

3Q20 Conference Call
MAHLE Metal Leve S.A.

Investor Relations | November 12, 2020



MAHLE

Agenda

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3Q20 Conference Call

- **Net sales revenue:** R\$ 691.2 million in 3Q20, which represents an increase of 7.1% (versus 3Q19). In 9M20 net sales revenue was -15.8% (versus 9M19);
- **Domestic Aftermarket:** in the 3Q20 an increase of 35.3% (versus 3Q19), while in 9M20 we almost reached the levels of 2019 (sales reduction was 0.5%);
- **Export Aftermarket:** 21.2% of increase in the 3Q20 (versus 3Q19); in 9M20 the sales reduction was 8.1% (versus 9M19);
- **Domestic OE:** in the 3Q20 the Company recorded a sales reduction of 21.8% when compared to 3Q19, while in 9M20 the sales reduction was 32.1% versus 9M19;
- **MBE2 technology:**
 - Impairment in the amount of R\$ 45.1 million related to expenses with the development of technology and the right to exclusive production and commercialization and R\$ 36.2 million related to the provision for losses in inventories;
 - On November 10, 2020, according to the Material Fact disclosed on this date, the BoD approved the shutdown of technology development activities.

- **Gross margin:** in 3Q20 it reached 27.7% (27.6% in 3Q19).




| Key indicators | | | | | | | | |
|-------------------------------------|-------|--------|-------|-----------|-----------|---------|---------|-----------|
| (R\$ million) | 3Q20 | 2Q20 | 3Q19 | (a/b) | (a/c) | 9M20 | 9M19 | (d/e) |
| | (a) | (b) | (c) | | | (d) | (e) | |
| Net revenue | 691.2 | 360.9 | 645.5 | 91.5% | 7.1% | 1,625.9 | 1,930.5 | -15.8% |
| EBITDA | 88.2 | (14.9) | 129.1 | -691.9% | -31.7% | 164.8 | 364.3 | -54.8% |
| Adjusted EBITDA ¹ | 169.5 | 14.3 | 129.1 | 1085.3% | 31.3% | 275.3 | 364.3 | -24.4% |
| EBITDA margin | 12.8% | -4.1% | 20.0% | 16,9 p.p. | -7,2 p.p. | 10.1% | 18.9% | -8,8 p.p. |
| Adjusted EBITDA margin ¹ | 24.5% | 4.0% | 20.0% | 20,5 p.p. | 4,5 p.p. | 16.9% | 18.9% | -2 p.p. |
| Profit for the year | 41.7 | (39.5) | 69.2 | -205.6% | -39.7% | 23.7 | 192.8 | -87.7% |
| Adjusted net income ² | 95.4 | (17.5) | 69.2 | -645.1% | 37.9% | 99.4 | 192.8 | -48.4% |
| Net margin | 6.0% | -10.9% | 10.7% | 16,9 p.p. | -4,7 p.p. | 1.5% | 10.0% | -8,5 p.p. |
| Adjusted net margin ² | 13.8% | -4.9% | 10.7% | 18,7 p.p. | 3,1 p.p. | 6.1% | 10.0% | -3,9 p.p. |

¹ Adjustment in EBITDA due to: Impairment of R \$ 29.2 million (9M20) of goodwill of subsidiary MAHLE Argentina S.A .; Impairment of R\$ 81.3 million (3Q20 and 9M20) 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\$ 27.6 million respectively).

Brazil & Argentina Registration and Production (9M20 x 9M19)



| Light vehicles (ths) |  Brazil |  Argentina |  Total |
|----------------------|--|---|---|
| Sales | 1,301.7 -32.9% | 209.0 -28.2% | 1,510.7 -32.3% |
| Production | 1,258.4 -41.5% | 165.7 -31.3% | 1,424.1 -40.4% |



| Medium and heavy vehicle (ths) |  Brazil |  Argentina |  Total |
|--------------------------------|--|---|---|
| Sales | 106.0 -13.4% | 10.9 -23.9% | 116.9 -14.5% |
| Production | 105.7 -29.7% | 3.7 -40.0% | 109.5 -30.2% |

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

Vehicle production in the main exports markets

| Vehicle Production in the main export market (in thousands) | | | |
|---|---------------------|---------------------|---------------|
| Segment | Jan-Sep 2020 (A) | Jan-Sep 2019 (B) | A/B |
| Production of Light vehicle | 9,143 | 12,478 | -26.7% |
| Production of medium and heavy vehicle | 282 | 515 | -45.2% |
| North America | 9,424 | 12,993 | -27.5% |
| Production of Light vehicle | 11,212 | 16,093 | -30.3% |
| Production of medium and heavy vehicle | 319 | 483 | -34.0% |
| Europe | 11,531 | 16,576 | -30.4% |
| Total Vehicle Production | 20,955 | 29,570 | -29.1% |

Source: IHS

Net Revenues Performance by Market Quarter

| Net revenue by market (R\$ Million) | | 3Q20 (a) | Volume/Price (b) | FX-Variation (c) | 3Q19 (d) | % volume/price impact (b/d) | % FX-impacts (c/d) | H.A. (%) (a/d) |
|--|-----------------------|--------------|---------------------|---------------------|--------------|--------------------------------------|-----------------------|----------------------|
| Original equipment | Domestic ¹ | 165.7 | (45.8) | (0.4) | 211.9 | -21.6% | -0.2% | -21.8% |
| | Export | 226.8 | (26.9) | 46.1 | 207.6 | -13.0% | 22.2% | 9.2% |
| | Subtotal | 392.5 | (72.7) | 45.7 | 419.5 | -17.3% | 10.9% | -6.4% |
| Aftermarket | Domestic ¹ | 238.2 | 64.8 | (2.7) | 176.1 | 36.8% | -1.5% | 35.3% |
| | Export | 60.5 | (7.3) | 17.9 | 49.9 | -14.7% | 35.9% | 21.2% |
| | Subtotal | 298.7 | 57.5 | 15.2 | 226.0 | 25.5% | 6.7% | 32.2% |
| Total | | 691.2 | (15.2) | 60.9 | 645.5 | -2.3% | 9.4% | 7.1% |

¹ Domestic market includes Brazil and Argentina.

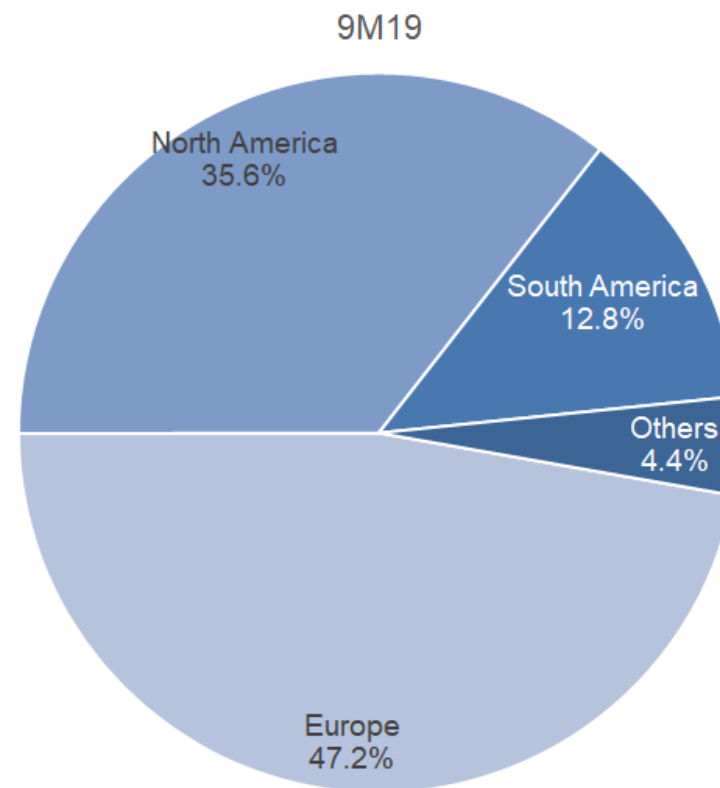
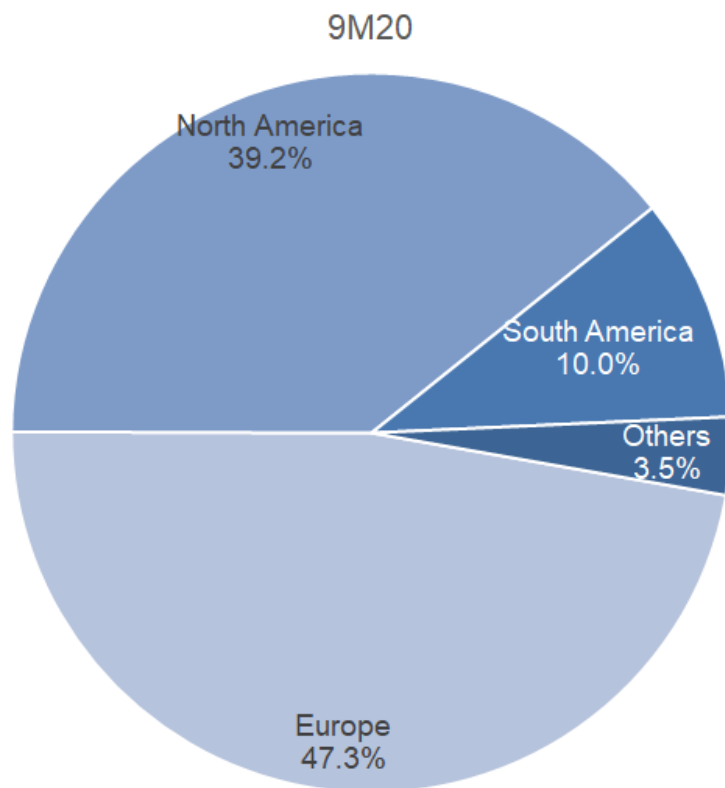
Net Revenues Performance by Market

Year-to-date

| Net revenue by market (R\$ Million) | | 9M20 (a) | Volume/Price (b) | FX-Variation (c) | 9M19 (d) | % volume/price impact (b/d) | % FX-impacts (c/d) | H.A. (%) (a/d) |
|--|-----------------------|----------------|---------------------|---------------------|----------------|--------------------------------------|-----------------------|----------------------|
| Original equipment | Domestic ¹ | 405.3 | (190.5) | (0.8) | 596.6 | -32.0% | -0.1% | -32.1% |
| | Export | 590.3 | (161.0) | 62.0 | 689.3 | -23.4% | 9.0% | -14.4% |
| | Subtotal | 995.6 | (351.5) | 61.2 | 1,285.9 | -27.3% | 4.7% | -22.6% |
| Aftermarket | Domestic ¹ | 495.8 | 6.3 | (8.8) | 498.3 | 1.3% | -1.8% | -0.5% |
| | Export | 134.5 | (41.2) | 29.4 | 146.3 | -28.2% | 20.1% | -8.1% |
| | Subtotal | 630.3 | (34.9) | 20.6 | 644.6 | -5.4% | 3.2% | -2.2% |
| Total | | 1,625.9 | (386.4) | 81.8 | 1,930.5 | -20.0% | 4.2% | -15.8% |

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) | 3Q20 (a) | 3Q19 (b) | V.A. (%) (a) | V.A. (%) (b) | H.A. (%) (a/b) | 9M20 (c) | 9M19 (d) | V.A. (%) (c) | V.A. (%) (d) | H.A. (%) (c/d) |
|------------------------------|--------------|--------------|--------------------|--------------------|----------------------|----------------|----------------|--------------------|--------------------|----------------------|
| Net sales revenue | 691.2 | 645.5 | 100.0% | 100.0% | 7.1% | 1,625.9 | 1,930.5 | 100.0% | 100.0% | -15.8% |
| Cost of sales | (499.6) | (467.2) | -72.3% | -72.4% | 6.9% | (1,228.7) | (1,418.2) | -75.6% | -73.5% | -13.4% |
| Gross profit | 191.6 | 178.3 | 27.7% | 27.6% | 7.5% | 397.2 | 512.3 | 24.4% | 26.5% | -22.5% |
| Gross margin | 27.7% | 27.6% | | | 0,1 p.p. | 24.4% | 26.5% | | | -2,1 p.p. |

Summary P&L Expenses

■ Selling expenses:

- Various smaller impacts e.g. exposure in foreign currency of some expenses, combined with use of freight in the face of the pandemic “resumption” scenario.

■ General and Administrative expenses:

- Several factors such as changes in expenses with maintenance, materials and utilities, and the effects of restructuring and inflation (Argentina).

■ 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) | 3Q20 (a) | 3Q19 (b) | V.A. (%) (a) | V.A. (%) (b) | H.A. (%) (a/b) | 9M20 (c) | 9M19 (d) | V.A. (%) (c) | V.A. (%) (d) | H.A. (%) (c/d) |
|---|--------------|--------------|--------------------|--------------------|----------------------|----------------|----------------|--------------------|--------------------|----------------------|
| Net sales revenue | 691.2 | 645.5 | 100.0% | 100.0% | 7.1% | 1,625.9 | 1,930.5 | 100.0% | 100.0% | -15.8% |
| Selling and distribution expenses | (41.4) | (42.0) | -6.0% | -6.5% | -1.4% | (118.9) | (122.3) | -7.3% | -6.3% | -2.8% |
| General and administrative expenses | (24.2) | (18.9) | -3.5% | -2.9% | 28.0% | (68.9) | (61.3) | -4.2% | -3.2% | 12.4% |
| Technology and product development expenses | (13.1) | (19.1) | -1.9% | -3.0% | -31.4% | (43.3) | (63.0) | -2.7% | -3.3% | -31.3% |
| Other operating income (expenses) | (61.2) | (2.1) | -8.9% | -0.3% | 2814.3% | (106.8) | (4.6) | -6.6% | -0.2% | -2221.7% |

Operating income measured by the EBITDA

| | Amount | Margin |
|--|--------------|--------------|
| EBITDA 3Q19 | 129.1 | 20.0% |
| Gross profit | 13.3 | |
| Selling and distribution expenses | 0.6 | |
| General and administrative expenses | -5.3 | |
| Technology and product development expenses | 6.0 | |
| Other operating income (expenses) | -59.1 | |
| Equity in the results of investees | 0.1 | |
| Gains/losses on net monetary position | 1.3 | |
| Depreciation | 2.2 | |
| EBITDA 3Q20 | 88.2 | 12.8% |
| Impairment (subsidiary MAHLE Argentina S.A.) | 0.0 | |
| Impairment (MBE2) Intangible | 45.1 | |
| Impairment (MBE2) Inventories | 36.2 | |
| Adjusted EBITDA 3Q20 | 169.5 | 24.5% |

| | Amount | Margin |
|--|--------------|--------------|
| EBITDA 9M19 | 364.3 | 18.9% |
| Gross profit | -115.1 | |
| Selling and distribution expenses | 3.4 | |
| General and administrative expenses | -7.6 | |
| Technology and product development expenses | 19.7 | |
| Other operating income (expenses) | -102.2 | |
| Equity in the results of investees | 0.0 | |
| Gains/losses on net monetary position | -5.6 | |
| Depreciation | 7.9 | |
| EBITDA 9M20 | 164.8 | 10.1% |
| Impairment (subsidiary MAHLE Argentina S.A.) | 29.2 | |
| Impairment (MBE2) Intangible | 45.1 | |
| Impairment (MBE2) Inventories | 36.2 | |
| Adjusted EBITDA 9M20 | 275.3 | 16.9% |

Net financial result

| Finance income and costs (R\$ million) | 3Q20 (a) | 3Q19 (b) | Var. (a - b) | 9M20 (c) | 9M19 (d) | Var. (c - d) |
|--|---------------|---------------|-----------------|---------------|---------------|-----------------|
| Interest income on financial investments | 2.0 | 1.3 | 0.7 | 6.2 | 3.4 | 2.8 |
| Interest on loans | (7.0) | (3.7) | (3.3) | (17.9) | (10.7) | (7.2) |
| Other income | 0.0 | 0.5 | (0.5) | 1.8 | 1.7 | 0.1 |
| Finance costs, net | (5.0) | (1.9) | (3.1) | (9.9) | (5.6) | (4.3) |
| 1. Accounts receivable / Accounts payable Exchange Variation (1.1. + 1.2.) | 7.1 | 5.2 | 1.9 | 31.8 | 10.6 | 21.2 |
| 1.1. Exchange Variation | 11.0 | 12.8 | (1.8) | 66.6 | 14.8 | 51.8 |
| 1.2. FX-Hedging | (3.9) | (7.6) | 3.7 | (34.8) | (4.2) | (30.6) |
| 2. ACC Exchange Variation | (12.1) | (6.7) | (5.4) | (88.0) | (7.2) | (80.8) |
| 3. Other transactios | 4.5 | (0.4) | 4.9 | 14.8 | (1.9) | 16.7 |
| Exchange variation and Gain (loss) on derivatives (ii) - (1+2+3) | (0.5) | (1.9) | 1.4 | (41.4) | 1.5 | (42.9) |
| Monetary variation, net | (8.7) | (6.5) | (2.2) | (19.3) | (22.1) | 2.8 |
| Other | 0.9 | (0.2) | 1.1 | (3.1) | (2.6) | (0.5) |
| Monetary variation, net + Others (iii) | (7.8) | (6.7) | (1.1) | (22.4) | (24.7) | 2.3 |
| Finance income (costs) (i + ii + iii) | (13.2) | (10.5) | (2.7) | (73.6) | (28.8) | (44.8) |

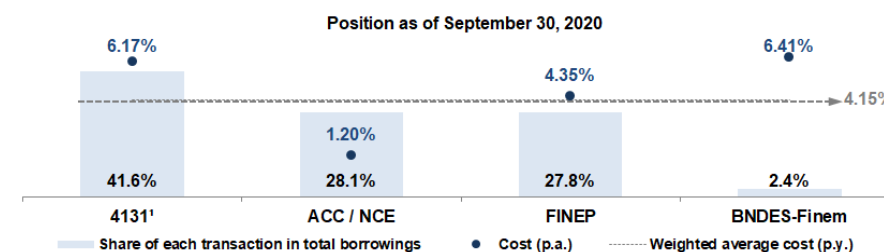
| Interest rates and volumes (average) | 3Q20 (a) | 3Q19 (b) | Var. (a - b) | 9M20 (c) | 9M19 (d) | Var. (c - d) |
|--------------------------------------|-------------|-------------|-----------------|-------------|-------------|-----------------|
| Investment Yield | 2.9% | 5.5% | -2,6 p.p. | 3.3% | 5.9% | -2,6 p.p. |
| Cost of debt | 4.2% | 4.1% | 0,1 p.p. | 4.0% | 4.1% | -0,1 p.p. |
| Investments - average (R\$ million) | 425.1 | 106.5 | 299.2% | 348.5 | 97.7 | 256.7% |
| Average debt (R\$ million) | (617.1) | (382.2) | 61.5% | (597.5) | (376.7) | 58.6% |

Indebtedness

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

| Net indebtedness (R\$ million) | 09.30.2020 (a) | 12.31.2019 (b) | Variation (a-b) | % Debt (a) | % Debt (b) |
|---|-------------------|-------------------|--------------------|---------------|---------------|
| Cash / banks / cash investments/ Loans - related parties (i): | 587.9 | 205.8 | 382.1 | | |
| Liabilities (ii) | (620.9) | (394.1) | (226.8) | 100% | 100% |
| Short-term | (462.7) | (213.9) | (248.8) | 75% | 54% |
| Long-term | (158.2) | (180.2) | 22.0 | 25% | 46% |
| Net position (i - ii) | (33.0) | (188.3) | 155.3 | | |

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



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

| | | | | | | | | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|----------------|---------------|---------------|---------------|---------------|
| Short-term (R\$ million) | 462.7 Total | 35.4 Oct/20 | 11.1 Nov/20 | 22.2 Dec/20 | 28.8 Jan/21 | 22.2 Feb/21 | 260.5 Mar/21 | 2.4 Apr/21 | 68.7 May/21 | 2.5 Jun/21 | 2.5 Jul/21 | 2.5 Aug/21 | 3.9 Sep/21 |
| Long-term (R\$ million) | 158.2 Total | 8.2 2021 | 38.6 2022 | 38.6 2023 | 14.9 2024 | 10.2 2025 | 10.2 2026 | 10.2 2027 | 10.2 2028 | 9.0 2029 | 8.1 2030 | | |

Capex and Depreciation

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

| CAPEX & Depreciation (R\$ million) | 3Q20 | 3Q19 | 9M20 | 9M19 |
|------------------------------------|------|------|------|------|
| Capex | 8.9 | 21.6 | 17.5 | 56.8 |
| Total depreciation | 26.8 | 24.4 | 78.2 | 70.5 |

| Capex | 3Q20 | 3Q19 | 9M20 | 9M19 |
|------------------------|-------|-------|-------|-------|
| % of Net sales revenue | 1.3% | 3.3% | 1.1% | 2.9% |
| % of Depreciation | 33.2% | 88.6% | 22.4% | 80.6% |



Questions & Answers

MAHLE