

MAHLE Metal Leve announces the 3Q07 results

Mogi Guaçu, November 14, 2007 - MAHLE Metal Leve S.A. (BOVESPA: LEVE3, LEVE4), a leading manufacturer in the production of engine components in Brazil, announces today the third quarter 2007 results. The Company's operational and financial information, except where otherwise indicated, are presented on a consolidated basis and in Brazilian reais, according to the Corporate Law.

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Brazilian macroeconomic scenario

Third quarter was marked by a financial turbulence caused by the American real estate credit risk, causing a drop in the main stock exchanges, increase in the dollar and in the sovereign risk. Despite of that turbulence and the foreign exchange unfavorable to exports, the economic activity level was maintained warm along the current fiscal year, supported by a dynamic domestic market benefited by a favorable economic stability environment.

Due to a foreign exchange favorable to imports and a warm domestic demand, the trade balance positive position has been presenting a drop in relation to previous year. In the accumulated from January to September 2007, the trade surplus was US\$ 30.9 billion, 9.6% below 2006. Exports grew 15% and imports 28%.

Composition of the Brazilian trade balance in US\$ billion:

	Jan. to Sep. 07	Jan. to Sep. 06	Var. %
Exports	116.6	101.0	15.4
Imports	85.7	66.8	28.3
Balance	30.9	34.2	(9.6)

Market

In third quarter of 2007, the total production of vehicles (that includes assembled and disassembled vehicles) was 797.9 thousand units, representing a growth of 18.9% in relation to equal quarter of previous year. In the accumulated for January to September, production amounted to 2,181.5 thousand units, a growth of 10.6%, presenting an increase in all automobile segments (light vehicles, trucks and buses), including agricultural machinery.

Exports of vehicles in units (that includes assembled and disassembled vehicles) presented a drop of 2.7% in third quarter, and 7.9% in the accumulated from January to September 2007, in relation to the same periods of 2006.

In face of a scenario of macroeconomic stability, the Brazilian automotive market presented a growth in sales of vehicles of 26.6% in the quarter and 22.6% in the accumulated for the nine months ended in September 2007, resulting in 588.2 thousand and 1,564.0 thousand units, respectively. That expansion occurred in all vehicle segments (light vehicles, trucks and buses), including agricultural machinery, and it is mainly due to the best conditions to consumer credit, the

expansion in financing terms and the higher level of activity verified in the agricultural sector segments and in civil construction and mining industries.

Composition of sales and production of assembled and disassembled vehicles (CKD).

Thousand units

Automobiles	3rd Q.07	3rd Q.06	Jan. to Sep.07	Jan. to Sep.06
Domestic Sales	588.2	464.6	1,564.0	1,275.5
Exports	217.1	223.2	594.0	644.7
Total Sales	805.3	687.8	2,158.0	1,920.2
Production	797.9	671.1	2,181.5	1,972.1

Company's Economic and Financial Performance

Net Sales Revenue

Consolidated net sales revenue for the third quarter of 2007 was R\$ 422.0 million, representing an increase of 11.1% in the third quarter, and R\$ 1,238.9 million, an increase of 9.5% in the accumulated for current fiscal year. The addition in revenue refers to the higher physical volume traded and to the development in the company's product portfolio with the new plant in Argentina, Establecimientos Metalurgicos Edival, a manufacturer of valves, valve guides and valve seats, acquired in March 2007, which generated a net sales revenue of approximately R\$ 41 million in the period accumulated to September 2007.

This positive behavior in the domestic market is due to a warming in the original equipment market, a result of the favorable Brazilian economic conditions that reflected positively in the performance of the automotive sector. In the segment of spare parts, the market maintains warm, in consequence of the best situation in transports and agricultural services, resulting in a growth of sales of engines and its parts, in function of the tendency of a higher damage in the fleet of automobiles and agricultural machinery, with predominance in trucks and tractors.

Sales to foreign market presented an increase, in local currency, of 5.6% in the quarter, and 9.7% in the accumulated for current fiscal year. When the same sales are analyzed in strong currency, they presented a growth of 19.4% in the quarter, and 19.6% in the accumulated for current fiscal year.

In millions of Brazilian reais

	3rd Q.07	3rd Q.06	Jan. to Sep.07	Jan. to Sep.06
PARENT COMPANY				
Domestic market	222.2	198.7	613.5	569.2
Foreign market	167.1	171.8	498.6	495.5
Total	389.3	370.5	1,112.1	1,064.7
CONSOLIDATED				
Domestic market	249.6	216.6	685.6	627.1
Foreign market	172.4	163.3	553.3	504.2
Total	422.0	379.9	1,238.9	1,131.3

Cash Management

Net financial income, in the accumulated for January to September 2007, presented expenses of R\$ 30.6 million in the parent company, and R\$ 32.7 million in the consolidated, presenting an increase in financial expenses of R\$ 25.5 million and R\$ 27.7 million, respectively, in comparison to equal period of previous year.

That result derives from the foreign exchange variances on investments, the foreign exchange exposure and the borrowings contracted in 2006 and in the first quarter of 2007.

Indebtedness

On September 30, 2007, the company's net debt amounted to R\$ 265.8 million, mainly resulting from financing with BNDES, in the Exim modality, directed to the financing of exports, which are binding to guarantees. The borrowings recorded in the quarter amounted to R\$ 301.6 million, of which 95% at short-term and 5% at long-term. In the consolidated, net debt amounted to R\$ 260.4 million.

Operating Performance – EBITDA

In the accumulated for the nine months ended in September 2007, the operating performance shown by EBITDA (income before interest, taxes, depreciation and amortization) presented a growth of 11.6% in the parent company, and 14.5% in the consolidated, generating a margin of 18.2% and 17.8%, with gains in the margins of 1.2 p.p. and 0.8 p.p., respectively, in relation to the same period of 2006.

EBITDA margin evolution per quarter in 2007

R\$ million

	1st Q.07	2nd Q.07	3rd Q.07	Jan. to Sep.07
PARENT COMPANY				
-EBITDA	58.0	67.1	77.3	202.5
-Ebitda margin	16.8%	17.8%	19.9%	18.2%
CONSOLIDATED				
-EBITDA	62.1	73.5	84.8	220.4
-Ebitda margin	16.2%	17.0%	20.1%	17.8%

In the third quarter of 2007, EBITDA amounted to R\$ 77.3 million in the parent company and R\$ 84.8 million in the consolidated, with a growth of 23.1%, and 26.5%, respectively, in relation to the same quarter of 2006. The EBITDA margin on net sales revenue was 19.9% in the parent company, and 20.1% in the consolidated, with gains in the margins of 2.9 p.p. and 2.4 p.p., respectively.

Net Income

In the quarter - The company recorded a net income of R\$ 30.2 million in the third quarter of 2007, a result 13.5% over the presented in the same period of previous year (R\$ 26.6 million), and 41.6% in relation to the immediately previous

quarter. In the parent company, the net margin of the quarter was 7.8%, a gain of 0.6 p.p. in relation to equal quarter of previous year and 2.2 p.p. in relation to the 5.6% presented in previous quarter. The consolidated margin was 7.2% in the quarter, with a gain of 0.2 p.p. in relation to the 3rd Qtr. 06, and 2.1 p.p. in relation to the previous quarter.

In the period accumulated to September – In the accumulated for January to September 2007, net income was R\$ 72.1 million, with a reduction of 1.1% in relation to the result for the same period of 2006. Net margin on consolidated net sales revenue was 5.8%, a loss of 0.6 p.p. in relation to the same period of previous year.

A contribution for the formation of this result was the increase in cost of raw materials, the consequent financial expenses, mainly from interests on financing and the continuous appreciation of the real currency in relation to the US dollar, even if discounted by the effect of the increase in sales to the domestic market and the result of the equity pick-up on investments in companies controlled in Brazil and abroad.

Investments

The company shareholders approved the investment budget for 2007, in the amount of R\$ 230.7 million, of which R\$ 168.6 million have already been spent and committed, directed to the following projects: quality; capacity increase; operations; research and development; new Technological Center; acquisitions of Dana Gravataí - plant of bearings and Edival Argentina – plant of valves; and a project for industrial filters.

Human Resources

The company's manpower by the end of third quarter of 2007 had 7,273 employees in the parent company and 8,609 in the consolidated. On December 31, 2006, it was 7,107, and 7,588, respectively. The staff increase was mainly due to the business expansion, with the acquisitions of companies in the first quarter of current fiscal year, and the adaptation to the present levels of production, aiming at meeting the domestic market demand.

In the period from January to September 2007, the benefits and the profit sharing destined to employees amounted to R\$ 53.5 million in the parent company, and R\$ 58.1 million in the consolidated. In the consolidated, those participations are distributed: 26.0% in social and medical aid, 21.2% in food, 9.6% in transport, 6.5% in training, 31.6% in profit sharing and 5.1% in others.

Perspectives

Based on the good performance of GDP in the first half of 2007, plus the high level of activity of the main industrial production in this third quarter, the market projects a growth rate to the Brazilian economy, in 2007, around 4.7% (3.7% in 2006).

For the fourth quarter, the market projects an expansion continuity in the Brazilian economy, supported by an active domestic market, motivated by the combination of lower interest rates and increasing employment, expanding credit, expansion in financing terms and consumer trust.

The Consumer Price Index (IPCA) forecast points out to an indicator close to 4% for 2007, once more below the center of the 4.5% goal. For the Selic interest rate, it is forecasted one more cut for this year, which should end at 11%.

In the international market, the exports of manufactured products have been affected by the continuous appreciation of the Brazilian real versus the dollar, compromising the competitiveness and profitability of the sector. The dollar currency, in the last two years, went from R\$ 2.34 at the end of 2005 to R\$ 2.14 in 2006, reaching R\$ 1.84 in September 2007, and should close the year at around R\$ 1.80.

Automotive Industry

The automotive sector projects a growth, in 2007, with a production of 2.960 million of units, a volume 13% over production in 2006, and for sales to the domestic market, a growth of 20%. In the foreign market, it is forecasted a drop in units around 11%, in function of the continuous appreciation of the Brazilian real in relation to the US dollar.

For the fourth quarter, according to data from the National Association of the Manufacturers of Automotive Vehicles - Anfavea, it is forecasted an increase in the production of vehicles around 22%, and sales to the domestic market of 15%, in relation to the equal quarter of previous year. In the foreign market, the vehicle sales forecast in units is a drop estimated in 17%.

Company

In view of the result predicted by the Brazilian automotive sector and the dynamic development of the present context, which has been leveraging the service of transports in the agricultural sector and in the civil construction and mining industries, the company has the expectation of maintaining the same rhythm of growth in volume of production in the domestic market, of original equipment and components for replacement, as presented in the previous quarter. Although in the fourth quarter there is a natural slowdown in the market, more specifically in the last month of the year.

In the international market, the forecast for next quarter in sales volume is of maintaining the same levels obtained in previous quarter, and higher than that presented in the fourth quarter of previous year, in consequence of the strategic change in sales operations, and the development in the portfolio resulting from the acquisition of Edival.

Although the profitability once again may be affected in consequence of the fluctuations in the currency exchange rate, the company has been obtaining operational performance at growing rates, as shown by the last changes in EBITDA in previous quarters, which is appropriate with Management efforts in the continuous control of costs, in the increase of productivity, as well as by the development in the product portfolio, through the acquisitions of companies, taking an important step to balance its international presence, and to maintaining its good performance in the domestic market.

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - ASSETS
September 30, 2007 and June 30, 2007
(In thousands of Brazilian reais)

ASSETS	Parent Company		Consolidated	
	09.30.2007	06.30.2007	09.30.2007	06.30.2007
Current assets				
Cash and cash equivalents	95,906	108,905	126,878	129,909
Trade accounts receivable	175,349	166,215	244,065	236,756
Accounts receivable from related parties	146,274	165,361	88,629	123,091
Discounted exchange bills	(60,134)	(74,915)	(60,301)	(74,915)
Allowance for doubtful accounts	(5,840)	(6,320)	(6,863)	(7,471)
Inventories	154,187	153,752	208,629	200,211
Recoverable taxes	24,052	26,138	28,101	29,234
Deferred income and social contribution taxes	10,908	11,040	12,154	12,054
Other accounts receivable	25,112	26,693	26,938	27,891
Total current assets	565,814	576,869	668,230	676,760
Noncurrent assets				
Long-term receivables				
Deferred income and social contribution taxes	38,013	41,016	41,292	45,060
Recoverable taxes	11,612	13,140	12,710	13,832
Other accounts receivable	1,204	1,196	1,395	1,322
Permanent assets				
Investments in subsidiaries	120,787	125,697	64,126	65,447
Other investments	371	371	371	371
Property, plant and equipment	356,880	360,429	400,561	403,829
Deferred charges	23,358	24,093	30,019	31,577
Total noncurrent assets	552,225	565,942	550,474	561,438
Total assets	1,118,039	1,142,811	1,218,704	1,238,198

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY

September 30, 2007 and June 30, 2007

(In thousands of Brazilian reais)

LIABILITIES AND SHAREHOLDERS' EQUITY	Parent Company		Consolidated	
	09.30.2007	06.30.2007	09.30.2007	06.30.2007
Current liabilities				
Trade accounts payable	58,809	64,190	70,447	78,029
Financings	289,111	265,531	319,055	294,114
Salaries, vacation pay and payroll charges payable	58,275	56,908	65,078	63,765
Taxes and contributions payable	7,330	8,158	9,372	12,546
Accounts payable to related parties	21,891	19,359	35,834	27,895
Advances from customers	2,493	1,938	3,016	2,134
Interest on shareholders' equity payable	163	163	163	163
Sundry provisions	27,230	23,730	34,021	30,010
Taxes and contributions provisions	995	-	2,199	-
Other accounts payable	41,126	51,093	44,657	53,373
Total current liabilities	507,423	491,070	583,842	562,029
Non current liabilities				
Financings	12,536	78,384	17,984	84,304
Provision for warranties	3,632	4,236	3,698	4,287
Provision for contingencies and legal obligations	78,095	82,962	82,581	87,722
Other accounts payable	2,056	2,056	4,759	2,128
Total noncurrent assets	96,319	167,638	109,022	178,441
Minority interests	-	-	11,543	13,625
Shareholders' equity				
Capital	352,755	352,755	352,755	352,755
Income reserves	93,916	92,406	93,916	92,406
Accumulated income	67,626	38,942	67,626	38,942
Total shareholders' equity	514,297	484,103	514,297	484,103
Total liabilities and shareholders' equity	1,118,039	1,142,811	1,218,704	1,238,198

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

STATEMENTS OF INCOME
Fiscal year ended on September 30, 2007 and 2006
(In thousands of Brazilian reais, except EPS)

STATEMENTS OF INCOME	Parent Company		Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Gross sales of goods and services	1,334,133	1,271,265	1,494,301	1,361,379
Taxes and sales deductions	(222,055)	(206,591)	(255,430)	(230,107)
Net sales and services	1,112,078	1,064,674	1,238,871	1,131,272
Cost of products sold	(847,534)	(802,288)	(911,405)	(833,176)
Gross profit	264,544	262,386	327,466	298,096
Selling expenses	(61,102)	(61,649)	(79,299)	(73,654)
Management fees	(2,663)	(3,018)	(2,663)	(3,018)
General and administrative expenses	(71,127)	(64,693)	(77,303)	(67,636)
Financial expenses, net	(30,629)	(5,159)	(32,731)	(4,980)
Equity pick-up	20,536	7,268	-	-
Reversal (provision) for loss of capital in investments	2,139	1,151	-	-
Expenses with technology and research	(23,821)	(24,963)	(28,800)	(28,712)
Other operating income (expenses), net	1,725	(6,321)	3,727	(6,694)
Operating revenue (expenses)	(164,942)	(157,384)	(217,069)	(184,694)
Operating income	99,602	105,002	110,397	113,402
Nonoperating result	100	1,146	(777)	1,250
Income before income and social contribution taxes and minority interest	99,702	106,148	109,620	114,652
Current income and social contribution taxes	(26,484)	(32,651)	(32,948)	(38,480)
Deferred income and social contribution taxes	(1,086)	(549)	(1,210)	(109)
Income before minority interest and reversal of interest on shareholders' equity	72,132	72,948	75,462	76,063
Minority interest	-	-	(3,330)	(3,115)
Net income for the year	72,132	72,948	72,132	72,948
Earnings per share at the end of the period in real – R\$	2	2.39535	2.36856	2.39535
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

STATEMENTS OF CASH FLOWS
Fiscal year ended on September 30, 2007 and 2006
(In thousands of Brazilian reais)

STATEMENTS OF CASH FLOWS	Parent Company		Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Cash flows from operating activities				
Net income for the period of nine months	72,132	72,948	72,132	72,948
Adjustments for reconciliation of net profit and cash generated by operating activities				
Depreciation and amortization	73,575	71,363	78,623	74,088
Equity pick-up	(20,536)	(7,268)	-	-
Minority interest	-	-	3,330	3,115
Interest and foreign and monetary exchange variations, net	(20,788)	454	(23,786)	1,083
Income from disposal of permanent assets	(129)	1,587	(672)	1,735
Deferred income and social contribution taxes	1,086	549	1,210	109
Reversal of allowance for doubtful accounts	(449)	(1,220)	1	(1,052)
Provision for taxes and contributions	995	4,815	2,199	7,340
Set up (reversal) of provision for contingencies and legal obligations	(8,708)	(1,394)	(8,930)	(1,017)
Set up (reversal) of provision for warranties	(520)	1,691	(554)	1,412
Reversal of sundry provisions	6,236	5,688	6,869	12,607
Set up (reversal) of provision for loss of capital in investments	(2,139)	(1,151)	-	-
Decrease (increase) in assets				
Trade accounts receivable	(29,857)	(27,507)	(35,827)	(39,383)
Accounts receivable from related parties	11,702	(23,488)	18,212	(3,734)
Inventories	(25,671)	(23,819)	(38,105)	(43,000)
Recoverable taxes	13,630	13,493	13,761	11,448
Dividends and interest on shareholders' equity received from subsidiaries	7,816	7,202	1	-
Other accounts receivable	(18,698)	(10,749)	(19,627)	(11,046)
Decrease (increase) in liabilities				
Trade accounts payable	6,606	(2,912)	8,234	(1,479)
Salaries, vacation pay and payroll charges payable	15,372	16,322	17,100	17,447
Taxes and contributions payable	2,915	1,592	682	1,840
Accounts payable to related parties	602	4,064	4,686	6,842
Other accounts payable	20,993	1,519	25,254	2,229
Net cash provided by operating activities	106,165	103,779	124,793	113,532
Cash flows from investments activities				
Additions to investments	(4,706)	-	-	-
Additions to investments	(81,286)	-	(82,444)	-
Additions to fixed assets	(72,570)	(58,673)	(85,146)	(62,031)
Sale of permanent assets	3,812	(1,082)	5,707	(1,173)
Net cash used in investing activities	(154,750)	(59,755)	(161,883)	(63,204)
Cash flows from financing activities				
Financing	102,678	217,875	109,770	217,553
Amortization of financing principal amounts	-	-	-	-
Amortization of financing interest	-	-	-	-
Discounted exchange bills	(10,819)	(18,329)	(10,652)	(18,329)
Advances from customers	238	(1,151)	712	(1,241)
Minority interest on dividends and shareholders' equity	-	-	(3,350)	(3,087)
Dividends and interest on shareholders' equity paid	(41,641)	(262,327)	(45,643)	(263,032)
Expired dividends	73	-	73	-
Net cash used in financing activities	50,529	(63,932)	50,910	(68,136)
Net additions (subtractions) to cash and cash equivalents	1,944	(19,908)	13,820	(17,808)
Cash and cash equivalents at the beginning of nine months	93,962	86,840	113,058	100,761
Cash and cash equivalents at the end of nine months	95,906	66,932	126,878	82,953
Additional Information:				
Payment of income and social contribution taxes	18,629	24,825	21,952	27,842