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MAHLE Metal Leve announces half-year 2009 results

Mogi Guaçu, August 13, 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 half-year 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

After a downturn period resulting from the global crisis, the Brazilian economy showed some more consistent signs of recovery from the second quarter on, specially in the sectors of durable and semi durable goods, in view of a series of factors, the most important of which are: heated domestic demand, temporary government procedures for tax exemption for some of the economy's sectors, return of consumer credit, inflationary control, and continuity in the reduction of the basic interest rate. However, the Brazilian industrial production in the first half of the year was impacted by the effects of the crisis. The accumulation and maintenance of the inventories level both in the industry and in the distribution chains of the several sectors during the first two months of the present fiscal year caused this result. Upon the gradual sales expansion in the domestic market, the inventories were reduced at the same proportion, and the main sectors of the Brazilian economy are overcoming the crisis without great retraction of the domestic demand. There is a gap between industry and trade, since the crisis has considerably hit the investments (in capital goods) and exports, with material impacts in the industrial sector. Despite of the Brazilian economy's detachment of crisis contagion in relation to majority of developed countries, the decrease in global demand led to a remarkable reduction in the companies' revenues and profitability.

Summary of Income Statements in consolidated basis

R$ million

	Consolidated		
	Jan. to Jun./2009	Jan. to Jun./2008	Var.%
Net revenues from sales			
- Domestic market	494.8	562.7	-12.1%
-Export market	199.8	348.6	-42.7%
Total	**694.6**	**911.3**	**-23.8%**
Sales – Export market in US$ million	91.2	205.9	-55.7%
Gross income	**124.8**	**255.4**	**-51.1%**
-gross margin	18.0%	28.0%	-10.0 p.p.
Operating income	**(36.1)**	**100.7**	**-135.8%**
- operating margin	(5.2%)	11.1%	-16.3 p.p.
Net income	**(31.5)**	**67.6**	**-146.6%**
-net margin	(4.5%)	7.4%	-11.9 p.p.
EBITDA	**56.5**	**165.4**	**-65.8%**
-EBITDA margin	8.1%	18.1%	-10.0 p.p.

Half-Year Results
In the first half-year 2009, Company presented a net loss of R$ 31.5 million (a net income of R$ 67.6 million in the same half-year 2008), composed by a loss in the first quarter of R$ 36.1 million and a profit in the second quarter of R$ 4.6 million. Such performance presented in the first quarter occurred due to repressed demand caused by the global crisis, registering a decrease in sales and production volume, in the domestic and export markets, mainly in the segments of heavy vehicles and agricultural machinery, to high level of vehicles inventories in the beginning of the year, as well as overhedge result effects in transactions with financial instruments on exports and raw materials. In the second quarter, Company presented a satisfactory result in the crisis scenario context and it reached financial balance in its operations due to favorable economical conditions in the Country, due to governmental measures of tax release, which positively reflected in the automobile sector performance, associated to the Action Plan defined by the Company's Management to reduce crisis effects. Consolidated result for the first quarter 2009 includes employees' termination costs due to adjustment of production with economical activity in the amount of R$ 8.0 million.

Company's Economic and Financial Performance
As a result of the effects caused by the global crisis, the Company sustained a considerable reduction in its order book in its main marketplaces during the first quarter of 2009. In the second quarter, there was an improvement in the Company's performance, as a result of the Action Plan established by the Company's Management, in order to mitigate the effects of the crisis, of the heated demand and sales volume in the domestic market in the automotive and auto parts sectors, as well as of the government measures for tax exemption, which aimed to leverage the domestic demand for these segments.

Net Revenues from Sales
The consolidated net revenues from sales in the second quarter of 2009, of R$ 361.0 million, presented a growth of 8.2% regarding the immediately previous quarter, in consequence of the heating in the sales of light vehicles in the domestic market, as a result of more favorable economic conditions, constituting of an increase of 16.4% in the domestic market and of a fall of 9.7% in the export market. Such increase in the domestic market represents a recovery in sales in the period of global crisis. Although, this sales recovery in the quarter was not enough for a more satisfactory performance in the first half of 2009, as shown below, due to the slow and gradual recovery in the international markets, and of the low performance occurred in the first quarter in the domestic market. The consolidated net revenues from sales in the half-year, as demonstrated in the table below, include negative effects of result with derivative instruments in the amount of R$ 27.1 million.

R$ million

Sales	Jan. to Jun./09	Jan. to Jun./2008	Var.%
Domestic Market	494.8	562.7	-12.1
Export Market	199.8	348.6	-42.7
total	694.6	911.3	-23.8

Sales to the domestic market – Consolidated sales in the first half-year 2009 amounted to R$ 494.8 million, decreasing 12.1% in comparison to the same half-year 2008. This decrease occurred due to an expressive reduction of supply to automobile sector, mainly in heavy vehicles and agricultural machinery segments, impacted by the global crisis reflections. In the aftermarket segment, although still retracted in the half-year, heated up again due to increase of vehicles fleet in the last four years, and a new vehicles sales retraction since fourth quarter 2008, reflecting in the productive chain of automobile aftermarket. In the second quarter, the market of original equipment and aftermarket recovered, increasing 16.2% in comparison to the previous quarter, a result of favorable economic conditions and heat up of automobile sector benefited from the extension of the reduction of the Tax on Industrialized Products (IPI).

Sales to the export market - Consolidated sales in the first half-year 2009 amounted to R$ 199.8 million, decreasing 42.7% in comparison to the same half-year 2008. This decrease occurred due to economic recession in the main international markets, with consequent slowdown of exports.

Gross Margin

The consolidated operating gross income in the first half of 2009 amounted to R$ 124.8 million, recording a 51.1% drop in relation to the R$ 255.4 million achieved in the same half-year of 2008. This drop in the margin is mainly due to the lack of absorption of the fixed costs in the Company's operations, in consequence of the fall in the sales volume, provoked by the factors mentioned previously. In the second quarter there was an improvement in the gross income in relation to the immediately previous quarter, with an increase of 44.7%, and the gross margin went from 15.3% to 20.4%, as a result of the sales warm-up in the segments of original equipment and aftermarket.

R$ million

	Consolidated		
	1Q09	2Q09	Var.%
Net revenues from Sales	333.6	361.0	8.2%
Gross income	51.0	73.8	44.7%
- Gross margin	**15.3%**	**20.4%**	**5.1 p.p.**

The consolidated cost of goods sold in the first half-year includes the negative effects of results with derivative instruments in the amount of R$ 7.3 million.

Financial Management
Net Financial Result

R$ million

	Consolidated			
	2Q09	1Q09	**2Q08**	1Q08
Interest, net	**(13.0)**	(14.0)	**(5.5)**	(5.9)
Monetary variations	**(3.6)**	(3.1)	**(3.5)**	(1.6)
Exchange rate variation, net	**(5.0)**	0.7	**-**	1.1
Overhedge result	**15.6**	(24.7)	**(2.8)**	2.9
Others	**0.6**	(4.8)	**(2.4)**	(0.8)
Net financial result	**(5.4)**	(45.9)	**(14.2)**	(4.3)

R$ million

	Consolidadated		
	Jan. to Jun./09	Jan. to Jun./2008	Variation
Interest, net	**(27.0)**	(11.4)	(15.6)
Monetary variations	**(6.7)**	(5.1)	(1.6)
Exchange rate variation, net	**(4.3)**	1.1	(5.8)
Overhedge result	**(9.1)**	0.1	(8.8)
Others	**(4.2)**	(3.2)	(1.0)
Net financial result	**(51.3)**	**(18.5)**	**(32.8)**

In the second quarter of 2009, although the net financial result was negative in R$ 5.5 million, was markedly minor regarding to that one presented in the immediately previous quarter, expressing recovery in the performance of the company's risk management. The debt management in the second quarter succeeded in maintaining, and even slightly diminishing, the net interest and the indebtedness itself, which is under control and on a descending curve. The recent trajectory of variation of the Brazilian currency regarding the North American dollar and euro is near to the exchange rate that was hedged by the Company. As a consequence of the currency exchange retraction, the provisions regarding the overhedge could be reverted in the second quarter resulting a positive amount of R$ 15.6 million. In the accumulated result of the first half of 2009, the net financial result showed a loss of R$ 51.3 million that still reflects the financial performance achieved in the first quarter of 2009, as a result of the factors already mentioned in the previous quarter.

Net Indebtedness

R$ million

	Consolidated	
Liabilities	06.30.09	06.30.08
Financings	575.3	453.6
Advances on export receivables	33.0	64.5
Assets		
Cash/ banks/ investments	257.5	150.9
Net indebtedness	**350.8**	**367.2**

The net indebtedness was reduced in R$ 16.4 million, despite of the negative effects of the hedge and the increase of the interests rates, in function of the Company's efforts to reduce the working capital and investments, as well as the implementation of an aggressive program of costs reduction. In relation to the immediately previous quarter, the net indebtedness was decreased in R$ 84.4 million, with a 19% drop.

Operating Performance measured by EBITDA
In the first half of 2009, the consolidated operating performance measured by the EBITDA (earnings before Interest, taxes, depreciation and amortization) was R$ 56.5 million (R$ 165.4 million in the same half-year of 2008). The fall in the operating performance measured by the EBITDA was due to the factors already commented in the ‘Gross Margin" item, which occurred in the first quarter of the present fiscal year. In the second quarter, in relation to the immediately previous quarter, the EBITDA showed an increase equal to 98.4%, a margin gain of 4.7 p.p.

R$ million

	Consolidated		
	1Q09	2Q09	Var.%
EBITDA	18.9	37.5	98.4%
-EBITDA margin	5.7 %	10.4	4.7 p.p.

Human Resources
The company's labor headcount in consolidated basis, on June 30th, 2009, relied on 7,781 employees, and presented a 12% fall in relation to December 31, 2008 (8,812 employees). The fall in the labor headcount had the purpose of adjusting the pace of production in the Company and its subsidiaries in line with the demand and the economic situation.

Perspectives

Brazilian Automotive Industry – Perspectives for the automotive sector for the second half-year 2009 are of an increase in comparison to the first half-year, mainly concerning sales of vehicles and light commercial vehicles in the domestic market. After the extension of the reduction of the Tax on Industrialized Products (IPI), an increase 6% higher than 2008 in sales of vehicles to the domestic market is expected to the end of 2009, this was improbable before enforcement of IPI reduction. In addition to reduction of this tax, consumers' confidence increased. A decrease of 14% in comparison to 2008 is expected to the agricultural machinery segment. Tax release measures directed to some economy sectors announced by the federal government will provide a positive scenario at medium-term to the domestic market of new and used heavy vehicles. The estimates of vehicles production in 2009 is 3.05 million units, including trucks and buses, decreasing 5% in comparison to 2008, according to data disclosed by Brazilian Automobile Manufacturers' Association (Anfavea) in the beginning of July, against a previous estimates of a decrease of 12%. This improvement occurred due to a satisfactory behavior of light vehicles sales to the domestic market since March this year. In the export market, activities were mostly impacted by the global crisis. The new estimates disclosed Anfavea presented a scenario decline, from a decrease of 32% in vehicles sales in the beginning of the year to 40% in comparison to 2008, due to retraction of markets especially in NAFTA region and in Europe. Vehicles exports in 2009 will remain in about 440 thousand units. Last year 735 thousand units were traded.

Other measures to motivate demand – The trucks segment has also been motivated by the Pro-Trucker (*Pró-Caminhoneiro)* Program of Brazilian Bank for Economical and Social Development (BNDES), through extension of maximum funding term, decrease of interest rate, from 13.5% a year to 4.5% (forming zero real interest). Federal government will make a capital contribution of R$ 4 billion for creation of a guarantee fund of credit to small and medium enterprises and to the acquisition of capital assets, comprising trucks segment. It will also be possible to fund used trucks with more than 15 years (the limit was 8 years) and to use guarantee fund of credit to ensure operations of self-employed carriers, positively impacting the sales of new vehicles.

Company – Company estimates for the second half-year 2009 a consistent reaction of sales in the domestic market. Notwithstanding, in the international scenario along with the decrease of expectation to Automobile sector and in estimates of slowdown stability in business environment, caused by the global crisis, Company estimates a low recovery scenario in the second half-year, with sales volume close to the one presented in the first half-year 2009. The North American market stabilized in the second quarter of the year, increasing 1% in comparison to previous quarter, but still 32% lower than the same period last year. Vehicles sales reacted in Europe due to government incentives, after fourteen months low, they advanced 2.4% in July in comparison to the same month of the previous year, mainly due to Germany and France, according to information of European Automobile Manufacturers' Association (ACEA), based in Brussels.

Driven by performance

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - ASSETS
June 30 and March 31 of 2009
(In thousands of BRL)

ASSETS	Parent Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Current assets				
Cash and cash equivalents	173,437	184,321	257,511	276,826
Trade accounts receivable	158,587	165,978	227,013	245,916
Accounts receivable from related parties	107,709	137,202	42,667	46,937
Discounted exchange bills	(32,383)	(53,909)	(32,957)	(55,758)
Allowance for debtful accounts	(4,284)	(4,317)	(7,440)	(8,427)
Inventories	134,860	161,022	204,333	251,725
Recoverable taxes	41,062	45,024	54,071	62,932
Deferred income and social contributions taxes	53,372	80,422	57,197	85,262
Cash dividends and interest on shareholder's equity receivable	1,018	16,803	-	-
Other assets	15,297	15,437	17,253	16,949
Total current assets	**648,675**	**747,983**	**819,648**	**922,362**
Total current assets				
Long-term receivables				
Deferred income and social contribution taxes	49,677	50,597	64,410	65,431
Recoverable taxes	6,423	8,278	8,347	10,472
Other assets	1,228	1,230	1,354	1,355
Permanent assets				
Investments in subsidiaries	63,505	63,106	-	-
Other investments	371	371	371	371
Property, plant and equipment	386,717	398,230	473,829	494,265
Intangible assets	112,187	117,139	120,607	129,822
Deferred charges	848	905	848	905
Total noncurrent assets	**620,956**	**639,856**	**669,766**	**702,621**
Total assets	**1,269,631**	**1,387,839**	**1,489,414**	**1,624,983**

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY
June 30 and March 31 of 2009
(In thousands of BRL)

LIABILITIES	Parent Company		Consolidated	
	06.30.2009	03.31.2009	06.30.2009	03.31.2009
Current liabilities				
Financings	375,166	429,131	476,910	537,766
Trade accounts payable	33,771	32,629	45,146	46,512
Taxes and contributions payable	13,271	11,216	17,862	15,874
Salaries, accrual for vacation and social charges payable	46,330	39,234	55,993	46,339
Unrealized losses on derivatives	29,407	132,478	29,697	134,297
Advances from customers	1,710	1,706	2,582	2,600
Interest on shareholder's equity payable	20,804	20,804	22,032	21,252
Accounts payable to related parties	19,252	12,955	27,305	30,747
Other provisions	33,410	35,070	44,530	48,406
Other liabilities	12,776	11,342	20,522	18,522
Total current liabilities	**585,897**	**726,565**	**742,579**	**902,315**
Non current liabilities				
Financings	76,169	96,971	98,372	118,410
Provision for capital deficiency in subsidiary	845	832	-	-
Provision for warranties	8,401	8,307	9,133	9,065
Provision for contingencies and legal obligations related to judicial proceedings	87,529	86,292	107,611	106,250
Other liabilities	7,540	7,541	17,735	17,761
Total noncurrent liabilities	**180,484**	**199,943**	**232,851**	**251,486**
Minority interests	-	-	10,734	9,851
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)	(11,456)	(56,420)	(11,456)	(56,420)
(Exchange variation) adjustments accumulated of conversion (to BRL of subsidiaries headquartered abroad)	8,730	16,404	8,730	16,404
Net Income (Loss) accumulated	(31,470)	(36,099)	(31,470)	(36,099)
Total shareholder's equity	**503,250**	**461,331**	**503,250**	**461,331**
Total liabilities and shareholder's equity	**1,269,631**	**1,387,839**	**1,489,414**	**1,624,983**

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

INCOME STATEMENT
Quarters ended on June 30, 2009 and 2008
(In thousands of BRL, except EPS)

INCOME STATEMENT	Parent Company		Consolidated	
	06.30.2009	06.30.2008	06.30.2009	06.30.2008
Gross sales of goods and services	673,580	929,513	909,490	1,119,976
Taxes and sales deductions	(150,568)	(176,772)	(214,901)	(208,707)
Net sales and services	**523,012**	**752,741**	**694,589**	**911,269**
Cost of goods sold and services rendered	(428,112)	(550,640)	(569,784)	(655,823)
Gross income	**94,900**	**202,101**	**124,805**	**255,446**
Selling expenses	(26,891)	(39,216)	(40,397)	(57,818)
Management fees	(1,788)	(1,696)	(1,792)	(1,697)
General and administrative expenses	(31,834)	(37,542)	(38,452)	(43,745)
Financial result, net	(41,037)	(15,453)	(51,297)	(18,530)
Equity pick-up	(14,082)	9,811	-	-
Expenses with technology and product development	(15,801)	(20,057)	(18,535)	(23,397)
Other operating income (expenses), net	(1,863)	(2,059)	(10,471)	(9,534)
Operating revenue (expenses)	**(133,296)**	**(106,212)**	**(160,944)**	**(154,721)**
Income before income and social contribution taxes and minority interest	**(38,396)**	**95,889**	**(36,139)**	**100,725**
Current income and social contribution taxes	-	(30,503)	(1,491)	(34,011)
Deferred income and social contribution taxes	6,926	2,247	6,570	2,208
Income before minority and reversal of interest on shareholder's equity	**(31,470)**	**67,633**	**(31,060)**	**68,922**
Minority interest	-	-	**(410)**	**(1,289)**
Net income (loss) for the quarter	**(31,470)**	**67,633**	**(31,470)**	**67,633**
Earnings (losses) per share issued in the quarter in BRL	-1.03	2.22	-1.03	2.22
Number of shares issued at the end of the period (in thousands)	30,454	30,454	30,454	30,454

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

STATEMENT OF CASH FLOW
Quarters ended on June 30, 2009 and 2008
(In thousands of BRL)

STATEMENT OF CASH FLOW	Parent Company		Consolidated	
	06.30.2009	06.30.2008	06.30.2009	06.30.2008
Cash flows from operating activities				
Net income for the period	**(31,470)**	**67,633**	**(31,470)**	**67,633**
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	31,730	39,466	41,293	46,176
Goodwill amortization on acquisition of subsidiary	-	-	-	24
Equity pick-up	13,538	(9,860)	-	-
Minority interest	-	-	410	1,289
Interest and exchange and monetary variations, net	32,059	6,638	41,275	6,146
Result on permanent assets sold	(467)	(526)	1,522	(318)
Deferred income and social contribution taxes	(6,926)	(2,247)	(6,570)	(2,208)
Set up (reversal) of allowance for dobtful accounts	(622)	193	(5,786)	293
Set up (reversal) of current income and social contribution taxes	-	1,037	75	(649)
Set up (reversal) of provision for contingencies and legal obligations	379	3,653	(371)	5,734
Set up (reversal) of provision for warranties	(11)	465	(37)	2
Reversal of other provisions	(4,355)	(3,434)	(6,421)	(81)
Exchange variation on investments in subsidiaries	-	-	-	-
Set up of provision for losses with property, plant and equipment	5,344	49	7,216	-
Set up (reversal) of provision for capital deficiency in subsidiary	544	-	-	-
Decrease (increase) in assets				
Trade accounts receivable	(9,056)	(27,511)	4,359	(42,666)
Accounts receivable from related parties	95,540	(22,837)	24,690	653
Inventories	41,608	(26,642)	83,779	(33,322)
Recoverable taxes	11,332	23,916	23,373	16,902
Other accounts receivable	(4,752)	(5,123)	(3,261)	(9,111)
Decrease (increase) in liabilities				
Trade accounts payable	(10,534)	5,344	(20,349)	12,325
Salaries, accrual for vacation and social charges payable	4,105	14,466	4,004	15,503
Taxes and contributions payable	3,974	3,303	6,441	5,907
Accounts payable to related parties	5,191	4,941	(5,515)	3,352
Unrealized losses on derivatives	(54,750)	(21,343)	(57,643)	(21,496)
Other liabilities and judicial deposits	130	2,714	2,254	4,022
Net cash provided by operating activities	122,531	54,295	103,268	76,110
Cash flows from financing activities				
Dividends and interest on subsidiary's equity	15,785	9,889	-	-
Additions to investments	(11,769)	(22,722)	-	-
Additions to property, plant and equipment	(4,241)	(41,397)	(7,162)	(53,236)
Additions to intangible assets	(268)	(1,606)	(707)	(6,521)
Additions to Deferred	-	(342)	-	(342)
Reversal of provision for dobtful accounts	682	1,519	-	-
Cash used in acquisition of subsidiary received, net	(1,058)	(41,122)	(1,058)	(39,188)
Proceeds from permanent assets sold	-	-	(827)	1,630
Gain on partnership interests	(205)	-	-	-
Net cash used in investing activities	(1,074)	(95,781)	(9,754)	(97,657)
Cash flows from financing activities				
Inflow of Financing	210,896	343,424	284,930	375,133
Amortization of financing-principal amounts	(202,718)	(239,884)	(263,294)	(263,452)
Amortization of financing-interest	(23,533)	(12,469)	(36,285)	(13,441)
Discounted exchange bills	18,658	29,083	17,120	28,221
Advances from customers	(9)	70	(532)	(640)
Cash dividends and interest on shareholder's equity paid	(1,719)	(29,425)	(1,719)	(31,270)
Net cash provided by (used in) financing activities	1,575	90,799	220	94,551
Increase (decrease) in cash and cash equivalents, net	**123,032**	**49,313**	**93,734**	**73,004**
Cash and cash equivalents at the beginning of the quarter	50,405	30,578	163,777	77,910
Cash and cash equivalents at the end of the quarter	173,437	79,891	257,511	150,914