Earnings release – 3Q18 and 9M18

Iochpe-Maxion S.A.



November 09, 2018

Highlights – 3Q18

- Consolidated net operating revenue of R$ 2,617.3 million in 3Q18, an increase of 35.4% compared to 3Q17
- Revenue from domestic sales of R$ 626.8 million in 3Q18, an increase of 25.3% over 3Q17
- Growth in Reais of 39.0% in revenue from international sales in 3Q18 compared to 3Q17. Excluding the effects of the Exchange rate variation, net operating revenue would have increased 12.0%
- EBITDA of R$ 312.0 million, an increase of 41.7% compared to 3Q17
- Net income of R$ 93.5 million in 3Q18, an improvement over the net loss of R$ 28.7 million in 3Q17
- Net bank indebtedness of R$ 2,602.9 million in 3Q18 (R$ 2,282.2 million in 3Q17). Financial leverage (net bank indebtedness/ EBITDA LTM) decreased from 2.89x at the end of 3Q17 to 2.57x at the end of 3Q18

Market performance

- **Automotive Market** (units produced)

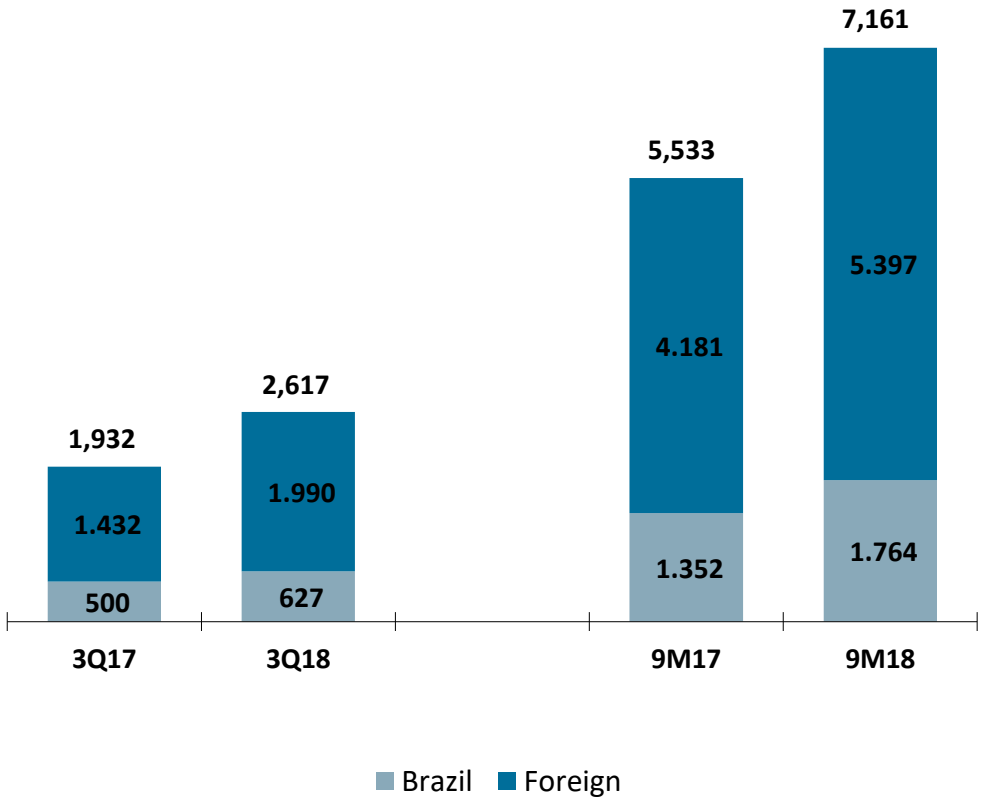
PRODUCTION	BRAZIL[1]			NAFTA[2]			EUROPE[2]		
Segment	**3Q17**	**3Q18**	**Var.**	**3Q17**	**3Q18**	**Var.**	**3Q17**	**3Q18**	**Var.**
Light Vehicles	694,339	724,463	*4.3%*	3,970,125	4,097,786	*3.2%*	4,543,642	4,372,362	*-3.8%*
Commercial Vehicles	29,335	35,763	*21.9%*	137,709	148,607	*7.9%*	119,126	122,371	*2.7%*
Total Vehicles	**723,674**	**760,226**	***5.1%***	**4,107,834**	**4,246,393**	***3.4%***	**4,662,768**	**4,494,733**	***-3.6%***
Agricultural Machinery	14,480	19,297	*33.3%*	N/A	N/A		N/A	N/A	

Segment	**9M17**	**9M18**	**Var.**	**9M17**	**9M18**	**Var.**	**9M17**	**9M18**	**Var.**
Light Vehicles	1,910,835	2,094,449	*9.6%*	12,954,697	12,833,456	*-0.9%*	15,394,592	15,406,844	*0.1%*
Commercial Vehicles	75,329	100,305	*33.2%*	391,586	442,578	*13.0%*	368,237	378,661	*2.8%*
Total Vehicles	**1,986,164**	**2,194,754**	***10.5%***	**13,346,283**	**13,276,034**	***-0.5%***	**15,762,829**	**15,785,505**	***0.1%***
Agricultural Machinery	42,314	46,197	*9.2%*	N/A	N/A		N/A	N/A	

Source: Brazil (ANFAVEA), NAFTA and Europe (IHS Automotive – light vehicles and LMC Automotive – commercial vehicles)

Europe: considers EU27 + Turkey

Net Operating Revenue – R$ million



Δ 3Q18x3Q17
- Consolidated: 35.4%
- Foreign: 39.0%
- Brazil: 25.3%

Δ 9M18x9M17
- Consolidated: 29.4%
- Foreign: 29.1%
- Brazil: 30.4%

Adjusted by exchange rate variation

Δ 3Q18x3Q17
- Consolidated: 15.4%
- Foreign: 12.0%
- Brazil: 25.3%

Δ 9M18x9M17
- Consolidated: 14.6%
- Foreign: 9.4%
- Brazil: 30.4%

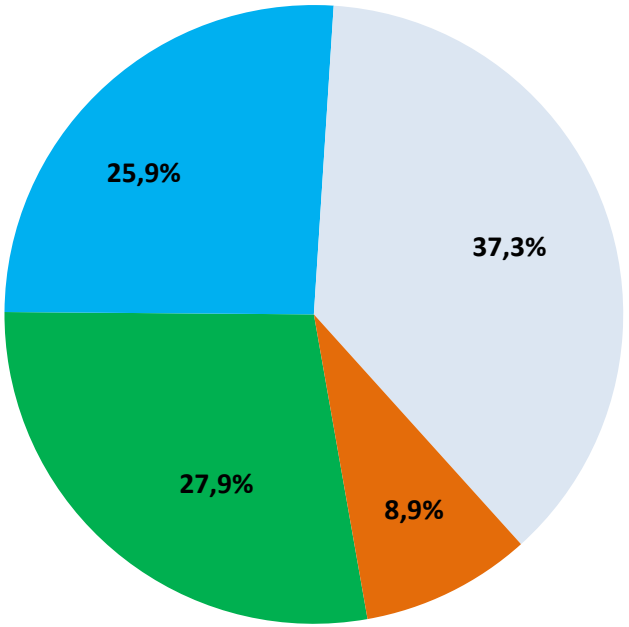
Net Operating Revenue by Region – R$ million

Net Operating Revenue- R$ thousand	3Q17	3Q18	Var.
South America	500,175	626,844	25.3%
North America	538,733	845,809	57.0%
Europe	721,436	893,816	23.9%
Asia and Others	172,106	250,841	45.7%
Total	**1,932,451**	**2,617,310**	**35.4%**

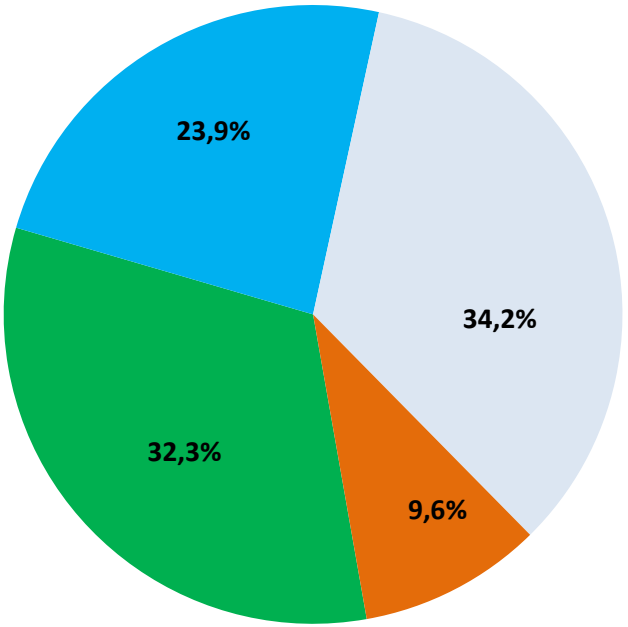
Net Operating Revenue- R$ thousand	9M17	9M18	Var.
South America	1,352,338	1,763,948	30.4%
North America	1,613,968	2,081,221	29.0%
Europe	2,089,041	2,633,825	26.1%
Asia + Others	477,949	681,554	42.6%
Total	**5,533,296**	**7,160,547**	**29.4%**

Net Operating Revenue by Region – (%)

3Q17

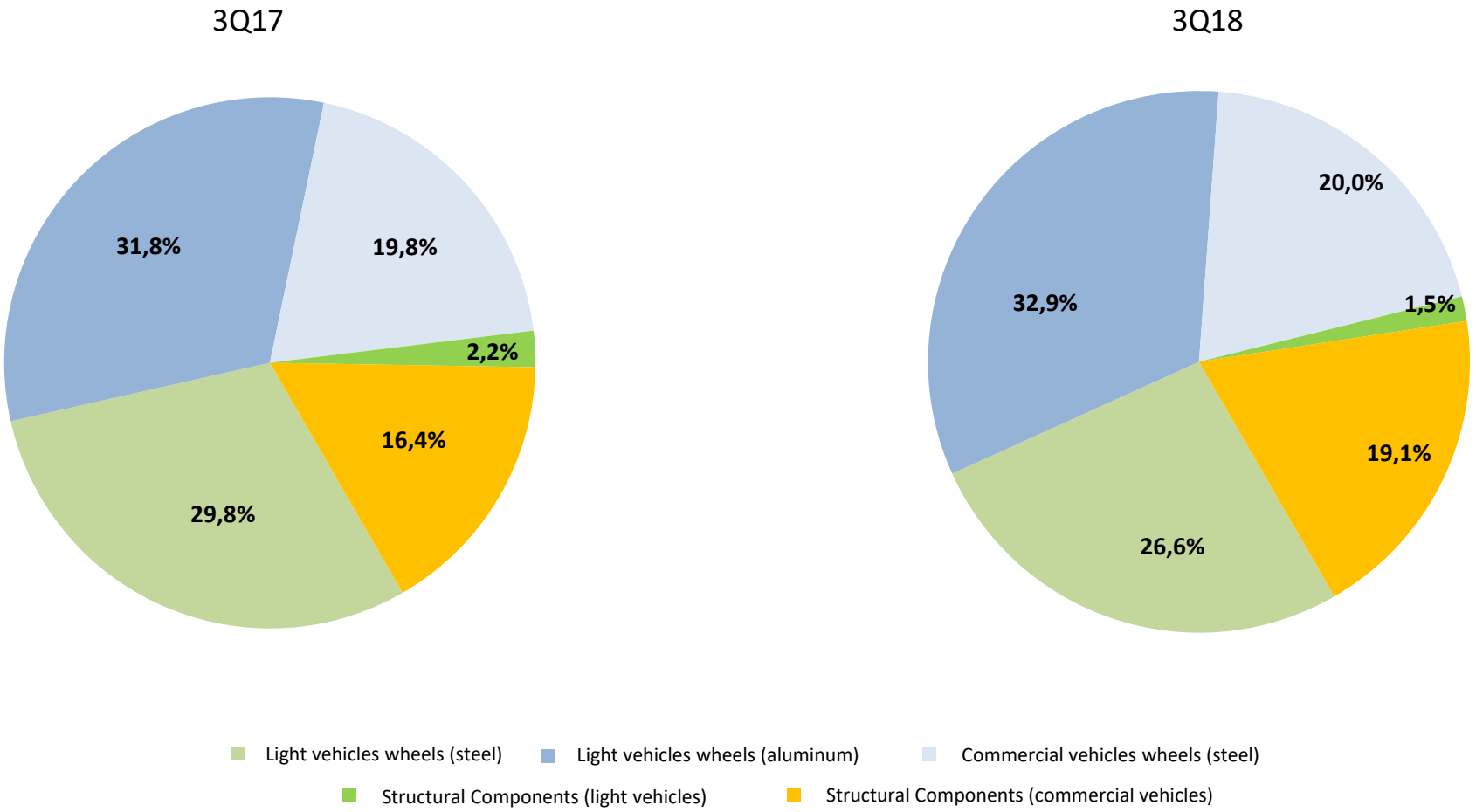


3Q18

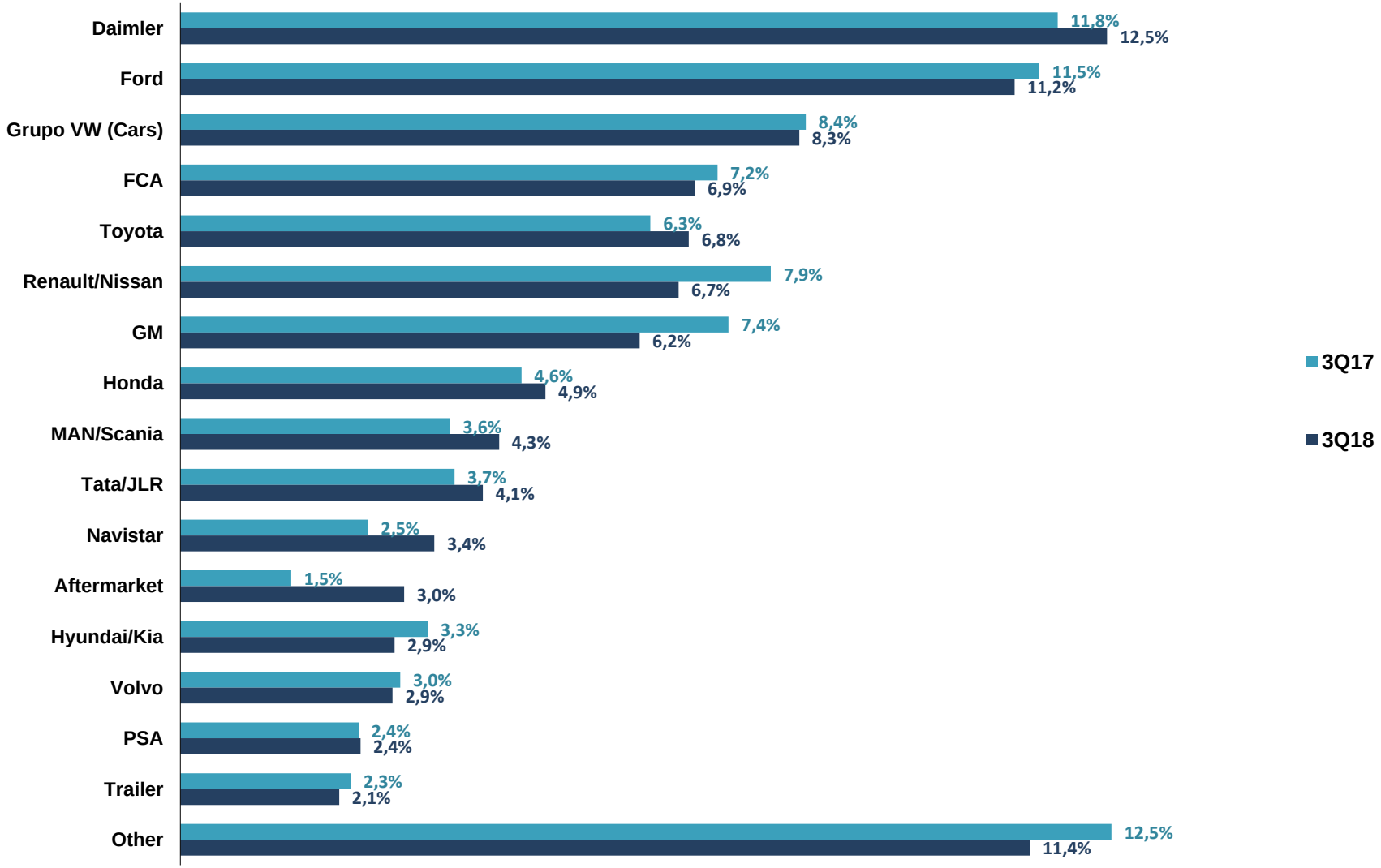


North America South America Europe Asia + Others

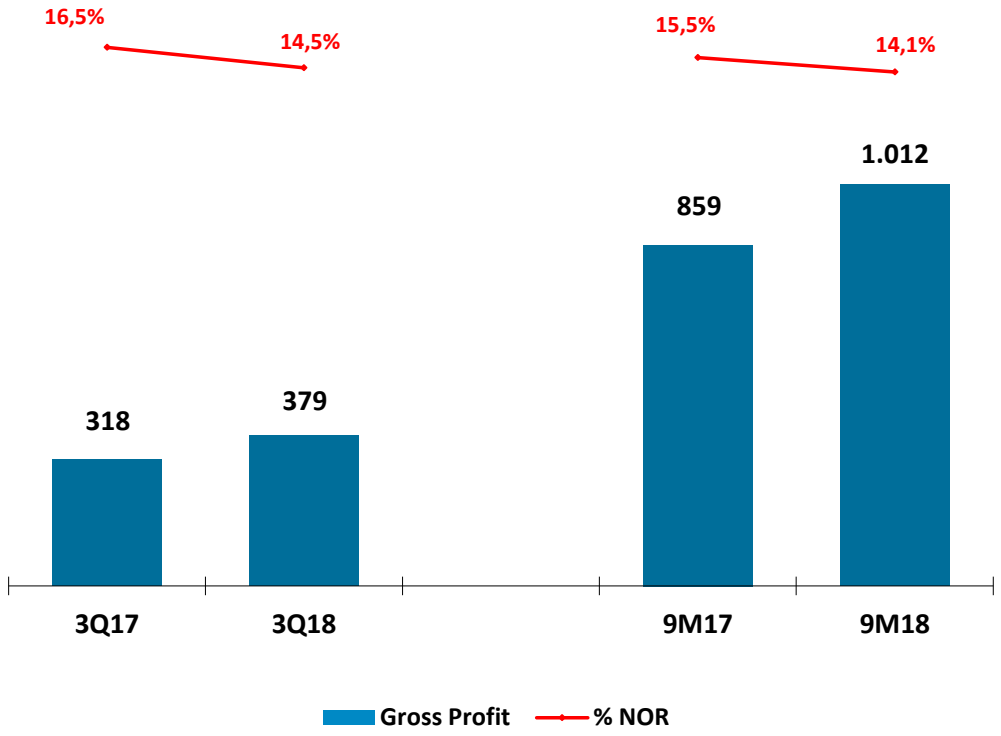
Net Operating Revenue by Region – (%)



Revenue by Customer



Gross Profit – R$ million

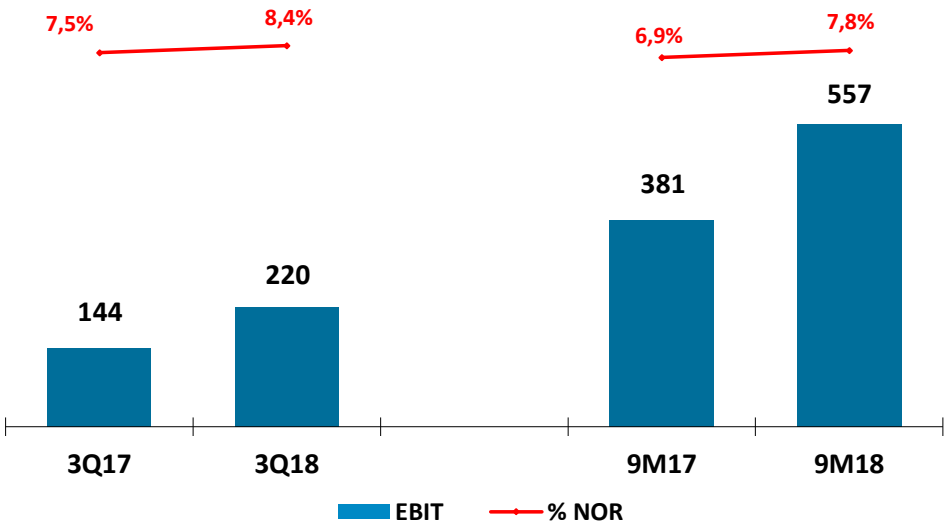


- Δ 3Q18 – 3Q17 = 19.1%
- Δ 9M18 – 9M17 = 17.8%

[1] Considering the reclassification (CPC47/IFRS15) of freights related to the sales of the line of expenses for the line of costs of goods sold in 2017, the gross margin would have been 14.3% in 3Q17 and 14.0% in 9M17.

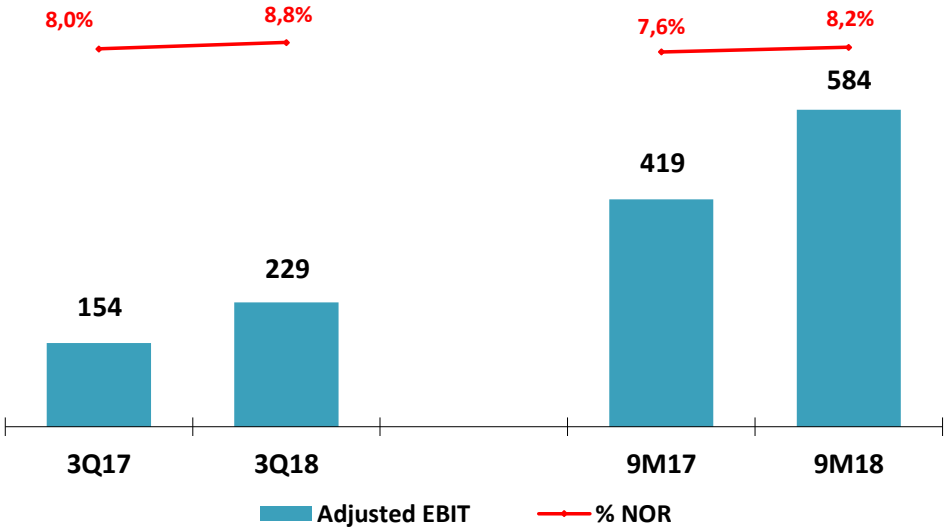
Earnings Before Interest and Tax (EBIT) – R$ million

Reported



- Δ 3Q18 – 3Q17 = 52.6%
- Δ 9M18 – 9M17 = 46.2%

Adjusted with non-recurring effects



- Δ 3Q18 – 3Q17 = 48.4%
- Δ 9M18 – 9M17 = 39.3%

Main non-recurring effects

3Q18 - Operating and legal expenses in Brazil **(positive adjustment of R$ 9.4 million)**

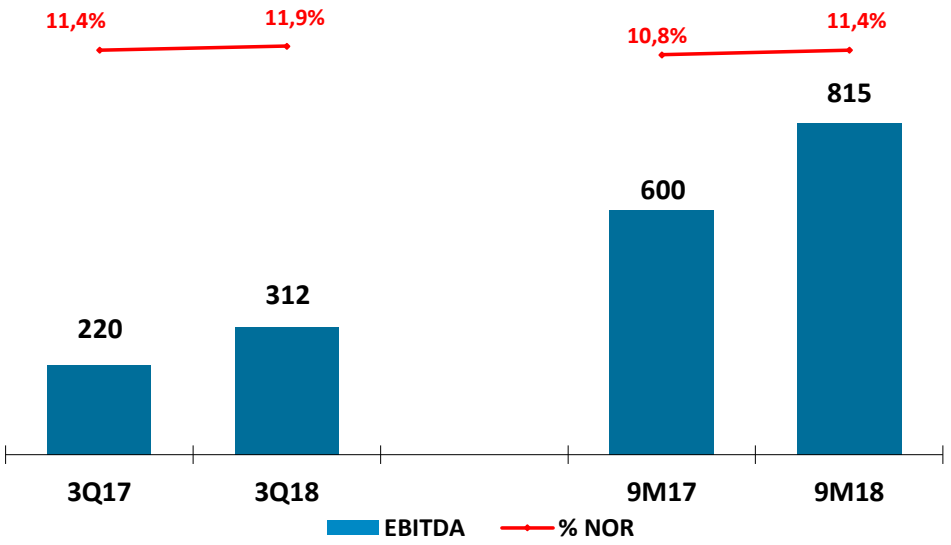
9M18 – Operating and legal expenses in Brazil **(positive adjustment of R$ 27.4 million)**

3Q17 - Fair value of the options granted to the other shareholders of AmstedMaxion Fundição, cost structure adjustment and legal expenses **(positive adjustment of R$ 10.4 million)**

9M17 – Cost structure adjustment in international offices and negative no cash effect related to the capitalization in AmstedMaxion **(positive adjustment of R$ 38.4 million)**

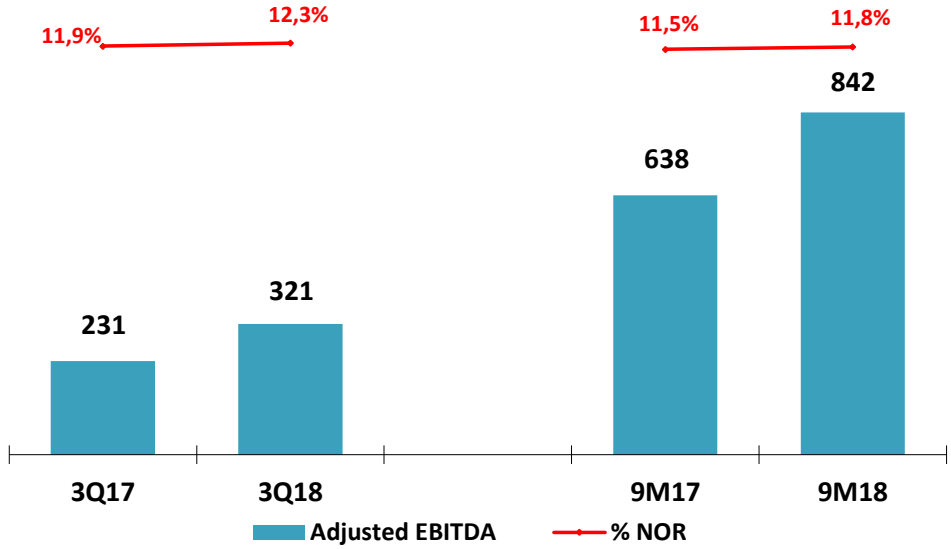
EBITDA – R$ million

Reported



- Δ 3Q18 – 3Q17 = 41.7%
- Δ 9M18 – 9M17 = 35.8%

Adjusted with non-recurring effects



- Δ 3Q18 – 3Q17 = 39.3%
- Δ 9M18 – 9M17 = 31.9%

Main non-recurring effects

3Q18 - Operating and legal expenses in Brazil **(positive adjustment of R$ 9.4 million)**

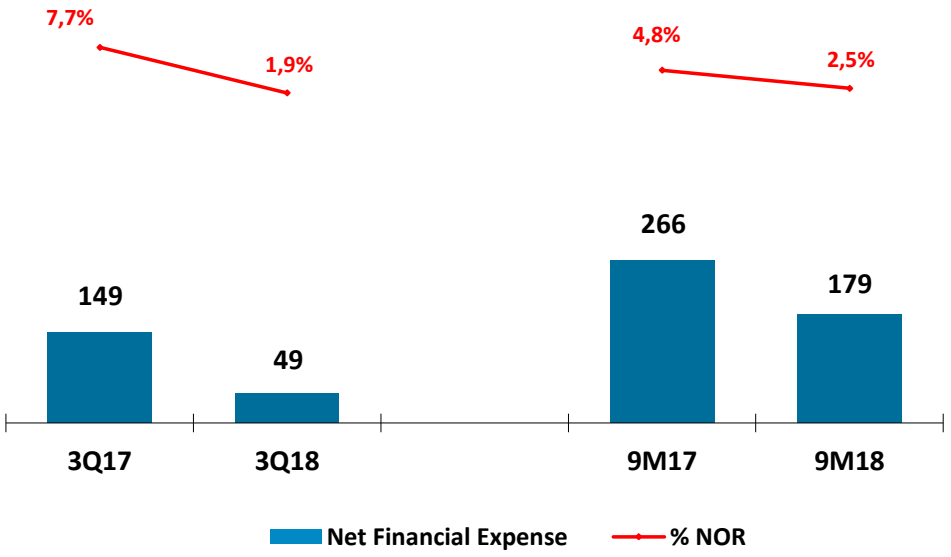
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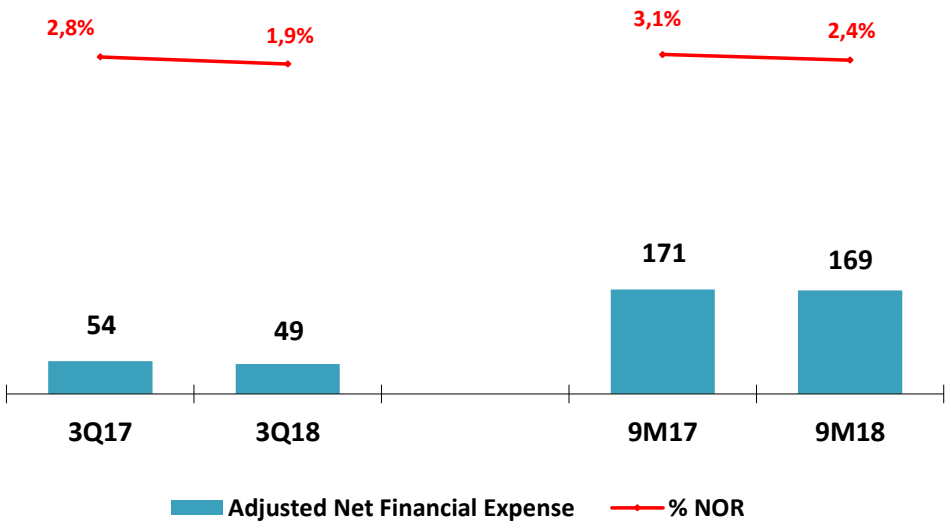
Net Financial Expense – R$ million

Reported



- Δ 3Q18 – 3Q17 = -67.0%
- Δ 9M18 – 9M17 = -33.0%

Adjusted



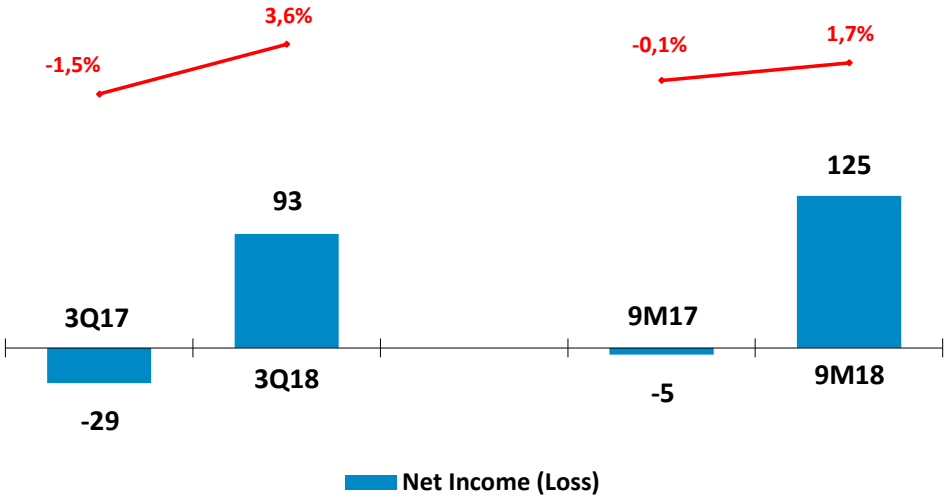
- Δ 3Q18 – 3Q17 = -8.4%
- Δ 9M18 – 9M17 = -1.1%

3Q17 - Non-cash accounting adjustment of the variation of the fair value of the warrants and convertible debentures **(positive adjustment of R$ 95.3 million)**

9M18 - Non-cash accounting adjustment of the variation of the fair value of the warrants and convertible debentures **(positive adjustment of R$ 9.2 million)**

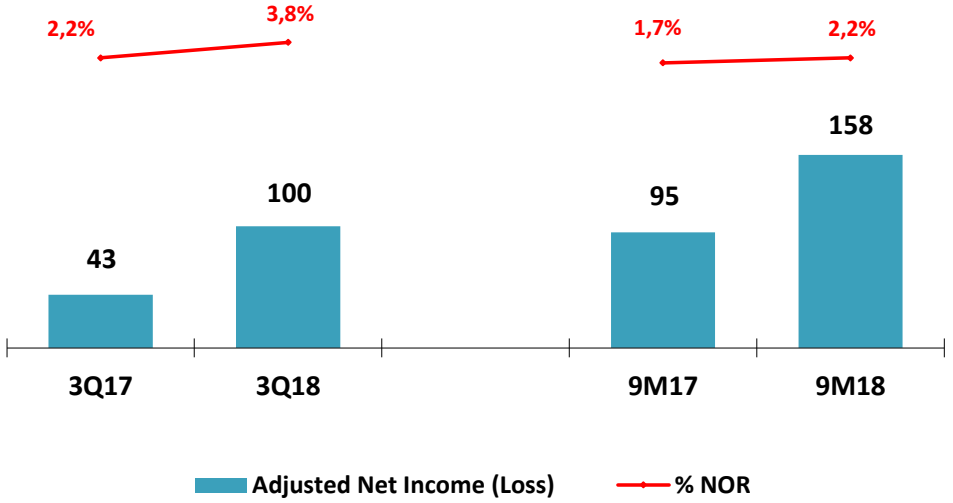
Net Income (Loss) – R$ million

Reported



- Δ 3Q18 – 3Q17 = 425.5%
- Δ 9M18 – 9M17 = 2,407.6%

Adjusted

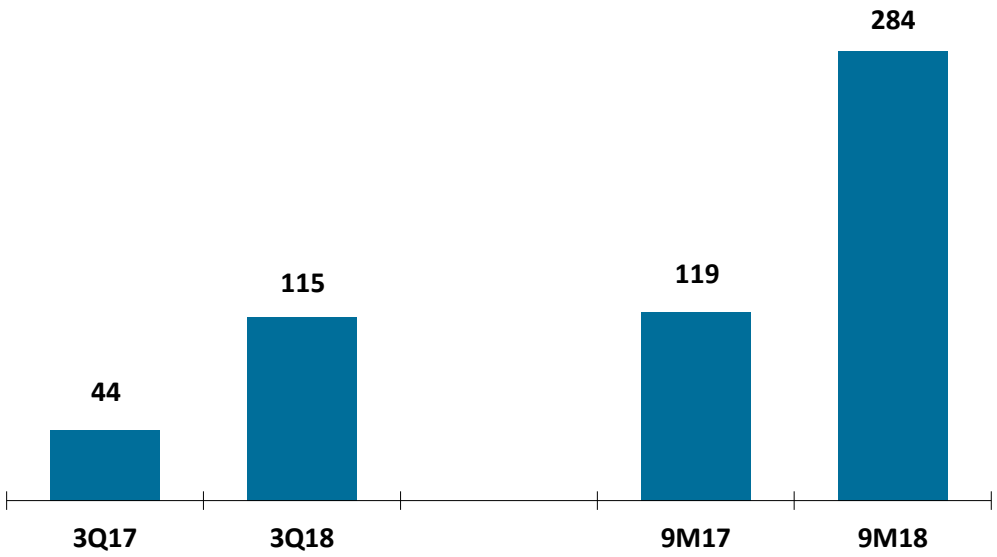


- Δ 3Q18 – 3Q17 = 129.6%
- Δ 9M18 – 9M17 = 66.8%

Main non-recurring effects

Non-recurring effects of the periods and effects in the line of deferred income **(positive adjustment of R$ 72.1 million in 3Q17 and R$ 100.1 million in 9M17; positive adjustment of R$ 6.2 million in 3Q18 and R$ 33.4 million in 9M18)**

CAPEX – R$ million



Main investments in 3Q18: new aluminum wheel plant unit Project in India and investments in commercial vehicle stamping in NAFTA.

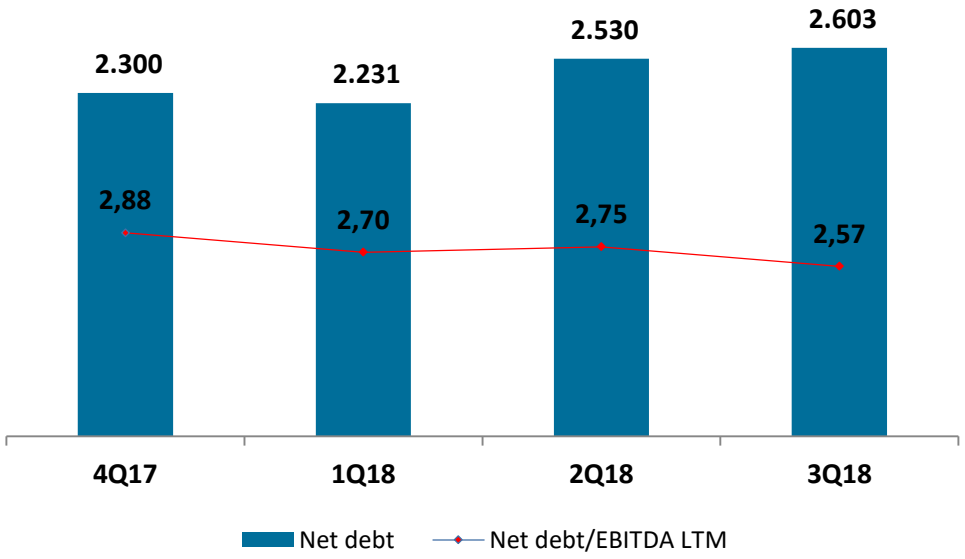
Indebtedness (3Q18) – R$ million

	3Q17	3Q18	*Var.*
Net debt	2,282	2,603	*14.1%*

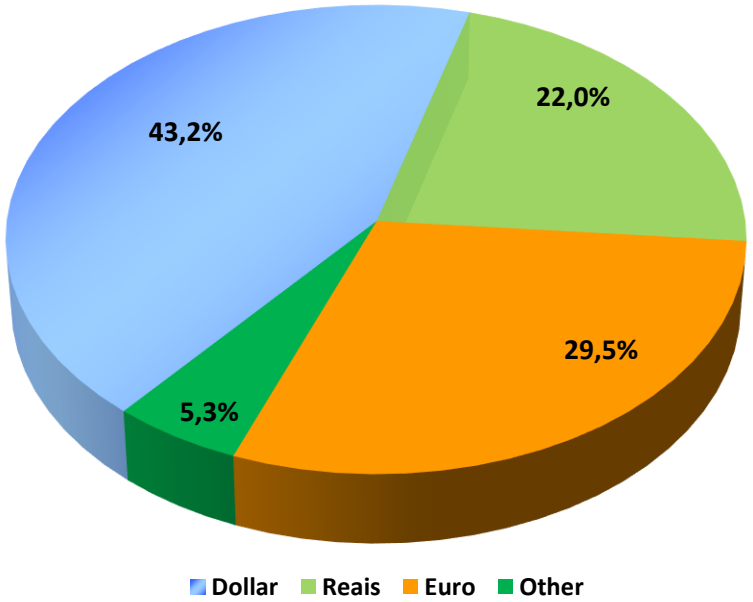
Average cost

- Indexed in US$: US$ + 6.1% per year
- Indexed in Euro : Euro + 2.9% per year
- Indexed in R$: 126.0% of CDI

Net debt/LTM EBITDA – R$ million

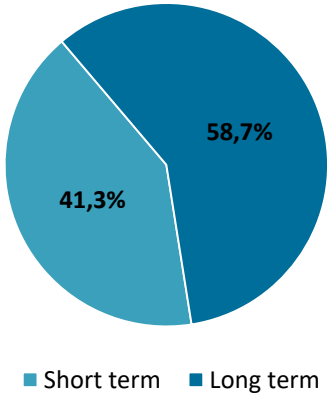


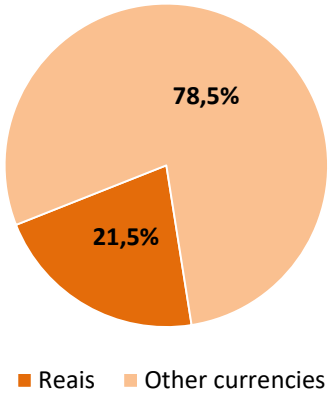
Gross debt



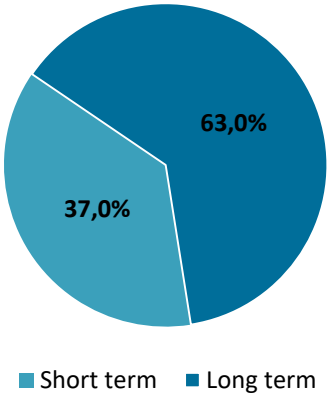
Indebtedness (3Q18)

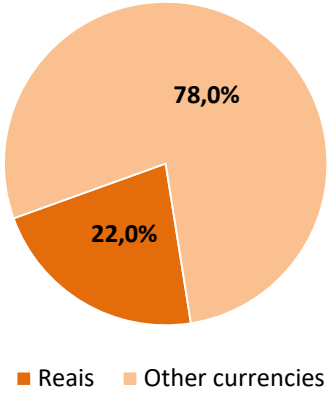
Gross debt- 3Q17





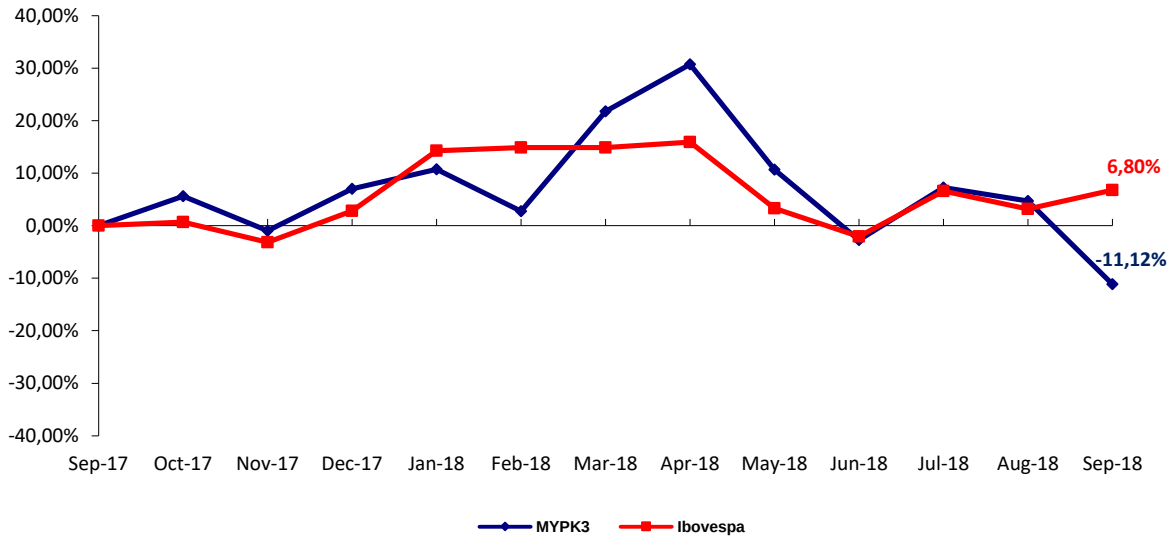
Gross debt – 3Q18



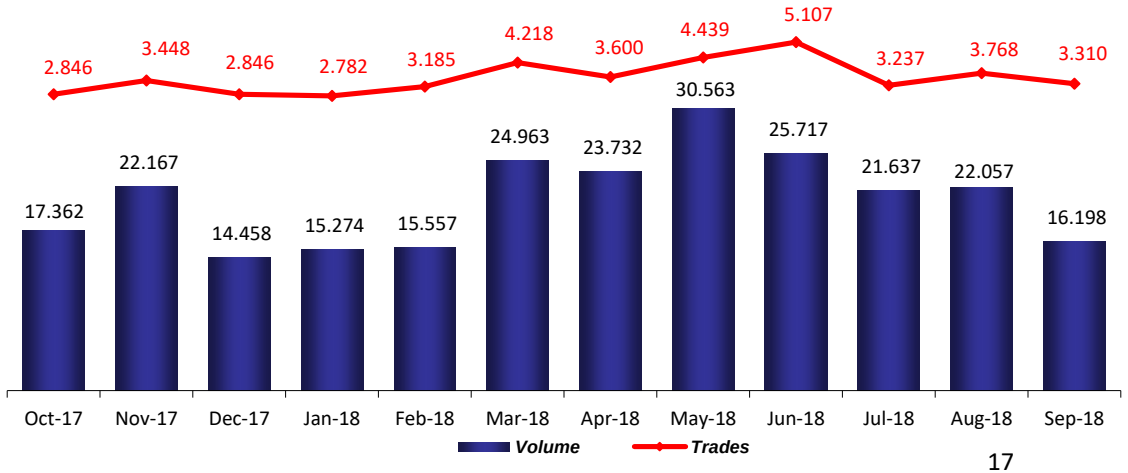


Capital Markets

Share performance



Average Daily Trade Volume



- Number of shares: 150,574,876 (ON-voting)
- Share price on 09/30/2018: R$ 19.10
- Market Cap on 09/30/2018: R$ 2,876.0 million

Earnings release – 3Q18 and 9M18

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