

2020/4Q20 Conference Call
MAHLE Metal Leve S.A.

Investor Relations | March 16, 2021



MAHLE

Agenda

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2020/4Q20 Conference Call

- **Net Sales Revenue:** R\$ 2,402.6 million in 2020, a decrease of 4.9% compared with 2019. In 4Q20, Net Sales Revenue was up 30.4% over 4Q19;
- **Domestic Aftermarket:** In 2020, the Company saw a 10.6% increase in sales compared to 2019, while in 4Q20 the increase was 42.1% compared the same period of the prior year;
- **Domestic OE:** In 2020, the Company reported a decrease of 19.6% in sales compared to 2019, and an increase of 24.3% in 4Q20 compared with 4Q19;
- **Interest on capital (gross):** In 2020, the Board of Directors approved the distribution of R\$ 70.6 million;
- **Gross Margin:** The Company ended 2020 with a gross margin of 26.1% versus 25.3% in 2019. In 4Q20, gross margin was 29.6% versus 21.5% in 4Q19.





Key indicators								
(R\$ million)	2020 (a)	2019 (b)	(a/b)	4Q20 (c)	3Q20 (d)	4Q19 (e)	(c/d)	(c/e)
Net revenue	2,402.6	2,526.2	-4.9%	776.7	691.2	595.7	12.4%	30.4%
EBITDA	296.2	440.8	-32.8%	131.4	88.2	76.6	49.0%	71.5%
Adjusted EBITDA ¹	412.4	440.8	-6.4%	137.1	169.5	76.6	-19.1%	79.0%
EBITDA margin	12.3%	17.4%	-5,1 p.p.	16.9%	12.8%	12.9%	4,1 p.p.	4 p.p.
Adjusted EBITDA margin ¹	17.2%	17.4%	-0,2 p.p.	17.7%	24.5%	12.9%	-6,8 p.p.	4,8 p.p.
Profit for the year	124.5	259.0	-51.9%	100.8	41.7	66.2	141.7%	52.3%
Adjusted net income ²	203.9	259.0	-21.3%	104.6	95.4	66.2	9.6%	58.1%
Net margin	5.2%	10.3%	-5,1 p.p.	13.0%	6.0%	11.1%	7 p.p.	1,9 p.p.
Adjusted net margin ²	8.5%	10.3%	-1,8 p.p.	13.5%	13.8%	11.1%	-0,3 p.p.	2,4 p.p.

¹ Adjustment in EBITDA due to: Impairment of R \$ 29.2 million (2020) of goodwill of subsidiary MAHLE Argentina S.A .; Impairment of R\$ 87.0 million (2020) of the MBE2 project;

² Adjusted net income/net margin due to the above explanation, and the reversal of taxes arising from impairments (R\$ 7.2 million and R\$ 29.6 million respectively).

Brazil & Argentina Registration and Production (2020 x 2019)







Light vehicles (ths)	 Brazil	 Argentina	  Total
Sales	1,954.8 -26.7%	312.8 -16.0%	2,267.6 -25.4%
Production	1,904.7 -32.1%	257.2 -18.3%	2,161.9 -30.7%

-30.0%



Total vehicles production



Medium and heavy vehicle (ths)	 Brazil	 Argentina	  Total
Sales	150.7 -9.3%	17.8 -9.4%	168.5 -9.3%
Production	157.3 -19.1%	7.4 -7.6%	164.7 -18.6%

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

Vehicle production in the main exports markets

Vehicle Production in the main export market (in thousands)			
Vehicle Production in the main export market (in thousands)	Jan-Dec 2020 (A)	Jan-Dec 2019 (B)	A/B
Production of Light vehicle	12,977	16,314	-20.5%
Production of medium and heavy vehicle	439	655	-33.0%
North America	13,416	16,970	-20.9%
Production of Light vehicle	16,586	21,323	-22.2%
Production of medium and heavy vehicle	477	623	-23.4%
Europe	17,063	21,946	-22.3%
Total Vehicle Production	30,479	38,917	-21.7%

Source: IHS

Net Revenues Performance by Market (Year and Quarter)

Net revenue by market (R\$ Million)		2020 (a)	Volume/Price (b)	FX-Variation (c)	2019 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic ¹	615.8	(149.0)	(1.3)	766.0	-19.5%	-0.2%	-19.6%
	Export	858.1	(166.0)	131.7	892.5	-18.6%	14.7%	-3.9%
	Subtotal	1,473.9	(315.0)	130.3	1,658.5	-19.0%	7.8%	-11.1%
Aftermarket	Domestic ¹	745.6	84.6	(13.1)	674.1	12.6%	-2.0%	10.6%
	Export	183.1	(55.2)	44.8	193.6	-28.5%	23.1%	-5.4%
	Subtotal	928.7	29.4	31.7	867.7	3.4%	3.6%	7.0%
Total		2,402.6	(285.6)	162.0	2,526.2	-11.3%	6.4%	-4.9%

¹ Domestic market includes Brazil and Argentina.

Net revenue by market (R\$ Million)		4Q20 (a)	Volume/Price (b)	FX-Variation (c)	4Q19 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic ¹	210.5	41.6	(0.6)	169.4	24.5%	-0.4%	24.3%
	Export	267.8	(5.0)	69.7	203.2	-2.5%	34.3%	31.8%
	Subtotal	478.3	36.5	69.1	372.6	9.8%	18.6%	28.4%
Aftermarket	Domestic ¹	249.8	78.2	(4.2)	175.8	44.5%	-2.4%	42.1%
	Export	48.6	(14.0)	15.4	47.3	-29.6%	32.5%	2.7%
	Subtotal	298.4	64.3	11.2	223.1	28.8%	5.0%	33.8%
Total		776.7	100.8	80.3	595.7	16.9%	13.5%	30.4%

¹ Domestic market includes Brazil and Argentina.

MAHLE Metal Leve's consolidated exports by region



Summary P&L

Gross margin

Summary P&L (R\$ million)	2020	2019	H.A.	V.A.	V.A.	4Q20	4Q19	H.A.	V.A.	V.A.
	(a)	(b)	(%) (a/b)	(%) (a)	(%) (b)	(c)	(d)	(%) (c/d)	(%) (c)	(%) (d)
Net sales revenue	2,402.6	2,526.2	-4.9%	100.0%	100.0%	776.7	595.7	30.4%	100.0%	100.0%
Cost of sales	(1,775.6)	(1,885.9)	-5.8%	-73.9%	-74.7%	(546.9)	(467.7)	16.9%	-70.4%	-78.5%
Gross profit	627.0	640.3	-2.1%	26.1%	25.3%	229.8	128.0	79.5%	29.6%	21.5%
Gross margin	26.1%	25.3%	0,8 p.p.			29.6%	21.5%	8,1 p.p.		

Summary P&L Expenses

▪ Selling expenses:

- The full year 2020 were impacted by the restructuring costs and 4Q20 were impacted principally by freight expenses due to work resumption of companies and other small impacts such as foreign currency exposure of some expenses;

▪ General and Administrative expenses:

- The full year 2020 were impacted principally by the organizational restructuring. For 4Q20, general and administrative expenses were impacted principally by changes in maintenance, materials and utilities expenses;

▪ R&D expenses:

- Due to the impact of the pandemic, some related activities were suspended or suffered delays from the original schedule.

▪ Other operating income (expenses):

- Non-recurrent expense resulting from the provision for impairment losses (subsidiary MAHLE Argentina S.A and MBE2);
- Provision/Reversal for labor contingencies.

Summary P&L (R\$ million)	2020	2019	H.A.	V.A.	V.A.	4Q20	4Q19	H.A.	V.A.	V.A.
	(a)	(b)	(%) (a/b)	(%) (a)	(%) (b)	(c)	(d)	(%) (c/d)	(%) (c)	(%) (d)
Net sales revenue	2,402.6	2,526.2	-4.9%	100.0%	100.0%	776.7	595.7	30.4%	100.0%	100.0%
Selling and distribution expenses	(165.9)	(166.9)	-0.6%	-6.9%	-6.6%	(47.0)	(44.6)	5.4%	-6.1%	-7.5%
General and administrative expenses	(95.4)	(85.7)	11.3%	-4.0%	-3.4%	(26.5)	(24.4)	8.6%	-3.4%	-4.1%
SG&A expenses	(261.3)	(252.6)	3.4%	10.9%	10.0%	(73.5)	(69.0)	6.5%	9.5%	11.6%

Operating income measured by the EBITDA

Changes for the full year	Amount	Margin
EBITDA 2019	440.8	17.4%
Gross profit	-13.3	
Selling and distribution expenses	1.0	
General and administrative expenses	-9.7	
Research and development expenses	19.6	
¹ Other operating income (expenses)	-141.2	
Share of profit of equity-accounted investees	0.1	
Gains (losses) on inflation adjustment	-8.3	
Depreciation	7.2	
EBITDA 2020	296.2	12.3%
Impairment of subsidiary MAHLE Argentina	29.2	
² Impairment of intangible assets of Project MBE2	45.1	
² Impairment of inventories and Sundry expenses of Project MBE2	41.9	
Adjusted EBITDA 2020	412.4	17.2%

Changes for the quarter	Amount	Margin
EBITDA 4Q19	76.6	12.9%
Gross profit	101.8	
Selling and distribution expenses	-2.4	
General and administrative expenses	-2.1	
Research and development expenses	-0.1	
¹ Other operating income (expenses)	-39.0	
Share of profit of equity-accounted investees	0.1	
Gains (losses) on inflation adjustment	-2.7	
Depreciation	-0.8	
EBITDA 4Q20	131.4	16.9%
Impairment of subsidiary MAHLE Argentina	-	
² Impairment of intangible assets of Project MBE2	-	
² Impairment of inventories and Sundry expenses of Project MBE2	5.7	
Adjusted EBITDA 2020	137.1	17.7%

Net financial result

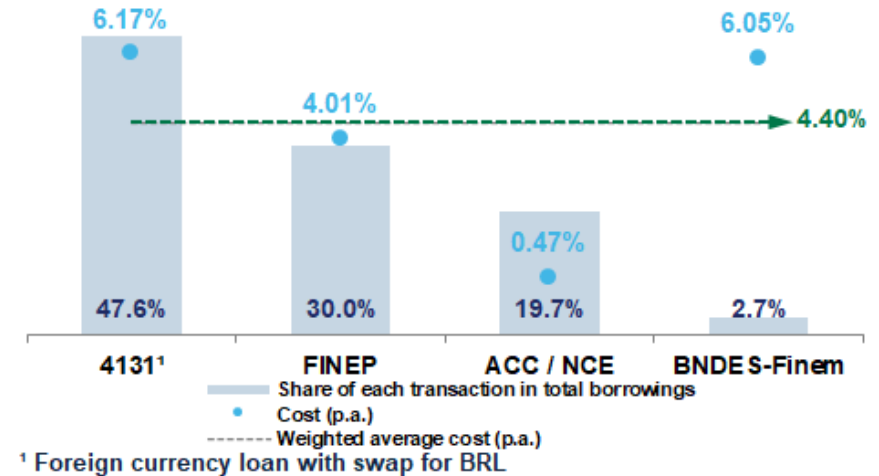
Finance income and costs (R\$ million)	2020 (a)	2019 (b)	Var. (a - b)	4Q20 (c)	4T19 (d)	Var. (c - d)
Interest income on financial investments	15.4	5.1	10.3	6.8	1.8	5.0
Interest on loans	(25.7)	(14.9)	(10.8)	(7.4)	(4.2)	(3.2)
Other income	(0.3)	(0.5)	0.2	(0.1)	(2.3)	2.2
Finance costs, net	(10.6)	(10.3)	(0.3)	(0.7)	(4.7)	4.0
1. Accounts receivable / Accounts payable Exchange Var. (1.1. + 1.2.)	28.6	8.4	20.2	(9.2)	(2.2)	(7.0)
1.1. Exchange Variation	55.3	9.4	45.9	(11.3)	(5.4)	(5.9)
1.2. FX-Hedging	(26.7)	(1.0)	(25.7)	2.1	3.2	(1.1)
2. ACC Exchange Variation	(68.9)	(7.1)	(61.8)	9.7	0.1	9.6
3. Other transactios	(4.9)	(1.9)	(3.0)	(4.4)	0.0	(4.4)
Exchange variation and Gain (loss) on derivatives (ii) - (1+2+3)	(45.2)	(0.6)	(44.6)	(3.9)	(2.1)	(1.8)
Monetary variation, net	(24.8)	(27.6)	2.8	(6.1)	(5.5)	(0.6)
Other	(5.4)	(3.0)	(2.4)	(1.7)	(0.3)	(1.4)
Monetary variation, net + Others (iii)	(30.2)	(30.5)	0.3	(7.8)	(5.9)	(1.9)
Finance income (costs) (i + ii + iii)	(86.0)	(41.4)	(44.6)	(12.5)	(12.6)	0.1
Interest rates and volumes (average)	2020 (a)	2019 (b)	Var. (a - b)	4Q20 (c)	4T19 (d)	Var. (c - d)
Investment Yield	3.5%	5.5%	-2 p.p.	3.8%	4.8%	-1 p.p.
Cost of debt	4.1%	4.3%	-0,2 p.p.	4.3%	4.6%	-0,3 p.p.
Investments - average (R\$ million)	384.1	112.1	242.6%	491.0	155.2	216.4%
Average debt (R\$ million)	(590.2)	(382.8)	54.2%	(568.3)	(401.2)	41.7%

Indebtedness

- The **Net indebtedness** is shown below:

Net debt (R\$ million)	12.31.2020 (a)	12.31.2019 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Cash / banks / cash investments/ Loans to related parties (i):	685.5	205.8	479.7		
Liabilities (ii)	(552.3)	(394.1)	(158.2)	-100%	-100%
Short-term	(402.4)	(213.9)	(188.5)	-73%	-54%
Long-term	(149.9)	(180.2)	30.3	-27%	-46%
Net position (i - ii)	133.2	(188.3)	321.5		
EBITDA	296.2	440.8			
EBITDA ajustado	412.4	440.8			
Relação dívida líquida/EBITDA	(0.45)	0.43			
Relação dívida líquida/EBITDA ajustado	(0.32)	0.43			

- The chart below shows our borrowings **by type** with respective **costs**, and weighted average cost in the end of 2020:



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

Short-term	Composition											
	Jan/21	Feb/21	Mar/21	Apr/21	May/21	Jun/21	Jul/21	Aug/21	Sep/21	Oct/21	Nov/21	Dec/21
402.4	29.3	21.5	265.1	2.4	65.9	2.5	2.5	2.5	2.5	2.5	2.5	3.2

Long-term	Composition									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	
149.9	38.5	38.5	14.9	10.2	10.2	10.2	10.2	8.9	8.3	

Capex and Depreciation

- Due to the COVID-19 pandemic lower volume of investments in the period.

Capex & Depreciation (in millions of R\$)	2020	2019	4Q20	4Q19
Capex	68.6	99.8	51.1	43.0
Total depreciation	103.3	96.6	25.1	26.1
Capex	2020	2019	4Q20	4Q19
% of net sales revenue	2.9%	4.0%	6.6%	7.2%
% of depreciation	66.4%	103.3%	203.6%	164.8%
Net sales revenue	2,402.6	2,526.2	776.7	595.7

Questions & Answers