

MAHLE Metal Leve announces first quarter 2009 results

Mogi Guaçu, May 15, 2009 - **MAHLE Metal Leve S.A. (BOVESPA: LEVE3, LEVE4)**, a leading manufacturer in the production of engine components in Brazil, announces today the results for the first quarter of 2009. The Company's operating and financial information, except where otherwise indicated, is presented in consolidated basis and in BRL, according to the Corporate Law.

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Macroeconomic Scenario

The beginning of 2009 was marked by the retraction process in the pace of the Brazilian economic activity, after prolongation of international economic crisis effects. Such effects intensively affected the Country in the first two months of the year, presenting expressive drop in industrial production due to repressed demand and low level of consumers' reliance, added to inventories level of 2008 transferred to 2009 in the whole productive chain. In March, a few sectors of economy indicated moderate recovery, including the automotive sector of light vehicles due to the quick heat up of domestic market, which decreased inventories levels of vehicles in the automakers. However, this scenario was not felt yet in the heavy vehicles and agricultural machinery segments, neither in the auto parts sector. Despite recovery indication in economic activity level since March, a sustainable recovery is not expected when compared to the growth and expansion pace occurred before worsening of worldwide economic crisis. International market is under recessive process and short-term improvement is not expected.

Summary of Income Statements in consolidated basis

R\$ million

	Consolidated		
	1Q09	1Q08	Var.%
Net revenues from sales			
-Domestic market	228.6	255.2	-10.4%
-Export market	105.0	168.6	-37.7%
Total	333.6	423.8	-21.3%
Sales – Export market in US\$ million	49.8	97.1	-48.7%
Gross income	51.0	120.4	-57.6%
-gross margin	15.3%	28.4%	13.1 p.p.
Operating income	(47.9)	50.3	-195.2%
- operating margin	(14.4%)	11.9%	-26.3 p.p.
Net income	(36.1)	33.2	-208.7%
-net margin	(10.8%)	7.8%	-18.6 p.p.
EBITDA	18.9	77.4	-75.6%
-EBITDA margin	5.7%	18.3%	-12.6 p.p.

Result for the Quarter and Company's Perspectives

First quarter of the current year presented net loss of BRL 36.1 million (net income of BRL 33.2 million in the 1st quarter of 2008) due to several factors: repressed demand, resulted by prolongation of international economic crisis effects, drop in production and sales levels in the export and domestic markets, in the segments of heavy-duty vehicles and agricultural machinery, high levels of vehicles inventories in the beginning of the year, as well as effects of overhedge result in transactions with derivative financial instruments on exports and raw materials.

Facing the effects occurred by international financial crisis, Company's Management has been focusing on effective actions that support protection to its liquidity, cash flow, management of costs and processes for production rationalization, constantly aiming at rapidly leveling of production, as well as its demand to the markets in which performs. Following this action plan, Management of the Company and its subsidiaries also adjusted the number of employees to the current production levels, and along with this sector's union, adopted actions, such as: collective vacation, flexibility agreements to work load by reducing activities once a week in a few business units. Those actions are intended to keep the business and to provide maintenance and increase of the market share, within the original equipment and aftermarket segments, in a globalized environment. Due to indications of recovery of sales in the domestic market in March, normalization of inventories level of vehicles, in the automakers and vehicles authorized dealers, Company estimates a recovery scenario from April on, with sales volume higher than in the first quarter of 2009, and it intends to close in a break even point in the second quarter.

Company's Economic and Financial Performance

Due to the effects mentioned above, Company had its order portfolio reduced in the first quarter.

Net Revenues from Sales

In the first quarter of 2009, the consolidated net revenues from sales was BRL 333.6 million, which represented a drop of 21% when compared to the same period of the previous year. Such a drop is due to expressive decrease of sales in the export and domestic market, in the heavy-duty vehicles and agricultural machinery segments, due to a slower course in the economic growth pace in the domestic and export market, resulting from noticeable drop in vehicles production and in high inventories levels of vehicles and spare parts.

Percentage variation of consolidated sales

R\$ million			
Sales	1Q09	1Q08	%
Domestic Market	228.6	255.2	-10.4%
Export Market	105.0	168.6	-37.7%
Total	333.6	423.8	-21.3%

Sales to the Domestic Market

Consolidated sales to the domestic market totaled BRL 228.6 million, a drop of 10.4% due to expressive reduction of supply to the automobile sector. Nevertheless, the aftermarket segment heated up in the beginning of this year due to increase of traffic fleet in the last four years and retraction of sales of new vehicles since the fourth quarter of 2008.

Sales to the Export Market

Consolidated sales to the export market were USD 49.8 million, a drop of 48.7% in comparison to the same quarter of 2008. This expressive drop occurred due to prolongation and economic recession in the main markets that the Company operates, with consequent slowdown of exports.

Gross Margin

Consolidated operating gross income in the quarter was substantially impacted by strong retraction of sales and production, mainly in heavy-duty vehicles segment (trucks, buses) and agricultural machinery, which includes products with higher value added. Such a drop in the margin is also due to effects of overhedge results in transactions with derivative financial instruments on exports and raw materials. Overhedge is the effect of a strategy against foreign currency fluctuations with contracts of financial instruments on exports not executed, due to a drop of export markets.

Financial Management

Net financial result in first quarter of 2009 recorded an expense of BRL 45.9 million, and of BRL 4.3 million obtained in the same period of the previous year.

R\$ million			
	Consolidated		
	1Q09	1Q08	Variation
Interest, net	(14.0)	(5.9)	(8.1)
Monetary variations	(3.1)	(1.6)	(1.5)
Exchange rate exposure, net	0.7	1.1	(0.4)
Overhedge result	(24.7)	2.9	(27.6)
Others	(4.8)	(0.8)	(4.0)
Net financial result	(45.9)	(4.3)	(41.6)

The increase in the net financial result mainly occurred due to the overhedge result in transactions with derivative financial instruments on exports and raw materials. Another factor that contributed to such increase is related to rise of interest from net indebtedness increase.

Net Indebtedness

R\$ million

	Consolidated	
	03.31.09	03.31.08
Liabilities		
Financings	656.2	414.7
Advances on export receivables	55.8	35.8
Assets		
Cash/ banks/ investments	276.8	154.2
Net indebtedness	435.2	296.3

Net indebtedness, on March 31, 2009 was BRL 435.2 million, with a growth of BRL 138.9 million against BRL 296.3 million booked in the same period of 2008, basically representing loans granted by BNDES in Exim modality. The net indebtedness increase is mainly due to investments performed by the Company along the second quarter of 2008, comprising: acquisition of the business of pistons and cylinders distribution and aftermarket in Argentina; acquisition of shareholding control of Forjas Brasileiras S.A. Indústria Metalúrgica; and implementation of the new Technological Center in Jundiaí, SP.

Operating Performance measured by EBITDA

In the first quarter of 2009, consolidated operating performance provided an EBITDA of BRL 18.9 million, a drop of 75.6% in comparison to the same quarter of 2008. The EBITDA margin was 5.7%. However, when compared to the last quarter of 2008, EBITDA margin presented an increase of 0.8 p.p. This performance was mainly due to the drop of the net revenues from sales and the effects of the overhedge result in transactions with financial instruments on exports and raw materials.

Capital expenditures for the fiscal year 2009

In the Annual General Meeting (AGM) held on April 29, 2009, Company's shareholders approved capital expenditures for the fiscal year 2009 in the amount of BRL 29.4 million destined to the following projects: new products; tools; quality; research and development; information technology; environment; and others.

Human Resources

Labor headcount of the Company and its subsidiaries in March 31, 2009 had 7,989 employees, a 9% drop in comparison to December 31, 2008 (8,812 employees). Such a drop intended to adjust the number of employees to the current levels of production.

Performance of Brazilian Automobile Sector

In the first quarter of 2009, Brazilian automobile industry recorded a drop in vehicle production in all segments, due to inventories level in automakers and to slow performance of sales in the export and domestic market, specially in the trucks, buses and agricultural machinery segments, due to recessive processes experimented by the main economies developed, triggering a trust crisis and affecting general

business environment. Such sales slowdown, after beginning of the crisis, resulted in a production drop, and consequently, increased inventory level of vehicles in automakers, and also in the authorized dealers' network, reaching approximately 395 thousand units in the beginning of the year, equivalent to 50 days of sales, complying with the market demand. In face of this situation, federal government announced a few measures in order to find solutions to stimulate economy and attenuate crisis effects. The main measures presented were better financial conveniences to encourage funding and reduction of IPI (Tax on Industrialized Products) rate on vehicles, in force from December, 2008 to March, 2009, extended to ninety additional days. The measures mentioned are providing better conditions to make automakers reduce their inventories and to make production return to a most satisfying level. Considering those measures announced by the government, market presented moderate recovery in domestic market sales, and consequent reduction in inventories. Currently, the numbers of vehicles in authorized dealers and in automakers yards are approximately 175 thousand units, equivalent to 20 days of sales, volume considered low by the sector when compared to the averages of previous years. Another measure that might contribute in short-term to vehicles sales is the higher drop in interest rate Selic, started in the first semester of 2009, reflection of a flexibility process of monetary policy that, according to Copom, will not incur loss for inflation target compliance.

Sales to the Domestic Market

Total sales of vehicles for the first three months of the year reached 563.7 thousand units, basically maintained in the same levels of the same quarter of 2008. This positive result is a consequence of IPI tax rate reduction, and the return of longer funding terms, which directly reflected in sales of the light vehicles segment. It did not occur to the trucks, buses and agricultural machines sectors that are still highly impacted by reflections of the international economic crisis, despite incentive measures.

Thousand units

Sales to the Domestic Market - national	Jan to Mar 2009	Jan to Mar 2008	Var. %
Light vehicles (cars and light commercials)	538.2	537.4	0.2
Trucks	20.7	24.7	-16.4
Buses	4.8	5.0	-5.1
Total automotive vehicles	563.7	567.1	-0.6
Agricultural machines	10.5	10.9	-4.1

Sales to the Export Market

Brazilian exports of vehicles and agricultural machinery are decreasing since the previous year and worsened in the beginning of the year, specially related to traditional markets, such as Argentina and Mexico. Sales of vehicles to the export market in the first quarter of 2009 were of 86.0 thousand units, presenting a drop of 52.3% in comparison to the same quarter of 2008. In the agricultural machinery market, a drop was 40.4% mainly due to agricultural crisis in Argentina.

Thousand units

Sales to the Export Market	Jan to Mar 2009	Jan to Mar 2008	Var. %
Light vehicles (cars and light commercials)	80.8	168.4	-52.0
Trucks	3.2	8.7	-62.8
Buses	2.0	3.4	-39.8
Total automotive vehicles	86.0	180.4	-52.3
Agricultural machines	4.1	6.8	-40.4

Vehicle Production

In the first quarter of 2009, total production of vehicles (lights vehicles, trucks and buses) was 660.0 thousand units, which represented a drop of 16.8% in comparison to the same quarter of the previous year. This result was due to high level of vehicles inventories in the yards of automakers, authorized dealers, as well as expressive reduction of sales in the export and domestic market in the trucks, buses and agricultural machinery segments, occurred since the last two months of 2008. After expressive drop in production of vehicles in the first two months of this year, which intended to adequate the high level of inventories to its demand, March presented a recovery, with a production increase of 34.2% when compared to the immediately previous month, and 47.5% in comparison to January, motivated by increase of sales to the domestic market, as mentioned before.

Thousand units

Vehicle production (assembled and CKD)	Jan to Mar 2009	Jan to Mar 2008	Var. %
Light vehicles (cars and light commercials)	627.7	744.9	-15.7
Trucks	24.2	37.2	-35.0
Buses	8.1	10.8	-24.8
Total vehicles	660.0	792.9	-16.8
Agricultural machines	14.7	19.1	-22.9

Vehicle Imports

Vehicle imports was heat up in the first quarter of 2009, even with the rise of foreign currencies and international financial crisis. In the quarter, 104.6 thousand units were sold, representing an increase of 29.4% in comparison to the same period of the previous year. This increase is mainly due to prices negotiations, among suppliers network along with headquarters of those automakers, and to successive promotions in sales of imported vehicles. This increase was concentrated in light vehicles, which represented a market share of 19.3% in comparison to the totality of national light vehicles sold in the domestic market (market share of 14.9% in 2008).

Forecast for the Brazilian Automotive Industry**Production**

The Brazilian automobile sector estimates for 2009 a production of 2.8 million vehicles, with a drop of approximately 12% in comparison to 2008. This drop in production is mainly due to slow performance of sales planned to the export market.

Sales to the Domestic Market

Sales to the domestic market (light vehicles, trucks and buses) for 2009 are estimated to 2.3 million vehicles, including a drop of around 5%. This result will be obtained with a decrease of IPI tax rate on sales of cars, extended until end of June, prolongation of funding terms, expressive drop course in the interest rate Selic, started in this first quarter of 2009 and inflation control. After such measures, the sector performance will depend on economy recovery and on higher credit offer. There is a concern regarding low sales pace within heavy vehicles segment (trucks and buses) and agricultural machinery that, unlike light vehicles, depend on investments levels of public and private sectors.

Sales to the Export Market

Sales estimates for this market in the year is around 500 thousand units, with a drop of 32% in comparison to 2008, due to recessive process in the most important international economies. In order to revert this drop, automobile industry has been preparing lists of claims to federal government directed to release tax on vehicle exports, including plans to eliminate unnecessary bureaucracy in ports and decrease of taxes in auto parts manufactured to vehicles destined abroad.

Production and Sales of Agricultural Machines

In the segment of agricultural machinery, production will reach 65 thousand units, that is, 23.5% less than 2008. Sales to the domestic market are estimated in 47 thousand units (54.5 thousand in 2008), with a drop of approximately 14%.

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - ASSETS
March 31, 2009 and December 31, 2008
(In thousands of BRL)

ASSETS	Parent Company		Consolidated	
	03.31.2009	12.31.2008	03.31.2009	12.31.2008
Current assets				
Cash and cash equivalents	184,321	50,405	276,826	163,777
Trade accounts receivable	165,978	149,531	245,916	231,372
Accounts receivable from related parties	137,202	203,249	46,937	67,357
Discounted exchange bills	(53,909)	(13,725)	(55,758)	(15,837)
Allowance for debtful accounts	(4,317)	(4,906)	(8,427)	(13,226)
Inventories	161,022	176,468	251,725	288,112
Recoverable taxes	45,024	49,210	62,932	69,185
Deferred income and social contributions taxes	80,422	93,349	85,262	96,708
Cash dividends and interest on shareholder's equity receivable	16,803	16,803	-	-
Other assets	15,437	7,770	16,949	10,707
Total current assets	747,983	728,154	922,362	898,155
Total current assets				
Long-term receivables				
Deferred income and social contribution taxes	50,597	53,029	65,431	69,098
Recoverable taxes	8,278	9,607	10,472	16,606
Other assets	1,230	1,234	1,355	1,565
Permanent assets				
Investments in subsidiaries	63,106	74,437	-	-
Other investments	371	371	371	371
Property, plant and equipment	398,230	412,751	494,265	514,276
Intangible assets	117,139	117,753	129,822	132,028
Deferred charges	905	962	905	962
Total noncurrent assets	639,856	670,144	702,621	734,906
Total assets	1,387,839	1,398,298	1,624,983	1,633,061

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY
March 31, 2009 and December 31, 2008
(In thousands of BRL)

LIABILITIES	Parent Company		Consolidated	
	03.31.2009	12.31.2008	03.31.2009	12.31.2008
Circulante				
Financings	429,131	336,308	537,766	426,791
Trade accounts payable	32,629	44,305	46,512	65,495
Taxes and contributions payable	11,216	9,297	15,874	11,421
Salaries, accrual for vacation and social charges payable	39,234	42,225	46,339	51,969
Unrealized losses on derivatives	132,478	229,197	134,297	232,723
Advances from customers	1,706	1,719	2,600	3,114
Interest on shareholder's equity payable	20,804	22,523	21,252	23,751
Accounts payable to related parties	12,955	14,061	30,747	32,820
Other provisions	35,070	37,765	48,406	50,951
Other liabilities	11,342	15,719	18,522	21,125
Total current liabilities	726,565	753,119	902,315	920,180
Non current liabilities				
Financings	96,971	103,840	118,410	130,775
Provision for capital deficiency in subsidiary	832	300	-	-
Provision for warranties	8,307	8,411	9,065	9,169
Provision for contingencies and legal obligations related to judicial proceedings	86,292	81,633	106,250	101,468
Other liabilities	7,541	4,467	17,761	14,803
Total noncurrent liabilities	199,943	198,651	251,486	256,215
Minority interests	-	-	9,851	10,138
Shareholder's equity				
Stock Capital	352,755	352,755	352,755	352,755
Income reserves	184,691	184,691	184,691	184,691
Shareholder's Equity Evaluation Adjustment (similar to Other Comprehensive Income) (Exchange variation) adjustments accumulated of conversion (to BRL of subsidiaries headquartered abroad)	(56,420)	(109,477)	(56,420)	(109,477)
Net Income (Losses) accumulated	16,404	18,559	16,404	18,559
	(36,099)	-	(36,099)	-
Total shareholder's equity	461,331	446,528	461,331	446,528
Total liabilities and shareholder's equity	1,387,839	1,398,298	1,624,983	1,633,061

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

INCOME STATEMENT
Quarters ended on March 31, 2009 and 2008
(In thousands of BRL, except EPS)

INCOME STATEMENT	Parent Company		Consolidated	
	03.31.2009	03.31.2008	03.31.2009	03.31.2008
Gross sales of goods and services	317,678	436,186	433,124	514,660
Taxes and sales deductions	(70,319)	(60,285)	(99,541)	(90,850)
Net sales and services	247,359	355,901	333,583	423,810
Cost of goods sold and services rendered	(209,292)	(257,921)	(262,571)	(303,364)
Gross income	38,067	97,980	51,012	120,446
Selling expenses	(13,221)	(18,287)	(18,323)	(26,042)
Management fees	(924)	(670)	(924)	(670)
General and administrative expenses	(14,446)	(17,505)	(18,799)	(20,190)
Financial result, net	(36,665)	(3,438)	(45,873)	(4,290)
Equity pick-up	(10,348)	4,051	-	-
Expenses with technology and product development	(8,295)	(9,338)	(9,756)	(11,059)
Other operating income (expenses), net	(1,911)	(4,829)	(5,267)	(7,681)
Operating revenue (expenses)	(85,810)	(50,216)	(98,942)	(70,132)
Income before income and social contribution taxes and minority interest	(47,743)	47,764	(47,930)	50,314
Current income and social contribution taxes	-	(11,379)	(237)	(13,409)
Deferred income and social contribution taxes	11,644	(3,155)	11,507	(2,543)
Income before minority and reversal of interest on shareholder's equity	(36,099)	33,230	(36,660)	34,362
Minority interest	-	-	561	(1,132)
Net income (loss) for the quarter	(36,099)	33,230	(36,099)	33,230
Earnings (losses) per share issued in the quarter in BRL	-1.19	1.09		
Number of shares issued at the end of the period (in thousands)	30,454	30,454		

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

STATEMENT OF CASH FLOW
Quarters ended on March 31, 2009 and 2008
(In thousands of BRL)

STATEMENT OF CASH FLOW	Parent Company		Consolidated	
	03.31.2009	03.31.2008	03.31.2009	03.31.2008
Cash flows from operating activities				
Net income for the period	(36,099)	33,230	(36,099)	33,230
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	16,053	20,441	20,972	22,797
Equity pick-up	9,816	(4,051)	-	-
Minority interest	-	-	(561)	1,130
Interest and exchange and monetary variations, net	14,933	5,942	22,721	6,019
Result on permanent assets sold	(190)	(93)	(86)	(27)
Deferred income and social contribution taxes	(11,644)	3,155	(11,507)	2,543
Set up (reversal) of allowance for doubtful accounts	(589)	169	(4,799)	354
Set up (reversal) of provision for contingencies and legal obligations	1,842	712	1,437	649
Set up (reversal) of provision for warranties	(104)	96	(104)	123
Reversal of other provisions	(2,695)	(466)	(2,545)	1,966
Exchange variation on investments in subsidiaries	-	-	(2,155)	-
Set up of provision for losses with property, plant and equipment and intangible assets	1,204	-	1,204	-
Set up (reversal) of provision for capital deficiency in subsidiary	532	-	-	-
Decrease (increase) in assets				
Trade accounts receivable	(16,447)	(11,955)	(14,544)	(25,164)
Accounts receivable from related parties	66,047	(3,958)	20,420	(2,267)
Inventories	15,446	(25,679)	36,387	(31,114)
Recoverable taxes	5,515	11,067	12,367	4,989
Other assets	(5,422)	221	(3,689)	(4,114)
Decrease (increase) in liabilities				
Trade accounts payable	(11,676)	10,972	(18,983)	14,476
Salaries, accrual for vacation and social charges payable	(2,991)	(476)	(5,650)	(2,018)
Taxes and contributions payable	1,919	(4,225)	4,453	(3,793)
Accounts payable to related parties	(1,106)	1,934	(2,073)	9,973
Unrealized losses on derivatives	(19,540)	(14,210)	(20,977)	(14,152)
Other liabilities and judicial deposits	(1,303)	(5,443)	355	(4,874)
Net cash provided by operating activities	23,501	17,403	(3,436)	10,746
Fluxo de caixa das atividades de investimentos				
Dividends and interest on subsidiary's equity	-	1,291	-	-
Additions to investments	-	(22,722)	-	-
Additions to property, plant and equipment	(1,889)	(19,312)	(3,646)	(24,599)
Additions to intangible assets	(230)	-	(500)	(3,821)
Proceeds from permanent assets sold	243	378	495	434
Net cash used in investing activities	(1,876)	(40,365)	(3,701)	(27,986)
Cash flows from financing activities				
Inflow of Financing	165,820	240,469	208,001	248,282
Amortization of financing-principal amounts	(81,232)	(135,138)	(104,780)	(148,844)
Amortization of financing-interest	(10,749)	(4,799)	(19,943)	(5,163)
Discounted exchange bills	40,184	(659)	39,921	452
Advances from customers	(13)	95	(514)	(689)
Cash dividends and interest on shareholder's equity paid	(1,719)	-	(2,499)	(553)
Net cash provided by (used in) financing activities	112,291	99,968	120,186	93,485
Increase (decrease) in cash and cash equivalents, net	133,916	77,006	113,049	76,245
Cash and cash equivalents at the beginning of the quarter	50,405	30,579	163,777	77,910
Cash and cash equivalents at the end of the quarter	184,321	107,585	276,826	154,155