

MAHLE REPORTS EBITDA OF R\$ 199.2 million in 1Q21; MARGIN OF 23.9%

Mogi Guaçu, São Paulo, May 13, 2021 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, today announced its first quarter 2021 financial results. Unless otherwise noted, financial and operating information is provided on a consolidated basis and in Brazilian reais (BRL) and is prepared in accordance with the Brazilian Corporation Law.

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First Quarter 2021 Earnings Conference Call and Webcast

Date: May 14, 2021

Time

12 noon – Brasilia
4:00 p.m. – London
11:00 a.m. – New York

Webcast in Portuguese
(original)

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Webcast in English
(simultaneous translation)

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Dial-in numbers

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IR website:

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

HIGHLIGHTS

Net Sales Revenue: R\$ 835.0 million in 1Q21, up 45.5% compared with 1Q20;

Domestic Aftermarket: in 1Q21, the Company reported a 64.2% increase in sales compared with 1Q20 (details in items 5.1 and 5.3);

Domestic Original Equipment Market: in 1Q21, the Company reported an increase in sales of 40.5% compared with 1Q20 (details in items 5.1 and 5.2);

Aftermarket Exports: in 1Q21, the Company reported an increase in sales of 53.9% compared with 1Q20 (details in items 5.1 and 5.3);

Original Equipment Exports: in 1Q21, the Company reported an increase in sales of 35.7% compared with 1Q20 (details in items 5.1 and 5.2);

EBITDA margin: 23.9% in 1Q21 versus 15.9% in 1Q20;

Supplementary dividends: The Annual General Meeting approved on April 29, 2021 a dividend distribution of R\$ 48.6 million relating to FY 2020. The Company paid out R\$ 119.2 million for the full year 2020, representing 100.0% of its net profit (after legal deductions).

(R\$ million)	Key indicators		
	1Q21 (a)	1Q20 (b)	(a/b)
Net revenue	835.0	573.8	45.5%
EBITDA	199.2	91.5	117.7%
EBITDA margin	23.9%	15.9%	8 p.p.
Profit for the year	126.2	21.5	487.0%
Net margin	15.1%	3.7%	11,4 p.p.

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1. Management Commentary

Our industry is going through a period of changes – one that goes far beyond a technological change and was accelerated even more by the coronavirus crisis. To successfully shape the transformation, we need to make our organization more agile and flexible and make decisions quickly. We need to change the way we lead and deal with different issues so as to work with multidisciplinary teams in a new and dynamic environment. We believe that we must encourage people to take the lead.

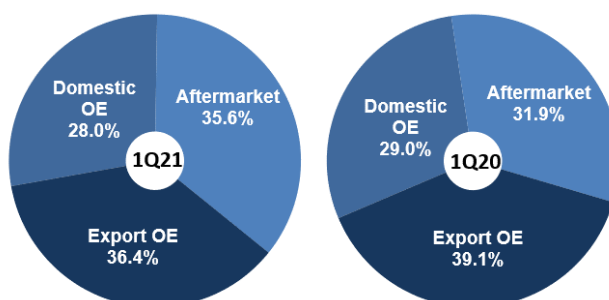
The Company created the COVID-19 Response Committee to address COVID-19 issues with the objective of reducing as much as possible the risk of contamination of employees and service providers at all its plants. The Company has taken a series of measures in line with the recommendations and guidance from the proper health authorities and stringent sanitizing protocols.

To protect the health of its employees in compliance with physical distancing requirements, the Company has shifted a significant number of employees to work from home.

The diversification of business segments by the Company has once again contributed to achieving the results presented.

The Company’s net revenue in 1Q21 grew by 45.5% compared with 1Q20, driven by an increase in aftermarket sales (+62.1%), domestic OE market (+40.5%) and OE exports (+35.7%).

The chart below shows the Company’s revenue by business segment in 1Q21 and 1Q20:



The Company reported 1Q21 EBITDA margin of 23.9% with EBITDA of R\$ 199.2 million versus an EBITDA margin of 15.9% and EBITDA of R\$ 91.5 million in 1Q20.

It is important to mention that, uncertainty about COVID-19 and global economic recovery remains pervasive and all of this uncertainty may have future impacts on various industry segments, including the sector in which the Company operates.

2. About MAHLE Metal Leve

We are a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters. We manufacture the highest quality products using cutting-edge technology, and we are constantly investing in research and development of new products and production processes.

We have been operating in Brazil since the 1950’s and have a large portfolio of products and integrated solutions, including customized products developed in close collaboration with our principal customers. In the original equipment industry, MAHLE supplies automotive manufacturers and the Aftermarket business segment supplies large auto parts distributors and engine repair shops.

Our products are manufactured and sold in Brazil and Argentina and exported to more than 60 countries, including USA, Germany, Mexico, Portugal and Spain, for a broad customer portfolio which includes General Motors, Volkswagen, Fiat, Ford, Daimler MBB, Opel, International, Cummins, Volvo, PSA Peugeot, John Deere, Renault, Scania, Caterpillar, Honda, Hyundai, Toyota, among others.

We own five production plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, in the State of São Paulo, and in Itajubá, State of Minas Gerais. Our fifth plant is located in the city of Rafaela, Argentina. We have two distribution centers: one in the city of Limeira, State of São Paulo, and one in Buenos Aires, Argentina. We have a technology center in the city of Jundiá, State of São Paulo, which we believe is one of the largest

and most well-equipped technology centers in Latin America for the development of components and solution packages for internal combustion engines. This center allows us to serve and deliver value to our customers in a customized and efficient manner, and develop innovative new product technologies and processes.

As part of the globally active MAHLE Group, we are able to exchange knowledge, provide and have constant access to the latest technologies and develop products in close collaboration with customers, which we believe are key factors to the high level of market penetration and customer loyalty that we have achieved.

3. MAHLE Group completed 100 years

MAHLE has been keeping people in motion for 100 years.

It is time to celebrate. On December 1, 2020 we achieved an important milestone in our Company's history: the 100th anniversary of the MAHLE Group.

MAHLE Metal Leve S.A. is part of the MAHLE Group (controlling shareholder), one of the world's most traditional groups in the automotive parts industry and that was founded in Germany. Today, MAHLE Group, which includes the Company, operates around 160 production locations and 16 research and development centers, in 35 countries on 5 continents.

The year is 1920. The start of an exciting decade in which Charles Lindberg flies across the Atlantic, Albert Einstein receives the Nobel Prize, Mahatma Ghandi begins his non-violent protest, Deutsche Luft Hansa AG is founded and the Nürburgring starts operating. In Stuttgart/Germany, two brothers lay the foundation for a global company: Back in those times, Ernst and Hermann Mahle develop products which become best-sellers and which establish the reputation of today's global corporation as an innovator. Since then, MAHLE has become one of the 20 largest automotive suppliers worldwide with around 77,000 employees. Our innovative solutions continue to set new standards in the field of alternative drives and in the optimization of internal combustion engines.

The automotive industry is going through an unprecedented transformation. The MAHLE Group is shaping the mobility of the future, focusing on global automotive megatrends.

The MAHLE Group's vision will drive the transformation process. The motivation to be part of the change is therefore crucial in accomplishing goals and turning vision into reality.

We are very happy we celebrated the 100th anniversary of our Company together with you and invite you to visit our anniversary website <https://www.mahle.com/en/100-years/>

Today and tomorrow. For future generations. And for the next 100 years.

4. Development of the Automotive Industry

4.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Mar 2021					Jan-Mar 2020					Sales Variation (A/C)	Production Variation (B/D)
	Sales (**) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (**) (C)	Export	Import	Inventory (*)	Total Production (D)		
Total light vehicles	498,518	89,643	-45,886	17,240	559,515	534,285	85,230	-59,648	-4,652	555,215	-6.7%	0.8%
Total medium and heavy vehicles	29,408	6,121	-1,376	4,105	38,258	23,796	3,768	-893	4,009	30,680	23.6%	24.7%
Total vehicle sales	527,926	95,764	-47,262	21,345	597,773	558,081	88,998	-60,541	-643	585,895	-5.4%	2.0%
Variation (un) - 1Q21 x 1Q20	-30,155	6,766	13,279	21,988	11,878							
Variation (%) - 1Q21 x 1Q20	-5.4%	7.6%	-21.9%	-3419.6%	2.0%							

Source: Anfavea

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

(**) Sales (Domestic + Imported)

The tables below show Brazil's domestic auto production, sales and inventory for the periods under review:

Monthly production (thousand units)				
	Jan	Feb	Mar	Total
2020	194.2	207.8	194.3	596.3
2021	199.7	197.0	200.3	597.0
Total monthly sales (thousand units)				
	Jan	Feb	Mar	Total
2020	193.5	201.0	163.6	558.1
2021	171.1	167.4	189.4	527.9
Brazil's vehicle inventory (days)				
	Jan	Feb	Mar	
2020	43	37	48	
2021	18	18	16	

Source: Anfavea

4.2 Development of the Argentine market

Argentine automotive industry			
Vehicle sales (locally manufactured and imported)	Jan-Mar 2021 (A)	Jan-Mar 2020 (B)	A/B
Total light vehicles	86,338	71,840	20.2%
Total medium- and heavy-duty vehicles	3,984	2,443	63.1%
Total sales of vehicles	90,322	74,283	21.6%
Exports	49,373	40,734	21.2%
Imports	49,682	50,059	-0.8%
Trade balance	(309)	(9,325)	-96.7%
Change in vehicle inventory for the period (*)	3,903	3,858	1.2%
Production of light vehicles	89,277	65,980	35.3%
Production of heavy-duty vehicles	655	393	66.7%
Total production of vehicles	89,932	66,373	35.5%

(*) Change in vehicle inventory = production - (sales + exports - imports).

(**) Source: Adefa/Acaras Argentina/IHS.

4.3 Brazil's and Argentina's vehicle production and sales

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Mar 2021	Jan-Mar 2020	Change	Jan-Mar 2021	Jan-Mar 2020	Change
Light vehicles	648,792	621,195	4.4%	584,856	606,125	-3.5%
Medium- and heavy-duty	38,913	31,073	25.2%	33,392	26,239	27.3%
Total	687,705	652,268	5.4%	618,248	632,364	-2.2%

Source: Anfavea and Adefa

4.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Mar 2021 (A)	Jan-Mar 2020 (B)	A/B
Production of light vehicles	3,609	3,780	-4.5%
Production of medium- and heavy-duty vehicles	149	127	17.3%
North America	3,758	3,907	-3.8%
Production of light vehicles	4,556	4,710	-3.3%
Production of medium- and heavy-duty vehicles	145	132	9.8%
Europe	4,701	4,842	-2.9%
Total production of vehicles	8,459	8,749	-3.3%

Source: IHS

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5. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Cost of sales	(578.8)	(412.1)	40.5%	-69.3%	-71.8%
Gross profit	256.2	161.7	58.4%	30.7%	28.2%
Selling and distribution expenses	(48.6)	(43.2)	12.5%	-5.8%	-7.5%
General and administrative expenses	(27.6)	(25.3)	9.1%	-3.3%	-4.4%
Research and development expenses	(15.9)	(19.2)	-17.2%	-1.9%	-3.3%
Other operating income/(expenses)	(4.7)	(8.7)	-46.0%	-0.6%	-1.5%
Share of profit/(loss) of equity-accounted investees	(0.1)	(0.0)	100.0%	0.0%	0.0%
Gains/(losses) on inflation adjustment	14.2	1.0	1320.0%	1.7%	0.2%
Operating profit	173.5	66.3	161.7%	20.8%	11.6%
Net finance costs	(6.0)	(40.6)	-85.2%	-0.7%	-7.1%
Income tax and social contribution	(40.9)	(5.2)	686.5%	-4.9%	-0.9%
Profit for the year	126.6	20.5	517.6%	15.2%	3.6%
Profit attributable to owners of the Company	126.2	21.5	487.0%	15.1%	3.7%
Profit attributable to non-controlling interests	0.4	(1.0)	140.0%	0.0%	-0.2%
EBITDA	199.2	91.5	117.7%	23.9%	15.9%
Selling, general and administrative expenses as a percentage of revenue	9.1%	11.9%	-2.8 p.p.		

5.1 Net sales revenue and net revenue by market

It is important to note that the Company considers as Domestic Market the revenue generated from its operations in Brazil and Argentina. For this reason, in this market, with respect to the consolidation of the financial statements, the tables below present negative exchange rate effects of the translation of the financial statements from Argentine peso to Brazilian real.

The Company reported a 45.5% increase in its consolidated net revenue for 1Q21 compared with 1Q20.

The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate changes period over period:

Net revenue by market (in millions of R\$)		1Q21 (a)	Volume/ price (b)	Exchange rate changes (c)	1Q20 (d)	Volume/ price impact % (b/d)	Exchange rate impact % (c/d)	HA % (a/d)
Original Equipment	Domestic ¹	234.0	69.9	(2.4)	166.5	42.0%	-1.5%	40.5%
	Export	304.1	5.2	74.8	224.1	2.3%	33.4%	35.7%
	Subtotal	538.1	75.1	72.4	390.6	19.2%	18.6%	37.8%
Aftermarket	Domestic ¹	237.5	105.3	(12.4)	144.6	72.8%	-8.6%	64.2%
	Export	59.4	13.2	7.6	38.6	34.2%	19.7%	53.9%
	Subtotal	296.9	118.5	(4.8)	183.2	64.7%	-2.6%	62.1%
Total		835.0	193.6	67.6	573.8	33.7%	11.8%	45.5%

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¹ Domestic Market comprises Brazil and Argentina.

5.2 Original Equipment (OE) sales

Domestic market:

In 1Q21, Domestic EO grew by 40.5%, due to 42.0% volume/price growth, partially offset by -1.5% exchange rate variation.

Export market:

In 1Q21, the export market grew 35.7% compared with the same period in 2020, with positive effects of exchange rate changes of 33.4% and volume/price increase of 2.3%.

The table below presents exports in hard currency:

Exports by currency (in millions)	Jan-Mar 2021 (a)	Jan-Mar 2020 (b)	HA % (a/b)
Original Equipment			
EUR	19.2	18.5	3.8%
USD	35.6	30.9	15.2%

5.3 Aftermarket sales

Domestic market:

Our positive performance in 1Q21 was driven by surging market demand and stock replenishment by distributors, especially demand for heavy-duty aftermarket components. It is worth mentioning that the sales of our customers (distributors) were affected to a lesser extent by the COVID-19 crisis and, after reducing their purchases during the most critical period of the pandemic, they are now replenishing their inventories.

The Company is a leader in the automotive aftermarket industry due to the recognition of its brand name, the mix and quality of its products, among other.

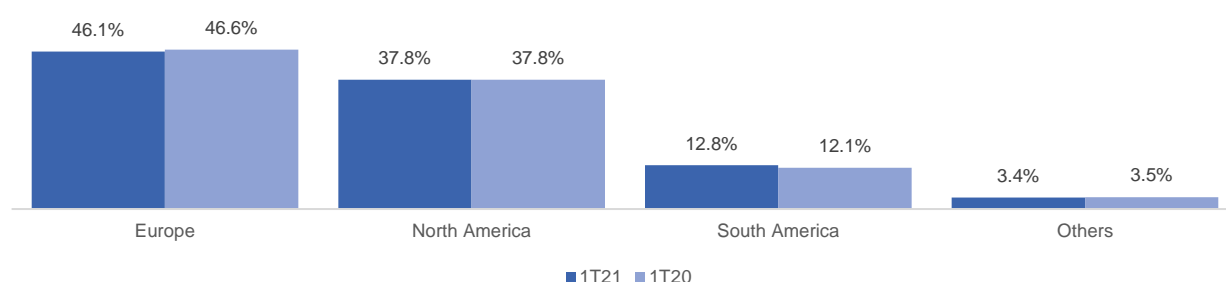
Export market:

In 1Q21, the export market grew 53.9% on account of more favorable conditions for exports, with volume/price increase of +34.2% and positive impact of exchange rate changes of +19.7%. Furthermore, recovery of sales to some countries in Latin America, such as Chile, Paraguay and Peru, has contributed to this positive performance. The table below shows Aftermarket segment's exports in hard currency:

Exports by currency (in millions)	Jan-Mar 2021 (a)	Jan-Mar 2020 (b)	HA % (a/b)
Aftermarket			
EUR	0.8	0.1	700%
USD	10.0	8.8	13.6%

5.4 Consolidated export by region

The graph below shows our exports by geographic region in 1Q21 and 1Q20:



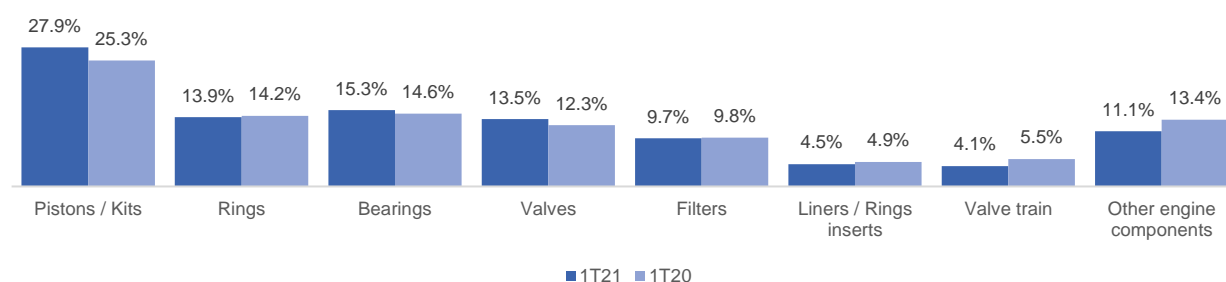
5.5 Net revenue by segment

In 1Q21, the engine component segment reported a 45.6% increase in sales and the filter segment registered a growth of 44.6% compared with the same period in 2020.

Net sales revenue by segment (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Engine components	753.6	517.5	45.6%	90.3%	90.2%
Filters	81.4	56.3	44.6%	9.7%	9.8%
Total	835.0	573.8	45.5%	100.0%	100.0%

5.6 Net revenue by product

The graph below shows the share of each product in total sales during the periods:



5.7 Gross margin

The Company ended 1Q21 with a gross margin of 30.7% versus 28.2% in 1Q20, as shown in the table below.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Cost of sales	(578.8)	(412.1)	40.5%	-69.3%	-71.8%
Gross profit	256.2	161.7	58.4%	30.7%	28.2%
Gross margin	30.7%	28.2%	2.5 p.p.		

The Company saw a recovery in all business segments, which has contributed positively to our gross margin.

Furthermore, in its ongoing efforts to improve performance the Company always maintains focus on cost management to achieve the set goals. Therefore, the gross margin shown in the above table reflects the Company's efforts to enhance productivity in manufacturing.

5.8 Selling, general and administrative expenses

Selling and distribution expenses were impacted principally by freight and variable selling expenses and increased by 12.5% against growth of 45.5% of net sales revenue.

General and administrative expenses in 1Q21 were impacted principally by the increase in maintenance, materials and utilities expenses.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Selling and distribution expenses	(48.6)	(43.2)	12.5%	-5.8%	-7.5%
General and administrative expenses	(27.6)	(25.3)	9.1%	-3.3%	-4.4%
Selling, general and administrative expenses	(76.2)	(68.5)	11.2%	9.1%	11.9%

5.9 Research and development (R&D) expenses

The Company operates in a highly competitive industry that demands constant technological innovation and stands out in the industry for the development and application of new technologies.

The introduction of new technologies enables the Company to create components that help customers achieve greenhouse gas emission targets. In addition to technology and product development, the Company also offers engine development, optimization and testing services to its customers and the general market.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
R&D expenses	(15.9)	(19.2)	-17.2%	-1.9%	-3.3%

Due to the COVID-19 pandemic, in 1Q21 the Company was conservative with respect to R&D spending and has focused on developing products that sell quickly.

5.10 Other operating income (expenses), net

This account records a net expense of R\$ 4.7 million for 1Q21 versus a net expense of R\$ 8.7 million in 1Q20, as shown in the table below:

Other operating income (expenses), net (in millions of R\$)	1Q21 (a)	1Q20 (b)	Change (a-b)
Provision for/reversal of labor, civil and tax lawsuits	(3.2)	(10.5)	7.3
Export expenses (Argentina)	(1.9)	(2.5)	0.6

Restructuring provision/reversal	0.3	-	0.3
Recovered taxes (Reintegra)	0.2	0.2	(0.0)
Provision for/reversal of loss on products	-	-	(0.1)
Reversal of compulsory loan	-	4.3	(4.3)
Other expenses	(0.1)	(0.2)	0.1
Total other operating expenses, net	(4.7)	(8.7)	4.0

5.11 Operating result measured by EBITDA

The table below shows changes in the components of EBITDA for the periods under review:

Changes for the quarter	Amount	Margin
1Q20 EBITDA	91.5	15.9%
Gross profit	94.5	
Selling and distribution expenses	-5.4	
General and administrative expenses	-2.3	
R&D expenses	3.3	
Other operating income (expenses)	4.0	
Share of profit of equity-accounted investees	-0.1	
Gains (losses) on inflation adjustment	13.2	
Depreciation	0.5	
1Q21 EBITDA	199.2	23.9%

5.12 Net finance costs

The Company recorded net finance costs of R\$ 6.0 million for 1Q21 versus net finance costs of R\$ 40.6 million for 1Q20, representing a positive change of R\$ 34.6 million period over period.

Net finance costs (in millions of R\$)	1Q21 (a)	1Q20 (b)	Change (a - b)
Interest income on financial investments	5.5	1.6	3.9
Interest expense on loans and borrowings	(7.5)	(3.9)	(3.6)
Other interest expenses	(0.3)	1.1	(1.4)
Net interest expense (i)	(2.3)	(1.2)	(1.1)
1. Exchange rate changes: Accounts receivable/accounts payable (1.1. + 1.2.)	1.9	21.8	(19.9)
1.1. Exchange rate changes	13.4	45.4	(32.0)
1.2. Foreign exchange hedge	(11.5)	(23.6)	12.1
2. Effects of exchange rate changes on advances on foreign exchange contracts (ACC)	(0.7)	(41.1)	40.4
3. Other transactions	2.0	(13.4)	15.4
Net exchange rate changes and loss on derivatives (ii) - (1+2+3)	3.2	(32.7)	35.9
Net monetary variation	(5.3)	(5.6)	0.3
Other	(1.6)	(1.1)	(0.6)
Net monetary variation + other (iii)	(6.9)	(6.7)	(0.2)
Net finance costs (i + ii + iii)	(6.0)	(40.6)	34.6

Net interest expense (i): The positive variance of R\$ 3.9 million in “Interest income on financial investments” from 1Q20 to 1Q21 was due to the increase in the average amount of financial investments to R\$ 430.0 million in 1Q21 from R\$ 216.9 million in 1Q20, coupled with an increase in the average rates of interest to 5.0% p.a. in 1Q21 from 4.3% p.a. in 1Q20. Please note that these figures are the consolidated figures of Argentina and Brazil.

The negative variance of R\$ 3.6 million in “Interest expenses on loans and borrowings” from 1Q20 to 1Q21 was due to the increase in the weighted average cost to 4.3% p.a. in 1Q21 from 3.5% p.a. in 1Q20, offset in part by a decrease in the average levels of borrowings to R\$ 426.2 million in 1Q21 from R\$ 507.2 million in 1Q20.

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

Averages	1Q21 (a)	1Q20 (b)	Change (a - b)
Investment interest rates	5.0%	4.3%	0.7 p.p.
Cost of debt	4.3%	3.5%	0.8 p.p.
Investments (in millions of R\$)	430.0	216.9	98.2%
Debt (in millions of R\$)	(426.2)	(507.2)	-16.0%

Net exchange rate changes and loss on derivatives (ii): It is worth mentioning that these two line items “Net exchange rate changes” and “Gain (loss) on derivatives” should always be analyzed together, because the Company monitors and manages its foreign currency exposures and continually assesses whether it needs to use derivatives to hedge its foreign exchange risk.

The objective of the currency hedging program is to minimize foreign exchange risks that could arise from adverse market conditions and negatively impact the Company’s profits. 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 the use of derivative financial instruments (NDF – Non-Deliverable Forwards). Additional information about financial instruments is presented in Note 31 to the Interim Financial Statements for the period ended March 31, 2021.

Net monetary variation + Other (iii): The negative variance from 1Q20 to 1Q21 was due to the inflation-adjustment to the provisions for labor and tax lawsuits and judicial deposits.

5.13 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 40.9 million at March 31, 2021 in the consolidated financial statements (expense of R\$ 5.2 million at March 31, 2020) as detailed below:

- Current tax: expense of R\$ 38.4 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 2.5 million with no impact on cash, comprising mainly changes in provisions.

Additional information is presented in Note 11 to the Interim Financial Statements for the period ended March 31, 2021.

5.14 Net profit

Net profit in 1Q21 was R\$ 126.2 million, up 487.0% from R\$ 21.5 million in 1Q20. Net margin in 1Q21 was 15.1% versus 3.7% in 1Q20.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Profit attributable to owners of the Company	126.2	21.5	487.0%	15.1%	3.7%
Net margin attributable to owners of the Company	15.1%	3.7%	11.4 p.p.		

Additional information on earnings (loss) per share is presented in Note 23 to the Interim Financial Statements for the period ended March 31, 2021.

5.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 1Q21 and 1Q20:

Capex & Depreciation (in millions of R\$)	1Q21	1Q20
Capex	14.1	4.9
Total depreciation	26.0	25.6

Capex	1Q21	1Q20
% net sales revenue	1.7%	0.9%
% of depreciation	54.2%	19.1%
Net sales revenue	835.0	573.8

In 1Q21, the Company invested in R&D equipment, new machinery and equipment in order to improve productivity and quality, new products, building improvements, information technology, among others.

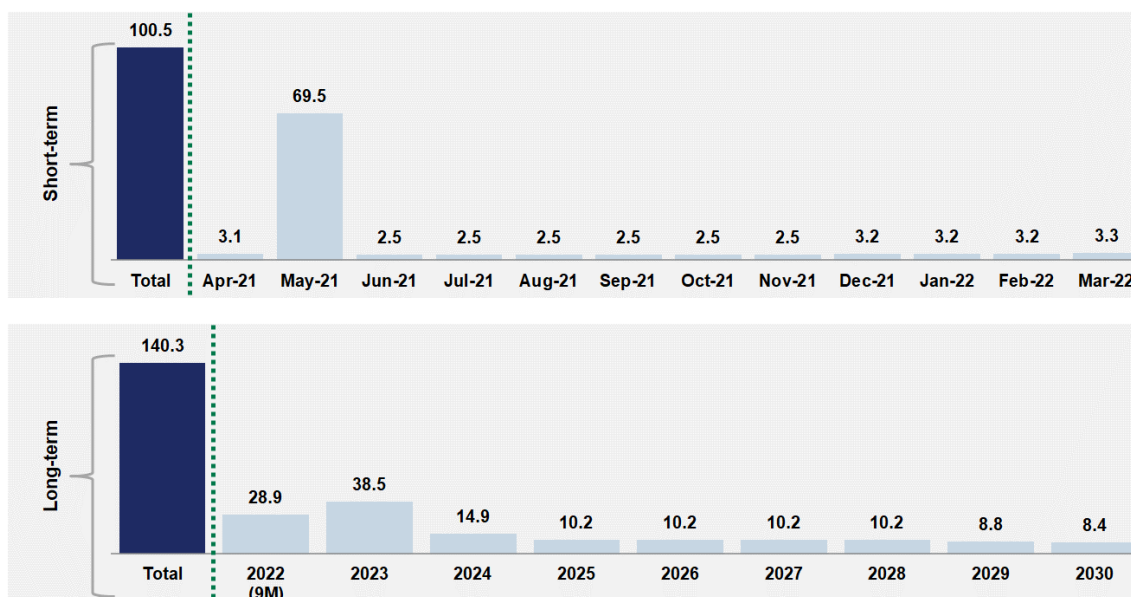
5.16 Net financial position

The Company's net cash was R\$ 209.8 million at the end of the first quarter of 2021 and R\$ 133.2 million at the end of 2020, as shown in the table below:

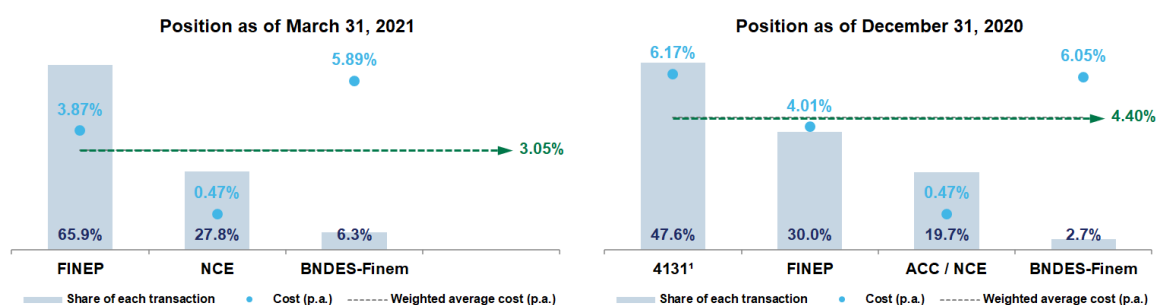
Net financial position (in millions of R\$)	3/31/2021 (a)	12/31/2020 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	450.6	685.5	(234.9)		
Loans and borrowings (ii):	(240.8)	(552.3)	311.5	-100%	-100%
Short-term	(100.5)	(402.4)	301.9	-42%	-73%
Long-term	(140.3)	(149.9)	9.6	-58%	-27%
Net financial position (i - ii):	209.8	133.2	76.6		

The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans. The Company also has pre-approved lines of credits that can be drawn upon as needed.

The charts below show the maturities of the liabilities classified into short-term and long-term at the end of the first quarter of 2021, which represents 42% and 58%, respectively, of the debt displayed in the table above:



The following chart shows our borrowings by type of facility and respective cost and weighted average cost:



¹ Foreign currency loan with currency swap to Brazilian real.

5.17 Distribution of dividends and interest on capital to shareholders

On April 29, 2021, the Annual General Meeting approved a dividend distribution of R\$ 48.6 million relating to fiscal year 2020. The Company paid out R\$ 119.2 million in dividends and interest on capital for FY 2020, representing 100.0% of its net profit (after legal deductions).

Date of approval	Record date	Ex-dividend/interest on capital date	Date of payment	Type of payout	Period	Fiscal year	Total gross amount (in millions of R\$)	Gross value per share (R\$)	Net value per share (R\$)
4/29/2021	4/29/2021	4/30/2021	5/28/2021	Dividends	Supplementary dividends	2020	48.6	0.3786245358	0.3786245358
12/28/2020	12/28/2020	1/5/2021	5/28/2021	Interest on capital	1/1/2020 to 12/31/2020	2020	70.6	0.5504020486	0.4678417413
Total 2020							119.2	0.9290265844	0.8464662771

For more information about payout, please visit our website: <https://ri.mahle.com.br/acoes/historico-de-proventos/>

6. Coronavirus (COVID-19)

The World Health Organization (WHO) declared the coronavirus (Covid-19) a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020 as the virus has spread to all continents.

Since March 2020, the world has been facing the COVID-19 pandemic and the Company continues to actively monitor and address the evolving COVID-19 situation and the potential risks to its operations and workers.

Main impacts of COVID-19:

During 2020, the Company adopted job and income preservation measures enacted by the federal government in response to the state of emergency declared by Decree No. 06 of March 20, 2020, including Provisional Measure 936/20 complementing Provisional Measure 927/20 with a package of measures to safeguard jobs and mitigate the economic and social impacts of the COVID-19 pandemic.

Under Provisional Measure 936/20, the Company entered into collective labor agreements with worker unions to preserve as many jobs as possible through (i) temporary suspension of employment contract for 60 days, which was subsequently extended for 60 days by Federal Law 14020/20, and (ii) temporary reduction of work hours and salary for 90 days, which was extended by the same Law for 30 days. In both cases, the federal government makes up the salaries of employees with an emergency benefit.

Under Provisional Measure 927/20, the Company adopted the following measures: (i) agreed with employees to take vacation in advance; (ii) gave collective vacation; (iii) brought forward holidays; (iv) postponed the payment of contributions to Employees' Mandatory Severance Fund (FGTS).

In addition, Ruling 139/20 has extended the due date for payment of the following taxes and contributions: (i) INSS; (ii) COFINS; and (iii) PIS.

Main measures taken by the Group:

Since July 2020, with the recovery of the vehicle market, the Company is seeing a gradual pickup in production volumes. As a result, the Company was able to end the temporary salary and work hour reductions and bring most furloughed workers back to work.

The Company established in March 2020 a COVID-19 protocol to protect the health of its workers. The protocol applies to all Company's facilities and subsidiaries and provides guidelines from local health authorities and the World Health Organization (WHO) as well as best practices available. Actions taken by the Company include: physical separation between seats on charter bus; disposable face masks produced by the Company for employees; online self-guided health check; temperature screening at the entrance to Company sites; alcohol-based hand sanitizer stations in all common areas such as restaurant, restrooms and locker rooms; segregated areas in the restaurant; spaced-out waiting queues around food counters; guide on COVID-19 prevention that contains recommendations for health and safety practices for use both inside and outside the Company's facilities; signage displayed throughout facilities outlining COVID-19 safety procedures.

To protect the health of its employees in compliance with physical distancing requirements, the Company has shifted a significant number of employees to work from home. The employees who are part of the higher-risk group and cannot do their jobs from home are kept away from work and continue to be paid.

The Company has donated equipment and supplies to hospitals, universities, non-governmental organizations (NGOs), education centers, and city health departments to support coronavirus relief efforts.

Since April 2020, the Company has donated mechanical ventilators, vital signs monitor, thermometers, gloves, oximeters, acrylic sheets for intubation boxes, alcohol-based hand sanitizers, and funds to expand the ICU bed capacity at hospitals in Mogi Guaçu, Limeira and Jaguariúna in the State of São Paulo and Itajubá in the State of Minas Gerais. The Company is also donating part of the face masks produced.

The Company continues to evaluate other ways to help the community get through this crisis by promoting internal COVID-19 campaigns for donations and using its technological experience.

Liquidity risk:

The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans.

The Company also has pre-approved lines of credits that can be drawn upon as needed.

The loan agreements contain financial covenants that are being met and are constantly monitored as stated in Note 17.a to the interim financial statements.

Setting aside a reserve:

On May 29, 2020, the Annual General Meeting of the Company decided to suspend an R\$ 175.6 million dividend payment tied to the Company's 2019 profits to preserve cash for where it is needed during the coronavirus crisis. The Company will resume dividend payments as soon as possible.

Going concern risk:

The Company's net sales revenue in 1Q21 grew by 45.5% compared with the same period of 2020.

It is important to mention that, despite improved business dynamics in 1Q21, the COVID-19 crisis is not over yet. There is still much uncertainty about global economic recovery and the future impacts on various industry segments may ultimately affect our business in the medium- and long-term.

Based on all actions and scenarios evaluated by the Company, revenue and operating cash flow projections do not indicate any risk to going concern. The Company will continue to monitor the economic situation in Brazil and globally in order to adjust its operations accordingly. At this time, the Company's crisis management is focused on protecting the health and safety of workers and preserving cash.

7. Investor Relations and Capital Market

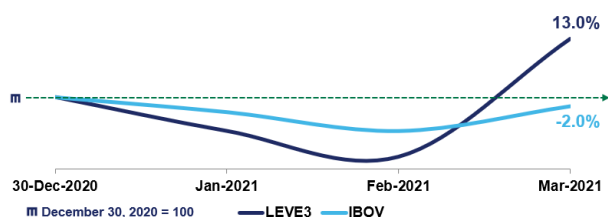
During 1Q21, our Investor Relations team stayed connected to investors and the general market whilst working remotely due to social distancing measures in response to the COVID-19 pandemic.

The use of digital tools to help us cope with the pandemic and to continue to work together efficiently have contributed to our interactions with investors and the market. Unfortunately, in-person meetings, conferences and site visits were canceled and have not yet been rescheduled.

7.1 Stock performance and free float turnover

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The graphs below show the market performance of **LEVE3** stock and **Ibovespa**¹ during 1Q21, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:

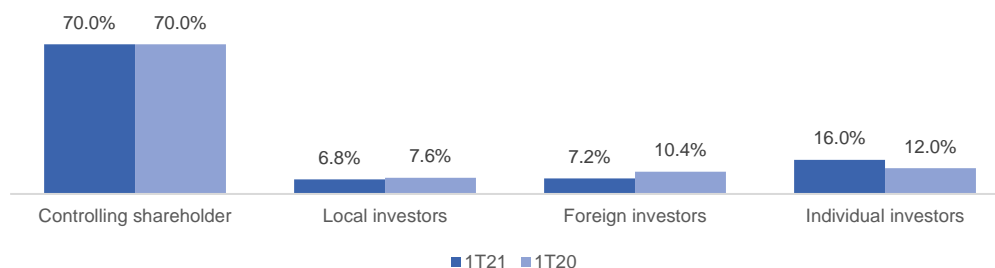


Average Daily Trading Volume and Turnover Rate				
Period	2Q20	3Q20	4Q20	1Q21
Neg. volume (in millions of R\$)	8.7	8.8	7.0	7.2
Turnover (%)	1.27%	1.27%	0.95%	0.96%

¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

7.2 Shareholder structure

At the end of 1Q21 and 1Q20, the Company's existing shareholder base and free float are as follows:










The following table shows the classification of shareholders by number of shares:

Month	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021
Controlling group	2	2	2	2	2	2	2
1 share	1,691	1,864	2,105	1,976	1,970	1,962	1,970
2-10 shares	9,262	10,813	11,320	10,646	10,462	10,211	9,683
11-50 shares	14,025	16,984	18,515	17,542	17,212	16,923	15,864
51-500 shares	27,404	34,716	39,687	38,510	37,866	37,926	35,458
501-5,000 shares	5,065	6,377	7,639	7,544	7,376	7,518	7,033
5,001-200,000 shares	374	423	487	451	444	437	430
More than 200,001 shares	34	27	20	19	21	20	21
Total shareholders	57,857	71,206	79,775	76,690	75,353	74,999	70,461

At the end of 1Q21, investors based in seven countries accounted for 98.7% of the free float, and the remaining countries from the Company's shareholder base do not represent individually more than 0.4%.

The graph below shows the shareholder structure of the free float at the end of 1Q21 and 1Q20:

Country	 Brazil	 USA	 Luxembourg	 United Kingdom	 Germany	 India	 Uruguay
1QT21	75.9%	17.8%	1.5%	1.3%	1.1%	0.5%	0.5%
1Q20	65.2%	16.3%	5.3%	4.2%	1.2%	0.5%	0.1%

8. Independent Auditors

In accordance with CVM Instruction 381/03, the Company and its subsidiaries take appropriate steps 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.

During the first quarter of 2021, the Company did not engage KPMG Auditores Independentes to perform non-audit services and there is, therefore, no situation that could constitute conflict of interest under that Instruction.

9. Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the financial statements for the period ended March 31, 2021 and the opinions expressed in the independent auditor's report.

10. Acknowledgments

We would like to thank our employees, shareholders, customers and suppliers for their continued support and trust in our Company in the first quarter of 2021.

The Management Board

11. Appendices

11.1 Balance Sheet

BALANCE SHEET (CONSOLIDATED)			03.31.21	12.31.20
ASSETS			2,742.7	2,796.6
Current assets			1,496.2	1,579.0
Cash and cash equivalents			55.1	89.4
Financial investments			280.4	518.4
Trade accounts receivable			563.3	465.1
Inventories			436.5	368.9
Recoverable taxes			58.3	52.1
Income tax and social contribution recoverable			56.7	52.7
Other assets			45.9	32.4
Non-current assets			1,246.5	1,217.6
Deferred taxes			62.1	62.1
Loans to related parties			115.1	77.7
Recoverable taxes			16.5	17.8
Investments in subsidiaries			0.1	0.2
Property, plant and equipment			617.4	621.9
Intangible assets			391.7	392.0
Long-term assets in use			12.5	13.7
Other assets			31.1	32.2
LIABILITIES			2,742.7	2,796.6
Current liabilities			852.6	1,016.8
Salaries, vacation and social charges			92.0	64.4
Trade accounts payable			365.0	290.0
Lease liability			10.4	9.3
Income tax and social contribution payable			33.2	40.9
Borrowings			100.5	402.4
Provisions			52.6	47.8
Other liabilities			198.9	162.0
Non-current liabilities			420.5	437.8
Borrowings			140.3	149.9
Trade accounts payable			5.4	6.3
Deferred taxes			2.3	1.3
Provisions			266.9	274.6
Other liabilities			5.6	5.7
Consolidated shareholder's equity			1,469.6	1,342.0
Capital stock			966.3	966.3
Revenue reserves			314.3	314.3
Special reserve			175.6	175.6
Retained earnings (accumulated deficit)			126.4	-
Proposed dividends			48.6	48.6
Other comprehensive income			18.1	20.9
Cumulative translation adjustments			(174.1)	(177.7)
Non-controlling interests			(5.6)	(6.0)

11.2 Statement of Income

INCOME STATEMENT (CONSOLIDATED)	03.31.21	03.31.20	Var.
	(a)	(b)	(a/b)
Net sales revenue	835.0	573.8	45.5%
Cost of sales	(578.8)	(412.1)	40.5%
Gross income	256.2	161.7	58.4%
Operating income (expenses)	(82.7)	(95.4)	-13.3%
Selling expenses	(52.3)	(42.3)	23.6%
Gains/losses on the recoverable value of accounts receivable	3.7	(0.9)	-511.1%
General and administrative expenses	(27.6)	(25.3)	9.1%
Technology and product development expenses	(15.9)	(19.2)	-17.2%
Other operating income (expenses), net	(4.7)	(8.7)	-46.0%
Gains/losses on net monetary position	14.2	1.0	1320.0%
Equity in the results of investees	(0.1)	(0.0)	100.0%
Profit before finance income and costs	173.5	66.3	161.7%
Finance income	43.8	90.8	-51.8%
Finance costs	(49.8)	(131.4)	-62.1%
Income and social contribution taxes	167.5	25.7	551.8%
Current Income tax and social contribution	(38.4)	(13.8)	178.3%
Deferred Income tax and social contribution	(2.5)	8.6	-129.1%
Profit for the period	126.6	20.5	517.6%
Attributable to: Owners of the parent	126.2	21.5	487.0%
Attributable to: Non-controlling-interests	0.4	(1.0)	-140.0%
Basic and diluted earnings per share (in reais)	0.98357	0.16671	490.0%

11.3 Statement of Cash Flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	03.31.21	03.31.20
Cash flows from operating activities		
Profit (losses) before tax	167.4	25.6
Depreciation and amortization	25.7	25.1
Equity in the results of investees	0.1	0.0
Interest and monetary and exchange variations, net	20.0	94.1
Losses/(gains) on derivative financial instruments	3.7	24.2
Provision (reversal) for impairment of trade receivables	(3.1)	2.5
Provision (reversal) for contingencies and legal obligations	0.8	7.0
Provision (reversal) for guarantees	2.0	0.4
Other provisions (reversal)	3.4	1.1
Recognition (reversal) of provision for impairment of the property, plant and equipment and i	(0.0)	(0.0)
Provision (reversal) for losses on inventories	(4.8)	2.7
Interest expense on lease liability	1.0	0.6
Gain / loss on monetary variation, net	(14.1)	(1.0)
Changes in assets and liabilities		
Trade accounts receivable and related parties	(95.1)	(44.0)
Inventories	(62.6)	(42.7)
Recoverable taxes	(9.8)	(5.6)
Other assets	(13.5)	(17.7)
Trade accounts payable and related parties	81.0	28.0
Salaries, accrual for vacation and social charges	27.6	(0.4)
Taxes and contributions payable	(7.5)	(15.9)
Other liabilities	2.4	1.5
Cash from operations	124.6	85.5
Income tax and social contribution paid	(25.1)	(13.2)
Net cash used in operating activities	99.5	72.3
Net Cash from Investment Activities	(51.4)	(28.3)
Loans granted to related subsidiaries	(360.1)	(212.2)
Loan repayments received from related parties	326.6	188.6
Additions to property, plant and equipment	(17.8)	(5.0)
Additions to intangible assets	(0.1)	(0.0)
Proceeds from sales of property, plant and equipment	0.0	0.3
Net Cash from Financing Activities	(325.1)	275.0
Proceeds from borrowings	-	344.5
Repayment of principal of loans	(302.6)	(64.0)
Payment of interest on loans	(20.0)	(2.6)
Dividends and interest on capital paid	0.7	(0.1)
Repayment of the principal of the lease liability	(3.2)	(2.8)
Effect of foreign exchange variation on cash and cash equivalents	4.7	0.6
Net increase in cash and cash equivalents	(272.3)	319.6
Cash and cash equivalents at the beginning of the period	607.8	168.8
Cash and cash equivalents at the end of the period	335.5	488.4
Net increase in cash and cash equivalents	(272.3)	319.6