



MAHLE

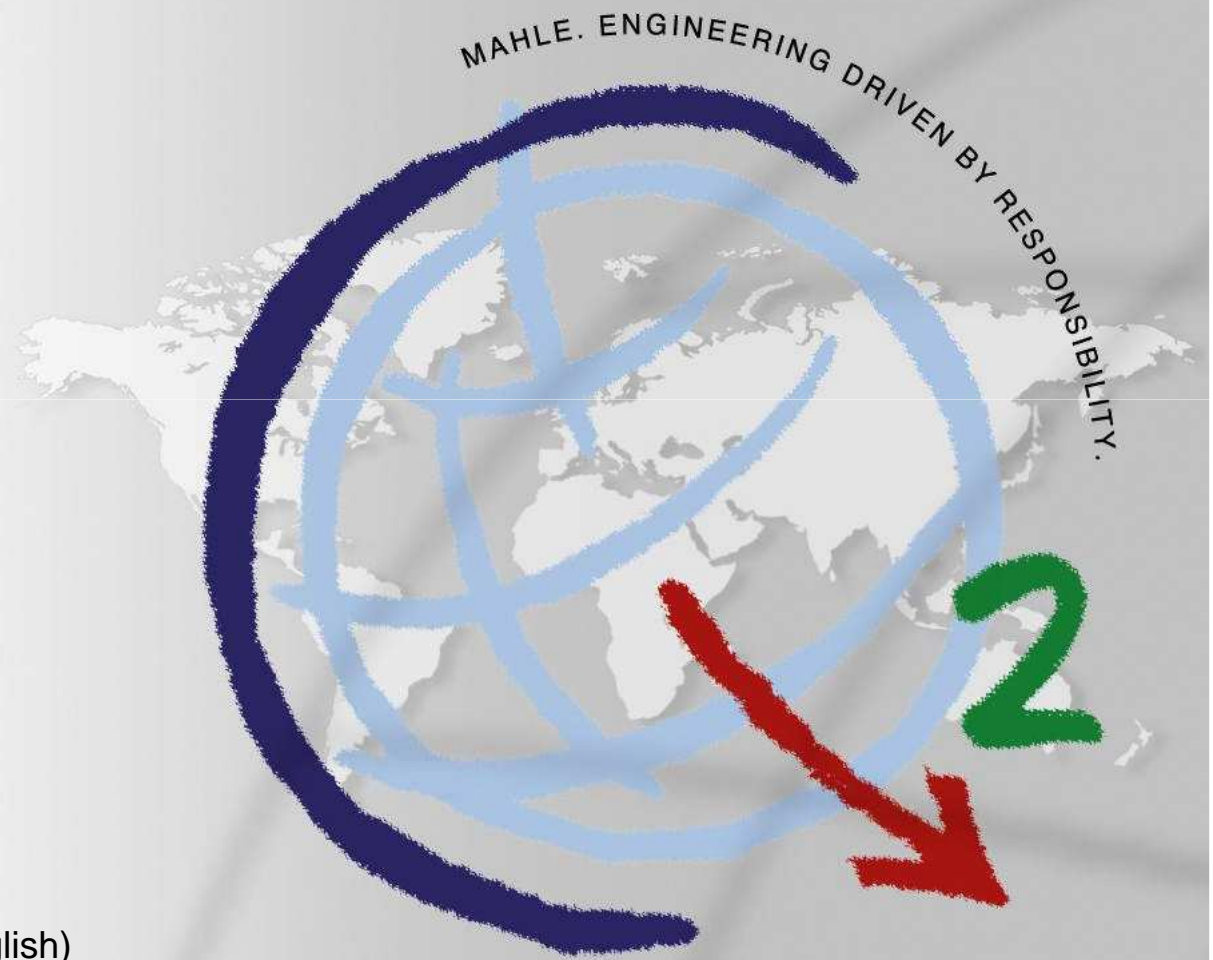
Driven by performance

Conference Call

MAHLE Metal Leve S.A.

Performance for the 3Q 2011

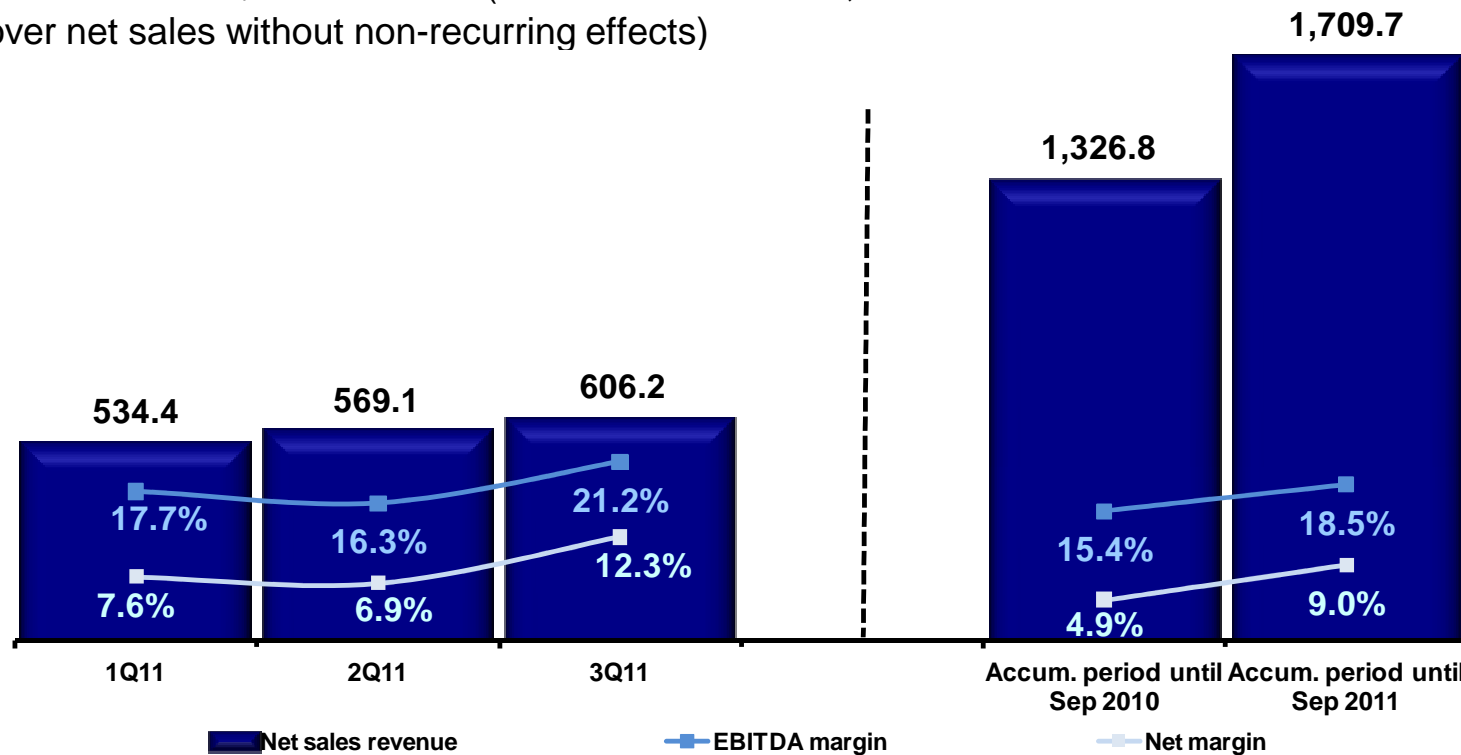
November 10, 2011 – 2:30 p.m. BR time (in English)



Highlights (Nine-month period ended September of 2011):

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- **Net Sales Revenue:** R\$1,709.7 million (up 28,9% from the nine-month period ended in September of 2010)
- **EBITDA:** R\$328.5 million (up 61.1% from the nine-month period ended in September of 2010)
- **EBITDA margin:** 19.2% (desconsidering non-recurring effect:18.5%)
- **Net income:** R\$ 171.9 million (10.1% over net sales, and 9.0% over net sales without non-recurring effects)



Note:
Margins without non-recurring effects

- **GDP**
 - 2Q 2011 compared to 1Q 2011: up 0.8%
 - 2Q 2011 compared to 2Q 2010: up 3.1%
- **Basic interest rate (SELIC):** Down at 12.00% per year w/o bias (in August)
- **Inflation** (last 12 months / IPCA): 7.31%; and Target for 2011: 4.50% ± 2 p.p.
- **Exchange rate:** period of volatility

Average exchange rate variations for the USD (US\$) and EUR (€)				
Currency		3Q	2Q	1Q
R\$/US\$	2011	1.63	1.60	1.67
	2010	1.75	1.79	1.80
R\$/€	2011	2.31	2.30	2.28
	2010	2.26	2.28	2.50

Source: BACEN.

- **Global economy:** high uncertainty

Evolution of the Brazilian automotive industry Main events

- **Plano Brasil Maior:** new industrial policy in Brazil (early August)
- **Extension for an additional period the IPI tax reduction:** more 12 months (until the end of 2012) for trucks and light commercial vehicles
- **Recovering of revenue from exports (tax benefit):** up to 3% (under program Reintegra)
- **Increasing by 30 p.p. the IPI rate** for vehicles that do not have 65% domestic content (Decree 7.567 in the middle of September)
- **Stock of vehicles:** 36 days (September)

Total vehicles sales to domestic market

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Total vehicle sales (locally-manufactured and imported) to the domestic market						
In thousand units						
Segment	3Q11	3Q10	Var.	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Light vehicles (automobiles and light commercials)	889.5	873.2	1.9%	2,527.6	2,368.7	6.7%
Trucks	47.0	41.2	14.1%	129.9	112.1	15.9%
Buses	9.0	7.8	15.4%	25.2	21.0	20.0%
Total automotive vehicles	945.5	922.2	2.5%	2,682.7	2,501.8	7.2%

Source: Anfavea.

- **Total vehicles sales:** an increase of 3.7% (3Q 2011 compared to 2Q 2011)
- **Light vehicles sales:**
 - Record sales achieved in July and August and slowdown in September
 - Collective vacation and suspension of overtime, both to adjust the stocks of vehicles
 - A more restricted credit approval (default) and requirement of greater down payment amount for LT financing
- **Trucks sales:** remains high
 - Favorable economic conditions
 - Anticipation of purchases of current truck models by implementation of P7 motor trucks (Euro 5)

Imports / Exports of vehicles



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Vehicles imports						
In thousand units						
Import	3Q11	3Q10	Var.	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Light vehicles (automobiles and light commercials)	220.1	169.1	30.2%	610.1	451.7	35.1%
% share of imports to total sales to domestic market	23.3%	18.3%		22.7%	18.1%	

Source: Anfavea.

Export of assembled vehicles						
In thousand units						
Segment	3Q11	3Q10	Var.	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Light vehicles (automobiles and light commercials)	126.8	118.1	7.4%	360.5	347.7	3.7%
Trucks	6.9	6.4	7.8%	19.5	15.4	26.6%
Buses	2.3	2.5	-8.0%	6.0	6.6	-9.1%
Total automotive vehicles	136.0	127.0	7.1%	386.0	369.7	4.4%

Source: Anfavea.

Production of assembled vehicles by segment						
Segment	In thousand units					
	3Q11	3Q10	Var.	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Light vehicles (automobiles and light commercials)	821.6	814.4	0.9%	2,410.5	2,348.6	2.6%
Trucks	59.6	52.3	14.0%	159.0	140.9	12.8%
Buses	12.5	10.8	15.7%	34.6	32.0	8.1%
Total automotive vehicles	893.7	877.5	1.8%	2,604.1	2,521.5	3.3%

Source: Anfavea.

- **The main positive impact:** heavy-duty vehicle segment (significant growth in domestic sales)
- **Vehicle production:**
 - Record productions achieved in July and August
 - A significant drop of production in September, mainly in the light vehicles (19.7% compared to the previous month, and 6.2% compared to the same month of 2010)
 - Collective vacation and suspension of overtime, for adjustments of stocks
 - High activity for the purchase of imported vehicles

Evolution of the Argentinean automotive industry



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Sales and production						
In thousand units						
Segment	3Q11	3Q10	Var.	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Sales to domestic market	236.7	179.1	32.2%	642.1	497.7	29.0%
Sales to export market	145.6	129.6	12.3%	387.8	317.1	22.3%
Vehicle production	235.3	202.7	16.1%	627.6	509.2	23.3%

Source: Adefa.

- **Argentinean automotive industry:** sales and production remain in growth for domestic and export markets
- **Favorable point:** as Argentina imports from Brazil much of the internal combustion engines
 - Engine components manufacturers in Brazil also benefit from this growth
- **Destination of exports to Brazil:** more than 80% until September of 2011 (before 2008/2009, exports to Brazil accounted for about 70%)

- **Tech Center:** keeps playing its role of conquering and expanding its technological advantage against competitors

- **The launch of two new products in the 3Q 2011:**
 - GNS Flex for flex fuel engines– a new special nitrified coverage for piston rings (premature wear caused by more powered engines, with high temperatures and low lubricity of ethanol)
 - *X-Taper* – piston rings with controlled consumption of lubricant oil (aiming to comply with the mandatory reduction of carbon dioxide (“CO₂”) emission in Europe)

- **Recognition of the technology:** best working paper during the SAE Brazil Conference in the flex fuel filters segment

- **Increase of the competitive advantage:** foreign automakers that are coming to Brazil have visited the facilities of the Company’s tech center (development and nationalization of components)

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Revision of accounting criteria



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- **Objective:** improve clarity and provide better information to the investors
- **Profit Sharing and Performance-based bonus:**
 - Before: General and Administrative Expenses
 - After: (4 accounts): COGS, Selling Expenses, G&A Expenses and Tech and Product Development Expenses
- **Deemed cost:**
 - Before: Other Operating Income (Expenses)
 - After: COGS

Revision of accounting criteria - Accum. period until Sep 2011				
Account	R\$ million			
	Before accounting reclassifications	Reclassification Profit Sharing	Reclassification Demeed Cost	After accounting reclassifications
Cost of goods sold	(1,192.0)	(36.4)	(38.2)	(1,266.6)
Selling expenses	(107.6)	(2.9)	-	(110.5)
General and administrative expenses	(104.9)	41.5	-	(63.4)
Tech and product development expenses	(51.6)	(2.0)	-	(53.6)
Other operating expenses/demeed cost	(22.5)	-	38.2	15.7

- Also applied for prior periods

Performance of the Net Sales Revenue



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Performance of the net sales revenue by segment

R\$ million

Accum. period until Sep 2011	Accum. period until Sep 2011 (a)	% Share by market	Accum. period until Sep 2010 (b)	% Share by market	% (a/b)	MAHLE Par Accum. period until Sep 2011 (c)	Adjusted consol. Revenue w/o MAHLE Par Accum. Period until Sep 2011 d=(a-c)	% (d/b)
Domestic market								
.Original equipment	680.5	39.8%	570.5	43.0%	19.3%	75.7	604.8	6.0%
.Aftermarket	402.2	23.5%	335.4	25.3%	19.9%	44.8	357.4	6.6%
Total	1,082.7	63.3%	905.9	68.3%	19.5%	120.5	962.2	6.2%
Export market								
.Original equipment	544.6	31.9%	371.8	28.0%	46.5%	89.2	455.4	22.5%
.Aftermarket	82.4	4.8%	49.1	3.7%	67.8%	31.3	51.1	4.1%
Total	627.0	36.7%	420.9	31.7%	49.0%	120.5	506.5	20.3%
TOTAL	1,709.7	100.0%	1,326.8	100.0%	28.9%	241.0	1,468.7	10.7%

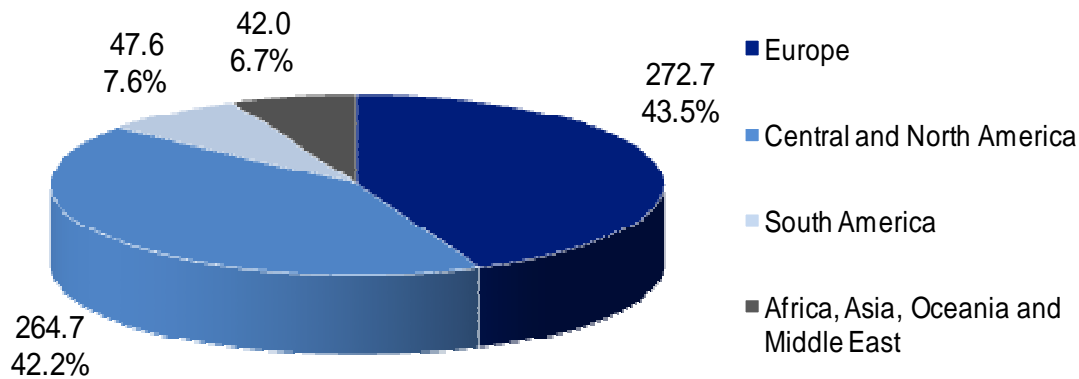
MAHLE Metal Leve S.A. - Consolidated Exports by region and Sales by product



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Consolidated exports by region

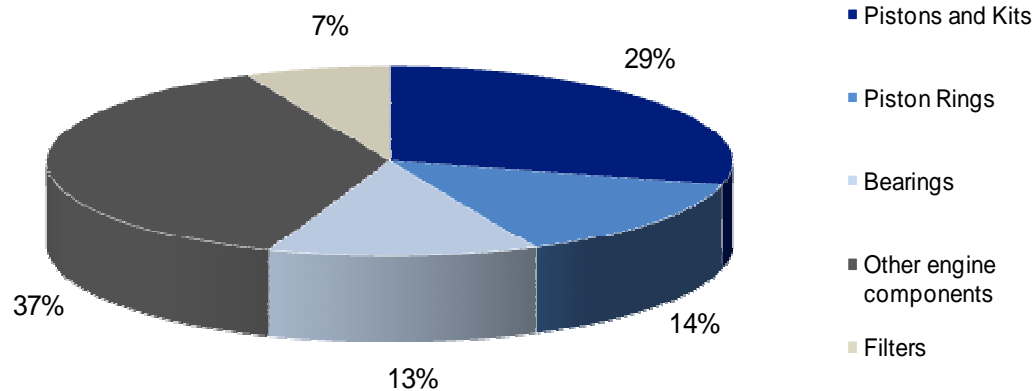
R\$ million



2011: R\$ 627.0 million

2010: R\$ 420.9 million

Net sales revenue by product



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Summary of Statements of Income



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R\$ million						
Accum. period until Sep 2011	Accum. period until Sep 2011	Accum. period until Sep 2010	%	MAHLE Par Accum. period until Sep 2011 (*)	Adjusted consol. Revenue w/o MAHLE Par Accum. period until Sep 2011	%
Operational Performance	(a)	(b)	(a/b)	(c)	d=(a-c)	d/b
Net sales revenue	1,709.7	1,326.8	28.9%	348.0	1,468.7	10.7%
Cost of goods sold	(1,266.6)	(1,025.9)	23.5%	(247.2)	(1,126.5)	9.8%
Gross profit	443.0	300.9	47.2%	100.8	342.2	13.7%
Margins:			(a-b)			(d-b)
Gross margin	25.9%	22.7%	3.2 p.p.	29.0%	23.3%	0.6 p.p.

■ **Gross profit and gross margin**

- Improvement of 3.2 p.p. in the gross margin in the nine-month period ended in September of 2011:
 - Acquisition of MAHLE Participações (piston rings unit) that has contributed with 2.6 p.p.
 - Price revisions in original equipment export contracts
 - Continuing cost control

MAHLE Metal Leve S.A. - Consolidated
Summary of Statements of Income



Driven by performance

R\$ million						
Accum. period until Sep 2011	Accum. period until Sep 2011	Accum. period until Sep 2010	%	MAHLE Par Accum. period until Sep 2011 (*)	Adjusted consol. Revenue w/o MAHLE Par Accum. period until Sep 2011	%
Operational Performance	(a)	(b)	(a/b)	(c)	d=(a-c)	d/b
EBITDA	328.5	203.9	61.1%	70.4	258.1	26.6%
Margins:			(a-b)			(d-b)
EBITDA margin	19.2%	15.4%	3,8 p.p.	20.2%	17.6%	2,2 p.p.

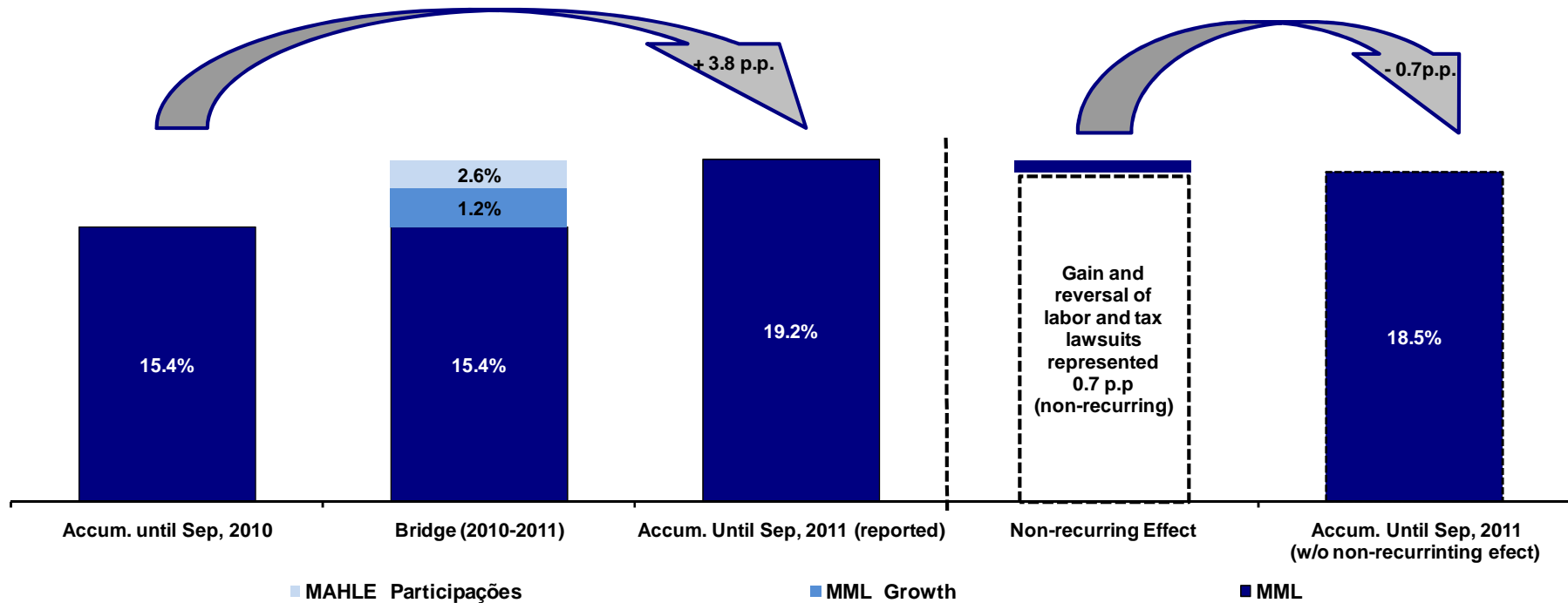
■ **Operating income measured by EBITDA**

- Improvement of 3.1 p.p. in the EBITDA margin in the nine-month period ended in September of 2011:
 - Acquisition of MAHLE Participações that has contributed with 1.6 p.p.
 - Increase in sales
 - Increase in prices in original equipment export contracts
 - Impact of non recurring item from reversal of labor and tax accruals (0,7 %)

MAHLE Metal Leve S.A. - Consolidated
EBITDA margin (non-recurring effect)



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Summary of Statements of Income



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R\$ million					
Accum. period until Sep 2011	Accum. period until Sep	% over sales	Accum. period until Sep 2010	% over sales	%
Operational Performance	(a)		(b)		(a/b)
Selling expenses	(110.5)	6.46%	(89.6)	6.75%	23.4%
General and administrative expenses	(63.4)	3.71%	(46.6)	3.51%	36.0%
Tech and product development expenses	(53.6)	3.14%	(33.7)	2.54%	59.3%
Other operating income and expenses	15.7	0.92%	(17.9)	1.35%	-187.3%

■ **Selling Expenses:**

- Increase in sales
- Decrease in special freight transportation

■ **General and Administrative Expenses:**

- A greater volume of sales
- Certain cost adjustments

■ **Tech and Product Development Expenses**

- More expenditure in technology research
- Acquisition of MAHLE Participações (a greater amount of such expenses)

■ **Other Operating Income (Expenses), Net**

- Gains and reversals of labor and tax lawsuits amounting to R\$ 12.5 million (non-recurring)

- **Net Financial Income:** R\$ 7.6 million
 - Net exchange variation (positive exchange variation on assets at the end of September)
 - Offset in part by the negative results of the hedge financial instruments
- **The Positive Variation of the Net Financial Result:** R\$ 19.7 million
 - Acquisition of MAHLE Participações that increased cash investments
 - Improvement in net interest income (observing that 96.8% of the Company's debt is in domestic currency)
 - Monetary adjustment of labor and tax lawsuits and respective escrow deposits(R\$14.4 million non-recurr.)
 - Net cash generated by the Company

Net financial result		R\$ million	
	Accum. period until Sep 2011	Accum. period until Sep 2010	Var.
Interests, net	(1.3)	(11.4)	10.1
Adjustment for inflation, net	(0.8)	(8.3)	7.5
Exchange rate variation, net	10.9	8.0	2.9
Result with derivatives	-	0.4	(0.4)
Other	(1.2)	(0.8)	(0.4)
Financial income (expenses), net	7.6	(12.1)	19.7

■ **Indebtedness**

- Decreased by R\$ 143.4 million in the period considered was mainly due to the net cash generated by the Company

■ **The increase in short-term financing:**

- The beginning of amortization in September of the BNDES-Exim (export-import financing) programs

Net indebtedness		R\$ million	
Liabilities	09.30.2011	12.31.2010	
Financings:	763.2	637.6	
.short term	457.6	168.6	
.long term	305.6	469.0	
Assets:			
Cash / banks / cash investments	(584.8)	(315.8)	
Net indebtedness	178.4	321.8	

- **Net income for the nine-month period ended in September of 2011** : R\$ 171.9 million
 - R\$ 64.8 million in the same period of the prior year

- **Net margin in the same period**: 10.1% (desconsidering non-recurring effects: 9.0%)

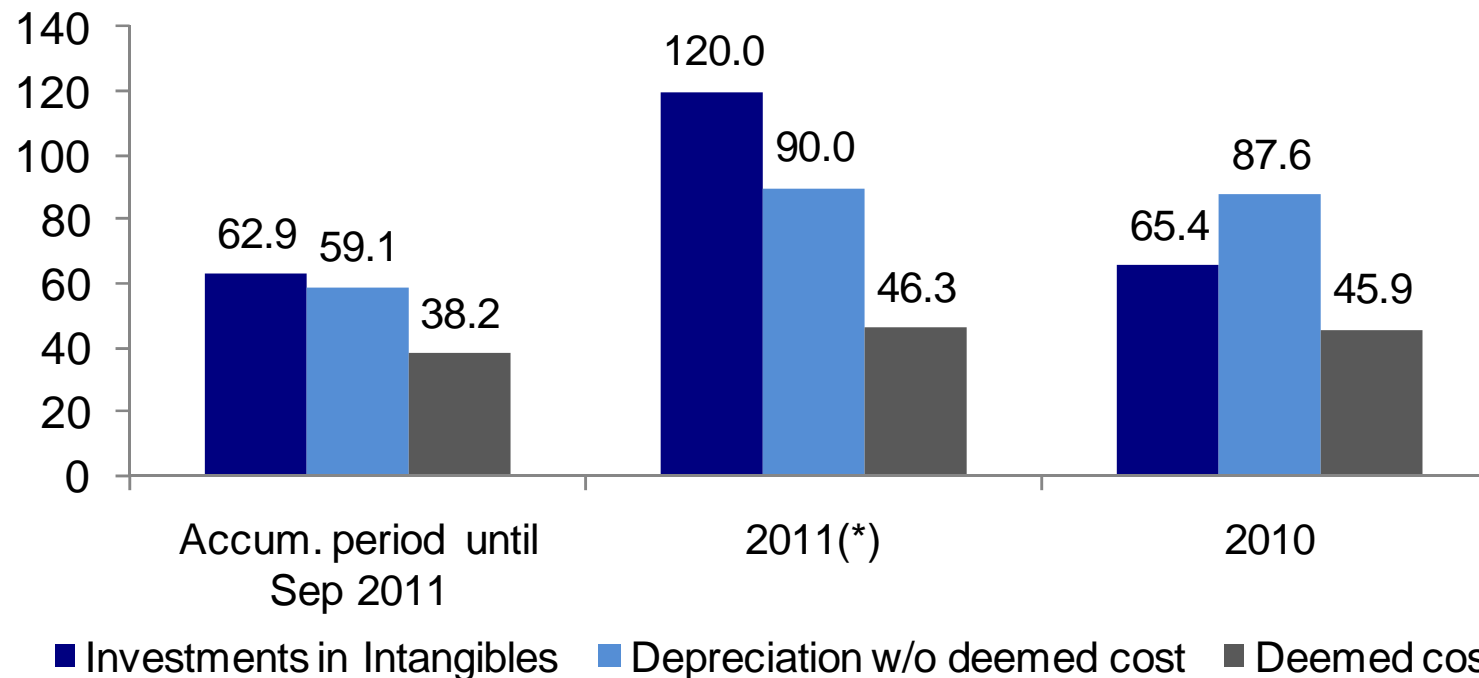
- **This improvement can be attributed to:**
 - The operating activities of MAHLE Participações
 - Better operating performance
 - Net financial income

- **Basis of calculation for dividend or interest on equity distribution for the nine-month period ended in September of 2011**: R\$ 186.1 million
 - **Excluding**: Depreciation of deemed cost (net of deferred taxes): R\$ 23.6 million;
and Statutory reserve: R\$ 8.6 million

Capital expenditure and Depreciation

- **Expected in 2011:** R\$ 120 million, of which R\$ 106.1 million approved of MML (parent company)
- **Consolidated Capex in the nine-month period ended in September of 2011:** R\$ 62.9 million

R\$ million



(*) *Estimated*

Stock buyback program

■ Objective:

- To insure some safety to the small investor in times of market volatility
- Without affecting the liquidity of investments with the Company's shares

■ Program:

- Quantity: up to 1,000,000 of common shares (representing 8.4% of the free-float)
- Price: at market price
- Period: 365 days (from October 14, 2011 to October 11, 2012)
- Intermediary institutions: stock brokerage houses Itaú e Fator

■ **MACROECONOMIC SCENARIO**

- Brazilian economy: moderation in growth, with estimated GDP growth for 2011 at: 3.30%
Basic interest rate (SELIC): down at 11.50% per year, w/o bias (in October)
- Global economy: period of increased uncertainty and weakened growth prospects

■ **AUTOMOTIVE INDUSTRY**

- Anfavea estimates for 2011 compared with prior year:
 - Sales to domestic market: up 5%; and Vehicle production: up 1.1%
- Truck sales in 2011: remain stable; 2012: a decline at the beginning of 2012 (purchases in advance)
- Recovering of revenue from exports (tax benefit): up to 3%
- Consequences of increasing the IPI rate and nationalization index: Investments of US\$ 21 billion and measures that hold down imports of some countries

■ **COMPANY**

- Stability in sales for the 4Q 2011, with trending down (new collective vacations)
- Favorable business conditions in the future due to the continuation of large infrastructure projects and government measures (despite unfavorable international developments)

Questions & Answers