MAHLE Metal Leve
M&A Presentation - Thermal Products

Sep 5th, 2024

MAHLE

Today´s presenters

Sergio Sá
CEO MAHLE Metal Leve

Claudio Braga
CFO MAHLE Metal Leve

Paula Seabra Carvalho Reis
Dias Carneiro Advogados

Agenda

Transaction Governance

DIAS CARNEIRO
ADVOGADOS

MAHLE

LIVE ADMINISTRATION

September | 2024

Project Athena

Project Athena

Purpose

MAHLE Metal Leve to consolidate, into it or as a wholly owned subsidiary, the Thermal Aftermarket and Compressors activities.

Final Legal Structure

After implementing the Potential Transaction, the final legal structure. See on the side.

Project Athena

1

Description of the Potential Transaction

MML to acquire 100% the quotas of MAHLE Compressores and MAHLE Aftermarket Thermal, both held by MAHLE Indústria e Comércio Ltda.

2

Related Party Transaction (involving publicly-held corporation)

On May 07, 2024, the Board of Directors voluntarily created an Independent Committee in accordance with CVM Guideline 35 to negotiate, in arm's length, the terms and conditions of the Potential Transaction, including the purchase price.

3

Controlling Shareholder informed that it will abstain from voting

The Controlling shareholder informed the Independent Committee that it will abstain from voting in the general shareholders' meeting for the approval of the potential transaction, leaving to the non-controlling shareholders the decision for its approval.

Project Athena

4

Purchase Price Negotiation

After analysing the appraisal reports prepared and having several discussions and intense negotiation with the indirect controlling shareholder, the agreed purchase price for the acquisition of both companies is R$ 668 million, to be paid in instalments and adjusted.

5

Potential Transaction Approval

The approval of the potential transaction will be submitted to the General Shareholders' Meeting, as it is a relevant investment (art. 256 of the Corporation Law), as well as the Merger of Mahle Thermal Aftermarket into MML

The potential Transaction will not trigger withdrawal rights.

Project Athena

DETAIL OF THE INDEPENDENT COMMITTEE NEGOTIATION PROCESS

6

Independent Committee:

a) Composition: Members are the **independent** members of MML Board of Directors, being: (i) Peter Paul Wilhelm Grunow, (ii) Eduardo Augusto Rocha Pocetti and (iii) Reginaldo Ferreira Alexandre.

b) Activities performed:

- a) requested the preparation of 2 (two) appraisal reports by independent financial advisors,
- b) reviewed and discussed the appraisal reports presented, including understanding the premises and discussions resulting thereof,
- c) evaluated and negotiated the main terms and conditions of the transaction, including the purchase price and agreement,
- d) submitted its report with its recommendation to MML Board of Directors.

Project Athena

DETAIL OF THE INDEPENDENT COMMITTEE NEGOTIATION PROCESS

6

Independent Committee:

c) Support: Employees and management of MML, financial independent advisors (Apsis and Deloitte) and legal advisors (Dias Carneiro Advogados and Demarest Advogados).

I. Legal materialized due diligence carried out by independent legal advisor, Dias Carneiro Advogados.

II. Controlling shareholder had an independent legal advisor, Tauil & Chequer assisting it in negotiating the transaction.

III. Financial (Deloitte and Apsis) and legal Advisors support in meetings and instructions, preparing reports and instructions, understanding the duties & legal regulation, among others.

d) Procedures: Periodic meetings to discuss: (i) the appraisal reports and the several exchanges of communications between the seller and the committee; (ii) the exchange of correspondences with seller, including offers and counteroffers; (iii) the progress of the negotiation and to update on the steps and works being performed by the work group for the implementation of the Transaction.

e) Conclusion: The Independent Committee prepared a report to the Board of Directors indicating that the Transaction shall be submitted for approval at the General Shareholders' Meeting.

7

Steps for implementing the Transaction

Step 1: Finalizing the corporate restructuring – pending approval of quotaholders and shareholders of MML.

Step 2: Independent Committee negotiation process finalized and *Parecer de Recomendação* sent to the Board of Directors - finalized.

Step 3: Board of Directors approval of the submission of the transaction to the general shareholders'' meeting – finalized

Step 4: Execution of Quota Purchase Agreement by MIC, Thermal Aftermarket, Compressors and MML – finalized.

Step 5: Board of Directors Meeting submitting the transaction for the General Shareholders' approval.

Step 6: Approval of the transaction and merger of Thermal into MML – pending general shareholders' meeting approval.

DIAS CARNEIRO
ADVOGADOS

diascarneiro.com.br

Company Overview

MAHLE Metal Leve S.A.

Mogi Guaçu

Pistons, Conrod, Liners, Camshafts, Pins

Filters, Engine peripherals

Jundiaí

Tech Center, Engineering, OE&OES Sales

Itajubá

Rings, Bushings, HD Bearings

SBC

Bearings, stripes

Limeira

IAM Distribution Center

Panamá

IAM Sales Office

Buenos Aires

IAM Distribution Center

Rafaela

Valves & Valves Guides

MAHLE Metal Leve: One of the Largest Auto Parts Companies in Brazil

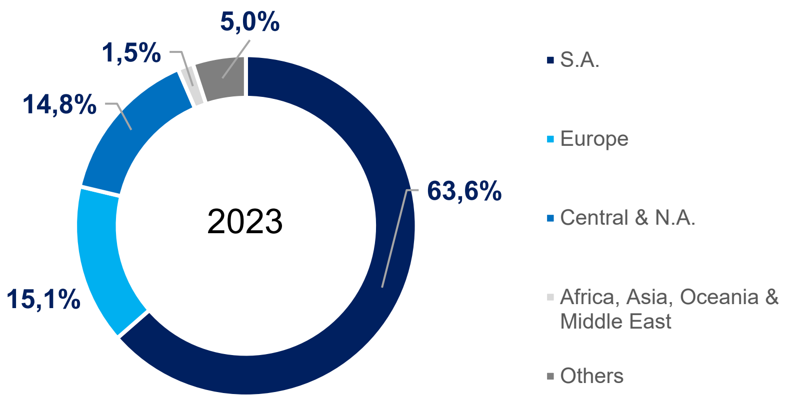
Operational Footprint
MML Sites in Brazil, Argentina and Panama

5 MANUFACTURING PLANTS

2 DISTRIBUTION CENTERS

1 TECHNOLOGY CENTER

Revenue Geographic Footprint



Main Highlights
2023

R$4,339mm (USD 869mm)
Net Revenues

R$918mm / (21.2%)
EBITDA / Margin

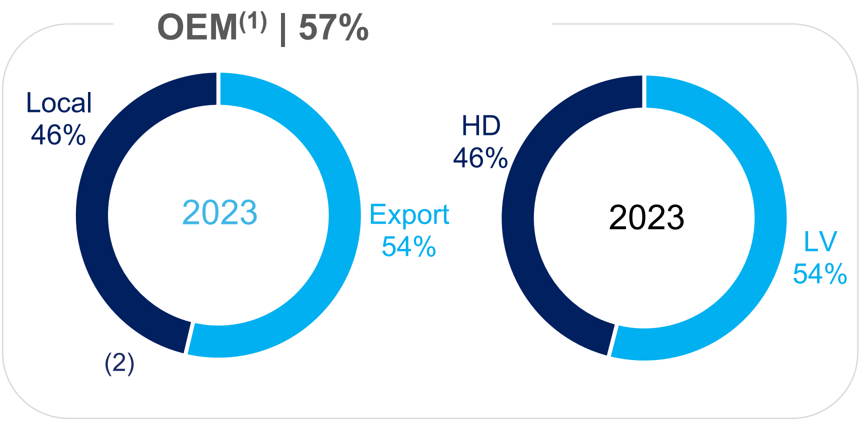
R$1358mm / (DY 29.8%)
Dividends

30.5%
CAGR EBITDA 2020-2023

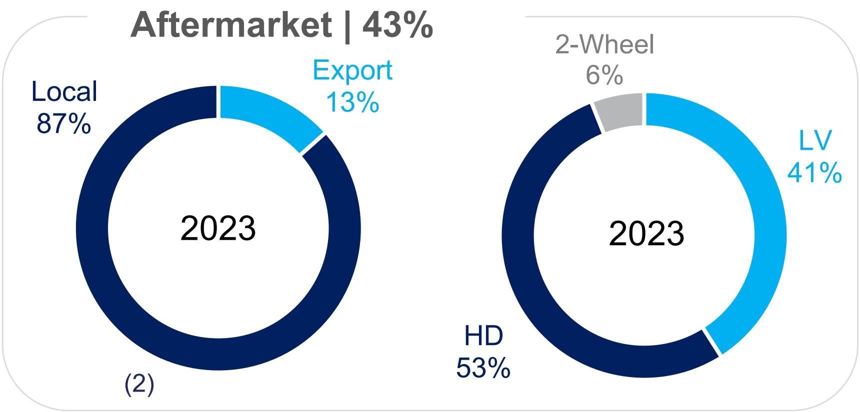
41.2%
ROIC LTM

0.5x
Net Debt to Adjusted EBITDA

Product Mix and Applications
Breakdown in % of Net Revenues



HV = Heavy Duty Commercial Vehicles
LV = Light Vehicles



Source: MAHLE

Notes: (1) OEM stands for Original Equipment Market; (2) Local Market represents the Brazilian market

Strategic Overview

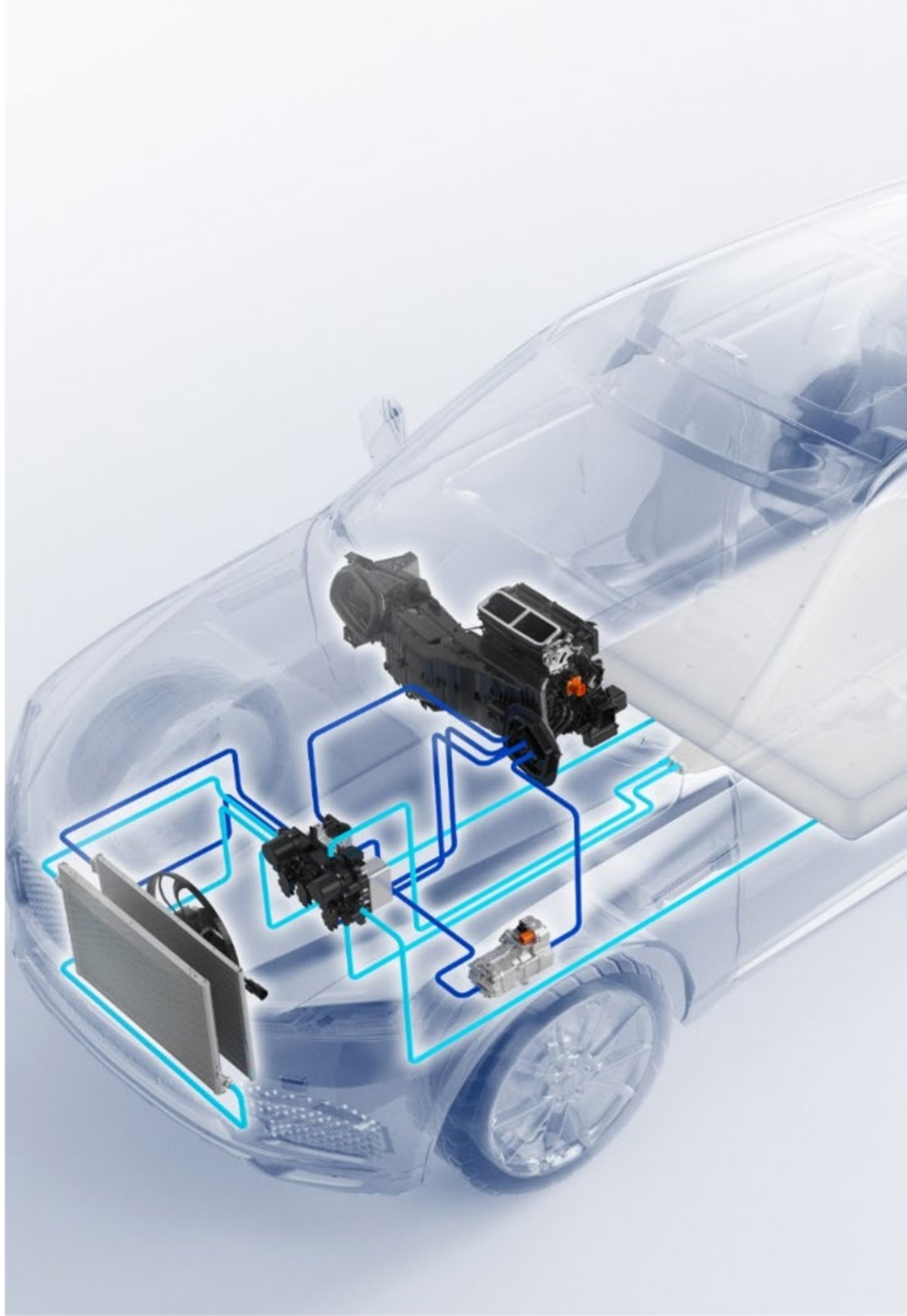
Strategic acquisitions for the future

Objective

- Increase our presence in the thermal management segment with acquisition of:
  - MAHLE Compressor business
  - MAHLE Thermal IAM business
  - Arco Climatização (minority share recently acquired)

Drivers

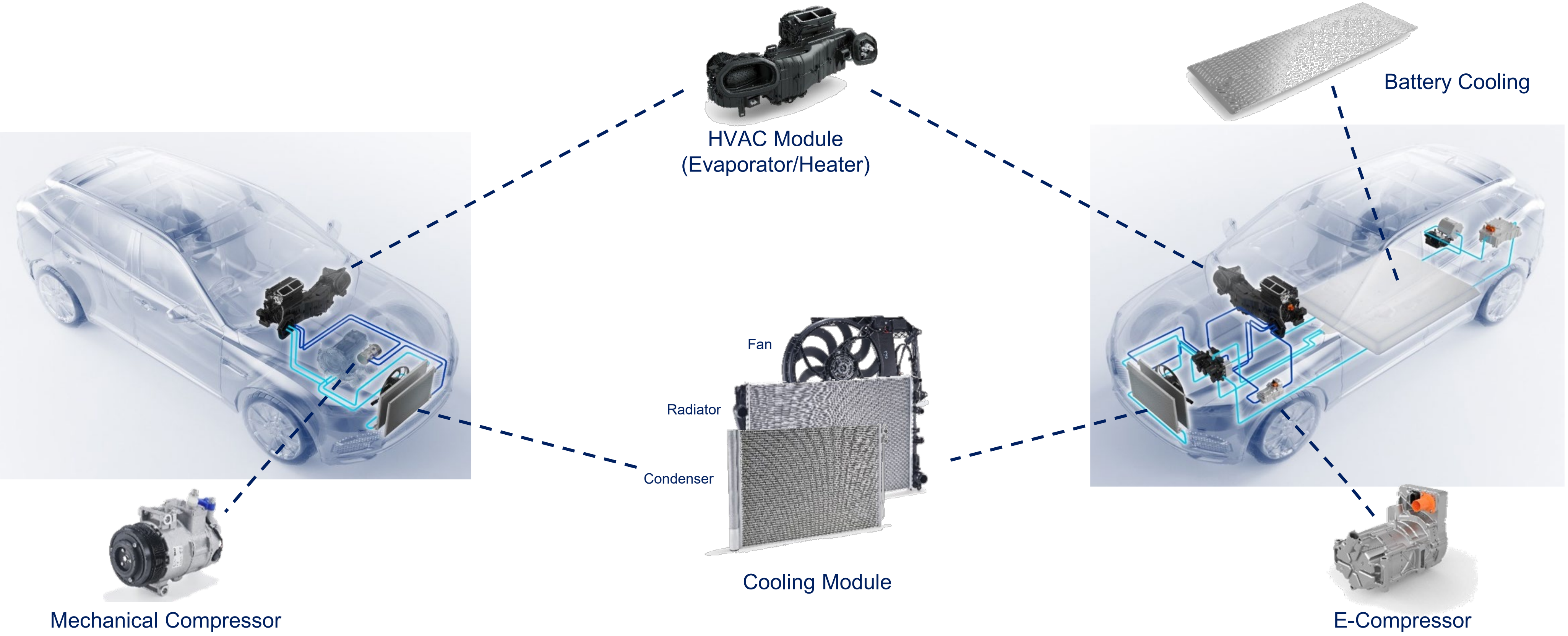
- Thermal management is a growing product segment.
- It will reinforce our presence in different market segments, especially Bus and Offroad, both on the OE and IAM.
- It will Increase our diversification with new profitable product lines with added value.
- Thermal management is present on any type of vehicle, light, heavy duty or Offroad, applying any technology, combustion or electric.
- It is key for the electric car battery lifetime and charging time.



Thermal Products - Light Vehicles

Combustion Vehicle

Electric Vehicle

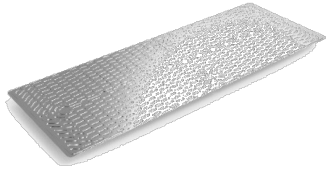


Source: MAHLE

Thermal Products - Heavy Duty Vehicles

Truck

Cooling Module



Battery Cooling

HVAC Module (Evaporator/Heater)

HVAC Module (Rooftop)

Mechanical Compressor

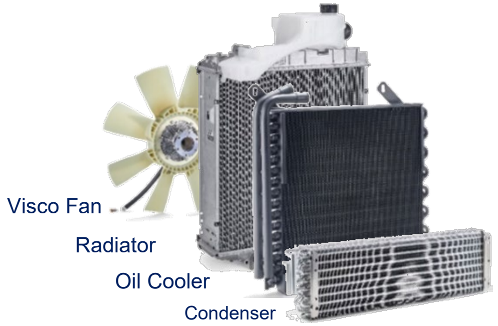
E-Compressor

Bus

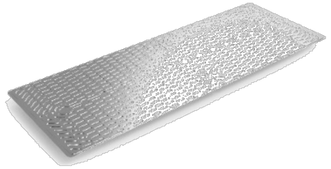
Source: MAHLE

Thermal Products - Offroad Vehicles

Agriculture

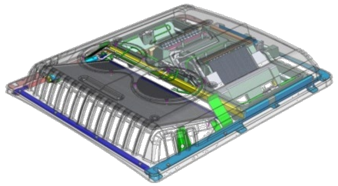


Cooling Module



Battery Cooling

HVAC Module
(Evaporator/Heater)



HVAC Module
(Rooftop)

Mechanical Compressor

E-Compressor

Construction

Source: MAHLE

MAHLE

Market Size (in mio Units)





Vehicle Production (OE)

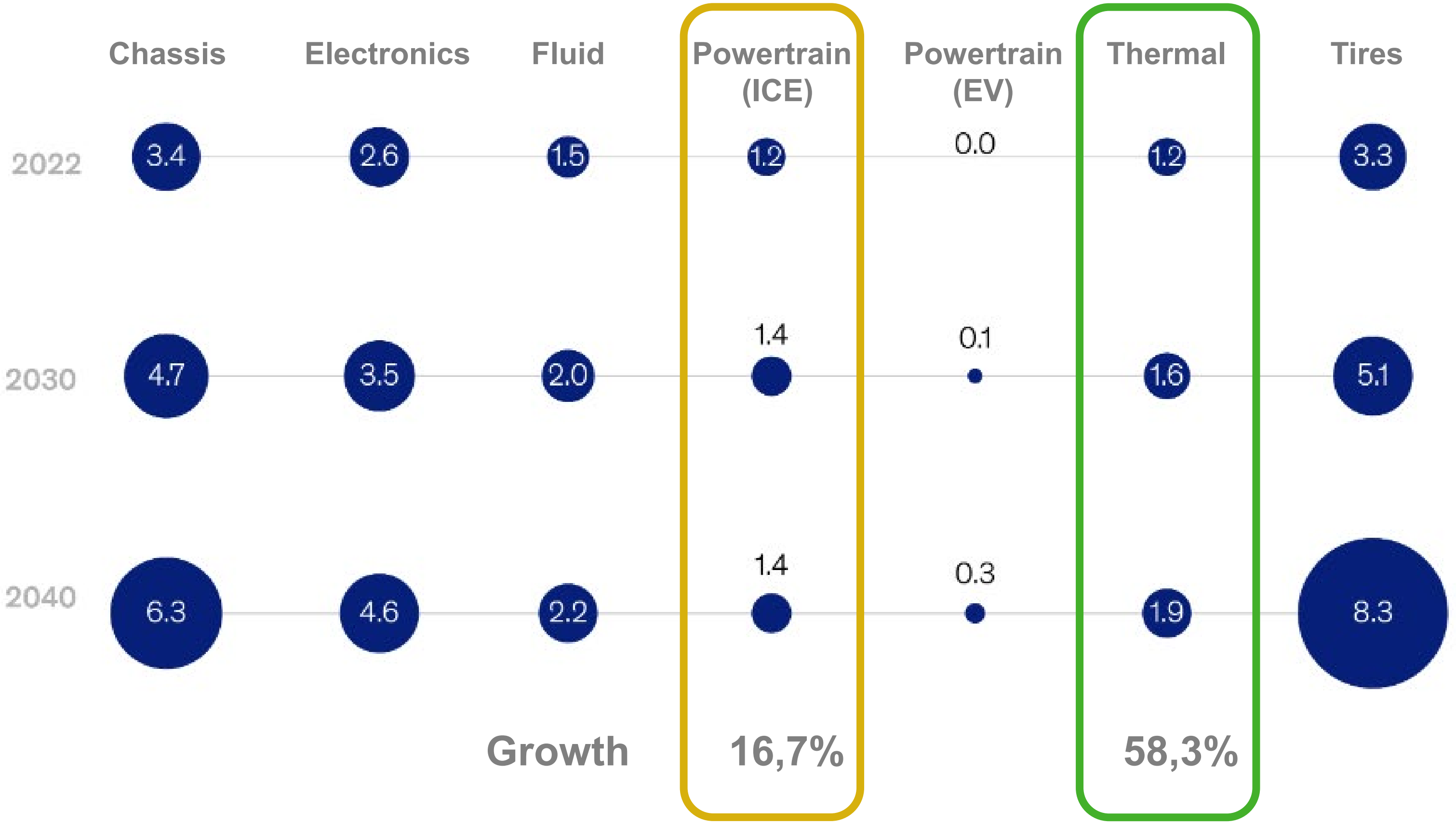
	2024	2029	29x24
Car	2,765	3,806	38%
Truck & Bus	0,158	0,188	19%
Offroad	0,099	0,119	20%
Total (mioUnit)	**3,022**	**4,113**	**36%**

Vehicle Fleet (IAM)

	2024	2029	29x24
Car	80,800	85,990	6%
Truck & Bus	5,160	5,560	8%
Offroad	0,988	1,059	7%
Total (mioUnit)	**86,948**	**92,609**	**7%**

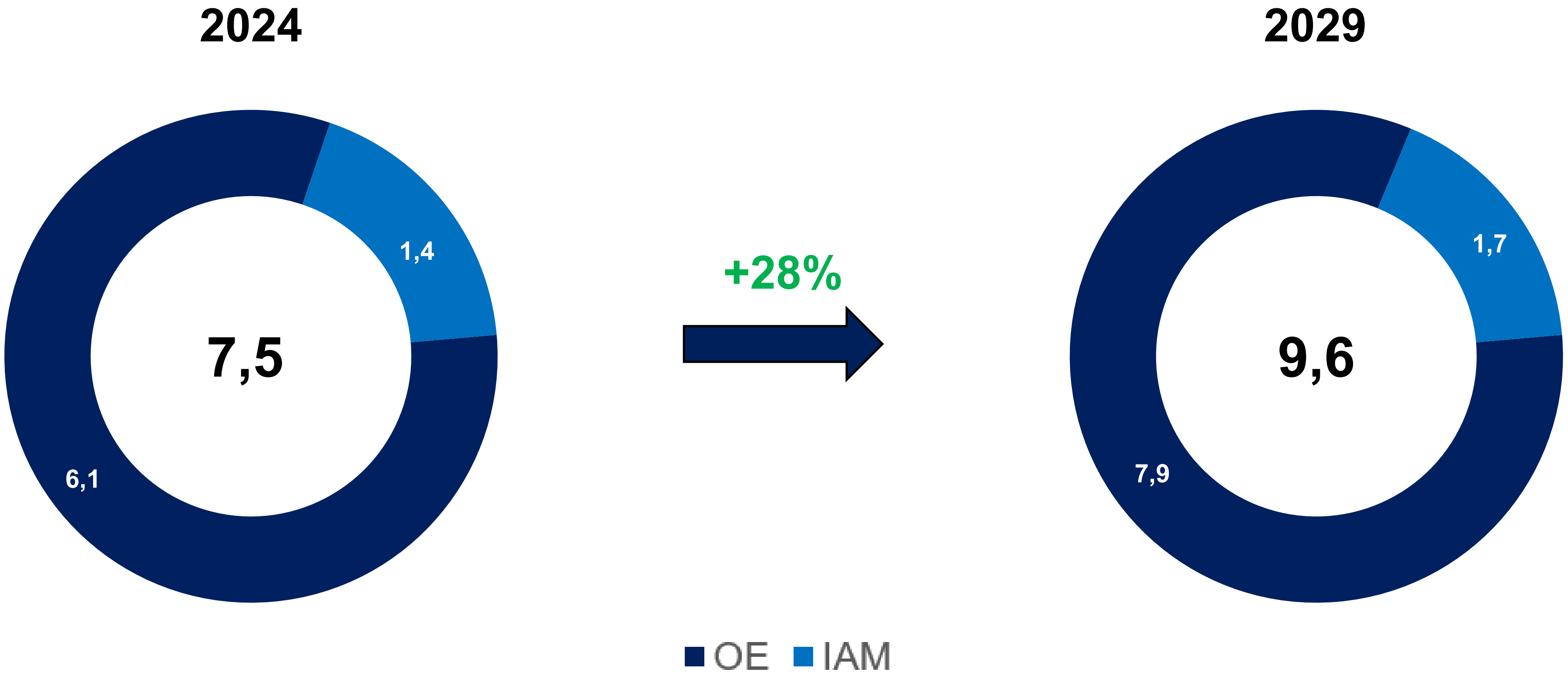
Source: IHS & Sindipeças

Global Aftermarket Trend (in bi USD)
Components with highest growth



Source: McKinsey Global Aftermarket Model (2023, Feb)

Thermal Market Size (in biBRL)



Source: MAHLE

MAHLE Metal Leve Current Portfolio

		Car	Truck	Bus	Offroad
HVAC	OE	✗	✗	✗	✓
	IAM*	✗	✗	✗	✗
Cooling	OE	✗	✗	✗	✓
	IAM*	✗	✗	✗	✗
Compressor	OE	✗	✗	✗	✗
	IAM	✓	✓	✓	✓

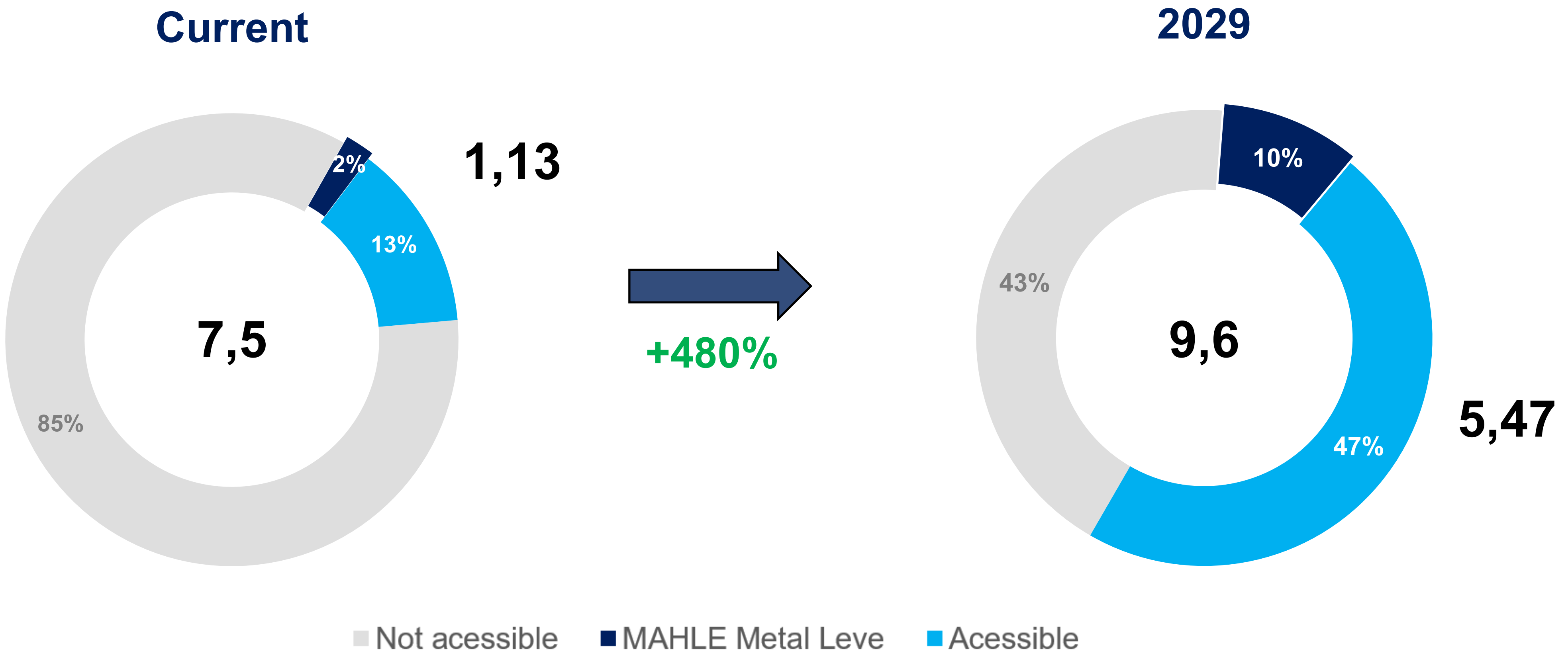
Source: MAHLE
*MAHLE Metal Leve S.A. is already supplying SA market except Brazil

MAHLE Metal Leve Future Portfolio

		Car	Truck	Bus	Offroad
HVAC	OE	✗	✗	✓	✓
	IAM	✓	✓	✓	✓
Cooling	OE	✗	✗	✗	✓
	IAM	✓	✓	✓	✓
Compressor	OE	✓	✓	✓	✓
	IAM	✓	✓	✓	✓

Source: MAHLE

Thermal Accessible Market Evolution (in biBRL) – OE & IAM



Source: MAHLE

Compressors

MAHLE Compressores do Brasil Ltda

Factory

- Foundation: 1992
- Location: Jaguariúna - SP
- Employees: 575
- Operational Area 8.950 m2 → 11.600 m2
- Total Area: 49.118 m2

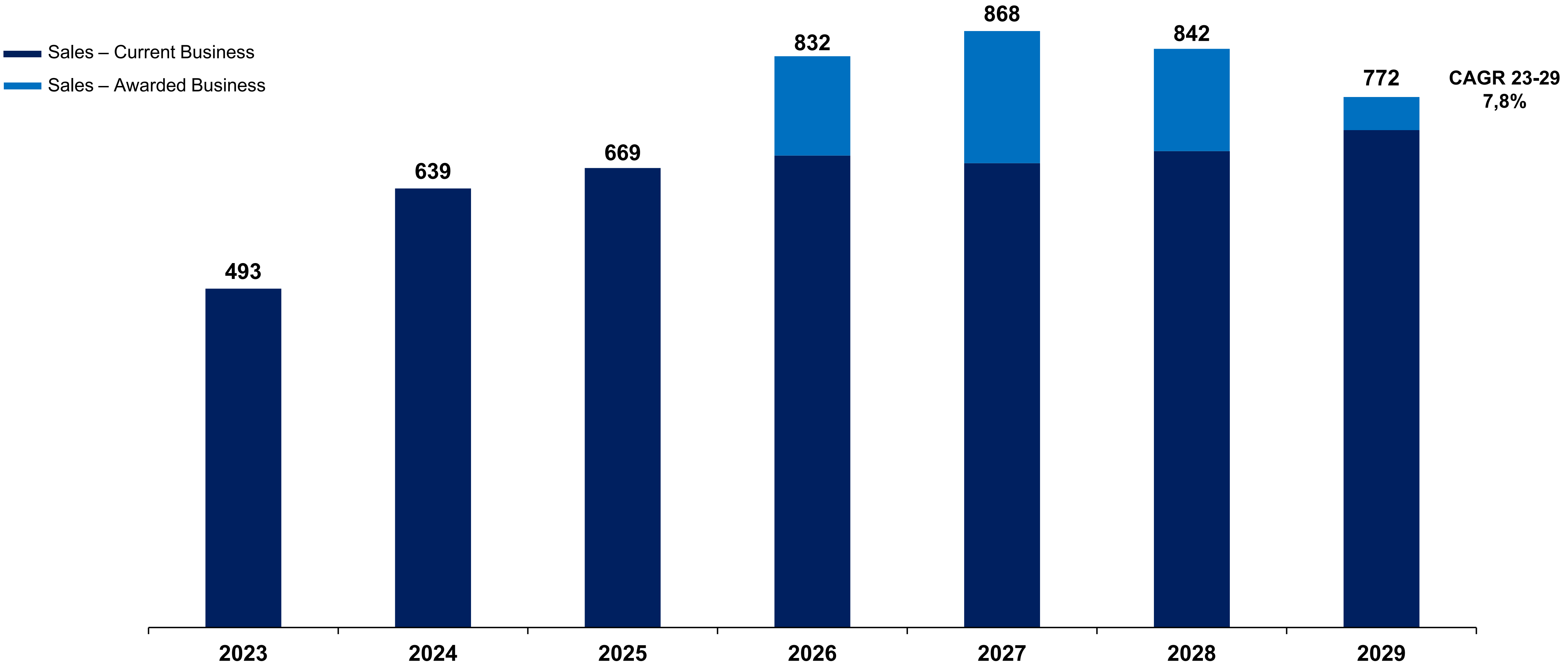
Certificates / Awards

- IATF 16949:2016 / ISO 9001:2015
- ISO 14001:2015 / ISO 45001:2018

TISAX®

MAHLE

Net Sales (mioBRL)



Market leader with 35% of share, increasing to 45% in the next years.

Source: MAHLE

Product Portfolio

Production in Jaguariúna

Mechanical Compressor
Tech: Variable Mechanical
Piston number: 5 or 6
Displacement: 80cc – 140cc

Production in other regions

Mechanical Compressor
Tech: Fixed Mechanical
Piston number: 5
Displacement: 155cc – 210cc

E-Compressor
Tech: Scroll Eletric
Displacement: 36cc/57cc
Voltage: 400V/800V

MAHLE is present in the local Light Vehicle segment with a single product technology

Truck, Bus & Offroad Potential Market




Vehicle Production (OE)

	2029
Truck & Bus	187,886
Offroad	119,067
Total (ths Unit)	**306,953**

- These vehicles apply Fixed Mechanical Compressor technology due to durability.
- MAHLE currently is not present at these market segments.
- Most OEMs import Fixed Mechanical compressor for their local production.

Source: IHS & Sindipeças

E-Compressor Potential Market

Vehicle Production (OE)

	2029
HEV (Hybrid Vehicle)	372,417
BEV (Electric Vehicle)	167,349
Total (ths Unit)	**539,766**

- E-Compressor demand will increase in the years to come with hybrid and electric vehicles local production.
- Customers will import parts until volume justify local production.
- E-Compressor is in series production at the MAHLE Group and MML will be able to license and produce it in the future.

Source: IHS

IAM and OES Segments

- Although sales to IAM and OES segments are growing, they represent less than 10% of Jaguariúna volume today.
- Currently Jaguariúna supplies to the IAM only compressors that it produces to the OE segment.
- MML projects compressor IAM market share increase from 19% to 25% in 2029.
- There is a continuous growth of vehicles applying air conditioning.

Product Development and Labs to be transferred to MML Tech Center

- MAHLE Group mechanical compressor product development structure will be transfered to MML Tech Center.

- It will allow the further development of knowhow and technical solutions locally, either to increase market penetration or to reduce costs.

- Sinergy expected with local structure, optimizing development costs and increasing MML competitiveness.

- This new structure will be established in 2025 and comprises:

  - Complete engineering team for new developments and market support.

  - Complete laboratory structure for testing and validation of new products.

Take Aways

- Enter in the profitable Truck, Bus & Offroad segments with the fixed mechanical compressor available in other regions at the MAHLE Group (New product line).
- Future local production of the e-Compressor based on the MAHLE group product.
- The transfer of the mechanical compressor engineering and labs to Jundiaí Tech Center will allow better customer service, cost reductions and local technical development.
- Jaguariúna can further increase its sales by developing compressor applications specific for the IAM.
- Compressors will strengthen MML position in the market with a product line that plays a key role in the thermal management for combustion, electric and hybrid vehicles.

MAHLE Metal Leve Tech Center

Jundiaí

WE SHAPE FUTURE MOBILITY

Thermal IAM

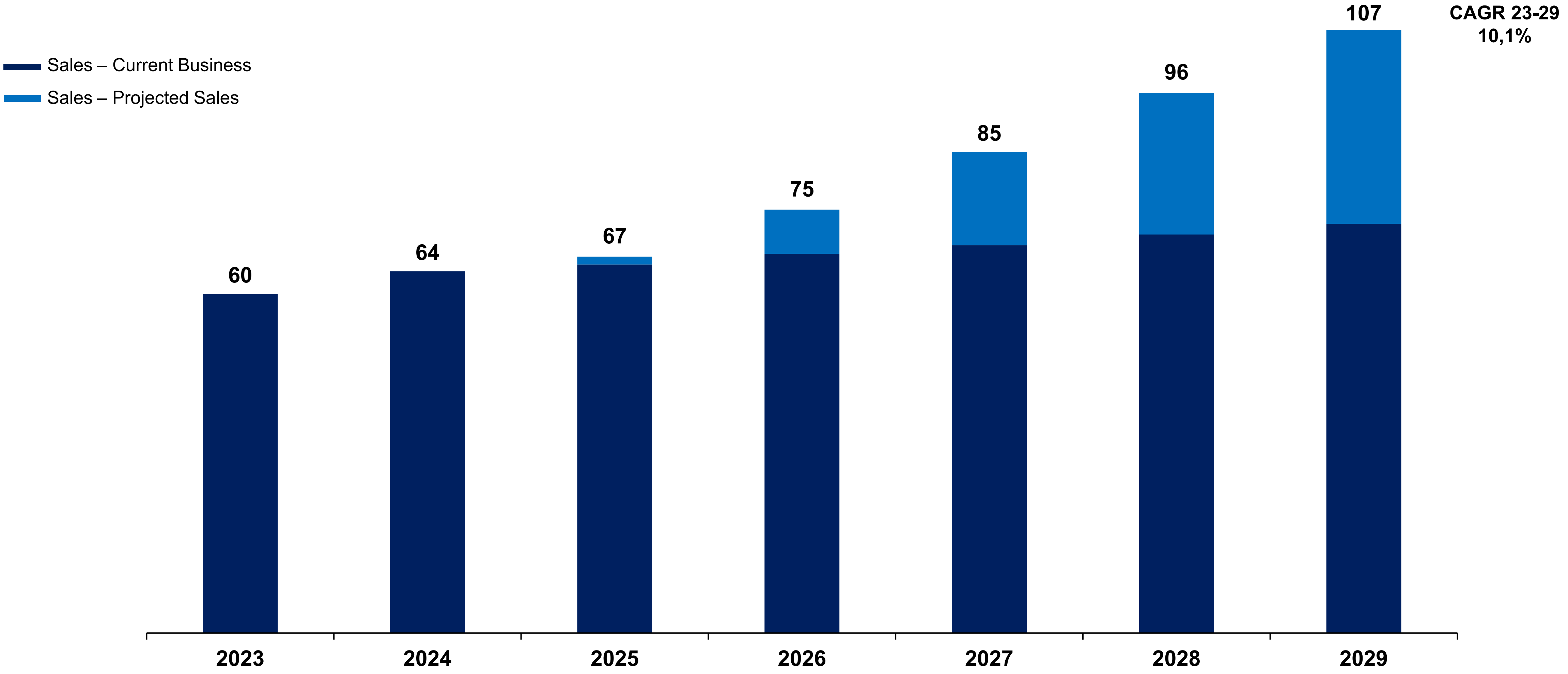
Thermal IAM Brazil

Operation inside MML Distribution Center

- Launched: 2020
- Operational Area: 3.476 m2 (total area 34.371 m2)

MAHLE

Net Sales (mioBRL)

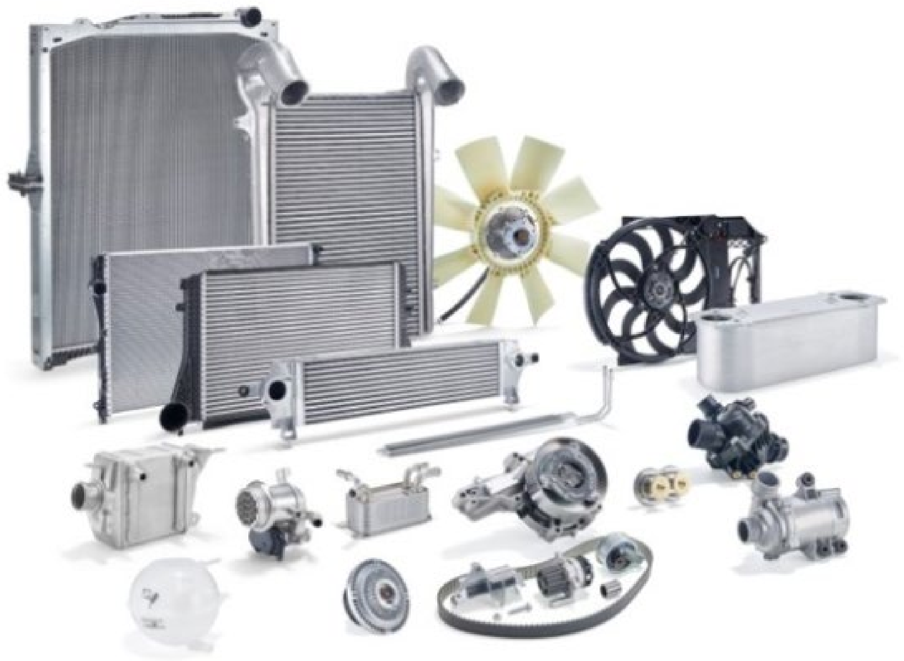


Recent Product Line with strong growth potential

Engine Cooling System

Product Portfolio:

- Coolant coolers, charge air coolers, low-temperature cooler
- Fans & clutches, coolant Coolers/condenser fans
- Expansion tanks, cabin heat exchangers
- Exhaust gas recirculation coolers, oil coolers



Customer benefits

- High Quality
- OE Supplier
- Premium Brand
- Top price-performance ratio
- Large range of innovative workshop equipment
- Numerous service offers, such as technical training courses, maintenance information, function and installation video.

Over 20 product categories

Around 450 spare parts

Annual **Bonus Program**

Premium brand

MAHLE

Take Aways

- IAM Thermal products demand will have a strong growth in the future, beyond 2030.
- It is not linked to one specific vehicle technology and it has a higher content on electric and hybrid vehicles.
- Thermal products and the Behr brand will enhance MAHLE Metal Leve company image as a supplier for the future in a changing and consolidating market, especially in the profitable HD segment.
- Sales can be further increased by applying cross-selling, ie, use MMLs market position and customer base in engine components to push thermal product sales.
- Strengthen MML's competitive position by increasing its power of bargain with customers.
- Reduce operational costs with tax reduction & leaner processes, making it more competitive.

Arco Climatização (minority share recently acquired)

Arco Clima – Ar conditioning system for bus

Operation

- Launched: 2016
- Location: Caxias do Sul (RS)
- Employees: 80
- Operational Area: 4.000 m2

Arco Clima – Ar conditioning system for bus

- Manufacturer of air conditioning system for buses (incl. electric).
- Consolidated position in a growing market.
- Complete portfolio available for ICE & BEV.
- Trusted partner focused in quality and reliable technical support.
- Serves major bus bodyworks & manufacturers in Brazil & Latam.
- In house engineering development.
- Increasing trend for the use of air conditioning in buses.

ICE = Internal Combustion Engine, BEV = Battery Electric Vehicle

Complete Bus Air Conditioning Solutions

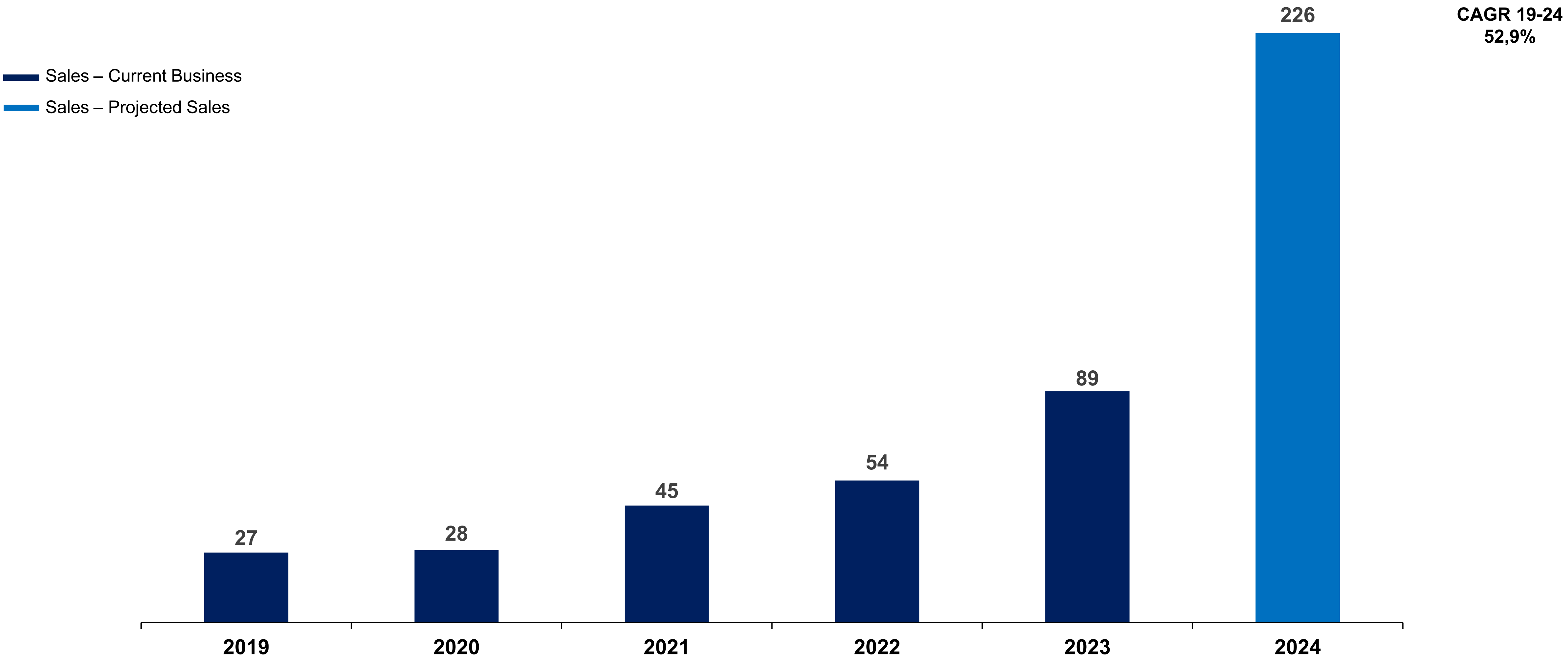
ICE Applications: Including coach, intercity, urban, micro, and special-purpose buses.

BEV Applications: Air conditioning for electric buses.

- Commercially available.
- Reduces emissions and energy comsumption.
- Efficient cooling that ensure passenger comfort.

ICE = Internal Combustion Engine, BEV = Battery Electric Vehicle

Net Sales (mioBRL)



Company recently founded with strong sales growth

Take Aways

- Opportunity to enter lucrative market of Buses A/C
  - Additional sales growth potential. Arco has grown strongly in the recent years and has room for further market share increase.
  - Door opener to explore new markets in South & Central America.
- Synergies to improve results and sales
  - Use MAHLE purchasing power and engineering competence to be more competitive.
  - Logistic cost reduction expected.
  - Use MML aftermarket structure to promote aftersales.
- Non ICE business: Arco has already adapted its product for electric buses.
- Call option to acquire 100% of the company agreed at MML’s discretion.

Finance

Financing Strategy (3-installments)

- Transaction value: BRL 668mio.
- Cash balance brought from Compressors: BRL 85mio.
- Financing through bank loans (more conservative approach).
- Payment in 3 installments (1/3 Q4 2024 + 1/3 Q2 2025 + 1/3 Q4 2025 – including interests)
  - Allows more time to negotiate a structured transaction with banks
  - Considering the maturity of MML's current debt, it allows us to optimize cash flow, due to the contribution of the positive result and cash generation of the transaction.
  - Enables better management of financial leverage.

Cash flow comparison between “Single payment x 3 installments”

BRL mio

Single payment

Period	Initial Balance	New Loans	Interests	Operational Cash	Amortization Loans (interests)	Amortization Loans (principal)	Final Balance
oct-24	0,0	-583,0	0,0	0,0	0,0	0,0	-583,0
YE 2024	-583,0	0,0	-11,2	10,4	0,0	0,0	-583,8
YTD apr-25	-583,8	0,0	-22,4	16,6	33,6	0,0	-556,0
YTD oct-25	-556,0	0,0	-32,1	24,9	32,1	0,0	-531,1
YE 2025	-531,1	0,0	-10,2	8,3	0,0	0,0	-533,0
YE 2026	-533,0	0,0	-57,0	82,7	58,5	0,0	-448,8
YE 2027	-448,8	0,0	-44,3	87,6	48,7	145,8	-211,0
YE 2028	-211,0	0,0	-5,6	85,3	12,8	291,5	173,1
abr-29	173,1	0,0	7,1	25,9	-10,1	145,8	341,7
Total		**-583,0**	**-175,6**	**341,7**	**175,6**	**583,0**	

Assumption:3 years grace period repayment in 4 installments every 6 months / Payment of interests every 6 months

Transaction value	**668,0**
Bank balance Compressors	**-85,0**
Bank loans	**583,0**

	Interests paid to seller	Interests paid to banks
	0,0	175,6
Total interests	**175,6**	

3-installments

Period	Initial Balance	New Loans	Interests	Operational Cash	Amortization Loans (interests)	Amortization Loans (principal)	Final Balance
oct-24	0,0	-137,7	0,0	0,0	0,0	0,0	-137,7
YE 2024	-137,7	0,0	-2,6	10,4	0,0	0,0	-129,9
YTD apr-25	-129,9	-237,6	-4,8	16,6	7,4	0,0	-348,3
YTD oct-25	-348,3	-254,6	-19,9	24,9	19,9	0,0	-578,0
YE 2025	-578,0	0,0	-11,1	8,3	0,0	0,0	-580,7
YE 2026	-580,7	0,0	-61,9	82,7	64,0	34,4	-461,5
YE 2027	-461,5	0,0	-38,2	87,6	44,7	251,3	-116,1
YE 2028	-116,1	0,0	5,8	85,3	1,2	280,5	256,7
abr-29	256,7	0,0	10,3	25,9	-15,0	63,7	341,7
Total		**-629,9**	**-122,2**	**341,7**	**122,2**	**629,9**	

Assumption:2 years grace period repayment in 4 installments every 6 months / Payment of interests every 6 months

Transaction value	**668,0**
Bank balance Compressors	**-85,0**
Bank loans	**583,0**

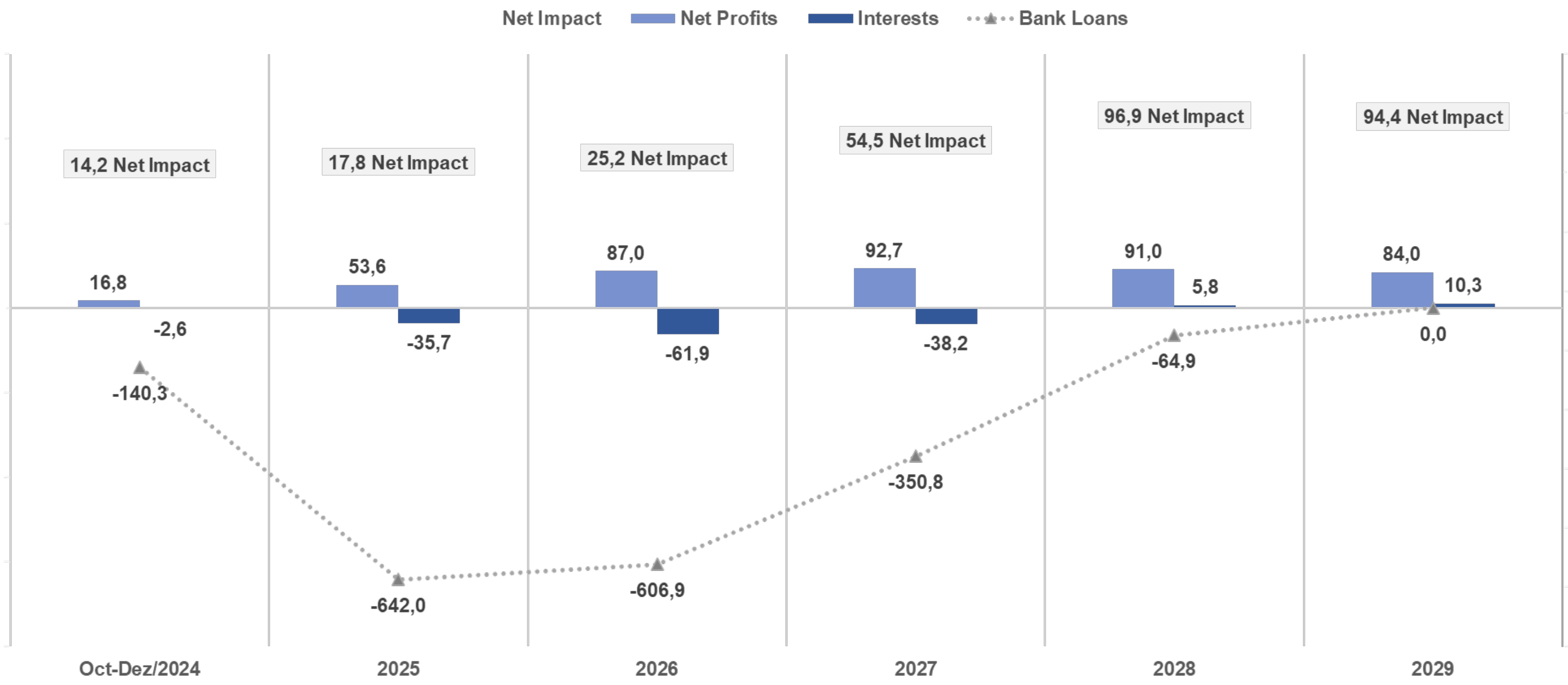
	Interests paid to seller	Interests paid to banks
	46,9	122,2
Total interests	**169,1**	

Paying the transaction in installments has a lower financial overall cost, despite the interest charged by the seller.

Source: Deloitte and Apsis valuation / MAHLE Finance

Bank loans, Net Profits and Interests

BRL mio



Positive impact on MML result throughout the transaction period.

Source: Deloitte and Apsis valuation / MAHLE Finance

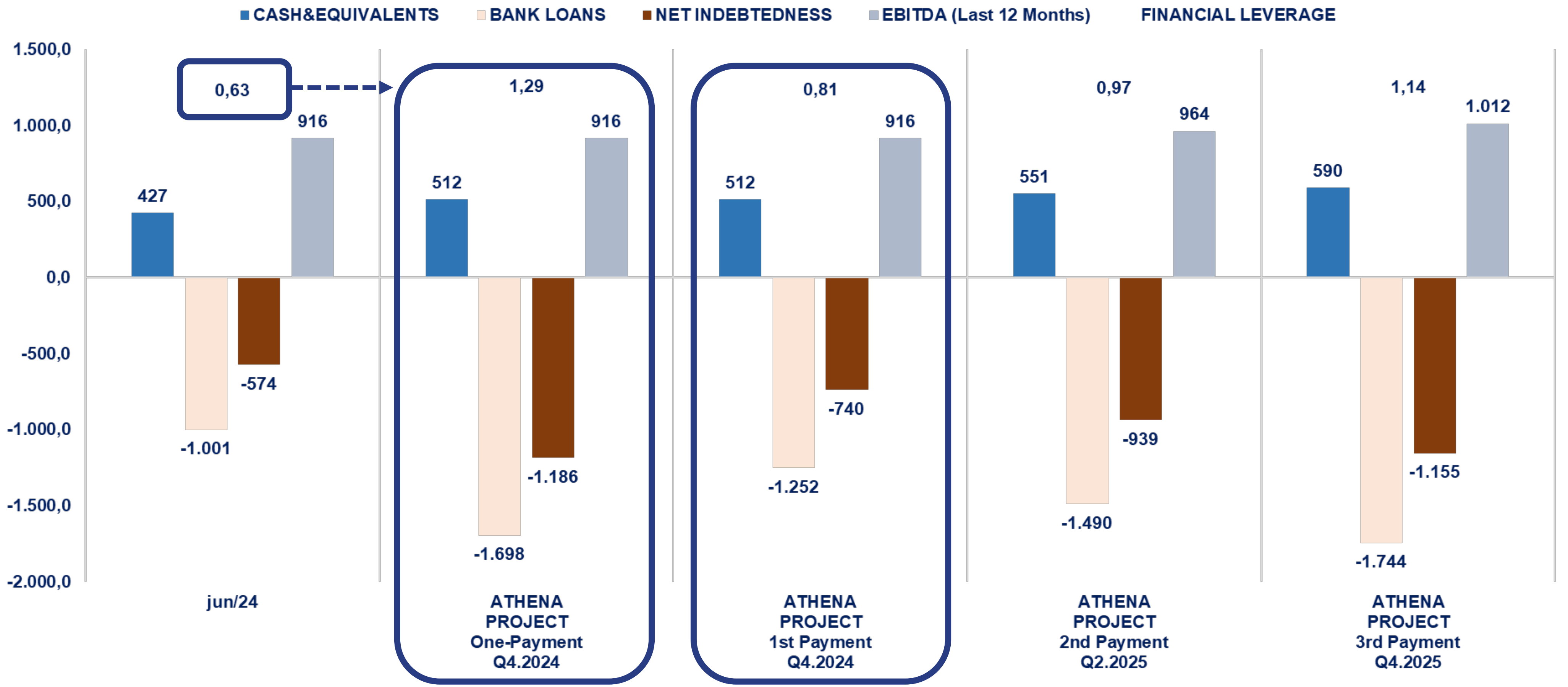
MML (LEVE3) x Peers
Results published in the second quarter

Company	Net Revenues BRL mio	Net Profits %	EBITDA %	Leverage
MAHLE	**2.089,6**	**13,8%**	**24,1%**	**0,63**
Peer 1	7.440,3	1,2%	9,5%	2,97
Peer 2	5.522,4	3,1%	14,1%	2,73
Peer 3	507,5	13,9%	19,9%	-0,53
Peer 4	5.403,4	2,3%	13,0%	1,84
Peer 5	3.612,8	15,4%	19,3%	1,88

Source: IR peers website

Debt / Leverage comparison

BRL mio



The starting point is MML Q2 and remaining frozen, including only the operational gain from the transaction in MML's Jun/24 EBITDA, focused on YE 2024 debt/leverage.

Goodwill accounting and fiscal treatment

- Transaction value: BRL 668mio [a]
  - Simulation:
    - Equity 31st May, 2024: BRL 279 mio [b]
    - Step up of Assets*: BRL 241 mio [c]
    - Goodwill: BRL 148 mio ([a] - [b] - [c])
- Transaction under common control is out of scope of IFRS 3 / CPC 15 (Business Combination), therefore the Accounting Standards (IAS 38 / CPC 4) is applied, which prohibit the recognition of internally generated goodwill.
  - ➢ The goodwill will be written-off in Equity. No impact in the P&L.
- For Fiscal purpose the goodwill amortization is not allowed (Article 22, law 12.973/2014).

*Apsis and Deloitte appraisal ("Shareholder's Equity at Market Value ") average

Source: Deloitte and Apsis valuation / MAHLE Accounting

Conclusion

Conclusion

- The proposed deal will allow the company to grow with profitable products and strongly increase its acessible market both in the original equipment and aftermarket.
- Thermal management is a key product line in the automotive and it will grow in the years to come.
- Thermal products are not linked to a specific vehicle technology or usage. As a matter of fact, its content increases in hybrid and electric vehicles.
- This is a key project for the future of the company considering thermal management potential.
- The Transaction was conducted in compliance with the CVM Guideline 35 and the best practices for Related Party Transactions to preserve the Company’s interest, in particular minority shareholders rights.

Q&A

Thank you!