

MAHLE REPORTS ADJUSTED EBITDA OF R\$ 412.4 million in 2020; MARGIN OF 17.2%

Mogi Guaçu, São Paulo, March 15, 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 fourth quarter and full year 2020 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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Conference Call and Webcast

Date: 3/16/2021

Time

12 noon – Brasilia
3:00 p.m. – London
11:00 a.m. – New York

Webcast in Portuguese
(original)

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HIGHLIGHTS

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 (details in item 6.1);

Domestic Original Equipment Market: 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 (details in item 6.1). Consolidated vehicle production fell 29.9% (item 5.3), the Brazilian market has seen a decline of 31.2% (item 5.1) and the Argentine Market of 18.0% (item 5.2) in 2020;

In 2020, the Board of Directors approved the distribution of **R\$ 70.6 million** in the form of **interest on capital (gross)**;

Transparency Trophy: In October 2020, MAHLE Metal Leve won the *Troféu Transparência* (Transparency Trophy) for the seventh consecutive year from the National Association of Finance, Administration and Accounting Executives (ANEFAC) for its high-quality fiscal year 2019 financial statements;

100 years of existence: In December 2020, the MAHLE Group completed 100 years with the confidence that we will continue to grow and work to be an innovative and attractive company for our shareholders, employees and partners.

(in millions of R\$)	Key indicators							
	2020 (a)	2019 (b)	(a/b)	4Q20 (c)	3Q20 (d)	4Q19 (e)	(c/d)	(c/e)
Net sales 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.
Net profit	124.5	259.0	-51.9%	100.8	41.7	66.2	141.7%	52.3%
Adjusted net profit 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 Adjusted EBITDA: see item 6.11 for details of adjustments.

² Adjusted net profit: see item 6.14 for details of adjustments.

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DEAR SHAREHOLDERS,

In compliance with applicable laws and regulations, the Company Management Board hereby submits to you the Management Report and the Financial Statements with the Independent Auditor's Report and the Report of the Supervisory Board for the fiscal year ended December 31, 2020.

1. Management Commentary

2020 was definitely a year of learning for all of us.

We had planned to focus on very different topics here – a text about MAHLE's 100th anniversary, looking back to the past but also looking forward to the future, to celebrate a very special year, and then came coronavirus. A crisis instead of an anniversary – what matters now is the present, today's unthinkable reality and how we respond to this crisis and reposition ourselves to thrive in the future is and will be of paramount importance.

Our use of digital tools to help us cope with the pandemic and continue to work together efficiently can also be seen as an example of MAHLE's development in the augmented reality (AR) glasses. In 2019, the industry 4.0 team of MAHLE Group launched a pilot project of AR communication smart glasses. Utilizing AR smart glasses, a remote expert can see what a local worker sees and provide guidance from anywhere in the world. The coronavirus crisis has accelerated the development of smart glasses and, as a result, MAHLE will have remote assistance at all its facilities still in 2021.

In spite of uncertainty in 2020, we made progress on the internal communication process and developed very important materials that connected the Company to its employees and that were designed to fit with the new normal brought by the pandemic.

Therefore, the Company's strategy is, in addition to delivering strong financial results, to take care of people and strengthen its employer brand while developing, maintaining and improving relationships with its internal and external stakeholders to promote existing and future projects.

We promote the principle #inspireforchange, among others, by sharing a good practice we have developed in the RH Marketing & Employer Branding area.

Our industry is undergoing a profound transformation – 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 and the way we work together to face the new realities – we believe that we must encourage people to take the lead.

As disclosed in MAHLE Global magazine, the Company developed and is currently applying 4 leadership principles to all of our employees:

1. Empower with accountability.
2. Inspire for change.
3. Trust each other.
4. Lead by example.

These principles of leadership provide a foundation for team collaboration. In addition to our vision "MAHLE – We shape future mobility", these principles were developed collaboratively with several employees and leaders from different locations and business divisions and different layers within the organization as part of the Organizational Health Index (OHI) project.

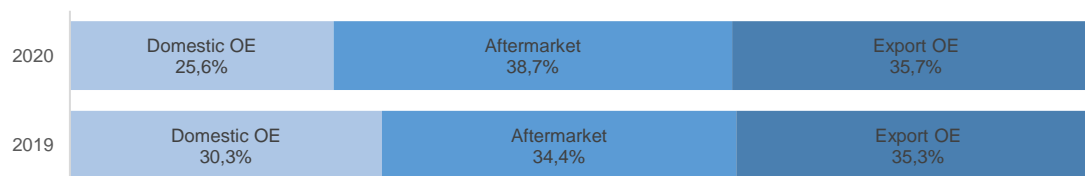
The workplace of tomorrow will be complex and quick and will require efficient decision-making; so it is necessary to have initiative, mutual trust and motivated teams that come up with innovative ideas on the way towards transformation. It is essential that we maximize our potential by working together as a team to make MAHLE fit for the future. Our principles of leadership will help us achieve this goal, guiding us and keeping us on the right track" ...

After the most critical period of the COVID-19 crisis, the market is seeing a more favorable business climate. However, the Company continues to monitor the COVID-19 situation around the world.

In this scenario, the Company's business model has once again contributed to the Company's resilience, i.e. we have adapted our business to have a balanced mix of segments (Original Equipment and Aftermarket) in both domestic and foreign markets, in order to offset oscillations in different segments and stabilize our profit margin over time.

In 2020, the Company's net revenue fell 4.9% compared to 2019, as a result of an increase in aftermarket sales (+7.0%), which was offset by decreases in the OE exports (-3.9%) and domestic OE market (-19.6%). In 4Q20, the Company's net revenue grew 30.4% compared with the same period in 2019, driven by increases in all its operating segments: domestic OE market (+24.3%), OE exports (+31.8%), and aftermarket (+33.8%).

The chart below shows the Company's revenue by business segment in 2020 and 2019:



The Company reported an adjusted EBITDA margin of 17.2% (17.4% in 2019) and adjusted EBITDA of R\$ 412.4 million for full year 2020 (R\$ 440.8 million in 2019). In 4Q20, adjusted EBITDA margin was 17.7% (R\$ 137.1 million) versus 12.9% for 4Q19 (R\$ 76.6 million). Adjustments relate to non-recurring events such as impairment of R\$ 29.2 million of the goodwill of subsidiary MAHLE Argentina S.A. and impairment and other expenses of R\$ 87.0 million of Project MBE2. It is important to note that most of these adjustments occurred in 2Q20 and 3Q20, as detailed in items 6.11 and 6.14 in this document.

In the wake of the COVID-19 pandemic, the Company formed a crisis committee to closely monitor the evolving situation at all its plants with the objective of reducing as much as possible the risk of contamination of employees and service providers. The Company has taken a series of measures in line with the recommendations and guidance from the proper health authorities and stringent sanitizing protocols.

The Company's personnel who can do their jobs from home, e.g. administrative staff, were allowed to work remotely.

The Mogi Guaçu filter factory formed a task force to develop a production line for face masks using available resources. Initially, the masks were given to the Company's employees and, after the expansion of the Company's product portfolio, masks produced are for commercial sale.

We have adopted preventive measures in line with the guidance from the World Health Organization (WHO) and local authorities for a gradual and safe return of our employees to work over the last months. We will continue to actively monitor the economic situation in Brazil and globally in order to adjust our operations accordingly.

2. Macroeconomic Scenario and Outlook

We cannot leave the COVID-19 pandemic topic out of this section of our report since the extent of the impacts of the coronavirus crisis cannot yet be measured.

In the first quarter of 2020, the effects of the pandemic began to be felt by the Brazilian society and economy, principally after the closure of many stores as a result of government-enforced containment measures. As from mid-March, the market began to feel the effects of the pandemic and the economic activity plummeted by a record amount in April and picked up slightly from the beginning of the second half of the year.

The market was also impacted by the decrease in consumer confidence due to the uncertainty associated with the pandemic. The individuals who did not lose their jobs were facing uncertainty regarding their jobs and income and, as a consequence, became risk averse and cut their spending in response to the pandemic, i.e. consumer spending fell.

Economic activity indicators as at the end of 2020 show a gradual and heterogeneous recovery of the Brazilian economy as a result of the Brazilian government's pandemic emergency aid and increased household spending on services (directly impacted by the social distancing measures). The industry also saw a recovery from the fall caused by the pandemic.

We need to consider the effects of the second wave of the COVID-19 pandemic around the world, which has had a detrimental effect on developed nations as well as other countries, thus contributing to overall uncertainty that may affect

the recovery of the global economic activity. In contrast, the emergence of coronavirus vaccines and economic stimulus package have triggered a burst of optimism that the global economy is poised for a rebound.

Many countries around the world and Brazil already began their vaccine campaigns. Based on the information available at the time this report was prepared, and considering the vaccine's efficacy, there are studies that estimate that herd immunity is most likely in the last months of 2021, which would allow the reopening of all sectors of the economy.

In Brazil, the debate over structural reforms and the 2021 budget is being postponed and non-compliance with medium-term spending cap could undermine the fiscal policy.

The external scenario with reduced uncertainty and lower risk aversion in the global economy may be a positive factor. Those countries that have a reasonable distribution of coronavirus vaccines may help boost confidence also in Brazil and help the world's economy bounce back in 2021.

3. 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 Jundiaí, 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.

4. MAHLE Group celebrates 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, the MAHLE Group, including 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.

"We will continue to grow and work on being an innovative and attractive company for our employees and partners. We want to shape the next 100 years of mobility", says Dr. Jörg Stratmann, CEO of the MAHLE Group.

The automotive industry is going through an unprecedented transformation. The MAHLE Group is positioning itself for the future of mobility, focusing on global and 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 with you and for this reason we would like to invite you to visit us at <https://www.mahle.com/en/100-years/>

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

5. Development of the Automotive Industry

5.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Dec 2020					Jan-Dec 2019					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	1,954,828	306,968	-207,683	-149,399	1,904,714	2,665,583	407,520	-294,542	25,280	2,803,841	-26.7%	-32.1%
Total medium and heavy vehicles	150,686	25,956	-3,936	-15,446	157,260	166,122	33,563	-3,116	-2,297	194,272	-9.3%	-19.1%
Total vehicle sales	2,105,514	332,924	-211,619	-164,845	2,061,974	2,831,705	441,083	-297,658	22,983	2,998,113	-25.6%	-31.2%
Variation (un) - 2020 x 2019	-726,191	-108,159	86,039	-187,828	-936,139							
Variation (%) - 2020 x 2019	-25.6%	-24.5%	-28.9%	-817.2%	-31.2%							

Source: Anfavea

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

(**) Sales (Domestic + Imported)

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

Monthly production (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020	194.2	207.8	194.3	3.6	46.7	101.7	175.8	215.3	224.7	241.4	243.2	214.3	2,062.0
2019	202.0	261.3	245.3	272.0	281.0	237.5	273.2	275.4	252.1	293.7	231.9	172.8	2,998.1
Total monthly sales (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020	193.5	201.0	163.6	58.1	66.1	146.2	179.0	187.8	212.5	219.5	229.3	249.0	2,105.5
2019	202.5	201.5	213.0	235.0	248.5	227.6	247.5	247.2	239.5	257.6	245.6	265.9	2,831.7
Brazil's vehicle inventory (days)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2020	43	37	48	128	80	36	23	20	20	18	15	12	
2019	37	43	41	40	39	42	39	42	45	43	41	33	

Source: Anfavea

5.2 Development of the Argentine market

Argentine automotive industry			
Vehicle sales (locally manufactured and imported)	Jan-Dec 2020 (A)	Jan-Dec 2019 (B)	A/B
Total light vehicles	312,789	372,474	-16.0%
Total medium-and heavy-duty vehicles	17,818	19,656	-9.4%
Total sales of vehicles	330,607	392,130	-15.7%
Exports	137,891	224,248	-38.5%
Imports	191,730	269,192	-28.8%
Trade balance	(53,839)	(44,944)	19.8%
Change in vehicle inventory for the period (*)	5,669	(4,696)	-220.7%
Production of light vehicles	257,187	314,787	-18.3%
Production of heavy-duty vehicles	7,432	8,047	-7.6%
Total production of vehicles	264,619	322,834	-18.0%

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

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

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Dec 2020	Jan-Dec 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Light vehicles	2,161,901	3,118,628	-30.7%	2,267,617	3,038,057	-25.4%
Medium- and heavy-duty vehicles	164,692	202,319	-18.6%	168,504	185,778	-9.3%
Total	2,326,593	3,320,947	-29.9%	2,436,121	3,223,835	-24.4%

Source: Anfavea and Adefa.

5.4 Vehicle production in the major export markets

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

Source: IHS

6. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	2020	2019	HA (%)	VA (%)	VA (%)	4Q20	4Q19	HA (%)	VA (%)	A.V. (%)
	(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%
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%
Research and development expenses	(64.1)	(83.7)	-23.4%	-2.7%	-3.3%	(20.8)	(20.7)	0.5%	-2.7%	-3.5%
¹ Other operating income (expenses)	(148.0)	(6.8)	-2076.5%	-6.2%	-0.3%	(41.2)	(2.2)	1772.7%	-5.3%	-0.4%
Share of profit of equity-accounted investees	(0.1)	(0.2)	50.0%	0.0%	0.0%	(0.0)	(0.1)	100.0%	0.0%	0.0%
Gains (losses) on inflation adjustment	40.1	48.4	-17.1%	1.7%	1.9%	12.0	14.7	-18.4%	1.5%	2.5%
Operating profit	193.6	345.4	-43.9%	8.1%	13.7%	106.3	50.7	109.7%	13.7%	8.5%
Net finance costs	(86.0)	(41.4)	107.7%	-3.6%	-1.6%	(12.4)	(12.6)	-1.6%	-1.6%	-2.1%
² Income tax and social contribution	14.6	(48.2)	-130.3%	0.6%	-1.9%	7.7	27.3	-71.8%	1.0%	4.6%
Profit for the year	122.2	255.8	-52.2%	5.1%	10.1%	101.6	65.4	55.4%	13.1%	11.0%
Profit attributable to owners of the Company	124.5	259.0	-51.9%	5.2%	10.3%	100.8	66.2	52.3%	13.0%	11.1%
Adjusted profit attributable to owners of the Company	203.9	259.0	-21.3%	8.5%	10.3%	104.6	66.2	58.1%	13.5%	11.1%
Profit attributable to non-controlling interests	(2.3)	(3.2)	28.1%	-0.1%	-0.1%	0.8	(0.8)	-200.0%	0.1%	-0.1%
EBITDA	296.2	440.8	-32.8%	12.3%	17.4%	131.4	76.6	71.5%	16.9%	12.9%
Adjusted EBITDA	412.4	440.8	-6.4%	17.2%	17.4%	137.1	76.6	79.0%	17.7%	12.9%
Gross margin	26.1%	25.3%	0.8 p.p.			29.6%	21.5%	8.1 p.p.		
Operating margin	8.1%	13.7%	-5.6 p.p.			13.7%	8.5%	5.2 p.p.		
Net margin	5.1%	10.1%	-5 p.p.			13.1%	11.0%	2.1 p.p.		
Net margin attributable to owners of the Company	5.2%	10.3%	-5.1 p.p.			13.0%	11.1%	1.9 p.p.		
Adjusted net margin attributable to owners of the Company	8.5%	10.3%	-1.8 p.p.			13.5%	11.1%	2.4 p.p.		
EBITDA margin	12.3%	17.4%	-5.1 p.p.			16.9%	12.9%	4 p.p.		
Adjusted EBITDA margin	17.2%	17.4%	-0.2 p.p.			17.7%	12.9%	4.8 p.p.		
Selling, general and administrative expenses as a percentage of revenue	10.9%	10.0%	0.9 p.p.			9.5%	11.6%	-2.1 p.p.		

¹ Additional information is presented in item 6.10 in this report.

² Additional information is presented in item 6.13 in this report.

6.1 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 4.9% decrease in its consolidated net revenue for full year 2020 compared with 2019. It is important to note that, in spite of the pandemic, the aftermarket had a positive performance for the full year 2020. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate changes period over period:

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Net revenue by market (in millions of R\$)		2020 (a)	Volume/ price (b)	Exchange rate changes (c)	2019 (d)	Volume/ price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic ¹	615.8	(149.0)	(1.2)	766.0	-19.5%	-0.2%	-19,6%
	Exports	858.1	(166.0)	131.6	892.5	-18.6%	14.7%	-3,9%
	Subtotal	1,473.9	(315.0)	130.4	1,658.5	-19.0%	7.9%	-11,1%
Aftermarket	Domestic ¹	745.6	84.6	(13.1)	674.1	12.6%	-2.0%	10,6%
	Exports	183.1	(55.2)	44.7	193.6	-28.5%	23.1%	-5,4%
	Subtotal	928.7	29.4	31.6	867.7	3.4%	3.6%	7,0%
Total		2,402,6	(285.6)	162.1	2,526.2	-11.3%	6.4%	-4.9%

¹ Domestic Market comprises Brazil and Argentina.

In 4Q20, the Company's consolidated net revenue grew 30.4% compared with the same period in 2019. It is important to note that, in spite of the pandemic, the Company had a positive performance in all its operating segments. 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\$)		4Q20 (a)	Volume/ Price (b)	Exchange rate changes (c)	4Q19 (d)	Volume/ price impact % (b/d)	Exchange rate impact % (c/d)	HÁ (%) (a/d)
Original Equipment	Domestic ¹	210.5	41.6	(0.5)	169.4	24.6%	-0.3%	24,3%
	Exports	267.8	(5.0)	69.6	203.2	-2.5%	34.3%	31,8%
	Subtotal	478.3	36.6	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%
	Exports	48.6	(14.0)	15.3	47.3	-29.6%	32.3%	2,7%
	Subtotal	298.4	64.2	11.1	223.1	28.8%	5.0%	33,8%
Total		776,7	100.8	80.2	595.7	16.9%	13.5%	30.4%

¹ Domestic Market comprises Brazil and Argentina.

6.2 Original Equipment (OE) sales

Domestic market:

For the full year, sales in the domestic market were primarily impacted by the effects of COVID-19 pandemic on the Brazilian society and economy, principally after quarantine was imposed and plants throughout the supply chain, including our customers' plants, have temporarily shut down.

It is important to note that the decline in sales volume for the full year 2020 was impacted by the COVID-19 pandemic due to more rigid containment measures and closure of our customers' plants. In light of the severity of the pandemic and unpredictable factors beyond our control, the Company has implemented stringent sanitizing protocols and adopted collective and/or selective vacation at all units in Brazil, from the week of March 23 to the week of April 13-18, 2020, varying according to the business unit and the COVID-19 situation at each location.

In 4Q20 the performance was positive compared with the same period of 2019, impacted in part by a suppressed demand in the first months of the years and in part by a recovery of the market. It is important to note that revenue from this market in the period was up 27.0% compared with 3Q20. Page | 10

According to data from Anfavea and Adefa, the consolidated production of vehicle for Brazil and Argentina fell 29.9% for the full year 2020; therefore, the Company performed better than the market, with a fall of 19.6% in the same period.

Export market:

Exports were impacted mainly by the global pandemic of COVID-19 that initially hit our major export markets. The Company continues to track economic developments around the world as some countries are facing a new wave of COVID-19.

In 2020, the export market fell 3.9% compared to 2019, with negative impacts of volume/price of 18.6%, offset in part by exchange rate impacts of +14.7%.

In 4Q20, the export market grew 31.8% compared to 4Q19, with positive exchange rate impacts of 34.3%, offset in part by a volume/price fall of 2.5%. Please note that revenue from this market in the period was up 18.5% compared with 3Q20.

The table below presents exports in hard currency:

Exports by currency (in millions)	Jan-Dec 2020 (a)	Jan-Dec 2019 (b)	A.H. (%) (a/b)	Exports by currency (in millions)	Oct-Dec 2020 (a)	Oct-Dec 2019 (b)	A.H. (%) (a/b)
Original equipment				Original equipment			
EUR	66.4	73.9	-10.1%	EUR	18.8	16.9	11.2%
USD	103.3	152.5	-32.3%	USD	30.8	34.4	-10.5%

6.3 Aftermarket sales

Domestic market:

The domestic aftermarket sales grew 10.6% in 2020 compared with 2019, with positive impacts of volume/price of 12.6% and exchange rate impacts of -2.0%. In 4Q20, we saw a growth of 42.1%, with a positive impact of volume/price increase of 44.5% and exchange rate impacts of -2.4%. Please note that, in both periods, the effects of exchange rate changes arise from the operations in Argentina (which were consolidated in our Domestic Aftermarket).

In 2020, domestic market sales were hit hard by the COVID-19 impacts on society and the economy as governments ordered the closure of businesses to slow the spread of coronavirus, causing supply chain disruptions. As a consequence, as from mid-March the market began to feel the effects of the pandemic and sales plummeted by a record amount in April and picked up slightly in May. In that period, the domestic market was also impacted by the fall in consumer confidence and consequently in consumer spending.

After the adverse effects of the COVID-19 pandemic at the start of the year, the Company has seen a recovery in this market since the second half of the year backed by increased demand.

Our positive performance in 4Q20 was driven by surging market demand and stock replenishment by distributors. 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 due to the recognition of its brand name, the mix and quality of its products, among other.

Despite the difficulties mentioned above and the decline in demand, the Company has not experienced any late payment problems.

Export market:

For the full year 2020, the export market fell 5.4% compared with 2019, impacted by the COVID-19 pandemic and a slow recovery. Despite favorable exchange rates for exports with a positive impact of 23.1%, exports were adversely affected by a volume/price fall of 28.5%.

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In 4Q20, the export market grew 2.7% compared with 4Q19, with the positive impact of the exchange rate changes of 32.3%, which was offset in part by a volume/price fall of 29.6%.

The table below shows Aftermarket exports in hard currency:

Exports by currency (in millions)	Jan-Dec 2020 (a)	Jan-Dec 2019 (b)	A.H. (%) (a/b)
Aftermarket			
EUR	1.7	1.3	30.8%
USD	34.2	48.1	-28.9%

Exports by currency (in millions)	Oct-Dec 2020 (a)	Oct-Dec 2019 (b)	A.H. (%) (a/b)
Aftermarket			
EUR	0.2	0.5	-60.0%
USD	8.8	11.1	-20.7%

6.4 Consolidated export by region

The graph below shows our exports by geographic region in 2020 and 2019:



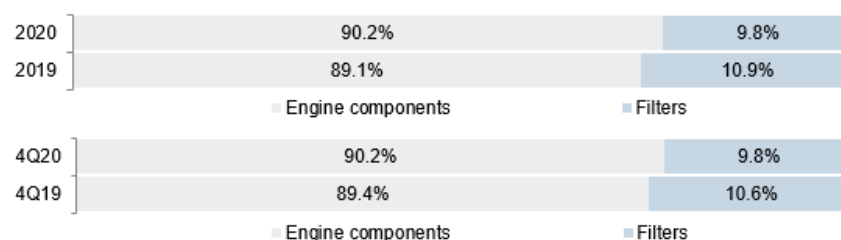
6.5 Net revenue by segment

In 2020, the engine component segment sales fell 3.7% and the filter segment dropped 14.3% compared with 2019. The fall in sales of both segments for the full year 2020 can be attributed principally to the COVID-19 pandemic.

In 4Q20, the engine component segment reported a 31.5% increase in sales and the filter segment registered a growth of 20.7% compared with the same period of 2019, driven by increased demand principally in the domestic aftermarket and original equipment market.

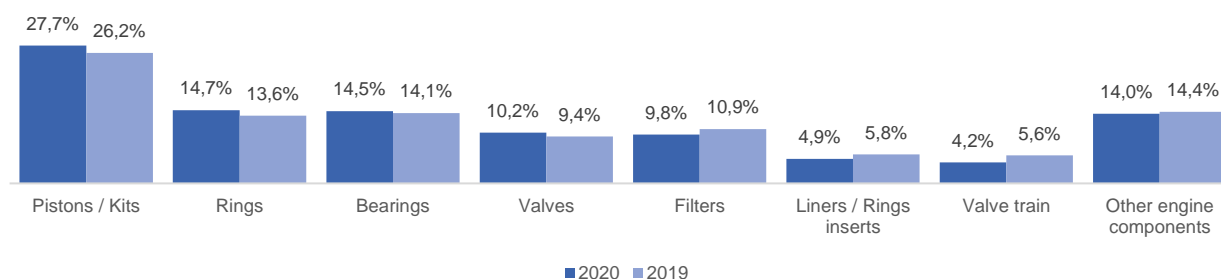
Net sales revenue by segment (in millions of R\$)	2020 (a)	2019 (b)	A.H. (%) (a/b)	4Q20 (c)	4Q19 (d)	A.H. (%) (c/d)
Engine components	2,166.9	2,251.2	-3.7%	700.8	532.8	31.5%
Filters	235.7	275.0	-14.3%	75.9	62.9	20.7%
Total	2,402.6	2,526.2	-4.9%	776.7	595.7	30.4%

The graph below show the revenue share of each segment during the period under review:



6.6 Net revenue by product

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



6.7 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, as shown in the table below:

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.		

Please note that the fall in sales volume for the full year 2020 was due to the COVID-19 pandemic that caused tighter quarantine measures and the closure of our customers' plants. In light of the severity of the pandemic and unpredictable factors beyond our control, the Company implemented stringent sanitizing protocols and adopted collective and/or selective vacation at all units in Brazil, from the week of March 23 to the week of April 13-18, 2020, varying according to the business unit and the COVID-19 situation at each location.

As a result of this situation, there was a decline in plant capacity utilization at the end of the first quarter and during the second quarter of 2020. This decline was driven by lower production and the amount of R\$ 59.5 million was charged to cost of sales.

The amount of R\$ 36.2 million was also charged to cost of sales in 3Q20 for impairment of intangible assets of subsidiary MAHELE Argentina S.A. Excluding this event, gross margin would have been 27.6% in 2020 (25.3% in 2019).

However, in our segments, especially Aftermarket, the recovery has already started from the second half of the year, contributing positively to our gross margin to reaching pre-pandemic levels.

6.8 Selling, general and administrative expenses

Selling and distribution expenses in 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. For the full year 2020, in addition to the impacts noted for 4Q20, selling and distribution expenses were also impacted by the restructuring costs.

General and administrative expenses for the full year 2020 were impacted principally by the organizational restructuring which occurred at the beginning of the year. For 4Q20, general and administrative expenses were impacted principally by changes in maintenance, materials, and utilities expenses.

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Summary P&L (R\$ million)	2020 (a)	2019 (b)	H.A. (%) (a/b)	V.A. (%) (a)	V.A. (%) (b)	4Q20 (c)	4Q19 (d)	H.A. (%) (c/d)	V.A. (%) (c)	V.A. (%) (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%	-8.1%	-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%

6.9 Research and development expenses

The decrease in technology and development expenses in 2020 compared with 2019, as shown in the table below, was due to the COVID-19 pandemic as during the quarantine the R&D activities have been temporarily suspended or delayed.

It is worth mentioning that the Company believes that it is of utmost importance to continue to invest in R&D and that the focus on technological innovations involving developments in partnership with customers and patent registration and launch of new products in the market are among our key competitive advantages.

Summary P&L (R\$ million)	2020 (a)	2019 (b)	H.A. (%) (a/b)	V.A. (%) (a)	V.A. (%) (b)	4Q20 (c)	4Q19 (d)	H.A. (%) (c/d)	V.A. (%) (c)	V.A. (%) (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%
Technology and product development expenses	(64.1)	(83.7)	-23.4%	-2.7%	-3.3%	(20.8)	(20.7)	0.5%	-2.7%	-3.5%

6.10 Other operating income (expenses), net

This account records a net expense of R\$ 148.0 million for the full year 2020 versus a net expense of R\$ 6.8 million in 2019. In 4Q20, the Company recorded a net expense of R\$ 41.2 million versus R\$ 2.2 million in 4Q19, as shown in the table below:

Other operating income (expenses), net (in millions of R\$)	2020 (c)	2019 (d)	Change (c-d)	4Q20 (a)	4Q19 (b)	Change (a-b)
Export expenses (Argentina)	(8.1)	(12.5)	4.4	(1.7)	(1.8)	0.1
Reversal of compulsory loan	4.3	-	4.3	-	-	-
Provision for/reversal of loss on products	1.8	(1.8)	3.6	1.8	(2.1)	3.9
Provision for/reversal of environmental liability	(2.5)	(5.2)	2.7	(2.5)	(1.0)	(1.5)
Electric power	1.3	1.0	0.3	0.1	0.2	(0.1)
Recovered taxes (Reintegra)	0.7	0.7	(0.0)	0.2	0.1	0.1
Obsolescence provision/reversal	(1.4)	(0.1)	(1.3)	(1.5)	0.1	(1.6)
Restructuring provision/reversal	(1.3)	-	(1.3)	(1.3)	-	(1.3)
Gain (loss) on disposal of assets/other	0.4	2.1	(1.7)	(1.3)	2.1	(3.4)
² Provision for/reversal of labor, civil and tax lawsuits	(65.1)	10.7	(75.8)	(32.3)	2.6	(34.9)
¹ Provision for impairment of intangible assets	(74.4)	-	(74.4)	-	-	-
Other income (expenses)	(3.7)	(1.7)	(2.0)	(2.7)	(2.4)	(0.3)
Total other operating income (expenses), net	(148.0)	(6.8)	(141.2)	(41.2)	(2.2)	(39.0)

¹ Non-recurring expenses from impairment losses on intangible assets of Project MBE2 (Project discontinuation) – with impact of R\$ 45.1 million; and impairment losses on intangible assets of subsidiary MAHLE Argentina S.A. – with impact of R\$ 29.2 million.

² Negative variance in "Provision for/reversal of labor, civil and tax lawsuits" related principally to labor claims, was mainly due to the following: (i) decrease in reversals because courts reduced their activities at the beginning of March 2020 during the pandemic; (ii) reversals for the prior period used for comparison were above the Company's historical average.

6.11 Operating result measured by EBITDA and adjusted EBITDA

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

Changes for the full year	Amount	Margin	Changes for the quarter	Amount	Margin
EBITDA 2019	440.8	17.4%	EBITDA 4Q19	76.6	12.9%
Gross profit	-13.3		Gross profit	101.8	
Selling and distribution expenses	1.0		Selling and distribution expenses	-2.4	
General and administrative expenses	-9.7		General and administrative expenses	-2.1	
Research and development expenses	19.6		Research and development expenses	-0.1	
¹ Other operating income (expenses)	-141.2		¹ Other operating income (expenses)	-39.0	
Share of profit of equity-accounted investees	0.1		Share of profit of equity-accounted investees	0.1	
Gains (losses) on inflation adjustment	-8.3		Gains (losses) on inflation adjustment	-2.7	
Depreciation	7.2		Depreciation	-0.8	
EBITDA 2020	296.2	12.3%	EBITDA 4Q20	131.4	16.9%
Impairment of subsidiary MAHLE Argentina	29.2		Impairment of subsidiary MAHLE Argentina	-	
² Impairment of intangible assets of Project MBE2	45.1		² Impairment of intangible assets of Project MBE2	-	
² Impairment of inventories and Sundry expenses of Project MBE2	41.9		² Impairment of inventories and Sundry expenses of Project MBE2	5.7	
Adjusted EBITDA 2020	412.4	17.2%	Adjusted EBITDA 2020	137.1	17.7%

¹ Additional information is presented in item 6.10 in this report;

² Additional information is presented in Notes 12 and 18 to the Financial Statements as of and for the year ended December 31, 2020.

6.12 Net finance costs

The Company recorded net finance costs of R\$ 86.0 million for the full year 2020 versus R\$ 41.4 million in 2019, a change of R\$ 44.6 million year over year. In 4Q20, the Company recorded net finance costs of R\$ 12.4 million versus R\$ 12.6 million for the same period of 2019, a change of R\$ 0.2 million year over year.

Net finance costs (in millions of R\$)	2020 (a)	2019 (b)	Change (a - b)	4Q20 (c)	4Q19 (d)	Change (c - d)
Interest income on financial investments	15.4	5.1	10.3	6.8	1.8	5.0
Interest expense on loans and borrowings	(25.7)	(14.9)	(10.8)	(7.4)	(4.2)	(3.2)
Other interest expenses	(0.4)	(0.5)	0.1	(0.1)	(2.3)	2.2
Net interest expense (i)	(10.6)	(10.3)	(0.3)	(0.7)	(4.7)	4.0
1. Exchange rate changes: Accounts receivable/accounts payable (1.1. + 1.2.)	28.6	8.4	20.2	(9.3)	(2.2)	(7.1)
1.1. Exchange rate changes	55.3	9.4	45.9	(11.3)	(5.4)	(5.9)
1.2. Foreign exchange hedge	(26.7)	(1.0)	(25.7)	2.1	3.2	(1.1)
2. Effects of exchange rate changes on advances on foreign Exchange contracts (ACC)	(68.9)	(7.1)	(61.8)	9.7	0.1	9.6
3. Other	(4.9)	(1.9)	3.0	(4.4)	0.0	(4.4)
Net exchange rate changes and loss on derivatives (ii) - (1+2+3)	(45.2)	(0.6)	(44.6)	(3.9)	(2.1)	(1.8)
Net monetary variation	(24.8)	(27.6)	2.8	(6.1)	(5.5)	(0.6)
Other	(5.4)	(2.9)	(2.5)	(1.6)	(0.4)	(1.2)
Net monetary variation + Other (iii)	(30.2)	(30.5)	0.3	(7.7)	(5.9)	(1.8)
Net finance costs (i + ii + iii)	(86.0)	(41.4)	(44.6)	(12.4)	(12.6)	0.2

Net interest expense (i):

The positive variance of R\$ 10.3 million in “Interest income on financial investments” from 2019 to 2020 was due to the increase in the average amount of financial investments to R\$ 384.1 million in 2020 from R\$ 112.1 million in 2019, while there was a reduction in the average rates of interest to 3.5% p.a. in 2020 from 5.5% p.a. in 2019. When this same analysis is made for the fourth quarter of 2020 compared with the fourth quarter of 2019, the positive variance of R\$ 5.0 million in “Interest income on financial investments” is the result of the increase in the average amount of financial investments to R\$ 491.0 million in 4Q20 from R\$ 155.2 million in 4Q19, offset by a reduction in the interest rates to 3.8% p.a. in 4Q20 from 4.8% p.a. in 4Q19 (considering the consolidation of Brazil and Argentina). In both periods, the reduction in interest rates followed the cut in Brazil’s basic interest rate (SELIC).

The negative variation of R\$ 10.8 million in “Interest expenses on loans and borrowings” from 2019 to 2020 was due to the increase in the average levels of borrowings to R\$ 590.2 million in 2020 from R\$ 382.8 million in 2019, coupled with a change in the weighted average cost to 4.1% p.a. in 2020 from 4.3% p.a. in 2019. When this analysis is made for fourth quarter of 2020 compared with the fourth quarter of 2019, the negative variance of R\$ 3.2 million was due to the increase in the average levels of borrowings to R\$ 568.3 million in 4Q20 from R\$ 401.2 million in 4Q19, and a change in the weighted average cost to 4.3% p.a. in 4Q20 from 4.6% p.a. in 4Q19.

The increase in interest expenses on loans and borrowings was mainly due to new borrowings in March 2020 to support cash flow needs during the COVID-19 pandemic.

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

Averages	2020 (a)	2019 (b)	Change (a - b)	4Q20 (c)	4Q19 (d)	Change (c - d)
Investment interest rates	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 (in millions of R\$)	384.1	112.1	242.6%	491.0	155.2	216.4%
Debt (in millions of R\$)	(590.2)	(382.8)	54.2%	(568.3)	(401.2)	41.7%

The Company’s average debt increased 54.2% from 2019 to 2020 due to new borrowings such as 4131/Bank Credit Note (working capital loan with floating rates of CDI + annual fixed cost). The increase in average debt levels is primarily attributable to cash conservation measures to respond to the challenges of COVID-19.

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 is presented in Note 34 to the Financial Statements for the year ended December 31, 2020.

Net monetary variation + Other (iii):

The positive variance year over year was due to the inflation-adjustment to the provisions for labor and tax lawsuits and judicial deposits.

6.13 Income tax and social contribution

The Company recorded a credit of R\$ 14.6 million for income tax and social contribution on profit at December 31, 2020 in the consolidated financial statements (expense of R\$ 48.2 million at December 31, 2019) as detailed below:

- Current tax: expense of R\$ 38.2 million generated principally by the parent company and subsidiary MAHLE Argentina S/A;

- Deferred tax: credit of R\$ 52.8 million with no impact on cash, comprising mainly changes in provisions.

Additional information is presented in Note 15 to the Financial Statements as of and for the year ended December 31, 2020.

6.14 Net profit and adjusted net profit

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The following table shows the movement in profit attributable to owners of the Company and adjusted profit attributable to owners of the Company, reflecting the impact of the impairment of the goodwill of subsidiary MAHLE Argentina S.A. and the impact of the discontinuation of Project MBE2:

Summary of profit and loss accounts (in millions of R\$)	2020	2019	4Q20	4Q19	HA (%)	HA (%)
	(a)	(b)	(c)	(d)	(a/b)	(c/d)
Profit attributable to owners of the Company	124.5	259.0	100.8	66.2	-51.9%	52.3%
Impairment of subsidiary MAHLE Argentina S.A.	29.2	-	-	-		
Impairment of intangible assets of Project MBE2	45.1	-	-	-		
Impairment of inventories and Sundry expenses of Project MBE2	41.9	-	5.7	-		
Income tax and social contribution (impairment of subsidiary MAHLE Argentina S.A.)	-	-	-	-		
Income tax and social contribution (impairment of Project MBE2)	(36.8)	-	(1.9)	-		
Adjusted profit attributable to owners of the Company	203.9	259.0	104.6	66.2	-21.3%	58.1%
Net margin attributable to owners of the Company	5.2%	10.3%	13.0%	11.1%	-5.1 p.p.	1.9 p.p.
Adjusted net margin attributable to owners of the Company	8.5%	10.3%	13.5%	11.1%	-1.8 p.p.	2.4 p.p.

Additional information on earnings (loss) per share is presented in Note 27 to the Financial Statements for the year ended December 31, 2020.

6.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for the fourth quarters and full years 2020 and 2019:

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

In 2020, 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.

It is worth noting that the Company has decreased its capital investments in the period due to the COVID-19 pandemic.

6.16 Net debt

The Company's net debt was R\$ 133.2 million (asset position) at the end of 2020 and R\$ 188.3 million (liability position) at the end of 2019, as shown below:

Net debt (in millions of R\$)	12/31/2020 (a)	12/31/2019 (b)	Change (a-b)	% Debt (a)	% Debt (b)
Cash / banks / financial investments / loans (i):	685.5	205.8	479.7		
Loans and borrowings (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 debt (i - ii):	133.2	(188.3)	155.3		
EBITDA	296.2	440.8			
Adjusted EBITDA	412.4	440.8			
Net debt/EBITDA ratio	(0.45)	0.43			
Net debt/adjusted EBITDA ratio	(0.32)	0.43			

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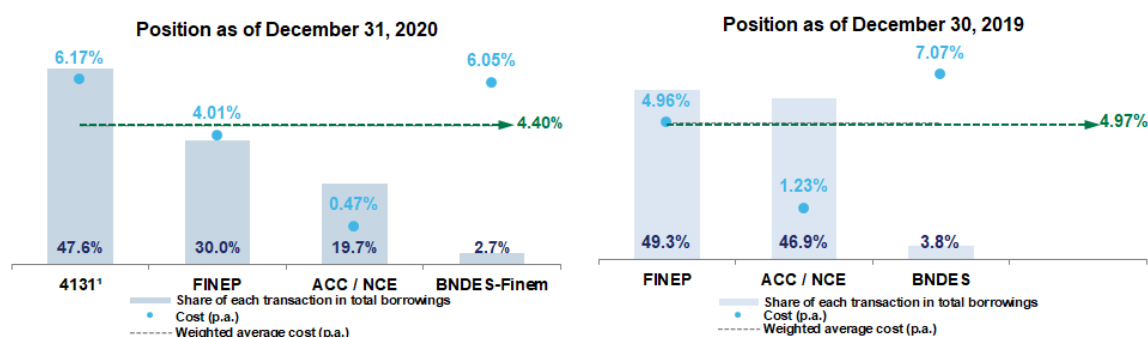
The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans, and has deferred payment of dividends initially scheduled for May 2020 to create a special reserve in order to protect liquidity and strengthen cash position. The Company also has pre-approved lines 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 2020, which represents 75% and 25%, respectively, of the debt displayed in the table above:

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	

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



¹ Foreign currency loans with currency swap to Brazilian real.

6.17 Distribution of interest on capital to shareholders

In 2020, the Board of Directors approved the distribution of R\$ 70.6 million in interest on capital (gross), which will be submitted to the Ordinary General Meeting for approval on April 29, 2021, as shown below:

Date of approval	Record date	Ex-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\$)	
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	
							Interest on capital	70.6	0.5504020486	0.4678417413

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

In the fulfillment of the duty of diligence set forth in article 153 of the Brazilian Corporate Law and sensitive to the potential impacts of COVID-19 on the Brazilian and global economies, which are unprecedented in world history, Management emphasized the need to preserve the Company's cash resources in order to have a cushion to ride out the effects of the COVID-19 pandemic, the extent of which was and still is not possible to estimate, and to keep our business operating smoothly and to meet legal and contractual obligations previously assumed by the Company.

The balance of retained earnings at December 31, 2019 was recorded as a proposal for distribution of additional dividends according to the terms of paragraph 6 of article 202 of the Brazilian Corporation Law. On May 29, 2020, the Ordinary General Meeting of the Company discussed and approved the retention of its previously proposed additional dividends of R\$ 175.6 million.

The portion of retained earnings was transferred to a special reserve and will be distributed at an opportune time. The Company aims to preserve cash to weather the world crisis and to meet all its legal and contractual obligations.

7. Coronavirus (COVID-19)

Since March 2020, the Company has taken measures to minimize risks related to the spread of coronavirus. We have worked hard to protect the health of our employees – which remains our number one priority. We have implemented a comprehensive set of measures such as - we allocated shift teams to reduce social interaction and put the highest standards of hygiene in place in compliance with local requirements.

We have created a COVID-19 communication plan, procedures, guidance and rules and have made appropriate work arrangements and established a work-from-home policy for our employees, and safety measures for interactions with suppliers, service providers and customers.

Coronavirus posters and signs were placed in the workplace or videos and e-mails were sent directly to the employees to educate them on best practices to adopt, along with the efforts we are taking to protect them. Signs and markers were placed in the manufacturing areas to establish safe distancing. The communication plan also provides guidance on private charter bus, restaurant and other common areas.

The Company has created a handbook to educate employees on best preventive measures and safety precautions that may help to reduce the risk of contracting the coronavirus or spreading it in the workplace. This information was widely disseminated and is a guide for Company employees. The handbook also recommends self-care practices such as hand washing, physical distancing from co-workers and visitors and self-isolation.

Concerned with the health of its employees and society, MAHLE has joined the efforts to fight to the COVID-19 pandemic. Initially, the filter factory in Mogi Guaçu formed a task force to develop a production line for face masks using available resources. The masks produced were sent to the cities of Mogi Guaçu, Itajubá and Limeira for supply to health care workers and wider community.

The Company's facilities in Mogi Guaçu, Itajubá and Limeira donated medical supplies to the local hospitals to help combat coronavirus pandemic. The medical supplies include mechanical ventilators, vital signs monitors, disposable face masks and masks with filter, gloves, oximeters, etc. according to the needs of the hospitals. At a later stage, the Company donated

disposable face masks to the local hospitals in Itajubá, Limeira and São João da Boa Vista and to the Social Promotion Department of the city of Mogi Guaçu.

As a consequence of this initiative, at the Extraordinary General Meeting held on September 25, 2020, the shareholders approved an amendment to article 2 of the Bylaws of the Company to broaden the scope of the Company's operations to manufacturing and marketing of face masks.

The Company expanded its health service offerings during this unsettling time to include online health care services to support employees and their families.

The Company has taken preventive measures in line with the guidance from the World Health Organization (WHO) and local authorities to ensure a safe and gradual return of employees to work. In an effort to help understand such measures, the Company has created a handbook, as mentioned above, containing all preventive measures and instructions and advice about how to handle issues concerning the health and safety of employees and those involved in the Company's internal processes, and has implemented controlling access to its buildings to contain and mitigate the spread of COVID-19 in the workplace.

The Company let back-office personnel, who can do their jobs remotely, to work from home.

The Company will continue to evaluate other ways to support the community using existing available resources and its technological experience to help fight COVID-19.

8. Investor Relations and Capital Market

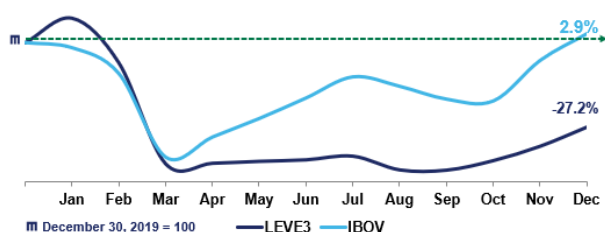
During 2020, our Investor Relations team stayed connected to investors and the general market whilst working remotely due to social distancing measures in response to the COVID-19 pandemic.

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.

Ongoing communication with our shareholders and the general market is maintained via traditional conference calls, phone, e-mail, and remote access tools.

7.1 Stock performance and free float turnover

The graphs below show the market performance of **LEVE3** stock and **Ibovespa**¹ during 2020, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:

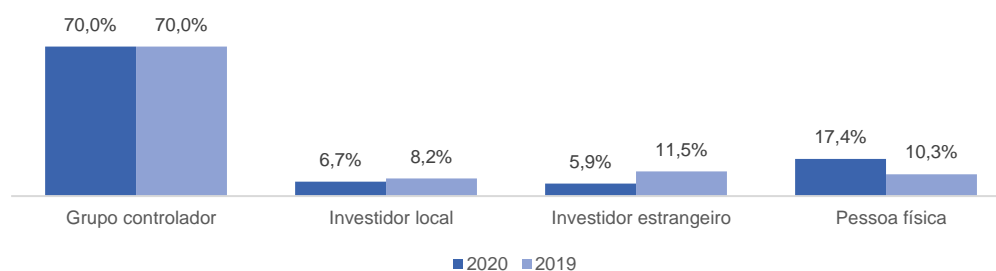


¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

Average Daily Trading Volume and Turnover Rate				
Period	1Q20	2Q20	3Q20	4Q20
Neg. volume (in millions of R\$)	10.6	8.7	8.8	7.0
Turnover (%)	1.00%	1.27%	1.27%	0.95%

7.2 Shareholder structure

At the end of 2020 and 2019, 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	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Controlling group	2	2	2	2	2	2	2	2	2	2	2	2	2
1 share	1,313	1,482	1,550	1,691	1,685	1,847	1,864	1,998	2,083	2,105	2,056	1,986	1,976
2-10 shares	7,183	7,864	8,173	9,262	9,297	10,431	10,813	11,367	11,433	11,320	11,109	10,619	10,646
11-50 shares	10,386	11,210	11,796	14,025	14,272	16,267	16,984	18,171	18,569	18,515	18,146	17,496	17,542
51-500 shares	20,871	21,916	22,618	27,404	27,964	33,062	34,716	37,813	39,225	39,687	39,319	38,117	38,510
501-5000 shares	4,033	4,103	4,032	5,065	5,219	6,088	6,377	7,469	7,315	7,639	7,533	7,439	7,544
5,001-200,000 shares	366	342	343	374	370	432	423	439	438	487	448	454	451
More than 200,001 shares	33	36	36	34	33	26	27	21	22	20	24	23	19
Total shareholders	44,187	46,955	48,550	57,857	58,842	68,155	71,206	77,280	79,087	79,775	78,637	76,136	76,690

At the end of 2020, investors based in seven countries accounted for 99.3% of the free float, and the remaining countries from the Company's shareholder base do not represent individually more than 0.3%.

The graph below shows the shareholder structure of the free float at the end of 2020 and 2019:

Countries							
Dec 2020	80.4%	15.7%	1.0%	0.9%	0.5%	0.4%	0.3%
Dec 2019	61.6%	16.9%	1.1%	4.5%	0.9%	0.5%	5.0%

9. Corporate Risk Management, Internal Controls and Compliance

The Executive Board is responsible for overseeing the Company's internal control environment, compliance and corporate risk in order to achieve sustainable performance of creating and enhancing shareholder value.

In this context, we have the following tools to support our commitment to transparency, ethics and continuous improvement of the internal control environment:

- Compliance Program establishes rules and guidelines on how we operate and conduct business, focused on anticorruption and antitrust issues, among others.

- Systematic risk management process where the managers of the business units and corporate functions are responsible for identifying, reporting and controlling risks within their units/areas in accordance with the risk management policy.
- Internal Audit function performs independent periodic assessment of the effectiveness of the risk management, internal control environment, and rules and procedures established by management. Internal Audit produces recommendations to improve the Company's internal control and risk management processes in line with industry best practices to promote a more proactive approach to identifying, preventing and controlling risks.

10. Corporate Governance

The Company adopts good corporate governance practices based on the principles of transparency, fairness, accountability and corporate responsibility. Since July 2011 the Company shares are traded on Brazil's stock exchange B3's Novo Mercado (New Market) listing segment that requires adherence to more stringent corporate rules.

The Company must resolve disputes by arbitration of the Market Arbitration Chamber pursuant to the binding arbitration clause in its bylaws. The Board of Directors and the Executive Board are involved in the management of the Company, with each having specific roles and responsibilities.

The Board of Directors has five permanent members and five alternate members, of whom one permanent member (and his/her respective alternate member) is independent and elected by the minority shareholders. Two other members appointed by the controlling shareholder are considered independent as he/she does not have connections with the controlling shareholder, has not been an employee or officer of the Company in the last three years, is not a significant supplier of the Company and does not receive remuneration from the Company (other than Board member's remuneration).

The Company also has a Supervisory Board composed of three permanent members and three alternate members, of whom one permanent member (and his/her respective alternate member) is appointed by the minority shareholders and two by the controlling shareholder.

The Board of Directors approved on June 27, 2011 the Disclosure and Trading Policy, which was amended on August 8, 2014 and later on November 14, 2019 to include the prohibition on trading of the Company's stock and respective rights and derivatives fifteen (15) days before the public disclosure of quarterly information (ITR) and the annual financial statements of the Company.

In addition, the Company has a risk management policy that was approved by the Board of Directors on March 16, 2016. This policy is intended to provide a risk management framework and establish the roles and responsibilities for risk management and is aligned with the risk management and internal control procedures implemented by the Company's controlling shareholder.

Furthermore, the Board of Directors approved on January 22, 2019 its revised Related-Party Transactions Policy (old version was dated July 31, 2017), including Appendix 1 - Specific Procedures for Resources, Services and Duties, and, on May 21, 2019, Appendix 2 - Specific Procedures for Products. The purpose of this policy and appendices is to establish rules and procedures to be followed by the Company and its subsidiaries when entering into transactions with related parties, in order to avoid and manage any conflicts of interest arising from such transactions.

On May 29, 2020, the Company made amendments to its Bylaws in order to comply with the B3 Novo Mercado Regulation.

The Company started to take the needed steps to reach compliance with the new Novo Mercado Regulation of January 2, 2018 by the set deadline of March 2022.

11. Excellence and Technological Innovation

MAHLE has had an active role in the Brazilian innovation ecosystem, mainly because we understand that the business diversification and the expansion of our product portfolio is imperative for us to remain competitive. Knowing that innovation not always originates from the company has led us to develop competencies to collaborate with other players. Our innovation process seeks involvement from a wide range of customers, suppliers, universities and institutes. We have collaborative innovation projects at different stages to always be at the forefront of innovative technologies to solve mobility challenges.

Changes in legislation and tax incentives for investments in R&D for the automotive industry established by the ROTA 2030 Program – which was signed at the end of 2018 and which, among other things, calls for automakers to improve the fuel efficiency in passenger cars, sport utility vehicles (SUVs) and light commercial vehicles sold in Brazil – offer many more opportunities for MAHLE to develop technologies that are more efficient and more environmentally friendly than before. Brazil's vocation to offer biofuel solutions has put Brazil and the Company at the forefront of this move and our R&D team has solid experience in developing solutions that better fit with this reality.

In 2020, the COVID-19 pandemic has exposed several challenges for the automotive sector and this new scenario required quick responses and actions from the Company to reduce the impacts on its business, e.g. the automotive filter plant in Mogi Guaçu was able to adapt its manufacturing line to produce face masks. In addition, in anticipation of the recovery of the sector, the Technology Center in Jundiaí is prepared for engine certifications to meet the requirements of the future stage of PROCONVE P-8 (motor vehicle emission control program).

This year, twenty-three patents were assigned to MAHLE for various products, including piston rings, air filters, bearings, fuel heating assembly and valves.

12. Human Resources

The Human Resources function has gone through substantial changes over the last years, shifting the focus from bureaucratic processes such as personnel management and determining wages and payroll charges. The purpose and role of HR have broken the barriers of traditional thinking and have captured the attention of not only HR professionals but also colleagues from other areas, business partners and leaders to a new approach which puts the human element at the center of the initiatives and the human capital as an essential part of the business strategy.

To put this approach into practice – which is not new or pioneering but poses great challenges of dealing with the individuality of the human being – various initiatives are being planned and implemented to encourage team spirit in our Company and encourage employees to take a more active role in every opportunity to create innovation. In this way we seek to support the business units in managing the organizational and structural changes.

Diversity and communication across business units are vital to our success. We believe that a key to the development and successful implementation of programs and projects of common interest is the involvement of multidisciplinary teams. This plurality strengthens values, such as principles of leadership, which are being disseminated to project managers, leaders and teams to make the mindset shift toward more agile, digital processes that require more autonomy.

In addition to the professional development programs, we have the recruitment organization with professionals connected via corporate network to standardize our recruitment processes and retain and/or attract internal and external talents, and systematically identify personnel qualification requirements for the transformation in our industry. The recruitment strategy encompasses employer branding activities which aim to create a set of offers and associations in exchange for the skills of the potential candidates.

Our HR strategy is also supported by a new HR operating model that is designed to strengthen the HR organization by standardizing and automating processes, systems and structures. This translates into cost savings within the HR department and HR's contribution to the business performance. The HR and IT teams are working together on the implementation of a global HR system.

We are currently focused on preparing our company and our employees for the new trends in the automotive industry in the short, medium and long term. Together we are shaping the future of our industry.

Another HR's mission is to promote active and ongoing relationship with neighboring communities through projects which are anchored by the following pillars: Education & Innovation, Diversity & Inclusion, and Social & Environmental Sustainability.

In this way, we strengthen knowledge and diversity by acting as change agents outside of our organization to build an environment that is more productive and competitive in our organization and better for society.

At December 31, 2020, MAHLE Metal Leve S.A. and its subsidiaries employed 6,818 people.

13. Integrated Management System, Safety at Work & Environment

MAHLE invests heavily in improvements in the workplace and promotes sustainable actions with focus on Respect and Commitment.

Efforts to prevent workplace accidents and improve the quality of life of our employees include the use of occupational accident and health data and commitment from leaders and teams ensuring that employees follow good safety practices. In addition to investments in new equipment and resources, workplace safety communications were implemented to encourage the teams to work more safely. Moreover, our units have been audited and certified in accordance with international standards OHSAS 18001 (Health & Safety) and ISO 14001 (Environment).

The TERRA environmental program in our region is to encourage initiatives and targets focusing on four pillars: Water, Energy, Waste and Effluents. This program is aimed at developing and fostering a culture of sustainability through the appropriate use of natural resources and the deployment of technologies to reduce environmental footprints.

All of these efforts ensure we deliver optimum outcomes, aligned with global best practices and as part of a continuous improvement process.

With regard to Safety and Environment, we worked to reduce the accident frequency rate at our plants; we improved safety culture within the workplace through safety tours and our Safety First campaign that comprises extensive measures to guarantee safety at work. Further, our employees were invited to assume a personal commitment to safety based on the principle that work is never so urgent that we cannot take time to do it safely; and we implemented new Terra program initiatives with impressive environmental benefits.

All our efforts aim to ensure the highest standards in line with global best practices, as part of our continuous improvement process.

In 2020, the pandemic created a new reality and MAHLE, as well as the whole world, had to adapt to this new reality. Relying on our capacity to transform and act with care for our employees and stakeholders, we have implemented numerous preventative measures to help to avoid virus transmission, in compliance with the most stringent requirements, including legal requirements established in Brazil and Group-wide rules and procedures created by MAHLE. Furthermore, specific audits were created and are performed on a periodic basis to assess compliance with procedures and requirements. Our Mogi Guaçu plant installed a manufacturing line to produce disposable face masks using MAHLE technology and following all local recommendations on production of masks. Our employees wear every day the face masks produced by the Company and several entities in the locations where the Company operates receive donations of face masks – a display of respect and commitment to protecting the health of our community.

14. 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 financial year 2020, 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.

15. 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 year ended December 31, 2020 and the opinions expressed in the independent auditor's report.

16. Acknowledgments

We would like to thank our employees, shareholders, customers and suppliers for their continued support and trust in our Company in 2020.

The Management Board

17. Appendices

17.1 Balance Sheet

BALANCE SHEET (CONSOLIDATED)	12/31/2020	12/31/2019
ASSETS	2,796.6	2,327.7
Current assets	1,579.0	1,096.8
Cash and cash equivalents	89.4	80.7
Financial investments	518.4	88.1
Trade and other receivables	465.1	394.3
Inventories	368.9	396.1
Taxes recoverable	52.1	45.9
Current tax assets	52.7	60.2
Other assets	32.4	31.5
Non-current assets	1,217.6	1,230.9
Deferred tax assets	62.1	1.8
Loans from related parties	77.7	37.0
Taxes recoverable	17.8	17.2
Equity-accounted investees	0.2	0.3
Property, plant and equipment	621.9	641.1
Intangible assets	392.0	469.6
Right-of-use assets	13.7	23.0
Other assets	32.2	40.9
LIABILITIES	2,796.6	2,327.7
Current liabilities	1,016.8	587.1
Payroll and related charges	64.4	67.6
Trade payables and payables to related parties	290.0	149.5
Lease liabilities	9.3	8.8
Current tax liabilities	40.9	37.7
Loans and borrowings	402.4	213.9
Provisions	47.8	45.6
Other liabilities	162.0	64.0
Non-current liabilities	437.8	443.6
Loans and borrowings	149.9	180.2
Lease liabilities	6.3	16.2
Deferred tax liabilities	1.3	3.1
Provision for contingencies and judicial deposits associated with lawsuits	274.6	235.3
Other liabilities	5.7	8.8
Consolidated equity	1,342.0	1,297.0
Share capital	966.3	966.3
Revenue reserves	314.3	308.0
Special reserve	175.6	-
Additional dividends proposed	48.6	175.6
Carrying value adjustments	20.9	36.6
Cumulative translation adjustments	(177.7)	(182.9)
Non-controlling interests	(6.0)	(6.6)

17.2 Statement of Income

STATEMENT OF INCOME (CONSOLIDATED)	12/31/2020 (a)	12/31/2019 (b)	Change (a/b)
Net revenue from sales and/or services	2.402.6	2.526.2	-4.9%
Cost of sales	(1,775.6)	(1,885.9)	-5.8%
Gross profit	627.0	640.3	-2.1%
Operating income (expenses)	(433.4)	(294.9)	47.0%
Selling expenses	(166.8)	(165.3)	0.9%
Impairment loss on trade receivables	0.9	(1.6)	-156.3%
General and administrative expenses	(95.4)	(85.7)	11.3%
Research and development expenses	(64.1)	(83.7)	-23.4%
Other operating income (expenses), net	(148.0)	(6.8)	-2076.5%
Gains (losses) on inflation adjustment	40.1	48.4	-17.1%
Share of loss of equity-accounted investees	(0.1)	(0.2)	-50.0%
Profit before finance income (costs)	193.6	345.4	-43.9%
Finance income	216.3	115.9	86.6%
Finance costs	(302.3)	(157.3)	92.2%
Profit before tax	107.6	304.0	-64.6%
Current income tax and social contribution	(38.3)	(38.6)	-0.8%
Deferred income tax and social contribution	52.9	(9.6)	-651.0%
Profit for the year	122.2	255.8	-52.2%
Profit attributable to owners of the Company	124.5	259.0	-51.9%
Profit attributable to non-controlling interests	(2.3)	(3.2)	28.1%
Basic/diluted earnings per share (Reais)	0.97053	2.01883	-51.9%

17.3 Statement of Cash Flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	12/31/2020	12/31/2019
Cash flows from operating activities		
Profit before tax	107.6	304.1
Depreciation and amortization	103.0	95.4
Share of loss of equity-accounted investees	0.1	0.2
Interest and foreign exchange and monetary variations, net	130.5	29.8
Unrealized gain (loss) on derivative financial instruments	(1.4)	0.0
Gain on sale of property, plant and equipment	(0.4)	(2.1)
(Reversal of) impairment losses on trade receivables	0.8	0.3
(Reversal of) provision for contingencies	49.4	(22.1)
(Reversal of) provision for warranties	3.8	2.3
(Reversal of) sundry provisions	2.4	2.5
(Reversal of) impairment losses on property, plant and equipment and intangible assets	76.3	0.1
(Reversal of) provision for inventory loss	49.4	4.2
Interest expense on lease liabilities	2.2	2.8
Write-off of discontinued intangible assets	45.2	0.0
Impairment of goodwill	29.7	0.0
Gains (losses) on inflation adjustment	(40.1)	(48.4)
Changes in assets and liabilities		
Trade and other receivables	(71.6)	43.0
Inventories	(21.9)	2.3
Taxes recoverable	20.5	62.6
Other assets	8.2	(6.4)
Trade payables and payables to related parties	140.5	(7.3)
Payroll and related charges	(3.2)	(14.7)
Tax liabilities	3.1	(3.6)
Other liabilities	(20.1)	(26.7)
Cash generated from operating activities	539.1	418.3
Income tax and social contribution paid	(47.4)	(69.9)
Net cash from operating activities	491.7	348.4
Net cash used in investing activities	(91.5)	(86.6)
Loans to related parties	(692.3)	(570.6)
Loan payments from related parties	666.9	574.5
Acquisition of property, plant and equipment	(68.3)	(86.6)
Additions to intangible assets	(0.3)	(6.9)
Proceeds from sale of property, plant and equipment	2.5	3.0
Net cash from (used in) financing activities	21.4	(194.0)
Proceeds from loans and borrowings	352.7	328.5
Principal payments on loans and borrowings	(289.7)	(225.1)
Interest payments on loans and borrowings	(13.0)	(12.6)
Dividends and interest on capital paid	(20.9)	(276.1)
Capital contribution	2.9	-
Payments of the principal portion and interest portion of lease liabilities	(10.6)	(8.7)
Effects of movements in exchange rates on cash and cash equivalents	17.4	3.3
Increase in cash and cash equivalents	439.0	71.1
Cash and cash equivalents at the beginning of the year	168.8	97.6
Cash and cash equivalents at the end of the year	607.8	168.8
Net increase in cash and cash equivalents	439.0	71.2