

1Q20 Conference Call

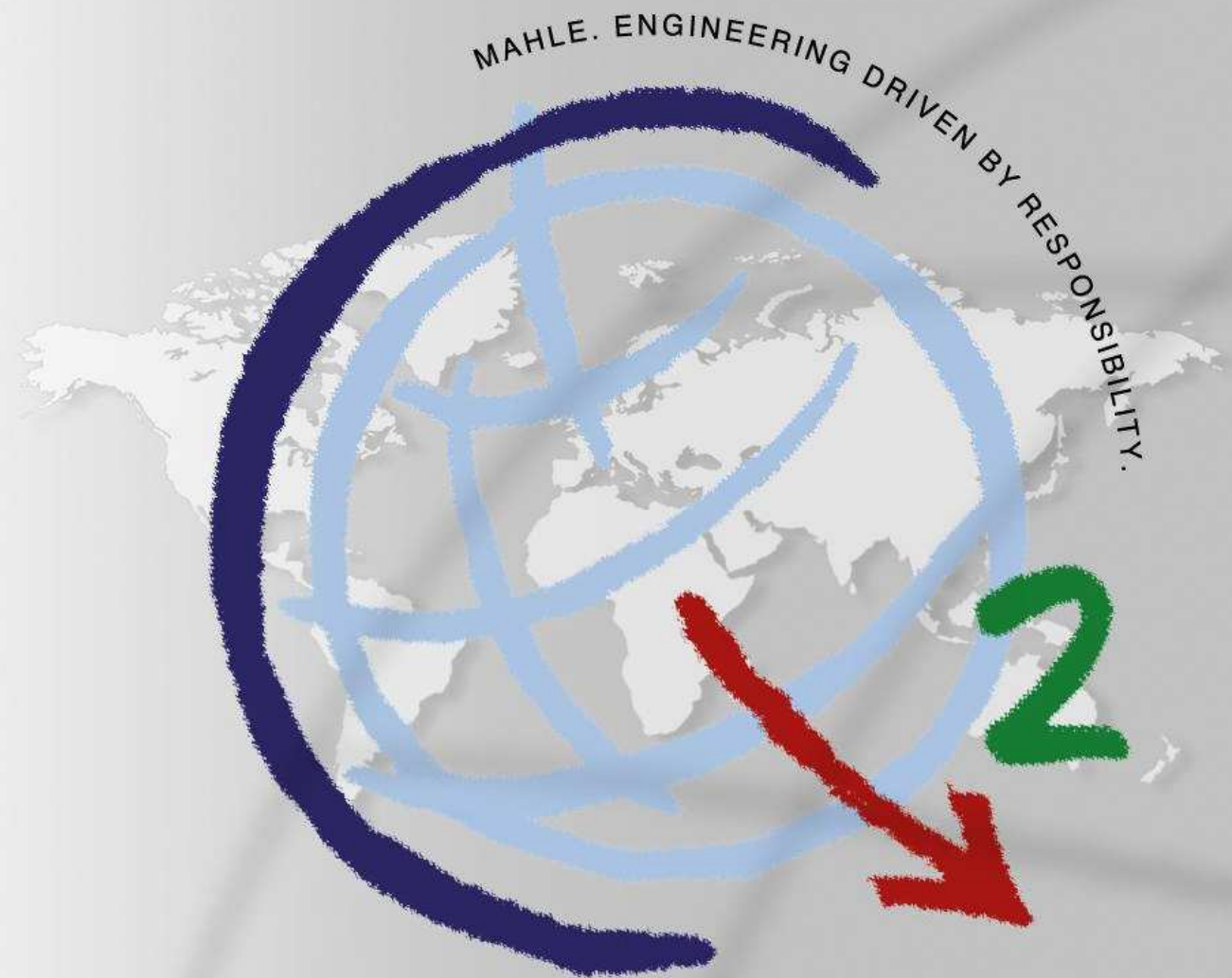
**MAHLE Metal Leve S.A.**

May 14<sup>th</sup>, 2020

12 noon Brasília time

4:00 p.m. London time

11:00 a.m. New York time



Agenda



**1Q20 Highlights**



**Market Overview**



**Net Revenues Performance by Market**



**Summary P&L & EBITDA**



**Financial Management: Net financial result & Indebtedness**



**Capex & Depreciation**

1Q20 Highlights

- **Net Sales Revenue:** R\$ 573.8 million in 1Q20, which represents a decline of 7.9% as compared to the same period in 2019.
- **Domestic Original Equipment market:** in 1Q20 the Company recorded an 8.9% decrease in sales. The consolidated production of vehicles in the market fell 15.7%, the Brazilian market decreased 15.9% and the Argentine market fell 13.6%;

Key indicators					
(R\$ million)	1Q20	4Q19	1Q19	(a/b)	(a/c)
	(a)	(b)	(c)		
Net revenue	573.8	595.7	623.2	-3.7%	-7.9%
EBITDA	91.5	76.6	120.3	19.5%	-23.9%
EBITDA margin	15.9%	12.9%	19.3%	3,0 p.p.	-3,4 p.p.
Profit for the year	21.5	66.2	63.9	-67.5%	-66.4%
Net margin	3.7%	11.1%	10.3%	-7,4 p.p.	-6,6 p.p.

Market Overview

Brazil & Argentina Registration and Production (1Q20 x 1Q19)



Light vehicles (ths)	Brazil	Argentina	Total
Sales	534.3 -8.1%	71.8 -23.7%	675.6 -10.3%
Production	555.2 -16.8%	66.0 -14.0%	743.7 -16.5%

-15,7%



Total vehicles production



Medium and heavy vehicle (ths)	Brazil	Argentina	Total
Sales	33.3 -6.1%	3.9 -16.6%	40.1 -7.3%
Production	40.9 -2.0%	1.9 0.0%	43.6 -1.9%

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

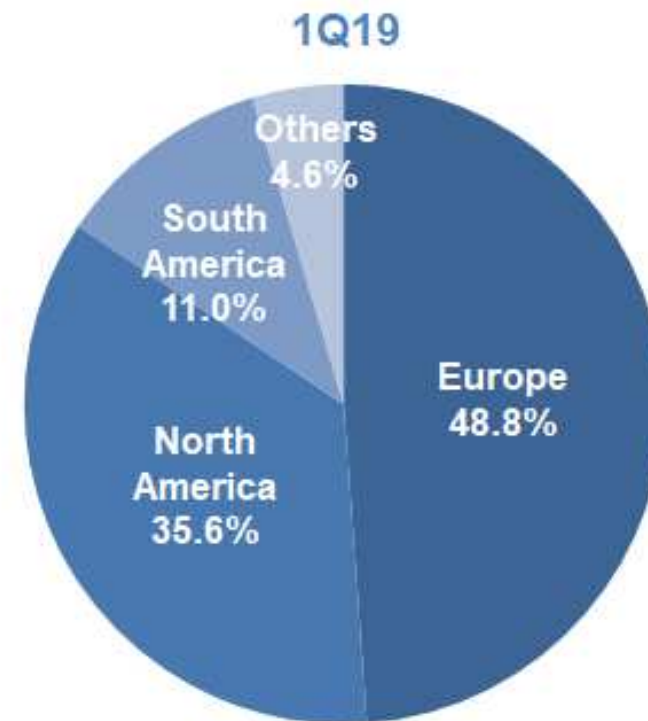
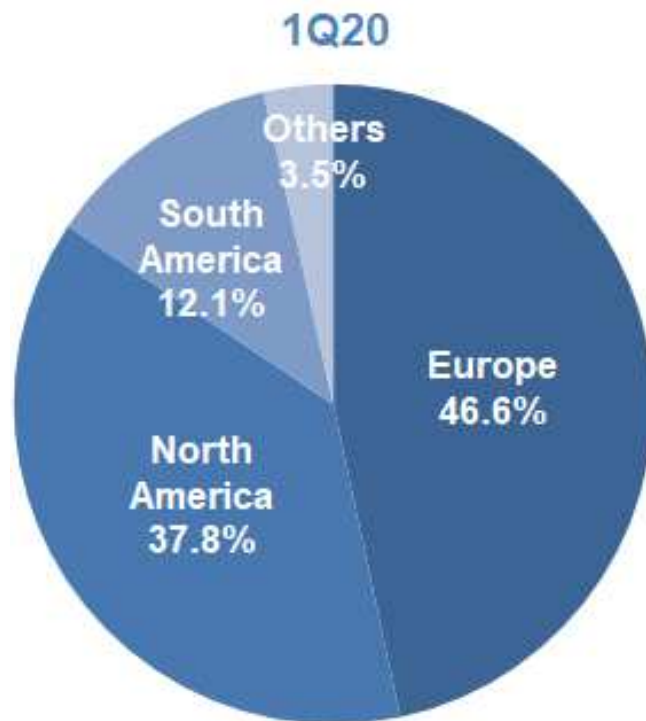
Vehicle Production in the main export market (in thousands)			
Segment	Jan-Mar 2020 (A)	Jan-Mar 2019 (B)	A/B
Production of Light vehicle	3,710	4,234	-12.4%
Production of medium and heavy vehicle	135	166	-18.7%
<b>North America</b>	<b>3,845</b>	<b>4,400</b>	<b>-12.6%</b>
Production of Light vehicle	4,487	5,657	-20.7%
Production of medium and heavy vehicle	147	166	-11.4%
<b>Europe</b>	<b>4,634</b>	<b>5,823</b>	<b>-20.4%</b>
<b>Total Vehicle Production</b>	<b>8,479</b>	<b>10,223</b>	<b>-17.1%</b>

Source: IHS

Net Revenues Performance by Market

Net revenue by market (R\$ Million)		1Q20 (a)	Volume/Price (b)	FX-Variation (c)	1Q19 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic <sup>1</sup>	166.5	(16.1)	(0.2)	182.8	-8.8%	-0.1%	-8.9%
	Export	224.1	(34.2)	22.3	236.0	-14.5%	9.5%	-5.0%
	<b>Subtotal</b>	<b>390.6</b>	<b>(50.3)</b>	<b>22.1</b>	<b>418.8</b>	<b>-11.9%</b>	<b>5.2%</b>	<b>-6.7%</b>
Aftermarket	Domestic <sup>1</sup>	144.6	(7.8)	(3.7)	156.1	-4.9%	-2.5%	-7.4%
	Export	38.6	(14.1)	4.4	48.3	-29.1%	9.0%	-20.1%
	<b>Subtotal</b>	<b>183.2</b>	<b>(21.9)</b>	<b>0.7</b>	<b>204.4</b>	<b>-10.7%</b>	<b>0.3%</b>	<b>-10.4%</b>
<b>Total</b>		<b>573.8</b>	<b>(72.2)</b>	<b>22.8</b>	<b>623.2</b>	<b>-11.6%</b>	<b>3.7%</b>	<b>-7.9%</b>

<sup>1</sup> Domestic market includes Brazil and Argentina.



Summary P&L (R\$ million)	1Q20	1Q19	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)
<b>Net sales revenue</b>	573.8	623.2	100.0%	100.0%	-7.9%
Cost of sales	(412.1)	(454.4)	-71.8%	-72.9%	-9.3%
<b>Gross profit</b>	161.7	168.8	28.2%	27.1%	-4.2%
Gross margin	28.2%	27.1%			1,1 p.p.



## Summary P&L

### Selling expenses:

- Various smaller impacts e.g. exposure in foreign currency of some expenses, combined with restructuring effects.

### General and Administrative expenses:

- Several factors like restructuring effects and inflation (Argentina).

### R&D expenses:

- Kept the same historical level.

### Other operating income (expenses):

- Mainly Provision/Reversal for labor contingencies

Summary P&L (R\$ million)	1Q20 (a)	1Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)
<b>Net sales revenue</b>	<b>573.8</b>	<b>623.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-7.9%</b>
Selling and distribution expenses	(43.2)	(38.0)	-7.5%	-6.1%	13.7%
General and administrative expenses	(25.3)	(19.0)	-4.4%	-3.0%	33.2%
Technology and product development expenses	(19.2)	(20.1)	-3.3%	-3.2%	-4.5%
Other operating income (expenses)	(8.7)	(0.5)	-1.5%	-0.1%	-1640.0%

Operating income measured by the EBITDA

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

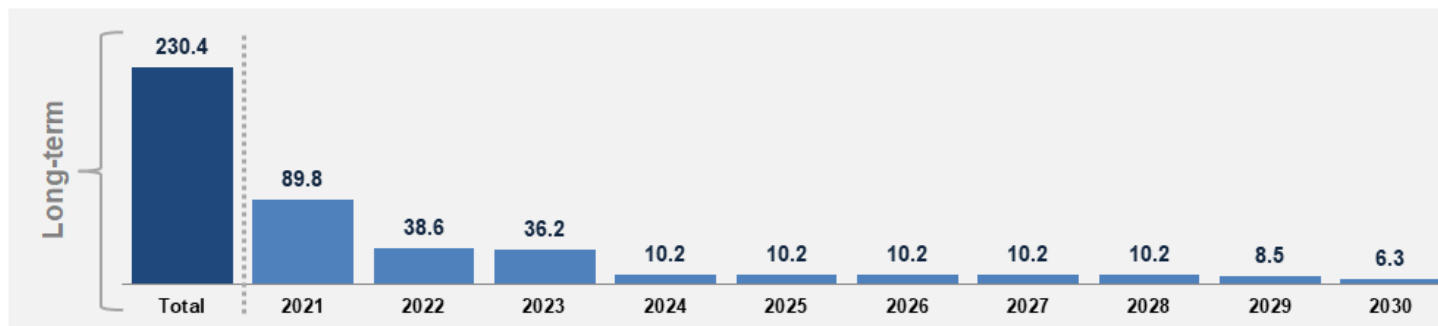
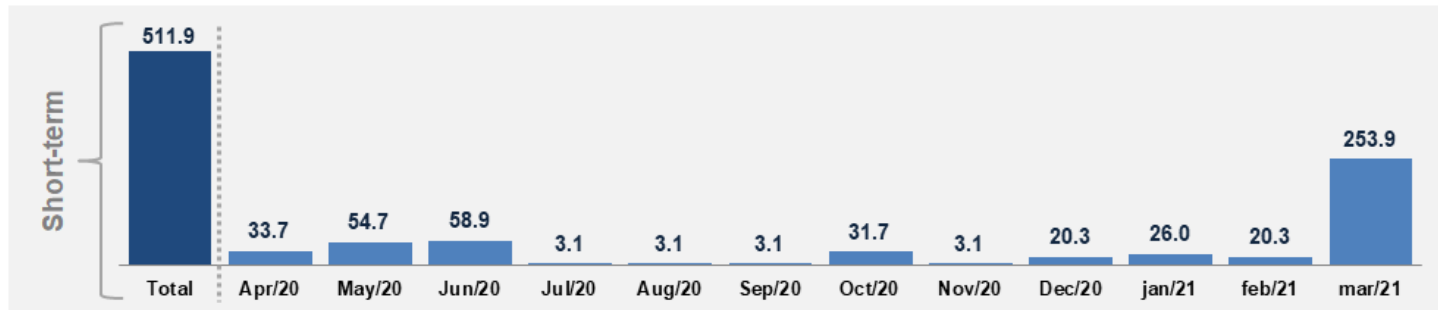
<b>EBITDA</b>	<b>R\$ million</b>	<b>Margin</b>
<b>1Q19</b>	<b>120.3</b>	<b>19.3%</b>
Gross profit	-7.1	
Selling and distribution expenses	-5.2	
General and administrative expenses	-6.3	
Technology and product development expenses	0.9	
Other operating income (expenses)	-8.2	
Gains/losses on net monetary position	-5.4	
Depreciation	2.5	
<b>1Q20</b>	<b>91.5</b>	<b>15.9%</b>

Finance income and costs (R\$ million)	1Q20 (a)	1Q19 (b)	Var. (a - b)
Interest income on financial investments	1.4	1.0	0.4
Interest on loans	(3.9)	(3.3)	(0.6)
Other income	1.3	0.6	0.7
<b>Finance costs, net</b>	<b>(1.2)</b>	<b>(1.7)</b>	<b>0.5</b>
1. Accounts receivable / Accounts payable Exchange Variation (1.1. + 1.2.)	25.7	1.0	24.7
1.1. Exchange Variation	50.1	4.2	45.9
1.2. FX-Hedging	(24.4)	(3.2)	(21.2)
2. ACC Exchange Variation	(60.9)	(1.0)	(59.9)
3. Other transactios	2.5	2.6	(0.1)
<b>Exchange variation and Gain (loss) on derivatives (ii) - (1+2+3)</b>	<b>(32.7)</b>	<b>2.6</b>	<b>(35.4)</b>
Monetary variation, net	(5.6)	(8.0)	2.4
Other	(1.1)	(1.8)	0.7
<b>Monetary variation, net + Others (iii)</b>	<b>(6.7)</b>	<b>(9.8)</b>	<b>3.1</b>
<b>Finance income (costs) (i + ii + iii)</b>	<b>(40.6)</b>	<b>(8.9)</b>	<b>(31.8)</b>
Interest rates and volumes (average)	1Q20 (a)	1Q19 (b)	Var. (a - b)
Investment Yield <sup>1</sup>	3.5%	6.1%	-2,6 p.p.
Cost of debt	4.3%	4.6%	-0,3 p.p.
Investments - average (R\$ million)	216.9	111.1	95.2%
Average debt (R\$ million)	(507.2)	(355.5)	42.7%

Financial Management – Indebtedness  
(part I)

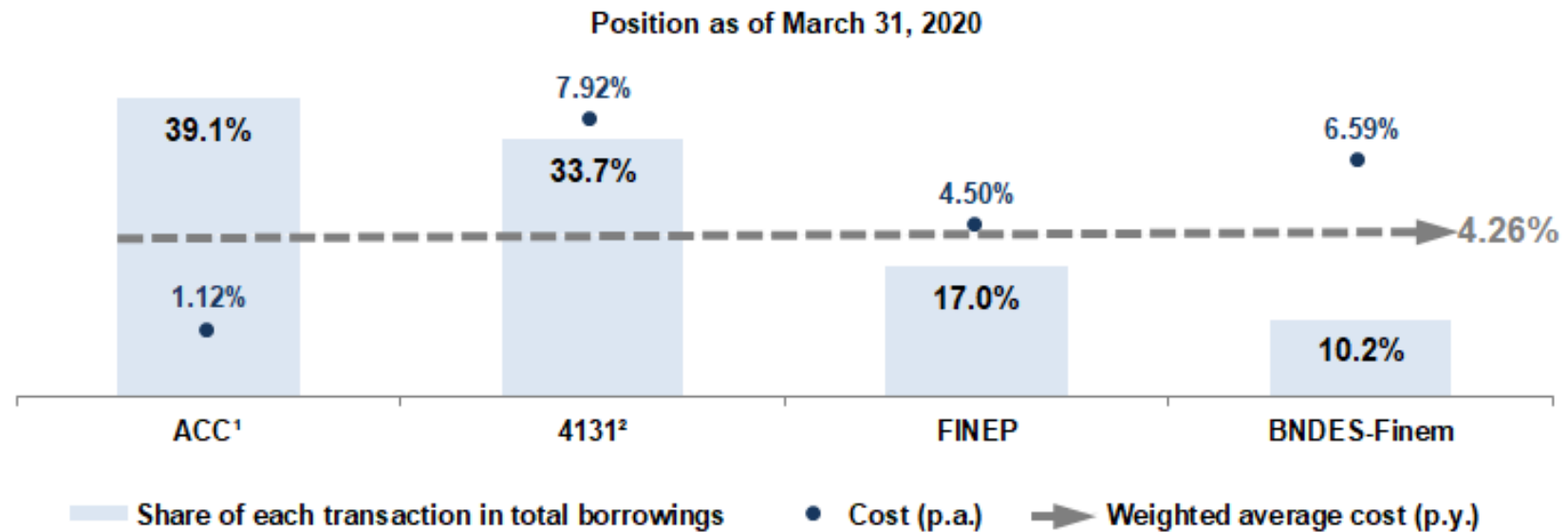
Net indebtedness (R\$ million)	03.31.2020 (a)	12.31.2019 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Cash / banks / cash investments/ Loans - related parties (i):	558.9	205.8	353.1		
Liabilities (ii)	(742.3)	(394.1)	(348.2)	100%	100%
Short-term	(511.9)	(213.9)	(298.0)	69%	54%
Long-term	(230.4)	(180.2)	(50.2)	31%	46%
Net position (i - ii)	(183.4)	(188.3)	4.9		

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



Financial Management – Indebtedness  
(part II)

- The chart below shows our borrowings by type with respective costs, and weighted average cost:



<sup>1</sup> Advance on exchange contract

<sup>2</sup> Foreign currency loan with swap for BRL

CAPEX & Depreciation (R\$ million)	1Q20	1Q19
Capex	4.9	17.2
Total depreciation	25.6	22.9

Capex	1Q20	1Q19
% of Net sales revenue	0.9%	2.8%
% of Depreciation	19.1%	75.1%



## Questions & Answers

**Investor Relations:**

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