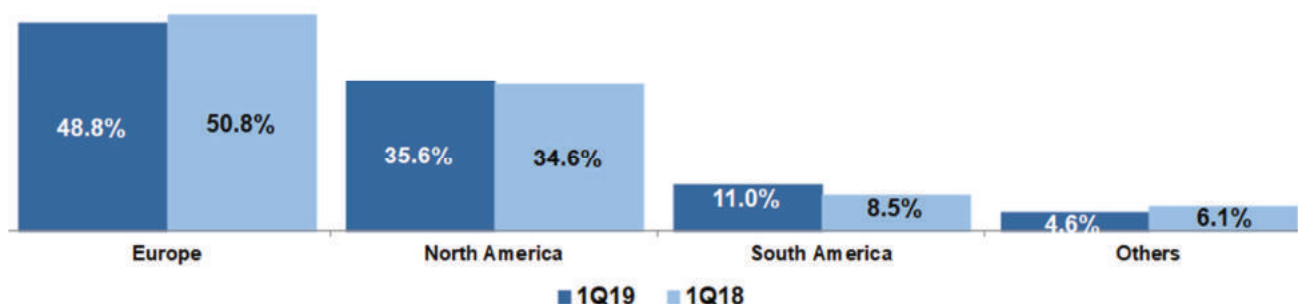
Export market:

In 1Q19, our Aftermarket exports grew 6.2% compared to the same period in 2018, with an 8.8% decrease in volume/price, which was offset by the positive impact of 15.0% foreign exchange variation. Aftermarket exports in hard currency were as follows:

Export Sales by currency (million)	Jan-Mar 2019 (a)	Jan-Mar 2018 (b)	H.A. (%) (a/b)
Aftermarket			
EUR	0.1	0.7	-85.7%
USD	12.8	13.2	-3.0%

4.4 Consolidated export by region

The graph below shows the Company's sales by geographic region in 1Q19 and 1Q18:



4.5 Net revenue by segment

In 1Q19, the engine component segment achieved 1.7% sales growth while the filter segment reported a decline of 6.2% when compared to the same period in 2018, as shown in the table below:

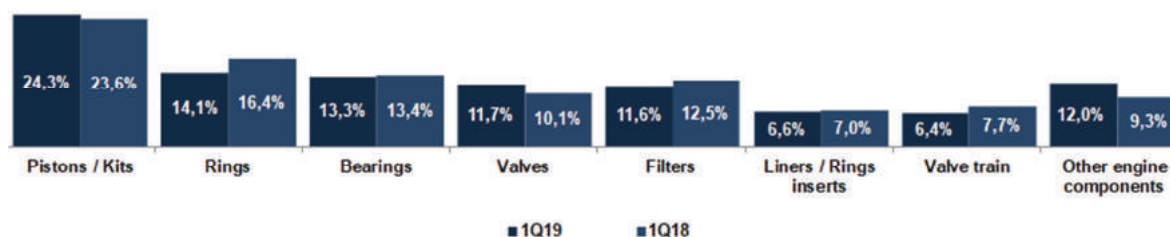
Performance of the net sales revenue by segment	1Q19	4Q18	A.V.	A.V.	H.A. (%)
(R\$ million)	(a)	(b)	(a)	(b)	(a/b)
Engine components	550.6	541.3	88.4%	87.5%	1.7%
Filters	72.6	77.4	11.6%	12.5%	-6.2%
Total	623.2	618.7	100.0%	100.0%	0.7%

For the filter segment, it should be considered that in 1Q18 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 decline of 1.6% between the periods compared.

It is important to note that we do not export filters and, therefore, there was no impact of foreign exchange variation on the filter segment as it was seen in the engine component segment.

4.6 Net revenue by product and service

The graph below shows the share of total sales for each product in 1Q19 compared to 1Q18:



4.7 Gross margin

As shown in the table below, the Company closed 1Q19 with a gross margin of 27.1% (28.0% in 1Q18):

Summary P&L (R\$ million)	1Q19 (a)	1Q18 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	623.2	618.7	100.0%	100.0%	0.7%
Cost of sales	(454.4)	(445.2)	-72.9%	-72.0%	2.1%
Gross profit	168.8	173.5	27.1%	28.0%	-2.7%
Gross margin	27.1%	28.0%			-0.9 p.p.

4.8 Selling, general and administrative expenses

In 1Q19, selling expenses reflect the Company's revenue, with stable selling expense to revenue ratio period over period.

General and administrative expenses fell in 1Q19 compared with 1Q18 thanks to the Company's efforts to maximize the results.

Summary P&L (R\$ million)	1Q19 (a)	1Q18 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	623.2	618.7	100.0%	100.0%	0.7%
Selling expenses	(37.8)	(37.1)	-6.1%	-6.0%	1.9%
General and administrative expenses	(19.0)	(20.4)	-3.0%	-3.3%	-6.9%
SG&A expenses	(56.8)	(57.5)	9.1%	9.3%	-1.2%
SG&A expenses to net sales revenue	9.1%	9.3%			-0.2 p.p.

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 is one of its main competitive strengths.

Summary P&L (R\$ million)	1Q19 (a)	1Q18 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	623.2	618.7	100.0%	100.0%	0.7%
Technology and product development expenses	(20.1)	(16.9)	-3.2%	-2.7%	18.9%

4.10 Other operating income (expenses), net

This account recorded a net expense of R\$ 0.5 million in 1Q19, as shown in the table below:

Other income and expenses, net (R\$ million)	1Q19 (a)	1Q18 (b)	Var. (a-b)
Provision/Reversal for labor, civil and tax contingencies	2.8	(6.1)	8.9
Provision/Reversal for obsolescence	(0.2)	0.1	(0.3)
Provision for restructuring	-	0.2	(0.2)
Electric power	0.3	0.4	(0.1)
Recovered taxes (Reintegra)	0.2	4.0	(3.8)
Export expenses (Argentina)	(4.0)	-	(4.0)
Other income/expenses	0.4	(0.9)	1.3
Total other income and expenses	(0.5)	(2.3)	1.8

4.11 Operating performance measured by EBITDA

EBITDA was R\$ 120.3 million in 1Q19 (R\$ 118.8 million in 1Q18), with an EBITDA margin of 19.3% (19.2% in 1Q18). The table below displays changes in the components of the operating result between the comparative periods:

EBITDA 1Q18	* Gains/losses on net monetary position (Argentina IAS 29)	Other operating income (expenses)	General and administrative expenses	Gains/losses on the recoverable value of accounts receivable	Selling expenses	Technology and product development expenses	Gross income	EBITDA 1Q19
118.8	6.4	1.8	1.4	0.5	(0.7)	(3.2)	(4.7)	120.3
EBITDA margin 19.2%				EBITDA margin 19.3%				

* Additional information is provided in Note 34 to the quarterly financial statements at March 31, 2019 (Adoption of IAS 29 - Financial Reporting in Hyperinflationary Economies).

4.12 Finance result, net

In 1Q19, the Company recorded net finance costs of R\$ 8.8 million versus net finance costs of R\$ 1.8 million in 1Q18, representing a negative change of R\$ 7.0 million between the comparative periods.

Net financial result (R\$ million)	1Q19 (a)	1Q18 (b)	Var. (a-b)
Interest income on financial investments	1.0	1.4	(0.4)
Interest on loans	(3.3)	(2.1)	(1.2)
Other income	0.6	0.4	0.2
Finance costs, net	(1.7)	(0.3)	(1.4)
Exchange variation, net	3.2	7.5	(4.3)
Gain (loss) on derivatives	(0.5)	(0.1)	(0.4)
Exchange variation and Result with derivatives (ii)	2.7	7.4	(4.7)
Monetary variation, net	(8.0)	(7.6)	(0.4)
Other	(1.8)	(1.3)	(0.5)
Monetary variation, net + Others (iii)	(9.8)	(8.9)	(0.9)
Finance income (costs) (i + ii + iii)	(8.8)	(1.8)	(7.0)

The negative change of R\$ 0.4 million in "Interest income on financial investments" between the comparative periods was due to the decrease in the average levels of financial investments to R\$ 111.1 million in 1Q19 from R\$ 113.0 million in 1Q18, combined with a decrease in the rate of return to 6.1% p.a. in 1Q19 from 6.6% p.a. in 1Q18, a movement which followed a cut in Brazil's basic interest rate (SELIC).

The negative change of R\$ 1.2 million in interest expenses on loans between the comparative periods was due to the increase in the average levels of borrowings to R\$ 355.5 million in 1Q19 from R\$ 174.9 million in 1Q18, whereas there was a decrease in borrowing costs to 4.7% p.a. in 1Q19 from 5.8% p.a. in 1Q18, a movement which also followed a cut in SELIC.

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 exposures.

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 quarterly financial statements at March 31, 2019.

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

Interest rates and volumes (average)	1Q19 (a)	1Q18 (b)	Var. (a-b)
Investment Yield*	6.1%	6.6%	-0.5 p.p.
Cost of debt	4.7%	5.8%	-1.1 p.p.
Investments - average (R\$ million)	111.1	113.0	-1.7%
Average debt (R\$ million)	(355.5)	(174.9)	103.3%

* Bank deposit certificates (CDBs) and repurchase agreements with average remuneration of 99.4% of the interbank deposit rate (CDI), invested exclusively with first rate banks in Brazil.

There has been an increase in average debt of 103.3%, from R\$ 174.9 million in 1Q18 to R\$ 355.5 million in 1Q19, mainly due to an increase in loan agreements, principally with Brazil’s Innovation Agency FINEP.

4.13 Income tax and social contribution

As of March 31, 2019, the Company recorded a provision for consolidated income tax and social contribution expense of R\$ 25.6 million (expense of R\$ 23.8 million as of March 31, 2018), as detailed below:

- Current tax: expense of R\$ 27.7 million generated by the parent and its subsidiary MAHLE Argentina S/A.;
- Deferred tax: income of R\$ 2.1 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 provided in Note 11 to the Quarterly Financial Statements at March 31, 2019.

4.14 Net profit

Net profit was R\$ 63.9 million in 1Q19, down 10.5% from R\$ 71.4 million in 1Q18, while net margin was 10.3% in 1Q19 versus 11.5% in 1Q18.

Summary P&L (R\$ million)	1Q19 (a)	1Q18 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
Net sales revenue	623.2	618.7	100.0%	100.0%	0.7%
Attributable to: Owners of the parent	63.9	71.4	10.3%	11.5%	-10.5%
Net margin attributable to owners of the parent	10.3%	11.5%			-1,2 p.p.

4.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation in 1Q19 and 1Q18:

CAPEX & Depreciation (R\$ million)	1Q19	1Q18
Capex	17.3	14.6
Total depreciation	22.9	22.9

Capex	1Q19	1Q18
% of Net sales revenue	2.8%	2.4%
% of Depreciation	75.5%	63.8%

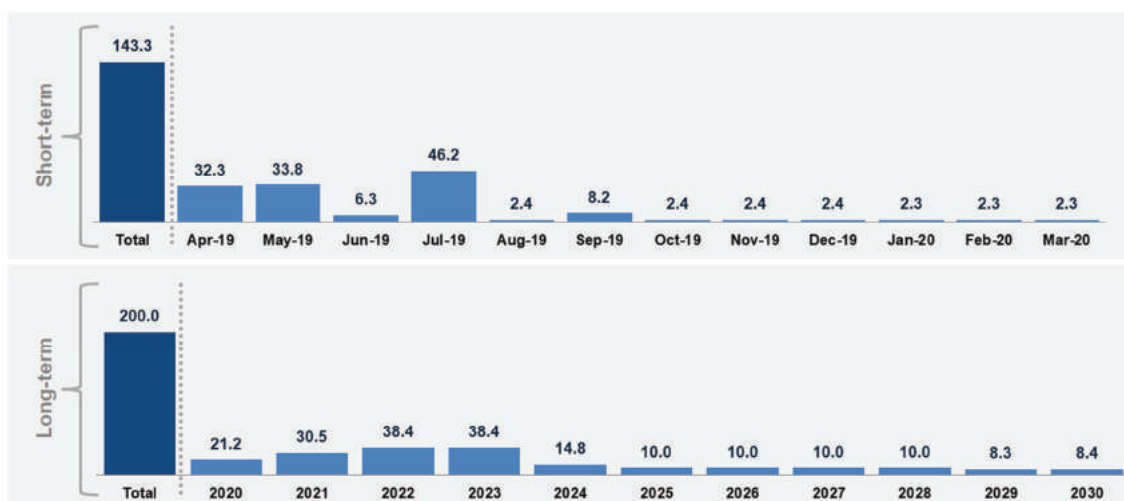
In 1Q19, the Company spent money on acquiring R&D equipment, new machinery and equipment in order to increase productivity and quality, new products, new buildings, information technology, among others.

4.16 Net position of financial assets and liabilities

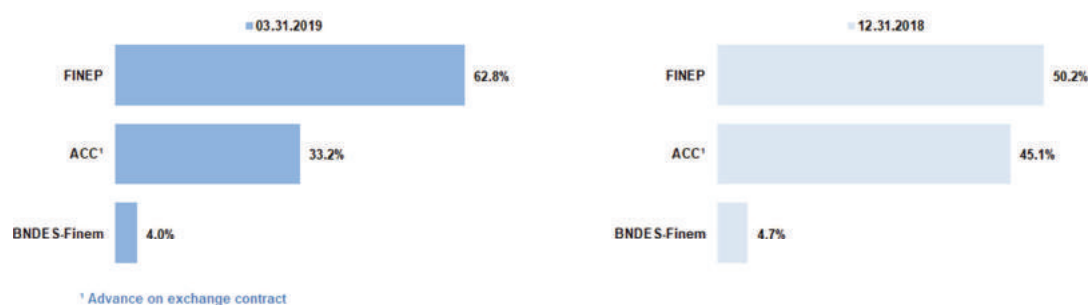
At the end of 1Q19, the Company's net position of financial assets and liabilities was R\$ 110.9 million (liability position), while at the end of 2018, the net position was R\$ 153.3 million (asset position).

Net indebtedness (R\$ million)	03.31.2019 (a)	12.31.2018 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Liabilities (i)	343.3	291.6	51.7	100%	100%
Short-term	143.3	160.4	(17.1)	42%	55%
Long-term	200.0	131.2	68.8	58%	45%
Cash / banks / cash investments/ Loans - related parties (ii):	(232.4)	(138.3)	(94.1)		
Net position (i + ii)	110.9	153.3	(42.4)		

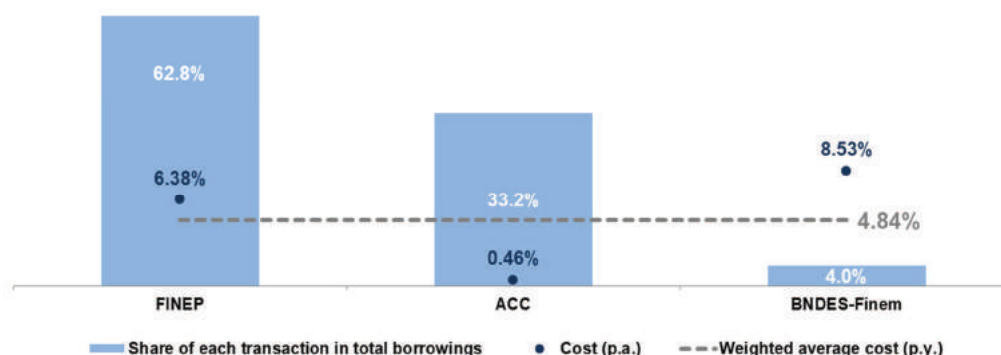
The charts below show the maturities of the liabilities classified into short-term and long-term at the end of 1Q19, which represents 42% and 58%, respectively, of the debt displayed in the table above:



Shown below are our borrowings by type for each of the periods shown in the previous table:



The chart below shows our borrowings by type at March 31, 2019, with respective costs and weighted average cost:



4.17 Dividends paid to shareholders

At the Ordinary General Meeting held on April 30, 2019, the shareholders approved the distribution of supplementary dividends of R\$ 192.2 million relating to fiscal year 2018. The Company distributed dividends and interest on capital for the full year 2018 in the amount of R\$ 278.4 million, as shown below:

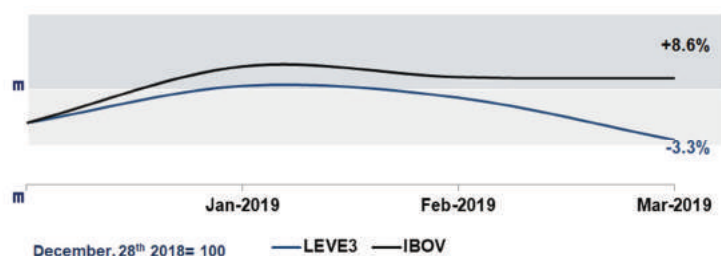
Date	Payment Date	Type of pay-out	Period	Reference Year	Total Gross Amount (in R\$ million)	Gross Amount per Share (in R\$)	Net Amount per Share (in R\$)
April 30, 2019	May 21, 2019	Dividends	Complementary Dividends	2018	192.2	1.4981719455	1.4981719455
December 26, 2018	May 21, 2019	Interest on capital	November 2018 - December 2018	2018	14.5	0.1133614082	0.0963571970
November 13, 2018	December 12, 2018	Interest on capital	January 2018 - October 2018	2018	71.7	0.5585251386	0.4747463678
Dividends					192.2	1.4981719455	1.4981719455
Interest on capital					86.2	0.6718865468	0.5711035648
Total 2018					278.4	2.1700584923	2.0692755103

5 Investor Relations and Capital Market

In 1Q19, 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.

5.1 Stock performance and free float turnover

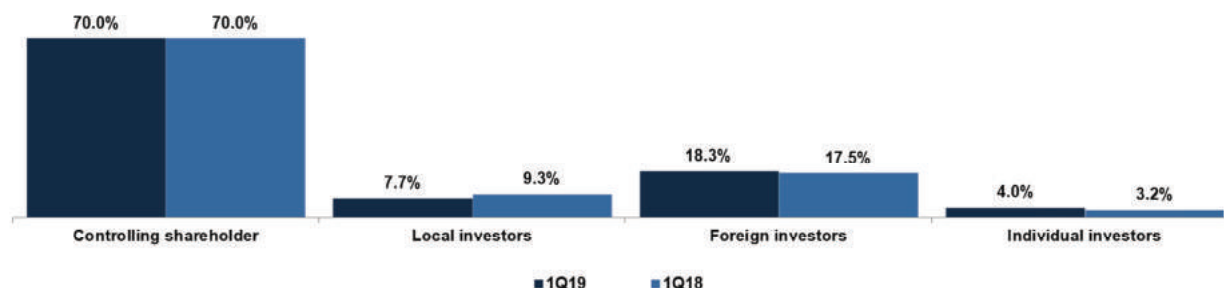
The graphs below show the LEVE3 stock performance, the Average Daily Trading Volume (ADTV) and the ADTV turnover in relation to the free float market capitalization:



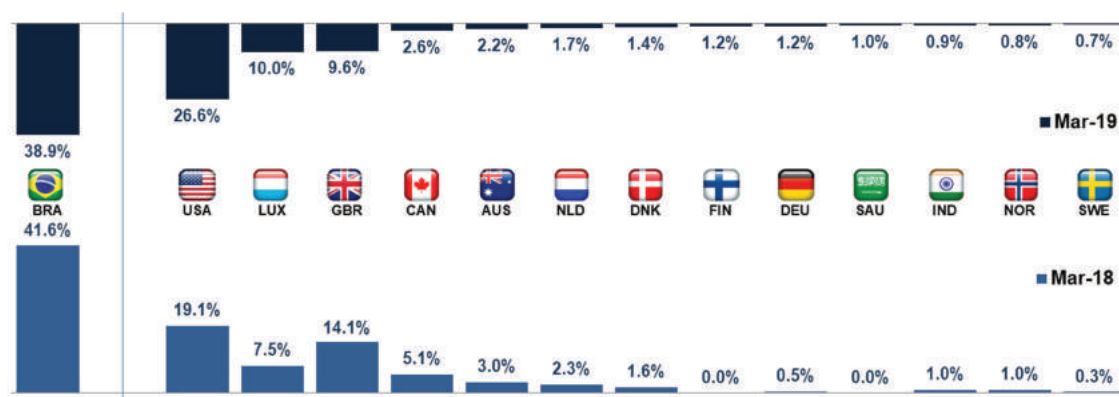
Average Daily Trading Volume (ADTV) and ADTV turnover to Free-Float Mkt Cap				
Period	2Q18	3Q18	4Q18	1Q19
Trading Volume (R\$ million)	8.7	7.8	7.2	6.5
Turnover (%)	0.88%	0.76%	0.78%	0.63%

5.2 Shareholder structure

In 1Q19 and 1Q18, the equity ownership percentage held by the Company's shareholders, including free float, is as follows:



The graph below shows the main countries in which the Company's free float shares were held in 1Q19 and 1Q18:



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 1Q19, 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 *Representation by the Executive Board*

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the financial statements for the quarter ended March 31, 2019 and the opinions expressed in the independent auditor's report.

8 *Acknowledgements*

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

Management



KPMG Auditores Independentes

Av. Coronel Silva Teles, 977, 10º andar, Conjuntos 111 e 112 - Cambuí

Edifício Dahruj Tower

13024-001 - Campinas/SP - Brasil

Caixa Postal 737 - CEP: 13012-970 - Campinas/SP - Brasil

Telefone +55 (19) 3198-6000

kpmg.com.br

Independent Auditors' Report on Review of Interim Financial Information

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 March 31, 2019, which comprises the statement of financial position as of March 31, 2019 and the respective statements of profit or loss, other comprehensive income and the changes in equity and cash flows for the three-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-month period ended March 31, 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, May 14, 2019

KPMG Auditores Independentes
CRC SP-027612/F
Original report signed by
Carlos Humberto Rodrigues da Silva
Accountant CRC 1SP217733/O-4

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
at March 31, 2019

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) at March 31, 2019

Contents

Statement of financial position	3-4
Statement of profit or loss	5
Statement of other comprehensive income	6
Statement of changes in equity	7-8
Statement of cash flows	9
Statement of value added	10
Notes to the interim financial statements	11-74
Representation by officers on the parent company and consolidated financial statements	75
Representation by officers on the independent auditor's report on the financial statements	76

MAHLE Metal Leve S.A.

Balance sheet at March 31, 2019 and December 31, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		03.31.2019	12.31.2018	03.31.2019	12.31.2018
Cash and cash equivalents	6	163,638	89,008	170,779	97,591
Trade and related-party receivables	7	371,592	356,057	458,590	437,603
Inventories	8	307,692	288,776	408,636	401,410
Taxes recoverable	9	63,267	68,094	74,092	79,558
Income tax and social contribution recoverable	9	35,763	34,924	47,336	47,371
Dividends and interest on capital receivable	10	74,724	60,724	-	-
Unrealized gains on derivative financial instruments	31	7,393	7,083	7,495	7,083
Other assets		41,475	31,669	43,385	35,716
Total current assets		1,065,544	936,335	1,210,313	1,106,332
Taxes recoverable	9	11,477	11,707	22,609	20,424
Loans to related parties	10	16,708	15,030	61,646	40,743
Deferred income tax and social contribution	11.b	18,832	12,798	19,209	13,250
Other assets		13,695	13,856	21,472	22,474
Total long-term assets		60,712	53,391	124,936	96,891
Investments in subsidiaries	12	196,622	195,281	493	512
Property, plant and equipment	13	586,912	594,018	637,355	645,516
Rights-of-use assets	13	21,907	-	21,907	-
Intangible assets	14	440,457	439,502	467,797	466,880
		1,245,898	1,228,801	1,127,552	1,112,908
Total non-current assets		1,306,610	1,282,192	1,252,488	1,209,799
Total assets		2,372,154	2,218,527	2,462,801	2,316,131

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

MAHLE Metal Leve S.A.

Balance sheet at March 31, 2019 and December 31, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities		Parent company		Consolidated	
		03.31.2019	12.31.2018	03.31.2019	12.31.2018
Dividends and interest on capital payable	10	13.152	13.280	13.152	13.280
Trade and related-party payables	15	137.224	126.008	159.173	156.839
Taxes and contributions payable	16	24.003	24.114	27.168	27.526
Income tax and social contribution payable	16	9.904	334	32.573	23.573
Borrowings	17.a	116.980	140.022	143.273	160.381
Lease liabilities	17.b	4.780	-	4.780	-
Salaries, vacation pay and social charges	18	88.491	73.817	96.689	82.336
Sundry provision	19	34.305	29.097	37.777	32.434
Provisions for warranties	20	9.691	11.121	11.954	13.309
Unrealized losses on derivative financial instruments	31	10.464	12.309	11.723	16.887
Other liabilities		31.576	32.761	34.114	34.901
Total current liabilities		480.570	462.863	572.376	561.466
Deferred income tax and social contribution	11.b	-	-	8.301	4.275
Provision for subsidiary's net capital deficiency	12	9.132	8.837	-	-
Borrowings	17.a	200.036	131.240	200.036	131.240
Lease liabilities	17.b	17.127	-	17.127	-
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	248.842	251.072	252.652	258.054
Other liabilities		8.293	8.155	8.293	8.155
Total non-current liabilities		483.430	399.304	486.409	401.724
Total liabilities		964.000	862.167	1.058.785	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		(120.286)	(107.882)	(120.286)	(107.882)
Retained earnings		74.885	10.687	74.885	10.687
Proposed additional dividends		192.228	192.228	192.228	192.228
Equity attributable to the owners of the parent		1.408.154	1.356.360	1.408.154	1.356.360
Non-controlling interests		-	-	(4.138)	(3.419)
Total equity		1.408.154	1.356.360	1.404.016	1.352.941
Total liabilities and equity		2.372.154	2.218.527	2.462.801	2.316.131

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

MAHLE Metal Leve S.A.

Statement of income

Periods ended March 31, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Net revenue	24	513,332	513,696	623,203	618,682
Cost of sales and services	25	(393,801)	(383,763)	(454,330)	(445,154)
Gross profit		119,531	129,933	168,873	173,528
Selling expenses and distribution	26	(28,396)	(28,569)	(37,795)	(37,100)
General and administrative expenses	27	(16,726)	(17,392)	(19,009)	(20,353)
Technology and product development costs	28	(18,995)	(14,845)	(20,089)	(16,912)
Impairment of trade receivables	7	27	(220)	(180)	(711)
Other income (expenses)	30	4,131	(1,900)	(542)	(2,276)
Gain on monetary items, net	34	12,234	-	6,382	-
Profit before finance income (costs) and taxation		71,806	67,007	97,640	96,176
Finance income	29	18,348	13,032	31,084	24,580
Finance costs	29	(25,338)	(16,842)	(39,923)	(26,387)
Finance income (costs), net	29	(6,990)	(3,810)	(8,839)	(1,807)
Equity in the results of investees	12	17,345	28,151	(19)	(15)
Profit before taxation		82,161	91,348	88,782	94,354
Current income tax and social contribution	11.a	(25,177)	(35,984)	(27,749)	(39,912)
Deferred income tax and social contribution	11.a	6,953	16,015	2,185	16,072
Income tax and social contribution		(18,224)	(19,969)	(25,564)	(23,840)
Profit for the period		63,937	71,379	63,218	70,514
Profit attributable to:	23				
Owners of the parent				63,937	71,379
Non-controlling interests				(719)	(865)
Profit for the period				63,218	70,514
Basic and diluted earnings per share (in reais)		0.49831	0.55631	0.49831	0.55631

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

MAHLE Metal Leve S.A.

Statement of comprehensive income **Periods ended March 31, 2019 and 2018**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		03.31.2019	03.31.2018	03.31.2019	03.31.2018
Profit for the period		63,937	71,379	63,218	70,514
Comprehensive income					
Items that will be reclassified to profit or loss					
Change in cash flow hedge, net	22.b	2,704	(4,787)	2,704	(4,787)
Change in subsidiaries' cash flow hedge, net	22.b	2,928	(1,123)	2,928	(1,123)
Income tax and social contribution on cash flow hedge	22.b	(919)	1,628	(919)	1,628
Cumulative translation adjustments		(16,966)	(6,353)	(16,966)	(6,353)
Subtotal comprehensive income		(12,253)	(10,635)	(12,253)	(10,635)
Total comprehensive income for the period, net of income tax and social contribution		51,684	60,744	50,965	59,879
Comprehensive income attributable to:					
Owners of the parent				51,684	60,744
Non-controlling interests				(719)	(865)
Total comprehensive income				50,965	59,879

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended March 31, 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Attributable to owners of the parent												
Note	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	-	-	-	-	-	-	-	-	110	110	-	110
Profit for the period	-	-	-	-	-	-	-	-	63,937	63,937	(719)	63,218
Other comprehensive income												
Cumulative translation adjustments	22	-	-	-	-	-	(16,966)	(16,966)	-	(16,966)	-	(16,966)
Financial instrument adjustments	22	-	-	-	-	5,632	-	5,632	-	5,632	-	5,632
Taxes on financial instrument adjustments	22	-	-	-	-	(919)	-	(919)	-	(919)	-	(919)
Realization of deemed cost, net		-	-	-	-	(151)	-	(151)	151	-	-	-
At March 31, 2019	966,255	137,311	157,761	192,228	487,300	26,146	(146,432)	(120,286)	74,885	1,408,154	(4,138)	1,404,016

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended March 31, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Attributable to owners of the parent												
Note	Revenue reserves					Other comprehensive income				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	Retained earnings			
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	-	-	-	-	-	-	-	-	116	116	-	116
Profit for the period	-	-	-	-	-	-	-	-	71,379	71,379	(865)	70,514
Other comprehensive income												
Cumulative translation adjustments 22	-	-	-	-	-	-	(6,353)	(6,353)	-	(6,353)	-	(6,353)
Financial instrument adjustments 22	-	-	-	-	-	(5,910)	-	(5,910)	-	(5,910)	-	(5,910)
Taxes on financial instrument adjustments 22	-	-	-	-	-	1,628	-	1,628	-	1,628	-	1,628
Realization of deemed cost, net	-	-	-	-	-	(413)	-	(413)	413	-	-	-
At March 31, 2018	966,255	122,727	157,761	143,635	424,123	37,467	(83,845)	(46,378)	71,908	1,415,908	(5,693)	1,410,215

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

MAHLE Metal Leve S.A.

Statement of cash flows

Periods ended March 31, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		03.31.2019	03.31.2018	03.31.2019	03.31.2018
Cash flows from operating activities	Note				
Profit before taxation		82,161	91,348	88,782	94,353
Adjustments for:					
Depreciation and amortization		21,999	21,547	22,717	22,738
Equity in the results of investees	12	(17,640)	(28,718)	19	15
Recognition (reversal) of provision for impairment of investments	12	295	566	-	-
Interest and foreign exchange and monetary variations, net		5,548	7,426	(2,053)	6,842
Unrealized (losses) gains on derivative financial instruments		548	234	622	172
Results on disposal of property, plant and equipment		(5)	(1)	(10)	4
Recognition (reversal) of provision for impairment of trade receivables		(489)	212	(300)	723
Recognition (reversal) of provision for tax and other contingencies		(6,108)	3,896	(6,810)	2,524
Recognition (reversal) of provisions for warranties		(909)	1,849	(717)	1,824
Recognition (reversal) of sundry provision		5,208	4,731	5,343	5,090
Recognition (reversal) of provision for impairment of property, plant and		205	(100)	205	(126)
Recognition (reversal) of provision for inventory loss		(1,311)	(267)	(2,015)	(2,711)
Interest expense on lease liability	17.b	258	-	258	-
Gain on net monetary position	34	(12,234)	-	(6,382)	-
(Increase) decrease in assets					
Trade and related-party receivables		(15,046)	(41,107)	(20,687)	(66,778)
Inventories		(17,532)	(25,133)	(5,141)	(16,273)
Taxes recoverable		4,048	(11,398)	3,146	(12,255)
Other assets		(9,645)	(921)	(6,843)	1,315
Increase (decrease) in liabilities					
Trade and related-party payables		11,216	(1,669)	2,334	(3,949)
Salaries, vacation pay and social charges		14,674	16,467	14,353	16,565
Taxes and contributions payable		(111)	86	(2,722)	374
Other liabilities		(4,780)	(19,745)	(7,176)	(19,305)
Cash from operations		60,350	19,303	76,923	31,142
Income tax and social contribution paid		(15,437)	(12,021)	(16,214)	(15,701)
Net cash provided by operating activities		44,913	7,282	60,709	15,441
Cash flows from investing activities					
Loans granted to subsidiaries		(1,450)	(290)	(210,927)	(120,654)
Loan repayments received from subsidiaries		-	-	190,124	108,574
Additions to property, plant and equipment	13	(13,373)	(10,346)	(15,839)	(12,385)
Additions to intangible assets	14	(1,398)	(2,222)	(1,432)	(2,222)
Proceeds from sale of property, plant and equipment		37	148	43	148
Net cash used in investing activities		(16,184)	(12,710)	(38,031)	(26,539)
Cash flows from financing activities					
Proceeds from borrowings	17.a	75,592	13,500	95,466	13,500
Repayment of principal of borrowings	17.a	(28,953)	(7,022)	(42,981)	(7,022)
Repayment of interest on borrowings	17.a	(2,536)	(2,089)	(2,816)	(2,089)
Repayment of the principal and interest on the lease liability	17.b	(1,645)	-	(1,645)	-
Dividends and interest on capital paid	10	(18)	(4)	(18)	(5)
Net cash provided by (used in) financing activities		42,440	4,385	48,006	4,384
Effect of foreign exchange variation on cash and cash equivalents		3,461	613	2,504	(697)
Increase (reduction) in cash and cash equivalents, net		74,630	(430)	73,188	(7,411)
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	163,638	128,922	170,779	161,659
Increase (reduction) in cash and cash equivalents, net		74,630	(430)	73,188	(7,411)

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

MAHLE Metal Leve S.A.

Statement of value added Periods ended March 31, 2019 and 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Gross revenue	662,468	633,657	762,766	739,418
Sales of goods, products and services	649,651	651,156	757,505	754,447
Other revenue	12,336	(17,311)	4,724	(14,696)
Provision for impairment of trade receivables	481	(188)	537	(333)
Inputs acquired from third parties	(333,624)	(360,235)	(390,677)	(415,903)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(229,668)	(189,441)	(267,147)	(225,962)
Materials, energy, outsourced services and other	(112,069)	(186,963)	(133,954)	(207,667)
Impairment/recovery of assets	8,113	16,169	10,424	17,726
Gross value added	328,844	273,422	372,089	323,515
Depreciation and amortization	(21,999)	(21,547)	(22,717)	(22,738)
Net value added generated by the company	306,845	251,875	349,372	300,777
Value added received through transfer	35,693	41,183	31,066	24,565
Equity in the results of investees	17,345	28,151	(19)	(15)
Finance income	18,348	13,032	31,085	24,580
Total value added to distribute	342,538	293,058	380,438	325,342
Distribution of value added	342,538	293,058	380,438	325,342
Personnel	131,480	96,590	145,353	115,153
Taxes and contributions	116,225	108,540	125,060	112,623
Capital providers	30,896	16,549	46,806	27,052
Interest	2,800	2,098	3,694	2,304
Rentals	5,903	-	6,577	517
Foreign exchange, monetary and other variations	22,193	14,451	36,535	24,231
Shareholders	63,937	71,379	63,219	70,514
Retained earnings	63,937	71,379	63,937	71,379
Share of non-controlling interests of retained earnings	-	-	(718)	(865)

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

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 March 31, 2019 includes the Company and its subsidiaries (referred to collectively as the Group or individually as entities of 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 and the aviation, 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 (%)			
		03.31.2019		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	-

On November 30, 2018, 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.

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 May 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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The Group applied CPC 06 (R2)/IFRS 16 following a modified retrospective approach, in which the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings at January 1, 2019. Therefore, the comparative information for 2018 was not restated, i.e. it is presented as previously reported in accordance with CPC 06/IAS 17 and related interpretations. The changes in accounting policies are detailed 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 Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item as it presents assets of the same nature that it owns. Right-of-use assets that meet the definition of investment property are presented within investment property. The carrying amounts of right-of-use assets are presented in Note 14.

The lease liabilities are presented in Note 17.b – Borrowings and lease liabilities.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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. When the right-of-use asset meets the definition of investment property, it is presented as an investment property and is measured initially at cost and subsequently at fair value in accordance with the Group's accounting policies.

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 risk rate is defined by the Company (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 risk 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 risk 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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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 risk rate at January 1, 2019. The risk 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, for leases that were previously classified as operating leases, the Group recognized R\$ 21,907 of right-of-use assets and R\$ 21,907 of lease liabilities at March 31, 2019.

The Group recognized depreciation and interest expenses instead of operating lease expenses. In the quarter ended March 31, 2019, the Group recognized R\$ 1,387 of depreciation and R\$ 258 of interest on leases.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(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					
	03.31.2019			03.31.2018		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	678,986	105,894	784,880	671,841	111,316	783,157
Deductions from sales	(128,414)	(33,263)	(161,677)	(130,505)	(33,970)	(164,475)
Net operating revenue	550,572	72,631	623,203	541,336	77,346	618,682
Cost of sales	(396,855)	(57,475)	(454,330)	(385,367)	(59,787)	(445,154)
Gross profit	153,717	15,156	168,873	155,969	17,559	173,528
Selling expenses	(31,258)	(6,717)	(37,975)	(32,454)	(5,357)	(37,811)
Administrative expenses	(15,776)	(3,233)	(19,009)	(16,016)	(4,337)	(20,353)
Technology research costs	(17,181)	(2,908)	(20,089)	(14,113)	(2,799)	(16,912)
Other operating income (expenses)	(1,348)	806	(542)	(2,500)	224	(2,276)
Equity in the results of investees	(19)	-	(19)	(15)	-	(15)
Gains (loss) on net monetary variation	6,186	196	6,382	-	-	-
Finance income	29,515	1,569	31,084	23,401	1,179	24,580
Finance costs	(37,513)	(2,410)	(39,923)	(24,796)	(1,591)	(26,387)
Profit before income tax and social contribution	86,323	2,459	88,782	89,476	4,878	94,354
Income tax and social contribution	(24,727)	(837)	(25,564)	(22,177)	(1,663)	(23,840)
Profit for the period	61,596	1,622	63,218	67,299	3,215	70,514
Non-controlling interests	522	197	719	689	176	865
Profit for the period	62,118	1,819	63,937	67,988	3,391	71,379

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Balance sheet accounts	Consolidated					
	03.31.2019			12.31.2018		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Total assets	2,330,951	131,850	2,462,801	2,191,298	124,833	2,316,131
Inventories	367,155	41,481	408,636	359,883	41,527	401,410
Property, plant and equipment	2,390,280	140,503	2,530,783	2,357,598	139,240	2,496,838
Depreciation and amortization	(1,780,852)	(90,669)	(1,871,521)	(1,762,423)	(88,899)	(1,851,322)
Intangible assets	60,488	150	60,638	59,542	92	59,634
Goodwill	407,159	-	407,159	407,246	-	407,246
Investment - Innoferm Tecnologia Ltda.	493	-	493	512	-	512
Other	886,228	40,385	926,613	768,940	32,873	801,813

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			
	1Q2019	%	1Q2018	%
Domestic market (Brazil and Argentina)	338,891	54.4%	323,831	52.3%
Europe	138,876	22.3%	149,860	24.2%
Central and North America	101,090	16.2%	102,029	16.5%
South America	31,230	5.0%	25,076	4.1%
Africa, Asia, Oceania and Middle East	13,116	2.1%	17,886	2.9%
Foreign countries	284,312	45.6%	294,851	47.7%
Total	623,203	100.0%	618,682	100.0%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

6 Cash and cash equivalents

	Parent company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
BRL	4,940	750	5,159	1,250
ARS (expressed in BRL)	-	-	2,945	4,490
USD (expressed in BRL)	13,303	12,292	13,303	12,292
EUR (expressed in BRL)	42,056	19,974	43,338	21,647
Cash and demand deposits	60,299	33,016	64,745	39,679
 BRL	93,208	44,368	93,208	46,288
ARS (expressed in BRL)	-	-	-	-
USD (expressed in BRL)	10,131	11,624	10,131	11,624
Financial investments	103,339	55,992	103,339	57,912
 BRL	-	-	2	-
ARS (expressed in BRL)	-	-	2,693	-
Cash in transit	-	-	2,695	-
	163,638	89,008	170,779	97,591

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

Financial investments have made as follows:

- Bank Deposit Certificates (CDBs) and repurchase agreements (90.2 %), which yield an average interest rate of 99.4 % 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).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

7 Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Market				
Domestic	224,145	208,973	224,619	209,255
Foreign	70,744	73,837	151,946	148,704
	294,889	282,810	376,565	357,959
Other accounts receivable	6,541	15,355	6,541	15,355
Provision for impairment of trade receivables	(6,945)	(7,434)	(8,770)	(9,070)
	294,485	290,731	374,336	364,244
Related parties (Note 10)	77,107	65,326	84,254	73,359
	371,592	356,057	458,590	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.

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

	Parent company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Not yet due	271,341	262,992	341,178	327,799
Past due:				
Up to 7 days	5,065	7,058	8,106	8,806
From 8 to 30 days	10,680	8,907	13,922	12,195
From 31 to 60 days	4,926	7,237	6,497	9,556
From 61 to 90 days	2,687	2,370	4,324	3,427
From 91 to 120 days	555	2,707	1,545	3,199
From 121 to 180 days	887	2,119	1,111	2,567
From 181 to 360 days	2,638	2,164	3,340	2,636
Over 360 days	2,651	2,611	3,083	3,129
(-) Provision for impairment of trade receivables	(6,945)	(7,434)	(8,770)	(9,070)
Total past due deducted provision	23,144	27,739	33,158	36,445
	294,485	290,731	374,336	364,244

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

At March 31, 2019, trade receivables of the parent company in the amount of R\$ 23,144 (December 31, 2018 - R\$ 27,739) and consolidated trade receivables at March 31, 2019 of R\$ 33,158 (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.

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

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2018	<u>(7,434)</u>	<u>(9,070)</u>
Receivables provided for in the period	(2,797)	(3,573)
Receivables reversed in the period	2,818	3,346
Receivables written off definitively	460	460
Foreign exchange variation	8	67
At March 31, 2019	<u>(6,945)</u>	<u>(8,770)</u>

8 Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>03.31.2019</u>	<u>12.31.2018</u>	<u>03.31.2019</u>	<u>12.31.2018</u>
Finished products	138.013	133.864	211.765	221.372
Work in progress	101.916	86.742	110.571	96.775
Raw materials	50.307	49.630	65.297	61.221
Auxiliary materials	8.030	7.559	11.076	10.365
Imports in transit	9.426	10.981	9.927	11.677
	<u>307.692</u>	<u>288.776</u>	<u>408.636</u>	<u>401.410</u>

In March 31, 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\$ 30,031 (R\$ 31,342 in December 31, 2018) in the parent company and R\$ 41,846 (R\$ 43,860 in December 31, 2018) in the consolidated accounts.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Changes in the provision for inventory loss are as follows:

	Parent company	Consolidated
At December 31, 2018	(31.342)	(43.860)
Reversal of provision	2.319	14.791
Recognition of provision	(1.203)	(14.368)
Inventory written off definitively as loss	195	195
Foreign exchange variation	-	1.396
At March 31, 2019	(30.031)	(41.846)

9 Taxes recoverable and income tax and social contribution recoverable

	Parent Company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Income tax and social contribution	35.763	34.924	47.336	47.371
Income tax and social contribution recoverable	35.763	34.924	47.336	47.371
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	46.261	49.920	46.414	50.061
ICMS and Excise Tax (IPI)	8.239	8.386	8.239	8.386
Import Tax	3.969	5.036	5.255	6.620
Social Contribution on Revenues (COFINS)	3.940	3.902	3.940	3.902
Social Integration Program (PIS)	848	840	848	840
Other	10	10	9.396	9.749
Taxes recoverable	63.267	68.094	74.092	79.558
Current	99.030	103.018	121.428	126.929
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	11.477	11.707	11.477	11.707
Export incentive - Argentina	-	-	11.132	8.717
Non-current	11.477	11.707	22.609	20.424

Notes to the interim financial statements

(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 03.31.2019									Transactions from 01.01.2019 to 03.31.2019			
	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	Dividends and interest on capital payable	Lease Liabilities	Products	Other	Products	Other *
Companies													
Subsidiaries													
Direct subsidiaries													
MAHLE Metal Leve GmbH	51,165	60	74,724	-	3,015	60	-	-	-	91,479	4	-	-
MAHLE Argentina S.A.	2,264	60	-	-	620	60	-	-	-	7,927	544	580	-
MAHLE Hirschvogel Forjas S.A.	41	60	-	1,140	-	-	-	-	-	-	31	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	66	60	-	15,568	-	-	-	-	-	-	40	-	-
Sub-total Controladas Diretas	53,536		74,724	16,708	3,635			-	-	99,406	619	580	-
Related companies													-
MAHLE Engine Components (Nanjing) Co., Ltd.	5,207	60	-	-	-	-	-	-	-	830	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	4,807	60	-	-	7,565	60	-	-	-	204	4,000	8,687	-
MAHLE Engine Componentes USA, Inc.	3,118	60	-	-	10	60	-	-	-	3,786	4	70	28
MAHLE Engine Components (Yingkou) Co., Ltd.	2,200	60	-	-	-	-	-	-	-	1,932	41	-	-
MAHLE Pistoni Italia SPA	1,725	60	-	-	-	-	-	-	-	3,196	-	-	-
MAHLE Compressores do Brasil Ltda.	1,561	60	-	-	4,387	60	-	-	-	292	1,740	4,433	36
MAHLE Aftermarket S.de R.L.de C.V.	1,380	60	-	-	-	-	-	-	-	1,692	-	-	-
MAHLE Aftermarket GmbH	729	60	-	-	4,009	60	-	-	-	736	237	1,756	68
MAHLE International GmbH	544	60	-	-	8,753	60	-	-	-	-	579	-	3,586
MAHLE Engine Systems UK Ltd.	385	60	-	-	981	60	-	-	-	-	296	161	8
MAHLE Componentes de Motores S.A.	325	60	-	-	69	60	-	-	-	344	60	68	-
MAHLE Aftermarket Inc.	271	60	-	-	28	60	-	-	-	260	45	-	30
MAHLE Technologies Holding (China) Co., Ltd.	258	60	-	-	52	60	-	-	-	-	241	-	52
MAHLE Engine Comp. (Chongqing) Co. Ltd.	203	60	-	-	-	-	-	-	-	223	-	-	-
MAHLE Industriemotoren-Komponenten GmbH	182	60	-	-	-	-	-	-	-	199	-	-	-
MAHLE Engine Comp. Slovakia S.R.O.	121	60	-	-	-	-	-	-	-	256	-	-	-
MAHLE Anand Filter Systems Private Limited	96	60	-	-	-	-	-	-	-	16	-	-	-
MAHLE Powertrain LLC	94	60	-	-	-	-	-	-	-	-	161	-	-
MAHLE S.A.	67	60	-	-	-	-	-	-	-	69	-	-	-
MAHLE GmbH	51	60	-	-	6,985	60	-	-	-	61	105	434	2,636
MAHLE Japan Ltd.	47	60	-	-	-	-	-	-	-	-	15	-	-
MAHLE Motor Parcalari San. Izmir A.S	38	60	-	-	53	60	-	-	-	38	-	52	-
MAHLE Compon. de Mot. de México, S. de R.L. d	32	60	-	-	418	60	-	-	-	89	94	803	-
MAHLE Trading Japan Co. Ltd.	31	60	-	-	79	60	-	-	-	45	9	-	-
MAHLE Polska Spolka Z.O.O	26	60	-	-	-	-	-	-	-	26	-	-	-
MAHLE France SAS	19	60	-	-	-	-	-	-	-	76	-	-	-
MAHLE Engine Comp. Japan Corporation	16	60	-	-	69	60	-	-	-	16	-	-	(20)
MAHLE Vöcklabruck GmbH	14	60	-	-	-	-	-	-	-	14	-	-	-
MAHLE Kleinmot. GmbH	8	60	-	-	-	-	-	-	-	13	-	-	-
MAHLE Industries Inc	7	60	-	-	626	60	-	-	-	-	36	-	9
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-	-	-	-
Shangai Behr Thermal Systems Co. Ltd	3	60	-	-	-	-	-	-	-	-	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	-	2,500	60	-	-	-	-	-	-	-
MAHLE Aftermarket Pte. Ltd	-	-	-	-	1,548	60	-	-	-	-	-	1,032	-
MAHLE Indústria e Comércio Ltda.	-	-	-	-	1,209	60	4,780	7,419	17,127	-	-	-	1,813
MAHLE Filtersysteme Austria GmbH	-	-	-	-	799	60	-	-	-	-	-	865	-
MAHLE Filtersysteme GmbH	-	-	-	-	736	60	-	-	-	-	-	-	(186)
MAHLE Trading (Shangai) Co. Ltd.	-	-	-	-	413	60	-	-	-	-	-	443	-
MAHLE Filter Systems Japan Corporation	-	-	-	-	225	60	-	-	-	-	-	315	-
MAHLE Letrika d.o.o	-	-	-	-	175	60	-	-	-	-	-	418	-
MAHLE Letrika (Suzhou) Automotive	-	-	-	-	154	60	-	-	-	-	31	357	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	-	105	60	-	-	-	-	-	62	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	97	60	-	-	-	-	-	45	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	-	1,236	-	-	-	-	-
Other	-	-	-	-	104	60	-	-	-	83	-	39	19
Total related companies	23,571		-	-	42,149		4,780	8,655	17,127	14,496	7,694	20,040	8,079
Total related parties	77,107		74,724	16,708	45,784		4,780	8,655	17,127	113,902	8,313	20,620	8,079

* This includes property, plant and equipment of R\$ 36 and brand license of R\$ 2,600

** 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 03.31.2018			
				Non-current							
	Current assets			assets	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 (**)	Dividends and interest on capital payable	Products	Other	Products	Other *
Companies											
Subsidiaries											
Direct subsidiaries											
MAHLE Metal Leve GmbH	38,454	60	60,724	-	3,278	60	-	98,235	28	-	-
MAHLE Argentina S.A.	2,595	60	-	-	895	60	-	13,142	462	619	-
MAHLE Hirschvogel Forjas S.A.	155	60	-	-	-	-	-	-	30	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	89	60	-	15,030	-	-	-	-	41	-	-
MAHLE Industry do Brasil Ltda.	-	60	-	-	-	-	-	-	8	-	-
Sub-total Controladas Diretas	41,293		60,724	15,030	4,173		-	111,377	569	619	-
Related companies											-
MAHLE Engine Components (Nanjing) Co., Ltd.	4,970	60	-	-	-	-	-	1,918	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,913	60	-	-	3,993	60	-	167	4,193	-	-
MAHLE Engine Componentes USA, Inc.	3,041	60	-	-	47	60	-	4,956	197	69	115
MAHLE Aftermarket S.de R.L.de C.V.	2,472	60	-	-	-	-	-	1,203	-	-	-
MAHLE Compressores do Brasil Ltda.	2,039	60	-	-	5,543	60	-	327	1,669	-	38
MAHLE Pistoni Italia SPA	2,017	60	-	-	61	60	-	3,713	-	-	834
MAHLE Aftermarket GmbH	1,491	60	-	-	2,485	60	-	948	136	591	92
MAHLE Engine Components (Yingkou) Co., Ltd.	1,187	60	-	-	-	-	-	1,474	139	-	-
MAHLE International GmbH	483	60	-	-	7,786	60	-	-	462	-	1,796
MAHLE Industries Inc	435	60	-	-	614	60	-	-	44	-	131
MAHLE Componentes de Motores S.A.	352	60	-	-	2	60	-	240	9	457	-
MAHLE GmbH	292	60	-	-	9,015	60	-	186	-	831	2,738
MAHLE Aftermarket Inc.	225	60	-	-	109	60	-	209	91	-	14
MAHLE Compon. de Mot. de México, S. de R.L. de	178	60	-	-	(119)	60	-	9	-	290	-
MAHLE Engine Systems UK Ltd.	132	60	-	-	1,462	60	-	-	275	435	-
MAHLE Engine Comp. Japan Corporation	131	60	-	-	90	60	-	15	-	-	-
MAHLE Engine Comp. (Chongqing) Co. Ltd.	115	60	-	-	-	-	-	130	-	-	-
MAHLE Anand Filter Systems Private Limited	81	60	-	-	-	-	-	-	-	-	-
MAHLE Filtre Sistemleri A.S.	78	60	-	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	76	60	-	-	-	-	-	-	-	-	-
MAHLE Filter Systems North America Inc	66	60	-	-	-	-	-	-	492	-	-
MAHLE S.A.	49	60	-	-	-	-	-	-	-	-	-
MAHLE Japan Ltd.	46	60	-	-	-	-	-	-	13	-	-
MAHLE Industriemotoren-Komponenten GmbH	39	60	-	-	-	-	-	8	-	-	-
MAHLE France SAS	39	60	-	-	-	-	-	459	-	-	-
MAHLE Trading Japan Co. Ltd.	29	60	-	-	-	-	-	41	-	82	-
MAHLE Letrika d.o.o	19	60	-	-	434	60	-	(1)	-	339	3
MAHLE Ventiltrieb GmbH	19	60	-	-	-	-	-	-	-	-	-
MAHLE Kleinmot. Gmbh	8	60	-	-	-	-	-	11	-	-	-
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-	-
Shangai Behr Thermal Systems Co. Ltd	3	60	-	-	-	-	-	-	-	-	-
MAHLE Technologies Holding (China) Co., Ltd.	2	60	-	-	-	-	-	-	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	-	2,500	60	-	-	-	-	-
MAHLE Filtersysteme GmbH	-	-	-	-	948	60	-	-	-	-	8
MAHLE Filtersysteme Austria GmbH	-	-	-	-	817	60	-	-	-	1,138	-
MAHLE Indústria e Comércio Ltda.	-	-	-	-	562	60	7,419	-	-	-	1,686
MAHLE Filter Systems Japan Corporation	-	-	-	-	281	60	-	-	-	209	-
MAHLE Letrika (Suzhou) Automotive	-	-	-	-	255	60	-	-	-	560	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	161	60	-	-	-	18	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	-	106	60	-	2	-	17	-
MAHLE Componente de Motor SRL	-	-	-	-	74	60	-	-	-	66	-
MAHLE Engine Comp. (Thailand) Co. Ltd.	-	-	-	-	36	60	-	-	-	-	-
MAHLE Engine Comp. Inc	-	-	-	-	7	60	-	-	-	-	-
MAHLE Vöcklabruck GmbH	-	-	-	-	-	-	-	5,074	-	-	-
MAHLE Motor Parcalari San. Izmir A.S	-	-	-	-	-	-	-	1,797	-	74	9
MAHLE India Pistons Ltd.	-	-	-	-	-	-	-	1,300	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	1,236	-	-	-	-
MAHLE Aftermarket Pte. Ltd	-	-	-	-	-	-	-	-	-	1,567	-
MAHLE Rus O.O.O.	-	-	-	-	-	-	-	310	-	-	-
Other	-	-	-	-	-	-	-	79	(3)	196	2
Total related companies	24,033		-	-	37,269		8,655	24,575	7,717	6,939	7,466
Total related parties	65,326		60,724	15,030	41,442		8,655	135,952	8,286	7,558	7,466

* This includes property, plant and equipment of RS 157 and brand license of RS 2,521

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

Notes to the interim financial statements

(in thousand of reais)

	Consolidated											
	Balances at 03.31.2019							Transactions from 01.01.2019 to 03.31.2019				
	Current assets		Non-current assets	Current liabilities				Non-current liabilities	Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (**)		Suppliers (Note 15)	Payment term in days (**)	Lease Liabilities	Dividends and interest on capital payable	Lease Liabilities	Products	Other	Products	Other *
			Loan									
Related companies												
MAHLE Compon. de Mot. de México, S. de R.L. de C.V.	17,647	60	-	418	60	-	-	-	23,623	94	803	-
MAHLE Aftermarket GmbH	13,492	60	-	5,141	60	-	-	-	17,513	237	1,756	92
MAHLE Vöcklabruck GmbH	8,097	60	-	-	-	-	-	-	11,593	-	-	-
MAHLE Componentes de Motores S.A.	5,348	60	-	69	60	-	-	-	8,401	60	68	-
MAHLE Engine Components (Nanjing) Co., Ltd.	5,207	60	-	-	-	-	-	-	830	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	4,807	60	-	7,565	60	-	-	-	204	4,000	8,687	-
MAHLE Componenti Motori Italia S.p.A.	4,579	60	-	-	-	-	-	-	8,350	-	-	-
MAHLE Engine Componentes USA, Inc.	4,170	60	-	650	60	-	-	-	5,195	4	70	235
MAHLE Aftermarket S.de R.L.de C.V.	4,164	60	-	-	-	-	-	-	4,396	-	-	-
MAHLE France SAS	3,882	60	-	-	-	-	-	-	7,585	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	2,200	60	-	-	-	-	-	-	1,932	41	-	-
MAHLE S.A.	1,830	60	-	-	-	-	-	-	1,342	-	-	-
MAHLE Compressores do Brasil Ltda.	1,561	60	-	4,387	60	-	-	-	292	1,740	4,433	36
MAHLE Engine Components India Private Limited	1,546	60	-	-	-	-	-	-	1,208	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	1,299	60	-	53	60	-	-	-	1,701	-	-	17
MAHLE Industriemotoren-Komponenten GmbH	972	60	-	42	60	-	-	-	1,204	-	-	40
MAHLE Aftermarket Inc.	583	60	-	80	60	-	-	-	626	45	-	30
MAHLE International GmbH	544	60	-	9,249	60	-	-	-	-	579	-	3,745
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	496	60	-	9	60	-	-	-	1,126	-	-	1
MAHLE Engine Systems UK Ltd.	385	60	-	981	60	-	-	-	1	296	161	8
MAHLE GmbH	283	60	-	7,593	60	-	-	-	528	105	434	3,065
MAHLE Technologies Holding (China) Co., Ltd.	258	60	-	52	60	-	-	-	-	241	-	52
MAHLE Motor Parcalari San. Izmir A.S	226	60	-	53	60	-	-	-	263	-	52	-
MAHLE Engine Components (Chongqing) Co.,Ltd.	203	60	-	-	-	-	-	-	223	-	-	-
MAHLE Engine Comp. Slovakia S.R.O.	147	60	-	-	-	-	-	-	282	-	-	-
MAHLE Anand Filter Systems Private Limited	96	60	-	-	-	-	-	-	16	-	-	-
MAHLE Powertrain LLC	94	60	-	-	-	-	-	-	-	161	-	-
MAHLE Japan Ltd.	47	60	-	-	-	-	-	-	-	15	-	-
MAHLE Trading Japan Co. Ltd.	31	60	-	79	60	-	-	-	45	9	-	-
MAHLE Polska Spolka Z.0.0	26	60	-	-	-	-	-	-	26	-	-	-
MAHLE Engine Componets Japan Corporation	16	60	-	69	60	-	-	-	16	-	-	(20)
MAHLE Industries, Inc.	7	60	-	995	60	-	-	-	-	36	-	369
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-	-	-
Shangai Behr Thermal Systems Co. Ltd	3	60	-	-	-	-	-	-	-	-	-	-
MAHLE Aftermarket S.L.	2	60	-	-	-	-	-	-	-	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	2,500	60	-	-	-	-	-	-	-
MAHLE Aftermarket Pte Ltd.	-	-	-	1,548	60	-	-	-	-	-	1,032	-
MAHLE Indústria e Comércio Ltda.	-	-	-	1,209	60	4,780	7,419	17,127	-	-	-	1,813
MAHLE Filtersysteme Austria GmbH	-	-	-	857	60	-	-	-	-	-	865	47
MAHLE Filtersysteme GmbH	-	-	-	736	60	-	-	-	-	-	-	(186)
MAHLE Trading (Shangai) Co.Ltd.	-	-	-	413	60	-	-	-	-	-	443	-
MAHLE Filter Systems Japan Corporation	-	-	-	281	60	-	-	-	-	-	315	-
MAHLE Letrika d.o.o	-	-	-	175	60	-	-	-	-	-	418	-
MAHLE Letrika (Suzhou) Automotive	-	-	-	154	60	-	-	-	-	31	357	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	105	60	-	-	-	874	-	62	-
MAHLE Holding Austria GmbH	-	-	61,646	-	-	-	-	-	-	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	1,236	-	-	-	-	-
Other	-	-	-	179	60	-	-	-	83	-	84	19
Total related companies	84,254		61,646	45,642		4,780	8,655	17,127	99,478	7,694	20,040	9,363
Total related parties	84,254		61,646	45,642		4,780	8,655	17,127	99,478	7,694	20,040	9,363

* This includes brand license of R\$ 2,844

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

Notes to the interim financial statements

(in thousand of reais)

Consolidated										
Balances at 12.31.2018						Transactions from 01.01.2018 to 03.31.2018				
Current assets		Non-current	Current liabilities				Sales/revenue		Purchases	
Receivables (Note 7)	Payment term in days (**)		Suppliers (Note 15)	Payment term in days (**)	Dividends and interest on capital payable		Products	Other	Products	Other *
		Loan								
Related companies					-					
MAHLE Compon. de Mot. de México, S. de R.L. de C.V.	12,318	60	-	(119)	60	-	17,080	-	290	-
MAHLE Aftermarket GmbH	10,797	60	-	2,974	60	-	18,228	136	3,817	92
MAHLE Vöcklabruck GmbH	9,311	60	-	-	-	-	7,692	-	-	-
MAHLE Componenti Motori Italia S.p.A.	6,032	60	-	61	60	-	7,528	-	-	834
MAHLE Engine Components (Nanjing) Co., Ltd.	4,970	60	-	-	-	-	1,918	-	-	-
MAHLE Componentes de Motores S.A.	4,634	60	-	2	60	-	12,558	9	457	-
MAHLE Aftermarket S.de R.L.de C.V.	4,130	60	-	-	-	-	2,888	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,913	60	-	3,993	60	-	167	4,193	-	647
MAHLE Engine Componentes USA, Inc.	3,578	60	-	909	60	-	5,785	197	69	312
MAHLE Compressores do Brasil Ltda.	2,039	60	-	5,543	60	-	327	1,669	-	38
MAHLE France SAS	2,019	60	-	2	60	-	13,727	-	225	-
MAHLE Engine Components (Thailand) Co., Ltd.	1,956	60	-	36	60	-	1,532	-	-	-
MAHLE S.A.	1,386	60	-	-	-	-	1,859	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,267	60	-	14	60	-	1,201	-	-	26
MAHLE Engine Components (Yingkou) Co., Ltd.	1,187	60	-	-	-	-	1,574	139	-	-
MAHLE Engine Components India Private Limited	908	60	-	-	-	-	395	-	-	-
MAHLE International GmbH	483	60	-	8,134	60	-	-	462	-	1,924
MAHLE Industries, Inc.	435	60	-	1,045	60	-	-	44	-	813
MAHLE Aftermarket Inc.	380	60	-	161	60	-	299	91	-	14
MAHLE Industriemotoren-Komponenten GmbH	379	60	-	48	60	-	659	-	-	-
MAHLE GmbH	292	60	-	11,420	60	-	3,127	-	831	3,141
MAHLE Engine Systems UK Ltd.	132	60	-	1,466	60	-	-	275	435	-
MAHLE Engine Componets Japan Corporation	131	60	-	90	60	-	15	-	-	-
MAHLE Engine Components (Chongqing) Co.,Ltd.	115	60	-	-	-	-	130	-	-	-
MAHLE Motor Parcalari San. Izmir A.S	82	60	-	-	-	-	4,106	-	74	9
MAHLE Anand Filter Systems Private Limited	81	60	-	-	-	-	-	-	-	-
MAHLE Filtre Sistemleri A.S.	78	60	-	-	-	-	-	-	-	-
MAHLE Powertrain LLC	76	60	-	-	-	-	-	-	-	-
MAHLE Filter Systems North America Inc	66	60	-	-	-	-	-	492	-	-
MAHLE Engine Comp. Slovakia S.R.O.	58	60	-	-	-	-	375	-	-	-
MAHLE Japan Ltd.	46	60	-	-	-	-	-	13	-	-
MAHLE Trading Japan Co. Ltd.	29	60	-	-	-	-	41	-	82	-
MAHLE Letrika D.O.O.	19	60	-	477	60	-	(1)	-	339	3
MAHLE Ventiltrieb GmbH	19	60	-	-	-	-	-	-	-	-
MAHLE Filter Systems India Pvt ,Ltd.	6	60	-	-	-	-	-	-	-	-
Shanghai Behr Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	-	-
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	-	-	-	-	8
MAHLE Filtersysteme Austria GmbH	-	-	-	864	60	-	-	-	1,138	69
MAHLE Indústria e Comércio Ltda.	-	-	-	562	60	7,419	-	-	-	1,686
MAHLE Filter Systems Japan Corporation	-	-	-	281	60	-	-	-	209	-
MAHLE Letrika (Suzhou) Automotive	-	-	-	255	60	-	-	-	560	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	161	60	-	-	-	18	-
MAHLE Componentes de Motor Espana S.L.	-	-	-	122	60	-	3,333	-	17	-
MAHLE Componente de Motor SRL	-	-	-	74	60	-	-	-	66	-
MAHLE Holding Austria GmbH	-	-	40,743	28	60	-	-	-	-	-
MAHLE Aftermarket Pte Ltd.	-	-	-	-	-	-	-	-	1,567	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	1,236	-	-	-	-
MAHLE India Pistons Ltd.	-	-	-	-	-	-	1,300	-	-	-
#REF!	-	-	-	-	-	-	310	-	-	-
Other	-	-	-	20	60	-	64	(3)	224	13
Total related companies	73,359		40,743	42,071		8,655	108,217	7,717	10,418	9,629
Total related parties	73,359		40,743	42,071		8,655	108,217	7,717	10,418	9,629

* This includes brand license of RS 2,776

** 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 March 31, 2019, the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. had a loan agreement with the Company in the amount of R\$ 15,568 (R\$ 15,030 at December 31, 2018), subject to an interest rate of 115% of the CDI. Management does not intend to collect this loan within the next 12 months and the loan has no definite maturity date.

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 March 31, 2019, the subsidiary has a balance payable of R\$ 61,646 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 March 31, 2019, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 2,600 (March 31, 2018 - R\$ 2,521) and in the consolidated accounts in the amount of R\$ 2,844 (March 31, 2018 - R\$ 2,776).

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
MAHLE Metal Leve GmbH	60.724	14.496	-	(496)
	60.724	14.496	-	(496)

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	Payment	Prescribed dividends and interest on capital	Balance 03.31.2019
MAHLE Indústria e Comércio Ltda.	7,419	-	-	7,419
MAHLE Industriebeteiligungen GmbH.	1,236	-	-	1,236
Non-controlling	4,625	(18)	(110)	4,497
Total	13,280	(18)	(110)	13,152

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	
	03.31.2019	03.31.2018
Statutory officers	1.452	1.333
Non-statutory officers	1.296	4.114
	2.748	5.447

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		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Profit before income tax and social contribution	82.161	91.348	88.782	94.354
Income tax and social contribution at the statutory rate in Brazil (34%)	(27.935)	(31.058)	(30.186)	(32.080)
Effects of permanent differences:				
Equity in the results of investees	5.897	9.571	(6)	(5)
Gain on monetary items, net	4.160	-	2.375	-
Loss for the year for which no deferred tax asset was recognized	-	-	(507)	(554)
Others, net	(346)	1.518	2.760	8.799
Total income tax and social contribution	(18.224)	(19.969)	(25.564)	(23.840)
Current income tax and social contribution	(25.177)	(35.984)	(27.749)	(39.912)
Deferred income tax and social contribution (Note 11.b ii)	6.953	16.015	2.185	16.072
	(18.224)	(19.969)	(25.564)	(23.840)
Effective rate	22,2%	21,9%	28,8%	25,3%

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 and tax losses.

i. Breakdown of deferred tax assets and liabilities:

	Parent company			
	Assets		Liabilities	
	Balance in 03.31.2019	Balance in 12.31.2018	Balance in 03.31.2019	Balance in 12.31.2018
Property, plant and equipment	-	-	(34.036)	(35.388)
Intangible assets	-	-	(104.213)	(104.213)
Derivatives	1.044	1.777	-	-
Inventory	10.211	10.656	-	-
Provision labor risks	81.504	82.377	-	-
Other provision	64.322	57.589	-	-
Tax (assets) liabilities	157.081	152.399	(138.249)	(139.601)
Amount eligible for offsetting	(138.249)	(139.601)	138.249	139.601
Net tax (assets) liabilities	18.832	12.798	-	-

	Consolidated			
	Assets		Liabilities	
	Balance in 03.31.2019	Balance in 12.31.2018	Balance in 03.31.2019	Balance in 12.31.2018
Property, plant and equipment	-	-	(41.449)	(42.116)
Intangible assets	-	-	(104.213)	(104.213)
Derivatives	1.044	1.777	-	-
Inventory	10.723	10.675	-	-
Provision labor risks	81.504	82.377	-	-
Other provision	63.299	60.475	-	-
Tax (assets) liabilities	156.570	155.304	(145.662)	(146.329)
Amount eligible for offsetting	(137.361)	(142.054)	137.361	142.054
Net tax (assets) liabilities	19.209	13.250	(8.301)	(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:

	Parent company	Consolidated
At December 31, 2018	12.798	8.975
(+) Recognized in profit or loss (note 11.a)	6.953	2.185
(+) Recognized in other comprehensive income	(919)	(252)
At March 31, 2019	18.832	10.908

12 Investments in subsidiaries

	03.31.2019				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 03/31/2019)	Total
MAHLE Argentina S.A.	119,573	59,549	(38,408)	(2,018)	138,696
MAHLE Metal Leve GmbH	57,247	-	-	(1,845)	55,402
Innoferm Tecnologia Ltda.	3,986	-	-	(3,493)	493
MAHLE Hirschvogel Forjas S.A.	2,031	35,755	(35,755)	-	2,031
Total	182,837	95,304	(74,163)	(7,356)	196,622

	12.31.2018				
	Investments accounted for using the equity method	Goodwill	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 (%)	Ativos Circulantes	Ativos Não Circulantes	Total assets	Passivos Circulantes	Passivos Não Circulantes	Total liabilities	Equity	Net revenue	Profit (loss) for the period
March 31, 2019										
(3M 2019)										
Subsidiaries										
MAHLE Argentina S.A.	99.20	145,616	61,707	207,323	77,691	9,096	86,787	120,536	85,205	(3,732)
MAHLE Metal Leve GmbH	100.00	131,005	69,047	200,052	142,805	-	142,805	57,247	124,625	21,204
MAHLE Filtröil Ind. e Com. de Filtröos Ltda.	60.00	1,527	7	1,534	942	15,813	16,755	(15,221)	647	(492)
MAHLE Hirschvogel Forjas S.A.	51.00	2,378	7,777	10,155	2,262	3,910	6,172	3,983	-	(1,063)
Subtotal subsidiaries		280,526	138,538	419,064	223,700	28,819	252,519	166,545	210,477	15,917
Related companies										
Innoferm Tecnologia Ltda.	33.33	2,556	9,683	12,239	13	266	279	11,959	-	(56)
Subtotal related companies		2,556	9,683	12,239	13	266	279	11,959	-	(56)
Total		283,082	148,221	431,303	223,713	29,085	252,798	178,504	210,477	15,861
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 Filtröil Ind. e Com. de Filtröos 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	-	-	-	-	-	-	-	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
March 31, 2018										
(3M 2018)										
Subsidiaries										
MAHLE Argentina S.A.	99.20	162,246	42,567	204,813	67,551	1,317	68,868	135,945	81,737	10,661
MAHLE Metal Leve GmbH	100.00	124,123	40,409	164,532	113,100	-	113,100	51,432	129,032	16,596
MAHLE Filtröil Ind. e Com. de Filtröos Ltda.	60.00	2,319	7	2,326	737	15,098	15,835	(13,509)	489	(441)
MAHLE Industry do Brasil Ltda.	99.90	21,449	2,841	24,290	13,778	95	13,873	10,417	6,293	95
MAHLE Hirschvogel Forjas S.A.	51.00	22,320	1,655	23,975	3,568	20,998	24,566	(591)	-	(1,407)
Subtotal subsidiaries		332,457	87,479	419,936	198,734	37,508	236,242	183,694	217,551	25,504
Related companies										
Innoferm Tecnologia Ltda.	33.33	2,892	9,683	12,575	-	266	266	12,309	-	(45)
Subtotal related companies		2,892	9,683	12,575	-	266	266	12,309	-	(45)
Total		335,349	97,162	432,511	198,734	37,774	236,508	196,003	217,551	25,459

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

		Interest in equity				
	Interest (%)	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
March 31, 2019		(3M 2019)				
Subsidiaries						
MAHLE Argentina S.A.	99.20	119,573	-	(3,702)	(29)	-
MAHLE Metal Leve GmbH	100.00	57,247	21,204	-	728	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	-	-	(295)	-	(9,132)
MAHLE Hirschvogel Forjas S.A.	51.00	2,031	-	(542)	-	-
Subtotal subsidiaries		178,851	21,204	(4,539)	699	(9,132)
Related companies						
Innoferm Tecnologia Ltda.	33.33	3,986	-	(19)	-	-
Subtotal related companies		3,986	-	(19)	-	-
Total		182,837	21,204	(4,558)	699	(9,132)
December 31, 2018		(FY 2018)				
Subsidiaries						
MAHLE Argentina S.A.	99.20	124,371	15,535	-	(2)	-
MAHLE Metal Leve GmbH	100.00	51,246	80,457	-	(119)	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	-	-	(996)	-	(8,837)
MAHLE Industry do Brasil Ltda.	99.99	-	667	-	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	2,573	2,125	-	-	-
Subtotal subsidiaries		178,190	98,784	(996)	(121)	(8,837)
Related companies						
Innoferm Tecnologia Ltda.	33.33	4,005	-	(113)	-	-
Subtotal related companies		4,005	-	(113)	-	-
Total		182,195	98,784	(1,109)	(121)	(8,837)
March 31, 2018		(3M 2018)				
Subsidiaries						
MAHLE Argentina S.A.	99.20	134,857	10,576	-	256	-
MAHLE Metal Leve GmbH	100.00	51,432	16,596	-	1,627	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	-	-	(266)	-	(8,106)
MAHLE Industry do Brasil Ltda.	99.99	10,417	95	-	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	-	-	(718)	-	(301)
Subtotal subsidiaries		196,706	27,267	(984)	1,883	(8,407)
Related companies						
Innoferm Tecnologia Ltda.	33.33	4,103	-	(15)	-	-
Subtotal related companies		4,103	-	(15)	-	-
Total		200,809	27,267	(999)	1,883	(8,407)

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

At March 31, 2019, the interest in the net capital deficiency of the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. was R\$ 9,132 (R\$ 8,837 at December 31, 2018) and this was recorded in non-current liabilities within "provision for subsidiary's net capital deficiency".

At March 31, 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 March 31, 2019, the share of equity in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 2,031 (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	-	-	8,424	239	87	3,083	1,540	-	-	13,373
Write-offs	-	-	-	(1)	(31)	-	-	(205)	-	(237)
Transfer	-	(51)	6,626	-	-	(5,422)	(1,153)	-	-	-
Depreciation	-	(1,238)	(17,685)	(187)	(419)	-	-	-	(1,528)	(21,057)
Depreciation/write-off (deemed cost)	-	(640)	(67)	(6)	-	-	-	-	-	(713)
At March 31, 2019	52,454	95,072	428,869	4,066	4,350	1,811	3,909	(3,619)	21,907	608,819
Total cost	52,454	230,434	2,020,708	25,220	24,598	1,811	3,909	(3,619)	23,435	2,378,950
Accumulated depreciation	-	(135,362)	(1,591,839)	(21,154)	(20,248)	-	-	-	(1,528)	(1,770,131)
Net book value	52,454	95,072	428,869	4,066	4,350	1,811	3,909	(3,619)	21,907	608,819

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	-	103	9,211	233	87	3,083	3,122	-	-	15,839
Write-offs	-	-	-	(2)	(31)	-	-	(205)	-	(238)
Transfer	-	263	8,059	(25)	-	(5,422)	(2,875)	-	-	-
Depreciation	-	(1,250)	(18,358)	(193)	(440)	-	-	-	(1,528)	(21,769)
Depreciation/write-off (deemed cost)	-	(640)	(67)	(6)	-	-	-	-	-	(713)
Gain on monetary items, net	-	1,126	2,450	-	207	-	71	-	-	3,854
Translation effects	(14)	(1,049)	(5,272)	(29)	(111)	-	(215)	28	-	(6,662)
At March 31, 2019	52,547	103,823	469,086	4,237	5,300	1,811	4,364	(3,813)	21,907	659,262
Total cost	52,547	241,913	2,154,763	25,599	30,164	1,811	4,364	(3,813)	23,435	2,530,783
Accumulated depreciation	-	(138,090)	(1,685,677)	(21,362)	(24,864)	-	-	-	(1,528)	(1,871,521)
Net book value	52,547	103,823	469,086	4,237	5,300	1,811	4,364	(3,813)	21,907	659,262

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		
	12.31.2018	Depreciation/w rite-off (deemed cost)	03.31.2019
Land	46,905	-	46,905
Buildings and construction	40,488	(640)	39,848
Machinery, equipment and facilities	1,953	(67)	1,886
Furniture and fittings	23	(6)	17
Vehicles	(147)	-	(147)
	89,222	(713)	88,509

The annual depreciation rates of the property, plant and equipment items at March 31, 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\$ 6,759 in the consolidated accounts at March 31, 2019 and 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 March 31, 2019 is R\$ 3,619 (R\$ 3,414 at December 31, 2018) and R\$ 3,813 (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	
		03.31.2019	12.31.2018	03.31.2019	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)	-	-	-	65,609	65,696
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	48,816	48,776	51,557	50,707
Other (a and b)	-	1,148	1,148	1,468	2,445
Usage right and concessions (a) (*)	-	17,665	17,665	17,665	17,665
Usage right and concessions (b) (**)	20	45,305	43,947	45,305	43,947
Impairment (<i>Rings businnes</i>)	-	(188,654)	(188,654)	(188,654)	(188,654)
Impairment (<i>MAHLE Argentina S.A.</i>)	-	-	-	(38,408)	(38,408)
Impairment (<i>MAHLE Hirschvogel Forjas S.A.</i>)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		492,558	491,160	522,811	521,667
Accumulated amortization		(52,101)	(51,658)	(55,014)	(54,787)
		440,457	439,502	467,797	466,880

(a) Indefinite useful life

(b) finite useful life

(*) Out of the amount relating to usage right and concessions (indefinitive useful life), R\$ 12,000 refers to the exclusivity rights to the development of the ethanol-production technology (MBE2) and R\$ 5,665 refers to costs of improvement of access through Anhanguera Highway and right-of-way easement to the Group's Technology Center in the city of Jundiaí, State of São Paulo.

(**) Out of the amount relating to usage right and concessions (finite useful life), R\$ 39,085 refers to costs associated with the continuity of development of MBE2 technology.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Statement of changes in intangible assets

Parent company					
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2018	379,958	3,975	55,569	-	439,502
Additions	-	40	1,358	-	1,398
Amortization	-	(441)	(2)	-	(443)
At March 31, 2019	379,958	3,574	56,925	-	440,457

Consolidated					
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2018	407,245	4,021	55,569	45	466,880
Additions	-	74	1,358	-	1,432
Amortization	-	(445)	(2)	-	(447)
Foreign exchange variation	(87)	(7)	-	(5)	(99)
Transfer	-	31	-	-	31
At March 31, 2019	407,158	3,674	56,925	40	467,797

Provision for impairment of intangible assets

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

15 Trade and related-party payables

	Parent company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Suppliers - Third Party				
Raw material	73,044	64,298	93,946	93,760
Services	18,396	20,268	19,585	21,008
	91,440	84,566	113,531	114,768
Related parties (Note 10)	45,784	41,442	45,642	42,071
	137,224	126,008	159,173	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	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
State taxes	9,043	11,005	9,290	11,248
ICMS payable	9,043	11,005	9,055	11,017
Other	-	-	235	231
Federal taxes	14,960	13,109	17,806	16,226
IRRF	4,267	391	4,273	400
IPI payable	4,073	3,715	5,579	5,903
COFINS payable	3,622	4,690	4,075	4,988
PIS payable	2,073	4,226	2,087	4,250
Import tax	901	66	902	68
Other	24	21	890	617
Municipal taxes	-	-	72	52
Taxes and contributions payable	24,003	24,114	27,168	27,526
Income tax and social contribution	9,904	334	32,573	23,573
Income tax and social contribution payable	9,904	334	32,573	23,573
Current liabilities	33,907	24,448	59,741	51,099

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

17 Borrowings and lease liabilities

a) Borrowings

Description	Average costs	Parent company		Consolidated		
		03.31.2019	12.31.2018	03.31.2019	12.31.2018	
Borrowings in local currency (BRL)						
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 6.00% p.a.)	6.03%	139,572	146,314	139,572	146,314	
BNDES (TJLP+ 1,5% p.a.)	8.53%	13,805	13,778	13,805	13,778	
FINEP II (Long-Term Interest Rate (TJLP))	7.03%	75,909	-	75,909	-	
	6.51%	229,286	160,092	229,286	160,092	
Borrowings in foreign currency						
	Currency					
ACC (average interest 5,0% a.a)	USD (expressed in BRL)	4.68%	-	-	26,293	20,359
ACC (average interest 0,56% a.a)	EUR (expressed in BRL)	0.46%	87,730	111,170	87,730	111,170
		0.46%	87,730	111,170	114,023	131,529
		4.84%	317,016	271,262	343,309	291,621
Current - borrowings in local currency			29,250	28,852	29,250	28,852
Current - borrowings in foreign currency			87,730	111,170	114,023	131,529
Total current			116,980	140,022	143,273	160,381
Non-current - borrowings in local currency			200,036	131,240	200,036	131,240
Non-current - borrowings in foreign currency			-	-	-	-
Total non-current			200,036	131,240	200,036	131,240

In the first quarter of 2019, the Parent company took bank loans of BRL 75.6 million, as follows:

- January 2019 BRL 75.6 million - FINEP subject to long-term interest rate (TJLP) (7.03% p.a. at 3/31/2019).
36-month grace period for principal and 109 monthly installments beginning on December 15, 2021, with final payment on December 15, 2030.

The subsidiary in Argentina took bank loans of BRL 19.9 million, as follows:

- January 2019 USD 0.8 million - ACC with average rate of 5.00% p.a.
Contract on January 14, 2019, with a maturity in April 2019.
- January 2019 USD 1.0 million - ACC with average rate of 3.75% p.a.
Contract on January 25, 2019, with a maturity in April 2019.
- February 2019 USD 0.8 million - ACC with average rate of 3.60% p.a.
Contract on February 25, 2019, with a maturity in May 2019.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

- March 2019 USD 1.5 million – ACC with average rate of 5.10% p.a.
Contract on March 19, 2019, with a maturity in September 2019.
- March 2019 USD 1.0 million - ACC with average rate of 3.80% p.a.
Contract on March 25, 2019, with a maturity in June 2019.

On April 25, 26 and 30, 2019, the Company took financing ACC (advance on foreign exchange contracts) and NCE (export credit note) in the amount of R\$ 110.0 million backed by EUR 25.0 million. The average term and cost are 245 days and 0.338% p.a., respectively. Total repayment of this financing will occur by March 31, 2020.

Reconciliation of changes in equity with proceeds from borrowings:

Changes in borrowings in first quarter of 2019 were as follows:

Parent company							
Cash flow							
12.31.2018	Addition	Principal amortization	Amortization interest	Monetary variation	Exchange variation	Appropriation of interest	03.31.2019
271,262	75,592	(28,953)	(2,536)	497	(1,770)	2,924	317,016

Consolidated							
Cash flow							
12.31.2018	Addition	Principal amortization	Amortization interest	Monetary variation	Exchange variation	Appropriation of interest	03.31.2019
291,621	95,466	(42,981)	(2,816)	497	(1,697)	3,219	343,309

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

At March 31, 2019, long-term borrowings mature as follows:

	Parent company and consolidated
	03.31.2019
From April 2020	21,244
2021	30,497
2022	38,362
2023	38,362
2024	14,757
2025	10,036
2026	10,036
2027	10,036
2028	10,036
2029	8,335
2030	8,335
	200,036

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 (7.03 % p.a. as at March 31, 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.

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 (7.03 % p.a. as at March 31, 2019) plus a bank spread of 5% p.a. less an equalization rate of 4.5% 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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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 (March 31, 2019 – 7.03% 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.

At March 31, 2019, there was no delinquency in principal or interest payments and no breach of the terms of the contracts with FINEP and BNDES.

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	510
31 to 90 days	1,018
91 to 365 days	4,586
from April 1, 2020	4,585
2021	6,114
2022	5,094
Total	21,907
Current	4,780
Long-term	17,127
Total	21,907

Changes in lease liability were as follows:

Adoption of IFRS 16 / CPC 06 (R2)	23.435
Balance at January 1, 2019	23.435
Lease payments	(1.645)
Recovery of taxes (PIS/COFINS)	(141)
Interest	258
Balance at March 31, 2019	21.907

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

18 Salaries, vacation pay and social charges

	Parent company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Employee profit sharing	30,444	27,622	31,907	28,957
Accrued vacation pay / 13th month salary	46,557	33,189	51,146	37,154
INSS /FGTS	11,242	12,767	11,263	12,791
Other social security obligations	248	239	2,373	3,434
	88,491	73,817	96,689	82,336

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	-	(298)	(6,274)	-	-	(6,572)
Payment	-	(3,166)	-	-	-	(3,166)
Complement	-	4,814	8,923	483	726	14,946
At March 31, 2019	8,589	10,618	8,923	3,506	2,669	34,305

	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	-	(298)	-	(6,797)	-	-	(7,095)
Payment	-	(3,166)	-	-	-	(47)	(3,213)
Complement	-	4,814	-	9,553	484	1,024	15,875
Foreign exchange variation	(161)	-	-	-	-	(63)	(224)
At March 31, 2019	9,693	10,619	961	9,553	3,507	3,444	37,777

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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	(909)	(909)
Payment	(521)	(574)
Complement	-	193
Foreign exchange variation	-	(65)
At March 31, 2019	9,691	11,954

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	19,494	-	-	(1,893)	17,601
Monetary restatements	6,632	716	-	(257)	7,091
Write-off for use	(4,074)	-	(162)	877	(3,359)
Write-off for reversal	(24,621)	(24)	-	936	(23,709)
Transfer	-	-	-	146	146
At March 31, 2019	239,716	54,652	5,701	(51,227)	248,842

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	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	20,015	-	-	(2,612)	17,403
Monetary restatements	6,980	716	-	(232)	7,464
Write-off for use	(7,670)	-	(162)	1,718	(6,114)
Write-off for reversal	(26,089)	(24)	-	1,902	(24,211)
Transfer	-	-	-	163	163
Foreign exchange variation	(107)	-	-	-	(107)
At March 31, 2019	252,296	54,651	5,701	(59,996)	252,652

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.

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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Proceedings involving the risk of possible loss

At March 31, 2019, the Group had labor, civil and tax proceedings brought before the proper authorities in the amount of R\$ 53,659 (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.

Administrative Council for Economic Defense (“CADE”)

According to the announcement made to the market on October 10, 2016, the Company received a notice from CADE stating that an administrative proceeding was initiated, involving 28 companies and other individuals for possible anti-competitive behavior in the independent automotive aftermarket.

According to the announcement made to the market on June 28, 2017, August 17, 2017 and December 4, 2017, the Company has had knowledge, through website www.cade.gov.br, that the Administrative Council for Economic Defense (“CADE”) started an investigation into suspected anticompetitive practices in the market for auto parts, engine valves, components for filters, pistons and related products. The Company is one of the companies being investigated and will cooperate with CADE to clarify the facts under investigation.

According to the Significant Event Notice disclosed to the market on October 31, 2017, the Company signed on the same date a cease-and-desist commitment “TCC” with CADE. This commitment was homologated by the Administrative Court of CADE also on the same date, suspending administrative proceeding No. 08700.006386/2016-53 (announced to the market on October 10, 2016) in which the Company and its employees or former employees were under investigation. The case will be shelved without an adjudication on the merits of the Company and its employees or former employees if all conditions set out in the commitment have been fully met.

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\$ 17.5 million, for which a provision had already been recorded in the financial statements.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

22 Equity

a. Share capital

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

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

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 March 31, 2019, the market value of the Company's common shares corresponded the price of R\$ 24.30 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 March 31, 2019, the Company recorded cumulative translation adjustments of R\$ (-) R\$ 16,966 ((-) R\$ 6,353 at March 31, 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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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 March 31, 2019, net of taxes, at (+) R\$ 1,785 (At March 31, 2018 (-) R\$ 3,159) in the parent and at (+) R\$ 4,713 (At March 31, 2018 (-) R\$ 4,282) in the consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 151 at March 31, 2019 (At March 31, 2018 - R\$ 413). 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>03.31.2019</u>	<u>03.31.2018</u>
Profit attributable to owners of the parent	<u>63,937</u>	<u>71,379</u>
Shares outstanding	128,308,500	128,308,500
Basic earnings per share (R\$ per share)	<u>0.4983</u>	<u>0.5563</u>

There are no diluted earnings per share for the Company.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

24 Net operating revenue

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Gross revenue				
Products	647,935	643,000	774,690	771,490
Services	10,809	12,236	10,190	11,667
Total revenue with products + services	658,744	655,236	784,880	783,157
Deductions from sales:				
Taxes on sales	(136,318)	(133,800)	(136,494)	(134,639)
Discounts , returns and sales incentives	(9,094)	(7,740)	(25,183)	(29,836)
Net operating revenue	513,332	513,696	623,203	618,682

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.

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

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Geographic market				
South America *included domestic market	348,593	322,789	370,121	348,907
Europe	127,857	133,176	138,876	149,860
Central and North America	28,603	45,022	101,090	102,029
Africa, Asia, Oceania and Middle East	8,279	12,709	13,116	17,886
	513,332	513,696	623,203	618,682
Revenue by market				
Original equipment	330,982	346,442	418,741	427,506
Aftermarket	182,350	167,254	204,462	191,176
	513,332	513,696	623,203	618,682

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

25 Cost of sales and services

Cost of sales and services by nature are as follows:

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Personnel and benefits	(122,245)	(127,237)	(133,213)	(141,679)
Raw material and others materials	(196,707)	(177,370)	(241,410)	(224,688)
Depreciation and amortization	(20,035)	(19,349)	(20,683)	(20,416)
Utilities and services	(32,510)	(33,543)	(36,354)	(37,095)
Other	(22,304)	(26,264)	(22,670)	(21,276)
Total	(393,801)	(383,763)	(454,330)	(445,154)

26 Selling expenses

Selling expenses by nature are as follows:

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Personnel and benefits	(10,698)	(9,769)	(11,978)	(11,545)
Freight	(9,046)	(8,867)	(12,398)	(11,256)
Brand license	(2,600)	(2,521)	(2,844)	(2,776)
Variable selling expenses	(2,137)	(1,750)	(4,135)	(3,671)
General expenses	(1,414)	(518)	(2,973)	(1,726)
Advertising	(1,028)	(1,855)	(927)	(691)
Travel and entertainment allowance	(651)	(535)	(700)	(604)
Depreciation	(166)	(189)	(195)	(218)
Professional services/service orders	626	(2,152)	376	(2,443)
Other expenses	(1,282)	(413)	(2,021)	(2,170)
	(28,396)	(28,569)	(37,795)	(37,100)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

27 General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Personnel and benefits	(7,224)	(5,754)	(8,637)	(7,460)
Management	(2,748)	(5,447)	(2,748)	(5,447)
Professional services/service orders	(1,592)	(1,847)	(2,055)	(2,601)
Materials and utilities	(756)	(893)	(830)	(1,017)
Depreciation	(584)	(680)	(602)	(737)
Maintenance	(530)	(791)	(566)	(821)
PIS/COFINS	(457)	(364)	(459)	(380)
Travel and entertainment allowance	(388)	(254)	(415)	(287)
Other expenses	(2,447)	(1,362)	(2,697)	(1,603)
	(16,726)	(17,392)	(19,009)	(20,353)

28 Technology and product development costs

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

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Personnel and benefits	(11,380)	(9,403)	(11,623)	(9,695)
Materials/utilities	(1,955)	(1,458)	(1,972)	(1,469)
Professional services/service orders	(1,810)	(644)	(1,888)	(1,302)
General expenses	(1,216)	(997)	(1,877)	(1,959)
Depreciation	(1,213)	(1,330)	(1,237)	(1,368)
Maintenance	(906)	(480)	(906)	(483)
Other expenses	(515)	(533)	(586)	(636)
	(18,995)	(14,845)	(20,089)	(16,912)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

29 Finance income and costs, net

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Finance income				
Interest	1,905	1,551	2,028	1,959
Exchange variation (a)	12,144	7,257	24,058	17,802
Monetary variation gains	542	1,131	540	1,239
Derivative financial instruments (c)	3,485	2,842	3,485	3,309
Other	272	251	973	271
	18,348	13,032	31,084	24,580
Finance costs				
Interest	(2,816)	(2,095)	(3,711)	(2,302)
Exchange variations (b)	(9,156)	(3,590)	(20,855)	(10,276)
Monetary variation losses	(8,103)	(7,939)	(8,532)	(8,829)
Derivative financial instruments (d)	(3,955)	(2,480)	(3,955)	(3,428)
Other	(1,308)	(738)	(2,870)	(1,552)
	(25,338)	(16,842)	(39,923)	(26,387)
Finance income (costs), net	(6,990)	(3,810)	(8,839)	(1,807)
Summary of foreign exchange variations (a+b)	2,988	3,667	3,203	7,526
Trade receivables	2,049	2,686	9,918	5,241
Cash and cash equivalents	1,495	251	2,833	578
Interest on capital receivable	(496)	1,354	(496)	1,354
Trade payables	(348)	(616)	(8,424)	362
Borrowings	305	-	(610)	-
Other	(17)	(8)	(18)	(9)
Summary of derivative instruments (c+d)	(470)	362	(470)	(119)
Income	3,485	2,842	3,485	3,309
Expenses	(3,955)	(2,480)	(3,955)	(3,428)
Net result of foreign exchange variations and derivative financial instruments	2,518	4,029	2,733	7,407

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

30 Other operating income and expenses, net

	Parent company		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Other income				
Provision for labor, civil and tax contingencies	24,645	6,947	26,114	9,463
Taxes recovered (Reintegra)	186	4,048	186	4,048
Provision for obsolescence	19	100	19	120
Gain on monetary items	-	-	337	-
Gains on disposal of assets /other	1	1	6	29
Provision for restructuring	-	-	-	170
Other income	1,923	1,388	2,119	1,587
	26,774	12,484	28,781	15,417
Other expenses				
Reversal of provision for labor, civil and tax contingencies	(21,406)	(13,756)	(23,297)	(15,570)
Losses on disposal of assets /other	(7)	(3)	(8)	(3)
Reversal of provision for obsolescence	(223)	-	(223)	-
Losses on monetary items	-	-	(358)	-
Export expenses - Argentina	-	-	(3,976)	-
Other expenses	(1,007)	(625)	(1,461)	(2,120)
	(22,643)	(14,384)	(29,323)	(17,693)
Other operationg income (expenses), net	4,131	(1,900)	(542)	(2,276)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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							
		03.31.2019				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	-	60,299	-	60,299	-	33,016	-	33,016
Financial investments	6	-	103,339	-	103,339	-	55,992	-	55,992
Trade accounts receivables and other account receivable	7	371,592	-	-	371,592	356,057	-	-	356,057
Loans to related parties	7	16,708	-	-	16,708	15,030	-	-	15,030
Unrealized gains on derivatives	31	-	-	7,393	7,393	-	-	7,083	7,083
Total		388,300	163,638	7,393	559,331	371,087	89,008	7,083	467,178

		Parent Company							
		03.31.2019				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	(45,784)	-	-	(45,784)	(41,442)	-	-	(41,442)
Trade payables	15	(91,440)	-	-	(91,440)	(84,566)	-	-	(84,566)
Lease liabilities	17.b	(21,907)	-	-	(21,907)	-	-	-	-
Borrowings	17.a	(317,016)	-	-	(317,016)	(271,262)	-	-	(271,262)
Unrealized losses on derivatives	31	-	-	(10,464)	(10,464)	-	-	(12,309)	(12,309)
Total		(476,147)	-	(10,464)	(486,611)	(397,270)	-	(12,309)	(409,579)

		Consolidated							
		03.31.2019				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	-	67,440	-	67,440	-	39,679	-	39,679
Financial investments	6	-	103,339	-	103,339	-	57,912	-	57,912
Trade accounts receivables and other account receivable	7	458,590	-	-	458,590	437,603	-	-	437,603
Loans to related parties	7	61,646	-	-	61,646	40,743	-	-	40,743
Unrealized gains on derivatives	31	-	-	7,495	7,495	-	-	7,083	7,083
Total		520,236	170,779	7,495	698,510	478,346	97,591	7,083	583,020

		Consolidated							
		03.31.2019				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	(45,642)	-	-	(45,642)	(42,071)	-	-	(42,071)
Trade payables	15	(113,531)	-	-	(113,531)	(114,768)	-	-	(114,768)
Leases liabilities	17.b	(21,907)	-	-	(21,907)	-	-	-	-
Borrowings	17.a	(343,309)	-	-	(343,309)	(291,621)	-	-	(291,621)
Unrealized losses on derivatives	31	-	-	(11,723)	(11,723)	-	-	(16,887)	(16,887)
Total		(524,389)	-	(11,723)	(536,112)	(448,460)	-	(16,887)	(465,347)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

- 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 March 31, 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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

- 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.

		Consolidated				
		03.31.2019		12.31.2018		Level
Assets	Note	Carrying amount	Fair value	Carrying amount	Fair value	
Cash, demand deposits and cash in transit	6	67,440	67,440	39,679	39,679	2
Financial investments	6	103,339	103,339	57,912	57,912	2
Trade accounts receivables and other account receivable	7	458,590	458,590	437,603	437,603	2
Loans to related parties	7	61,646	61,646	40,743	40,743	2
Unrealized gains on derivatives	31	7,495	7,495	7,083	7,083	2
Total		698,510	698,510	583,020	583,020	
Liabilities						
Payables to related parties	10	(45,642)	(45,642)	(42,071)	(42,071)	2
Trade payables	15	(113,531)	(113,531)	(114,768)	(114,768)	2
Leases liabilities	17.b	(21,907)	(21,907)	-	-	2
Borrowings	17.a	(343,309)	(343,309)	(291,621)	(291,621)	2
Unrealized losses on derivatives	31	(11,723)	(11,723)	(16,887)	(16,887)	2
Total		(536,112)	(536,112)	(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).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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.

03.31.2019						
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	(45,642)	(45,642)	-	-	-
Trade payables	15	(113,531)	(113,531)	-	-	-
Leases liabilities	17.b	(21,907)	(27,618)	(7,323)	(12,679)	-
Borrowings	17.a	(343,309)	(417,479)	(130,617)	(42,864)	(149,489)
Unrealized losses on derivatives	31	(11,723)	(11,723)	-	-	-
Total		(536,112)	(615,993)	(308,836)	(50,480)	(162,168)

12.31.2018						
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)	-	-	-
Trade payables	15	(114,768)	(114,768)	-	-	-
Borrowings	17.a	(291,621)	(324,947)	(149,639)	(38,497)	(119,685)
Unrealized losses on derivatives	31	(16,887)	(16,887)	-	-	-
Total		(465,347)	(498,673)	(323,365)	(38,497)	(119,685)

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	
		03.31.2019	12.31.2018	03.31.2019	12.31.2018
Cash, demand deposits and cash in transit	6	60,299	33,016	67,440	39,679
Financial investments	6	103,339	55,992	103,339	57,912
Trade accounts receivables and other account receivable	7	371,592	356,057	458,590	437,603
Loans to related parties	7	16,708	15,030	61,646	40,743
Unrealized gains on derivatives	31	7,393	7,083	7,495	7,083
Total		559,331	467,178	698,510	583,020

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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)

	Parent Company		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Counterparties unrated				
external de crédito				
Top 20	161,891	148,434	216,693	195,867
Third Parties	139,539	149,731	166,412	177,447
Intercompanies	77,107	65,326	84,255	73,359
Total of trade accounts receivables and other account receivable	378,537	363,491	467,360	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).

		Parent Company		Consolidated	
Cash, demand deposits, cash in transit and financial investments	Note	03.31.2019	12.31.2018	03.31.2019	12.31.2018
AAA *	8	117,071	54,416	117,278	55,057
AA*		43,595	34,592	43,607	36,371
Others		2,972	-	9,894	6,163
		163,638	89,008	170,779	97,591
<i>Fitch National Long Term</i>					

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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	
		03.31.2019	12.31.2018	03.31.2019	12.31.2018
Cash, demand deposits and cash in transit	6	60,299	33,016	67,440	39,679
Financial investments	6	103,339	55,992	103,339	57,912
Borrowings	17.a	(317,016)	(271,262)	(343,309)	(291,621)
Total		(153,378)	(182,254)	(172,530)	(194,030)

The balances of borrowings of R\$ 317,016 (parent company) and R\$ 343,309 (consolidated) can be broken down as follows: 40.66% refers to FINEP, subject to simplified interest rate TJLP -1% p.a., 25.55% refers to ACC, with an average interest rate of 0.46%, 22.11% refers to FINEP II, subject to simplified interest rate TJLP p.a., 4.02% refers to BNDES, subject to simplified interest rate TJLP +1.5%, and 7.66% refers to the subsidiary in Argentina with ACC which carries an average interest rate of 4.68%.

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 March 31, 2019, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 21,428 thousand in the parent company and consolidated accounts, as shown below:

	USD thousand	EUR thousand	JPY thousand
Item	Parent company and consolidated	Parent company and consolidated	Parent company and consolidated
(+) Trade receivables	28,339	7,841	-
(+) Demand deposits (in foreign currency)	4,596	9,611	-
(-) Advances on export exchange contract	-	(20,048)	-
(-) Imports	(2,917)	10,623	(114,392)
(-) Currency forwards - sale	(17,487)	-	65,163
(=) Net balance of foreign exchange exposure	12,531	8,027	(49,229)

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

Currency	Parent company and Consolidated		
USD	12,531		
EUR	9,331	(*) Parity EUR / USD	1,1625
JPY	(434)	(**) Parity JPY / USD	113,48923
Total	21,428		

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(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 (Mar-Dec)	29,312	(19,862)	3.7700	67.8%
2020 (Jan-Dec)	37,327	(12,322)	3.9576	33.0%
2021 (Jan-Mar)	9,480	(2,370)	4.0279	25.0%
Total	76,119	(34,554)	3.8546	45.4%

Parent company and consolidated (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2019 (Mar-Dec)	21,477	(14,866)	4.4329	69.2%
2020 (Jan-Dec)	28,342	(7,594)	4.9295	26.8%
2021 (Jan-Mar)	7,939	(1,985)	4.8539	25.0%
Total	57,758	(24,445)	4.6213	42.3%

Parent company and consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2019 (Mar-Dec)	(399,157)	269,696	0.0351	67.6%
2020 (Jan-Dec)	(503,778)	156,078	0.0381	31.0%
2021 (Jan-Mar)	(124,579)	31,145	0.0394	25.0%
Total	(1,027,514)	456,919	0.0364	44.5%

- 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 March 31, 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 BRL
50% better	6.0059		3.7902	27,766
25% better	5.0049		3.7902	15,222
Balance sheet date	4.0039	12,531	3.7902	2,678
25% worse	3.0029		3.7902	(9,865)
50% worse	2.0020		3.7902	(22,407)

(*) 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 BRL
50% better	6.9818		4.4878	20,020
25% better	5.8181		4.4878	10,679
Balance sheet date	4.6545	8,027	4.4878	1,338
25% worse	3.4909		4.4878	(8,002)
50% worse	2.3273		4.4878	(17,342)

(*) 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 BRL
50% better	0.0176		0.0350	856
25% better	0.0265		0.0350	418
Balance sheet date	0.0353	(49,229)	0.0350	(14)
25% worse	0.0441		0.0350	(449)
50% worse	0.0529		0.0350	(882)

(*) Amounts in thousands

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

MAHLE Metal Leve S.A.

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 March 31, 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	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	2.0020	(34,554)	3.8546	(64,017)	2.3273	(24,445)	4.6213	(56,078)	0.0529	456,919	0.0364	(7,535)	(127,630)
25% better	3.0029	(34,554)	3.8546	(29,429)	3.4909	(24,445)	4.6213	(27,634)	0.0441	456,919	0.0364	(3,505)	(60,568)
Balance sheet date	4.0039	(34,554)	3.8546	5,158	4.6545	(24,445)	4.6213	811	0.0353	456,919	0.0364	525	6,494
25% worse	5.0049	(34,554)	3.8546	39,746	5.8181	(24,445)	4.6213	29,256	0.0265	456,919	0.0364	4,555	73,557
50% worse	6.0059	(34,554)	3.8546	74,334	6.9818	(24,445)	4.6213	57,700	0.0176	456,919	0.0364	8,585	140,619

The selling rates published on March 31, 2019 by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(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:

Weighted average forward rate - value for settlement			Notional value - thousand			
			Parent company		Consolidated	
Foreign currency			03.31.2019	03.31.2018	03.31.2019	03.31.2018
Short position	EUR	4.62132	24,445	34,381	24,445	34,381
Short position	USD	3.84354	52,041	61,465	52,041	61,465
Long position	JPY	0.03625	(522,081)	(627,359)	(522,081)	(627,359)

Weighted average forward rate - value for settlement			Fair market value - thousand			
			Parent company		Consolidated	
Foreign currency			03.31.2019	03.31.2018	03.31.2019	03.31.2018
Short position	EUR	4.62132	927	752	927	752
Short position	USD	3.84354	(3,572)	5,034	(3,572)	5,034
Long position	JPY	0.03625	132	(799)	132	(799)

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

The table below presents the outstanding position at March 31, 2019 and 2018:

		Weighted average price on maturity	Notional value - metric tons			
			Parent company		Consolidated	
Long position			03.31.2019	03.31.2018	03.31.2019	03.31.2018
Commodities						
Copper		6,451	372	282	372	282
Aluminum		1,872	203	201	203	201
TOTAL			575	483	575	483

		Weighted average price on maturity	Notional value (fair market value)			
			Parent company		Consolidated	
Long position			03.31.2019	03.31.2018	03.31.2019	03.31.2018
Commodities						
Copper		6,451	55	(185)	55	(185)
Aluminum		1,872	(119)	(129)	(119)	(129)
TOTAL			(64)	(314)	(64)	(314)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Parent company and consolidated (ALUMINUM)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2019 (Mar-Dec)	268	181	2,082	67.5%
2020 (Jan-Jan)	28	22	2,003	78.6%
Total	296	203	4,085	68.6%

Parent company and consolidated (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2019 (Mar-Dec)	491	331	6,310	67.4%
2020 (Jan-Jan)	107	41	6,564	38.3%
Total	598	372	12,874	62.2%

- 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 March 31, 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 March 31, 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		9.728		4.880	(4.880)
25% better		8.106		2.465	(2.465)
Balance sheet date	372	6.485	6.451	51	(51)
25% worse		4.864		(2.364)	2.364
50% worse		3.243		(4.779)	4.779
Aluminum					
50% better		2.850		795	(795)
25% better		2.375		409	(409)
Balance sheet date	203	1.900	1.872	23	(23)
25% worse		1.425		(364)	364
50% worse		950		(750)	750

The selling rates of the USD published on March 31, 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.

Notes to the interim financial statements

(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:

		03.31.2019		03.31.2018	
		Parent company	Consolidated	Parent company	Consolidated
Results of derivatives (exports/imports/loan)					
Provisions					
- Operations on accounts receivable and payable	(BS)	550	550	234	(68)
Cash effect					
- Operations on accounts receivable and payable		(80)	(80)	(596)	187
- Operations on loan		-	-	-	-
	Note 29	470	470	(362)	119
Total derivative operations - net finance result					
		470	470	(362)	119
Exchange variations (gains and losses)		2,988	3,203	3,667	7,526
Results of derivatives (exports/imports/loan)		470	470	(362)	119
Gross sales		(834)	(834)	7,658	7,658
Cost of sales		396	396	1,338	1,338
Effects of foreign exchange variation and financial instruments on profit and loss		3,020	3,235	12,301	16,641
Gross result					
Gross sales					
- Settlements with cash effect		(834)	(834)	7,658	7,658
		(834)	(834)	7,658	7,658
Cost of sales					
- Settlements with cash effect		396	396	1,338	1,338
		396	396	1,338	1,338
Total derivative operations - gross result		(438)	(438)	8,996	8,996
Equity					
Provisions					
- Operations on sales to be made	(BS)	4,028	4,028	5,395	5,395
- Operations on commodities	(BS)	64	64	314	314
Deferred income tax and social contribution		1,391	1,391	1,941	1,941
Total derivative operations - equity		5,483	5,483	7,650	7,650
Provision for unrealized losses and gains on derivatives					
(BS) - Sum of the net balance sheet					
Balance sheet assets		7,393	7,495	9,411	10,396
Balance sheet liabilities		(10,464)	(11,723)	(6,379)	(8,093)
Balance sheet, net		(3,071)	(4,228)	3,032	2,303

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (March 31, 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 March 31, 2019, the Group granted profit-sharing to its employees, based on a union agreement, in the amount of R\$ 13,184 (R\$ 14,238 in the first quarter of 2018) in the parent company and R\$ 13,214 (R\$ 14,263 in the first quarter 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\$ 696 at March 31, 2019 (R\$ 2,161 at March 31, 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 on the statement of operations of subsidiary MAHLE Argentina S.A. at March 31, 2019 are shown below:

	<u>1Q2019</u>
Net revenue	2,848
Cost of sales	<u>(2,153)</u>
Gross profit	<u>695</u>
Selling expenses	(231)
General and administrative expenses	(72)
Technology and product development costs	(14)
Other income (expenses), net	(21)
Finance income (costs), net	<u>(80)</u>
Gain for the result	<u>277</u>
Gain on monetary item, result	(277)
Loss on monetary item, assets	6,659
Gain on monetary item, equity parent company	(12,234)
Gain on monetary item, equity subsidiary	(98)
Loss on monetary items	<u>(5,950)</u>
Loss for the period before taxation	<u>(5,673)</u>
Deferred income tax and social contribution	<u>(1,998)</u>
Loss for the period	<u>(7,671)</u>

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	1Q2019
Reconciliation of result adjustments	
Gain on monetary position of investments from parent company - reflex recomposition	12,234
Gain on monetary position of investments from subsidiary - reflex recomposition	98
Loss on monetary position of subsidiary MAHLE Argentina S.A.	<u>(5,950)</u>
Gain on monetary item, result (consolidated)	6,382

The respective statement of income for the period ended March 31, 2019 was restated for inflation and subsequently translated at the closing rate in March of 0.08983 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 March 31, 2019, and thus authorize their completion.

Mogi Guaçu, May 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 March 31, 2019.

Mogi Guaçu, May 14, 2019

Sergio Pancini de Sá
CEO

Christian Harald Binkert
Executive Officer