

MAHLE Metal Leve announces fiscal year 2008 results

Mogi Guaçu, March 27, 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 fiscal year 2008. The Company's operating and financial information, except where otherwise indicated, is presented on consolidated basis and in BRL, according to the Corporate Law.

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Summary of Income Statements on consolidated basis

	R\$ million		
	Consolidated		
	2008	2007	Var. %
Net revenues from sales			
-Domestic market	1,185.8	938.5	26.3%
-Export market	680.8	700.8	-2.8%
Total	1,866.6	1,639.3	13.9%
Sales – Export market in US\$ million	390.6	359.7	8,6%
Gross income	478.5	432.1	10.7%
-gross margin	25.6%	26.4%	-0.8 p.p.
Operating income (before interest on shareholder's equity)	79.9	137.6	-41.9%
- operating margin	4.2%	8.4%	-4.2 p.p
Net income	62.3	106.2	-41.3%
-net margin	3.3%	6.5%	-3.2 p.p
EBITDA	277.3	287.5	-3.5%
-EBITDA margin	14.9%	17.5%	-2.6p.p

MAHLE Metal Leve S.A. is a company of the MAHLE Group. The MAHLE Group is among the top 30 automotive suppliers globally and is the world market leader for combustion engine components, systems and peripherals.

Financial and Economic Performance of the Company

Net Revenues from Sales

The consolidated net revenues from sales was R\$ 1,866.6 million, with an increase of 13.9% when compared to the year 2007, of which 9.4% were due to new investments, among them: the acquisition of piston, cylinder and aftermarket distribution business in Argentina, and the consolidation of MAHLE HIRSCHVOGEL FORJAS S.A., company specialized in technology of forged products, making possible the development and supply of new forged products with the automakers. The remaining of the increase in the net revenues from sales was due to the increase in sales during the first nine months in 2008. Following this period, there was a significant retraction in the domestic sales due to the economic downturn caused by the global crisis.

Percentage variation of consolidated sales

Sales	% Variation		
	Jan to Sep 08x07	Oct to Dec 08x07	2008x2007
Domestic Market	35.0%	2.1%	26.3%
Export Market	-2.8%	-3.1%	-2.8%
Total	18.3%	0.1%	13.9%

Sales – Domestic Market

The consolidated net revenues from sales to the domestic market amounted to R\$ 1,185.8 million with 26.3% growth in relation to the fiscal year 2007. The positive performance was obtained due to the country's favorable economic conditions until September, reflecting positively in the performance of the automotive sector, in the markets of original equipment and aftermarket in that period, as well as the continuous investments carried out mentioned previously. In the last quarter, company's sales to the domestic market were affected in consequence of the expressive reduction of the production and supply levels for the automotive sector. In 2008 the sales share to the domestic market in the consolidated corresponded to 63% of the consolidated net revenues from sales (57% in 2007).

Sales – Export Market

The consolidated net revenues from sales to the export market were R\$ 680.9 million, with a 2.8% drop in relation to 2007. This decrease is a consequence of the national currency appreciation in relation to the U.S. currency occurred until September, and the economic downturn and current business environment, with recession in the leading markets where the Company operates, and the resulting slowdown in exports. The consolidated net revenues from sales, when analyzed in North American dollars, presented a growth around 8.6%, corresponding to US\$ 390.6 million (US\$ 359.7 million in 2007).

Gross Margin

The consolidated operating gross income in the year 2008 amounted R\$ 478.5 million, recording a 10.7% growth in relation to 2007, maintaining the gross margin at the same level as the previous year. During 2008, as previously mentioned, the economic scenario presented two different phases: the first one, a strong growth in sales to the domestic market seen until September and, the second, as of the fourth quarter, recording a retraction in sales and production in view of the economic crisis, which spread worldwide. These two phases created completely different impacts on operating costs. As such, steel prices, one of the major raw materials used in the manufacturing process, and oil by-products showing an upside in prices in the first phase, started to follow a downside trajectory in the second one. Other factors that influenced this margin are: real earnings above inflation due to the collective negotiation of the auto parts category and the effects of the result of transactions with derivative financial instruments over sales and raw materials that now are accounted in the lines of income statements revenues and cost of products sold, according to the Accounting Technical Pronouncement CPC 14 issued by the Accounting Pronouncement Committee.

Financial Management
Net Financial Result

R\$ million

	Consolidated		
	2008	2007	Variation
Interest, net	(30.9)	(16.8)	(14.1)
Monetary variations	(11.6)	(9.0)	(2.6)
Exchange rate exposure, net	(4.1)	(4.5)	0.4
Overhedge result	(46.7)	(2.3)	(44.4)
Others	(9.2)	(12.5)	(3.3)
Net financial result	(102.5)	(45.1)	(57.4)

The increase in the account interest expenses is due to change in the financing profile of the Company, from a financing situation in foreign currency with lower nominal interest rates to other financing situation indexed to the Brazilian long term interest rate (TJLP), to eliminate exchange risks, as well as the increase of the consolidated net indebtedness, basically representing loans obtained with the BNDES. The consolidated net indebtedness was R\$ 409.6 million on December 31, 2008 with an R\$ 135.8 million growth in relation to the R\$ 273.8 million recorded in 2007, basically representing Exim financing obtained with the BNDES.

R\$ million

	Consolidated	
	12.31.08	12.31.07
Liabilities		
Financings	557.6	316.3
Advances on export receivables	15.8	35.4
Assets		
Cash/ banks/ investments	163.8	77.9
Net indebtedness	409.6	273.8

The increase in the net indebtedness was largely due to the following investments: acquisition of piston, cylinder and aftermarket distribution business in Argentina; acquisition of shareholding control of the company Forjas Brasileiras S.A. Indústria Metalúrgica; and the implementation of the new Tech Center in Jundiaí, State of Sao Paulo. The Company and its subsidiaries, aiming to protect the results obtained from the imports of raw material and exports of its products, as well as its cash flows against fluctuations of exchange rates and prices of its commodities - nickel, aluminum, copper and tin – that generate significant effects over the assets and liabilities balance in foreign currency, contract, in accordance with its financial policy, transactions with derivatives. Low net exchange rate exposure shows the performance in order to protect the results described above. Due to the significant drop in the volume of planned sales as of the third quarter, 2008 the amount of hedge transactions contracted was above the volume of planned sales to the export market, generating the "overhedging", therefore the planned sales to the export market as well as commodities consumption have showed a decrease in figures. The decision of the Brazilian Securities and Exchange Commission ("CVM"), nº 566/08, as of 12.17.2008, endorsed the Accounting Technical Pronouncement CPC 14 issued by the Accounting Pronouncement Committee, entitled "Financial Instruments", and determined the way of accounting hedge gains and losses, as follows:

"The gain (or loss) with hedge must only be recognized in the income statement account in case the protected item (sell) actually affects the income statement. Until then, the gain (or loss) is considered a component of an APP (Equity Evaluation Adjustment - this account, was introduced in Brazilian accounting by the Law nº 11.638/07, presents the same characteristics of Other Comprehensive Income from the US-GAAP and the IFRS)." In putting into effect the referred CVM decision, the Company and its subsidiaries adapted the hedge result accounting to the determinations of CPC 14, and the year's income statement had changes.

Net Income for the year

In view of the economic and financial conditions recorded in the last quarter, 2008 that substantially affected the results of the parent company and its subsidiaries, especially concerning the financial effects of its transactions, 2008 recorded a net income of R\$ 62.3 million, registering a reduction of R\$ 43.9 million in relation to 2007 (R\$ 106.2 million).

Operating Performance measured by the EBITDA

In 2008, the consolidated operating performance measured by the EBITDA (earnings before Interest, taxes, depreciation and amortization) was R\$ 277.3 million, which represents a 3.5% decrease, when compared to the total of R\$ 287.5 million obtained in 2007. The EBITDA margin was 14.9% versus 17.5% of the previous year. The fall in the operating performance was due to already mentioned factors in "Gross Margin" item, as well as the inclusion of provisions (accruals) to the company MAHLE HIRSCHVOGEL FORJAS S.A., aiming to adjust it to the management and accounting patterns for companies of the MAHLE Group.

Dividends

In the Ordinary General Meeting held on April 30, 2008 company's shareholders approved complementary cash dividends relative to the fiscal year 2007 in the amount of R\$ 10.0 million, paid on May 20, 2008 corresponding to the remaining balance of net income for the fiscal year 2007, after withholding 5% for Legal Reserve, and interest on shareholder's equity approved in the Board of Director's Meeting held on December 4, 2007, in the amount of R\$ 26.1 million, net of income tax, paid on December 20, 2007. In the Board of Director's Meeting held on November 28, 2008 was approved dividends under the mode interest on shareholder's equity, in the gross amount of R\$ 32.0 million, paid on December 22, 2008, which after the 15% withheld as income tax, except for legal entity shareholders, which have certified to be exempt, amounted to R\$ 27.7 million.

	R\$ million	
Benefits to Shareholders	2008	2007
Interest on shareholder's equity:		
- Gross amount	32.0	27.9
- Net of income tax amount	27.7	24.1
Dividends:		
- proposed	-	10.0
Cash Dividends and Interest on Shareholder's Equity, net of income tax	27.7	34.1

Trading Balance in the Stock Exchange

In 2008 company's shares, listed in the BM&F Bovespa stock exchange, reached a total volume of R\$ 57.7 million in 3,798 transactions. In the end of the fiscal year, the share price was quoted at R\$ 16.50 per preferred share (R\$ 32.50 per preferred share in the end of 2007). The loss of profitability of the company's shares in 2008 was resulting of the international financial crisis reflecting in the capital markets, as well as in the world and Brazilian automotive sectors.

Perspectives**Brazilian Automotive Industry**

The Brazilian automotive industry, after records of sales achieved in 2008, was affected by a hard retraction process of production and sales, mainly due to the lose of confidence in the future of the global economy. Face to this situation the Brazilian government announced measures on December 11, 2008 for reducing the Tax on Industrialized Goods (IPI) rate, for some kinds of vehicles, and the Tax on Credit and Exchange Transactions, Insurance and Securities (IOF) rate until March 31, 2009 for stimulate sales. Other government measures for support credit facilities performed by the state and federal governments also acted in the sense of bail out the automotive and auto parts sectors, although the restraints to the conditions for credit concession still are high, as well as the interest rate contracted in financings, the automotive market reacted to the strong downturn in sales in the last quarter of the year, and even presented a sales recovery in the beginning of 2009, however, due to the high level of the finished goods vehicles in the automakers the auto parts sector still did not feel actually the effects of those measures. The forecast for the Brazilian automotive industry in 2009 is to return to the sales levels before 2008.

Company

The spread of effects of the international financial crisis in the Southern Common Market is uncertain. In view of this, the Company's Management considers that is not adequate, under the present scenario, attribute probabilities to future events. The Company's Management acts continuously in the costs reduction and production rationalization. Since the worsening of the international financial crisis, the Company has adopted a comprehensive plan of action to encounter the crisis that in general lines summarizes in three big fronts: (I) protection of the liquidity and cash position; (ii) reduction of costs, inventories, accruals, and receivables, and (iii) adaptability and quick reaction to the market demand, the new Brazilian and world macroeconomic scenarios, and the situations of automotive and auto parts sectors.

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - ASSETS
December 31, 2008 and 2007
(In thousands of BRL)

ASSETS	Parent Company		Consolidated	
	12.31.2008	12.31.2007	12.31.2008	12.31.2007
Current assets				
Cash and cash equivalents	50,405	30,579	163,777	77,910
Trade accounts receivable	149,531	164,367	231,372	222,211
Accounts receivable from related parties	203,249	148,665	67,357	76,749
Discounted exchange bills	(13,725)	(34,447)	(15,837)	(35,375)
Allowance for debtful accounts	(4,906)	(5,191)	(13,226)	(6,423)
Inventories	176,468	144,731	288,112	199,929
Recoverable taxes	49,210	43,766	69,185	48,457
Deferred income and social contributions taxes	93,349	9,399	96,708	10,129
Cash dividends and interest on shareholder's equity receivable	16,803	9,889	-	-
Other assets	7,770	6,289	10,707	7,238
Total current assets	728,154	518,047	898,155	600,825
Noncurrent assets				
Long-term receivables				
Deferred income and social contribution taxes	53,029	41,320	69,098	44,289
Recoverable taxes	9,607	13,882	16,606	15,057
Other assets	1,234	1,213	1,565	1,348
Permanent assets				
Investments in subsidiaries	74,437	49,906	-	-
Other investments	371	371	371	371
Property, plant and equipment	412,751	388,394	514,276	433,607
Intangible assets	117,753	83,102	132,028	92,746
Deferred charges	962	1,059	962	1,059
Total noncurrent assets	670,144	579,247	734,906	588,477
Total assets	1,398,298	1,097,294	1,633,061	1,189,302

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

BALANCE SHEETS - LIABILITIES AND SHAREHOLDER'S EQUITY
December 31, 2008 and 2007
(In thousands of BRL)

LIABILITIES	Parent Company		Consolidated	
	12.31.2008	12.31.2007	12.31.2008	12.31.2007
Current liabilities				
Financings	336,308	210,586	426,791	243,888
Trade accounts payable	44,305	53,962	65,495	65,582
Taxes and contributions payable	9,297	14,652	11,421	18,383
Salaries, accrual for vacation and social charges payable	42,225	45,194	51,989	52,242
Unrealized losses on derivatives	229,197	18,574	232,723	18,544
Advances from customers	1,719	3,670	3,114	4,505
Cash dividends proposed	-	10,000	-	13,684
Interest on shareholder's equity payable	22,523	19,627	23,751	20,180
Accounts payable to related parties	14,061	20,866	32,820	26,293
Other provisions	37,765	17,292	50,951	22,385
Other liabilities	15,719	22,528	21,125	27,723
Total current liabilities	753,119	436,951	920,180	513,409
Non current liabilities				
Financings	103,840	68,919	130,775	72,385
Provision for capital deficiency in subsidiary	300	-	-	-
Provision for warranties	8,411	6,640	9,169	6,722
Provision for contingencies and legal obligations related to judicial proceedings	81,633	71,282	101,468	74,398
Other liabilities	4,467	2,056	14,803	2,634
Total noncurrent liabilities	198,651	148,897	256,215	156,139
Minority interests	-	-	10,138	8,308
Shareholder's equity				
Stock Capital	352,755	352,755	352,755	352,755
Income reserves	184,691	158,691	184,691	158,691
Shareholder's Equity Evaluation Adjustment (similar to Other Comprehensive Income) (Exchange variation) adjustments accumulated of conversion (to BRL of subsidiaries headquartered abroad)	(109,477)	-	(109,477)	-
Total shareholder's equity	446,528	511,446	446,528	511,446
Total liabilities and shareholder's equity	1,398,298	1,097,294	1,633,061	1,189,302

MAHLE METAL LEVE S.A. PARENT COMPANY AND CONSOLIDATED

INCOME STATEMENT
Fiscal Years ended on December 31, 2008 and 2007
(In thousands of BRL, except EPS)

INCOME STATEMENT	Parent Company		Consolidated	
	12.31.2008	12.31.2007	12.31.2008	12.31.2007
Gross sales of goods and services	1,851,055	1,773,981	2,341,982	1,987,465
Taxes and sales deductions	(367,337)	(303,367)	(475,351)	(348,108)
Net sales and services	1,483,718	1,470,614	1,866,631	1,639,357
Cost of goods sold and services rendered	(1,107,694)	(1,118,047)	(1,388,163)	(1,207,241)
Gross income	376,024	352,567	478,468	432,116
Selling expenses	(81,948)	(83,698)	(126,977)	(108,945)
Management fees	(3,683)	(3,542)	(3,687)	(3,542)
General and administrative expenses	(69,565)	(71,305)	(83,134)	(80,326)
Goodwill amortizations	(3,588)	(24,345)	(6,707)	(24,377)
Financial result, net	(77,250)	(43,146)	(102,458)	(45,053)
Interest on subsidiary's equity	1,198	1,519	-	-
Interest on shareholder's equity	(31,965)	(27,866)	(35,176)	(28,517)
Equity pick-up	(2,330)	20,812	-	-
Reversal of provision for capital deficiency in subsidiary	-	2,139	-	-
Expenses with technology and product development	(38,882)	(34,144)	(44,158)	(41,581)
Other operating income (expenses), net	(13,121)	10,193	(31,437)	9,274
Operating revenue (expenses)	(321,134)	(253,383)	(433,734)	(323,069)
Income before income and social contribution taxes and minority interest	54,890	99,184	44,734	109,047
Current income and social contribution taxes	(63,435)	(20,069)	(67,423)	(26,944)
Deferred income and social contribution taxes	40,034	712	45,512	(112)
Income before minority and reversal of interest on shareholder's equity	31,489	79,827	22,823	81,991
Minority interest	-	-	4,257	(4,334)
Reversal of Interest on subsidiary's equity	(1,198)	(1,519)	-	-
Reversal of Interest on shareholder's equity	31,965	27,866	35,176	28,517
Net income for the period	62,256	106,174	62,256	106,174
Earnings per share issued at the period in BRL	2.04	3.49		
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
Fiscal Years ended on December 31, 2008 and 2007
(In thousands of BRL)

STATEMENT OF CASH FLOW	Parent Company		Consolidated	
	12.31.2008	12.31.2007	12.31.2008	12.31.2007
Cash flows from operating activities				
Net income for the period	62,256	106,174	62,256	106,174
Adjustments to reconcile net income to cash provided by operating activities				
Depreciation and amortization	78,176	97,753	94,937	104,893
Equity pick-up	2,030	(20,812)	-	-
Minority interest	-	-	(4,257)	4,334
Interest and exchange and monetary variations, net	32,015	(20,281)	40,958	(23,798)
Loses on derivatives	55,223	16,304	58,070	16,274
Result on permanent assets sold	(1,238)	(1,827)	(658)	(2,322)
Deferred income and social contribution taxes	(40,034)	(712)	(45,512)	112
Set up (reversal) of allowance for doubtful accounts	(285)	(1,098)	3,343	(439)
Set up (reversal) of provision for contingencies and legal obligations	(405)	(16,217)	6,264	(17,803)
Set up (reversal) of provision for warranties	1,771	(1,164)	2,447	(1,116)
Reversal of other provisions	20,473	2,021	26,193	(1,265)
Set up of provision for losses with property, plant and equipment and intangible assets	334	1,133	334	1,133
Set up (reversal) of provision for capital deficiency in subsidiary	300	(2,139)	-	-
Decrease (increase) in assets				
Trade accounts receivable	14,836	(18,875)	15,280	(13,973)
Accounts receivable from related parties	(54,684)	9,311	10,924	30,091
Inventories	(31,737)	(16,215)	(68,556)	(29,405)
Recoverable taxes	(1,169)	(8,354)	(20,556)	(8,942)
Other assets	(911)	(3,354)	1,171	(2,132)
Decrease (increase) in liabilities				
Trade accounts payable	(9,657)	1,759	(11,774)	3,369
Salaries, accrual for vacation and social charges payable	(2,969)	2,291	(5,573)	4,264
Taxes and contributions payable	(5,365)	10,237	(11,999)	9,693
Accounts payable to related parties	(6,805)	(423)	6,527	(4,855)
Other liabilities and judicial deposits	(4,398)	11,572	(4,815)	13,898
Net cash provided by operating activities	107,867	143,042	155,004	188,185
Cash flows from investing activities				
Capital raise in subsidiary	(22,722)	(4,706)	-	-
Cash spent on the acquisition of subsidiary, net of cash received	(40,394)	(86,547)	(37,847)	(87,385)
Dividends and interest on subsidiary's equity	10,069	9,448	-	-
Additions to property, plant and equipment	(98,729)	(120,376)	(126,196)	(129,214)
Additions to intangible assets	(6,848)	(7,230)	(10,851)	(12,816)
Additions to deferred charges	(283)	(1,059)	(283)	(1,059)
Proceeds from permanent assets sold	3,023	5,834	3,134	6,578
Losses on derivatives - realized ("overhedge")	(9,723)	-	(9,723)	-
Net cash used in investing activities	(165,607)	(204,636)	(181,766)	(223,896)
Cash flows from financing activities				
Inflow of Financing	481,084	404,623	609,090	436,859
Amortization of financing-principal amounts	(314,385)	(310,504)	(398,980)	(333,896)
Amortization of financing-interest	(27,391)	(10,847)	(29,033)	(11,701)
Discounted exchange bills	(20,722)	(36,506)	(20,497)	(35,578)
Advances from customers	(1,951)	1,414	(2,664)	2,201
Cash dividends and interest on shareholder's equity paid	(39,069)	(50,043)	(45,287)	(57,396)
Expired dividends	-	74	-	74
Net cash provided by (used in) financing activities	77,566	(1,789)	112,629	563
Increase (decrease) in cash and cash equivalents, net	19,826	(63,383)	85,867	(35,148)
Cash and cash equivalents at the beginning of the fiscal year	30,579	93,962	77,910	113,058
Cash and cash equivalents at the end of the fiscal year	50,405	30,579	163,777	77,910
Additional information:				
Payment of income and social contribution taxes	66,113	27,534	71,249	32,566