IOCHPE-MAXION

EARNINGS RELEASE – 2Q08



July, 2008

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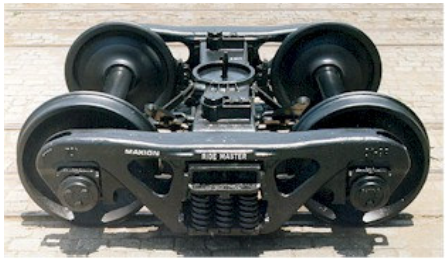
SIMPLIFIED CORPORATE STRUCTURE*

Iochpe-Maxion S.A.

50% — **R$ 131.7 million[1] (30%)** — **Amsted-Maxion Fundição e Equipamentos Ferroviários S.A.**

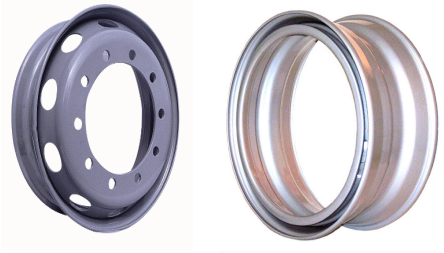


Railway Freight Cars: R$ 95.9 million[1] (22%)



Castings: R$ 30.1 million[1] (7%)
Wheels: R$ 5.7 million[1] (1%)

100% — **R$ 277.5 million[1] (63%)** — **Wheels and Chassis Division**

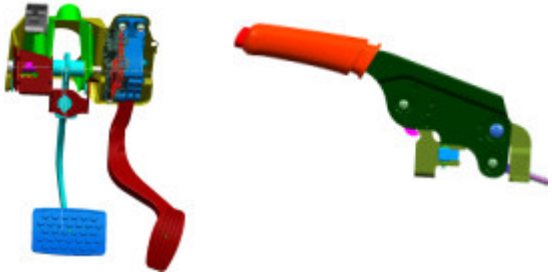


Wheels: R$ 114.4 million[1] (26%)

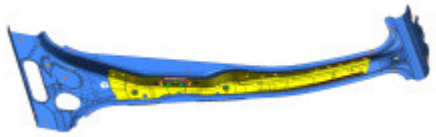


Chassis: R$ 163.1 million[1] (37%)

100% — **R$ 32.9 million[1] (7%)** — **Automotive Components Division**



Hand Brake Leaver and Pedal Sets: R$ 12.1 million[1] (3%)



Structural Stamped Parts: R$ 6,6 million[1] (2%)

* Consider the grouping of Maxion Sistemas Automotivos by Iochpe-Maxion, approved in a Extraordinary Shareholders Meeting on 01/07/2008

[1] Consolidated net revenue in the second quarter of 2008

HIGHLIGHTS - 2Q08

✓ **Consolidated net operating revenue of R$ 442.1 million, an increase of 38.6% over the same period of last year**

✓ **EBITDA(*) of R$ 71.9 million, an increase of 97.3% when compared with the same period of last year**

✓ **Net income of R$ 44.1 million, an increase of 217.5% over the same period of last year**

✓ **Net debt bank of R$ 198.9 million (R$ 164.0 million on Jun/07), or 0.9x EBITDA LTM(*) (1.2x on Jun/07).**

(*) EBITDA, throughout this presentation means: net income plus income tax and social contribution, plus non-operating result, plus net financial expenses, plus depreciation and amortization, plus goodwill amortization.

2Q08 - MAIN DRIVERS

✓ **Growth of the Brazilian production of vehicles and agricultural machinery**

✓ **Recovery of domestic demand for railway freight cars**

✓ **Impact of the real appreciation (1.6362 – 2Q08 x 1.9630 – 2Q07) on net revenue of exports (reduction of R$ 10.2 million)**

✓ **Reduction of exports: US$ 31.2 million on 2Q08 x US$ 33.8 million on 2Q07 (12% of net revenue on 2Q08 x 21% on 2Q07)**

AWARD

Abrasca (Brazilian Association of Public Companies) Award for Value Creation

✓ Iochpe-Maxion was awarded for the outstanding performance in Value Creation in 2007 among the companies in the Machinery and Equipments sector, according to the Public Companies Statistics Yearbook - 2008

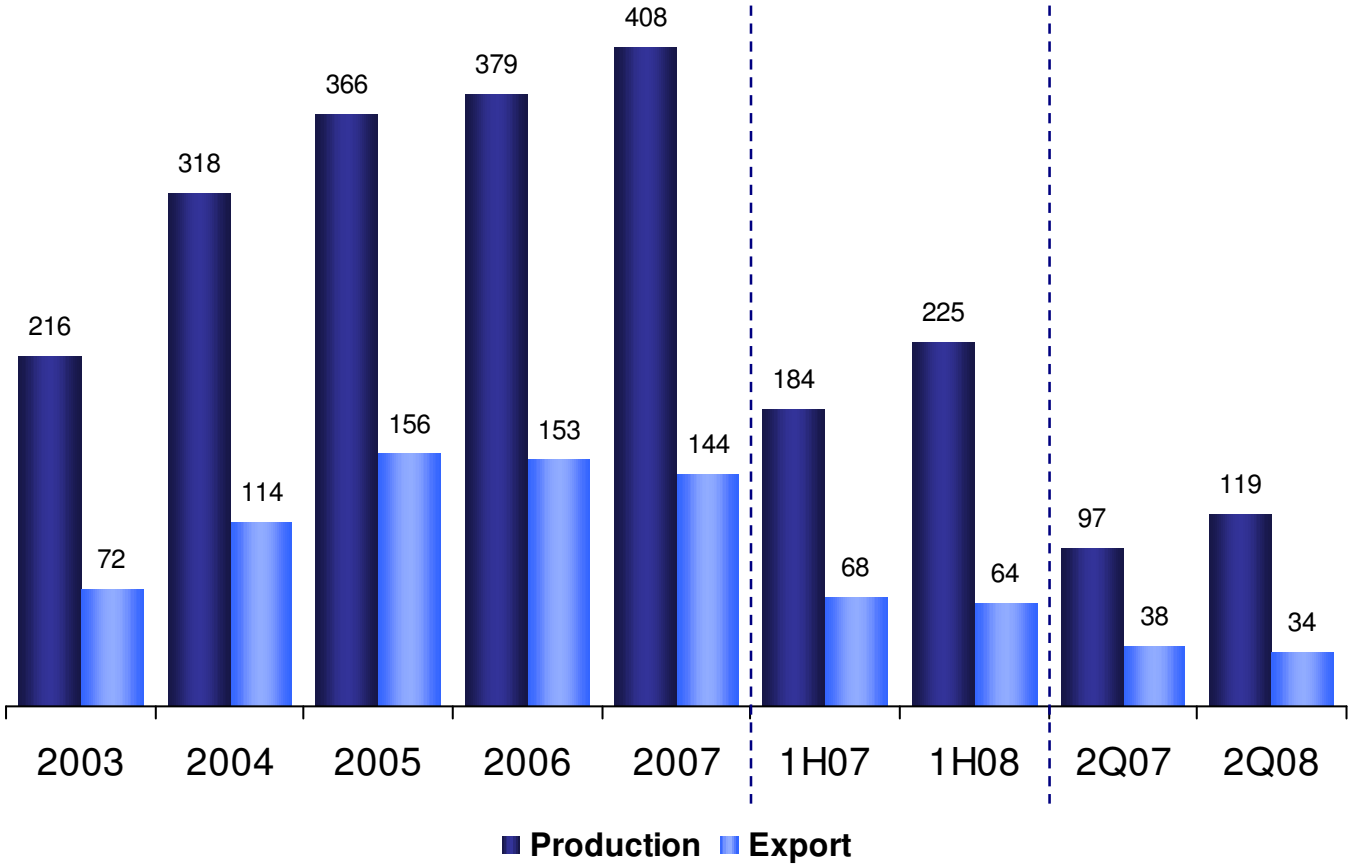
✓ 1st place in value creation among public companies in 60 months, according to the Public Companies Statistics Yearbook - 2008

IOCHPE-MAXION



Industry Performance

LIGHT COMMERCIALS - BRAZIL ('000 units)



Production

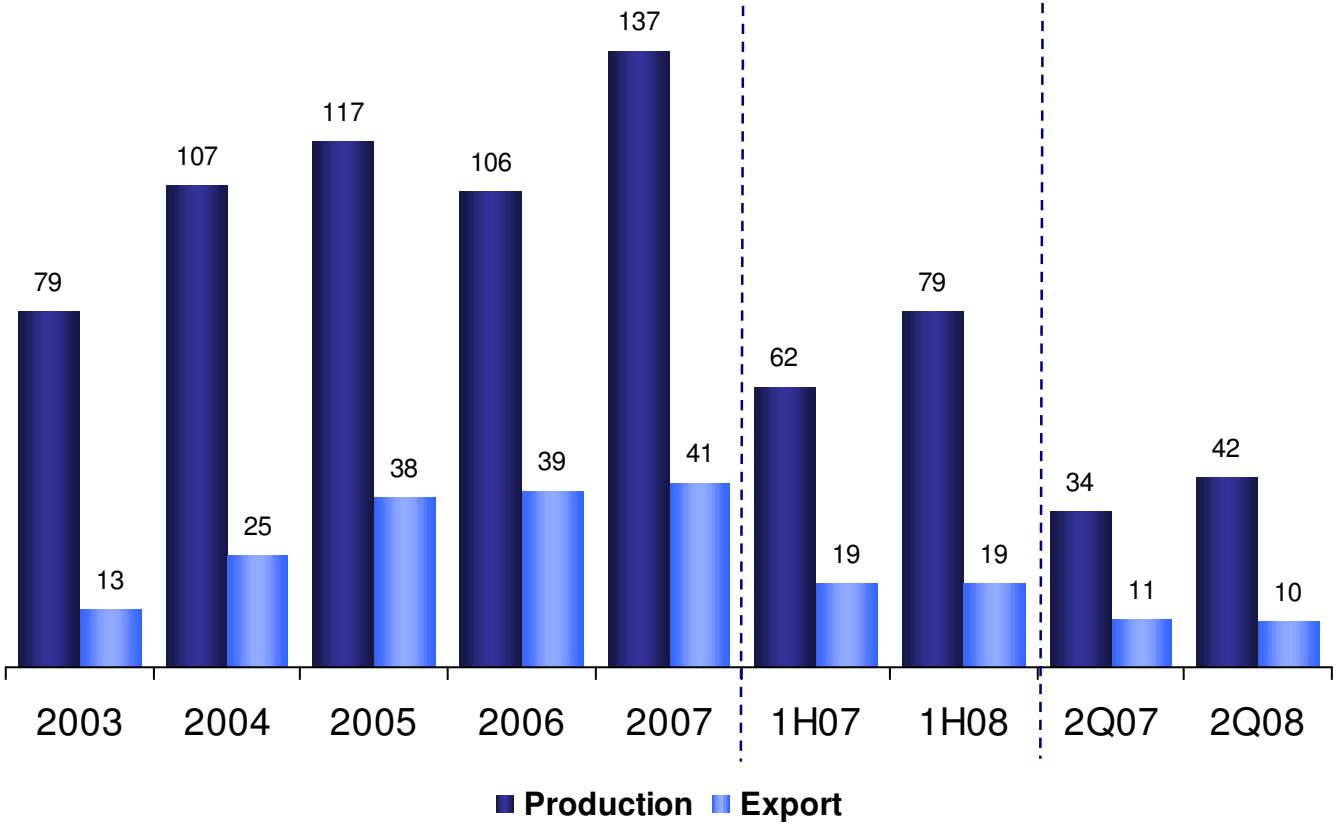
- ✓ Δ 2Q08 - 07 = 21.8%
- ✓ Δ 1H08 - 07 = 22.5%
- ✓ CAGR 2003 - 07 = 17.2%

Export

- ✓ Δ 2Q08 - 07 = (10.6%)
- ✓ Δ 1H08 - 07 = (6.2%)
- ✓ CAGR 2003 - 07 = 18.9%

Source: Anfavea

TRUCKS - BRAZIL ('000 units)



Production

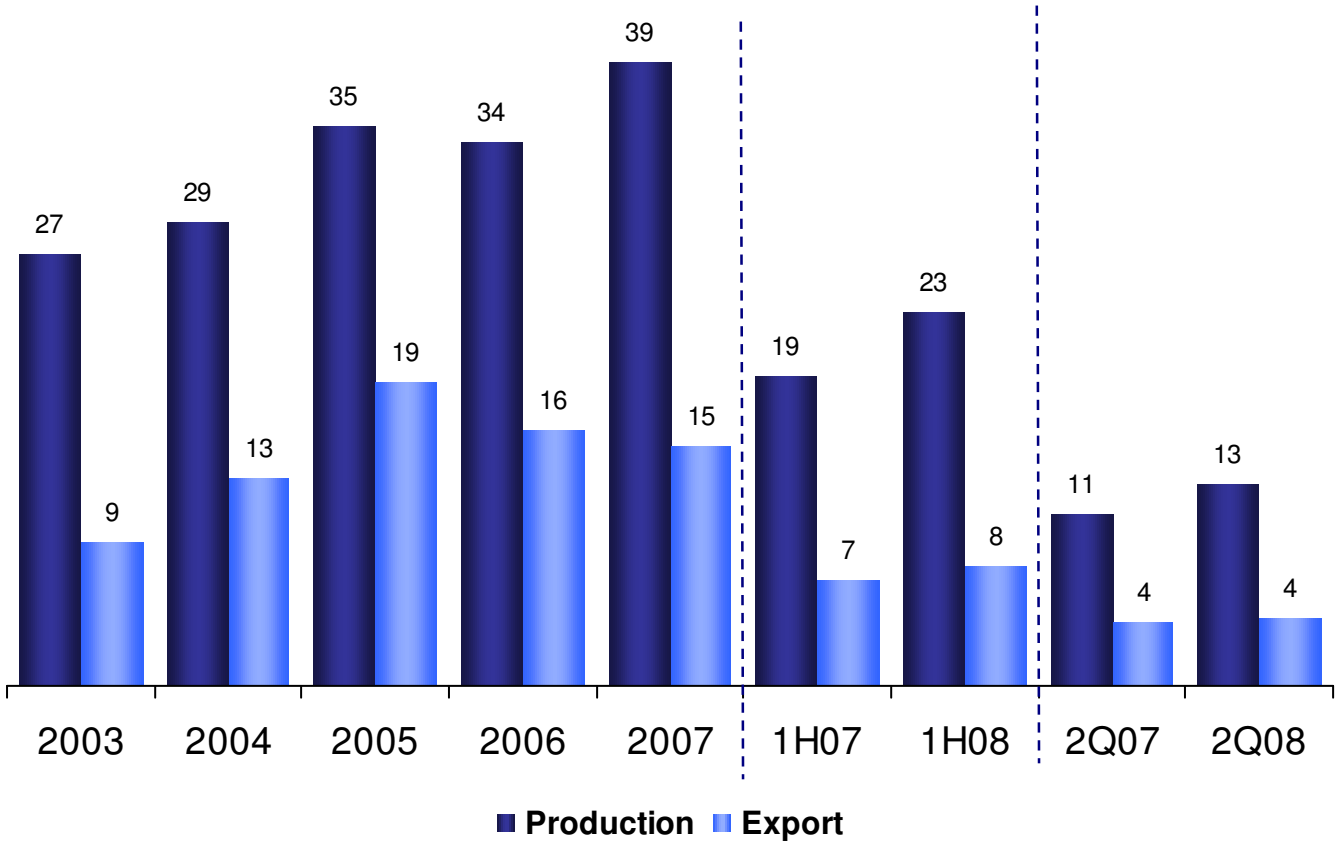
- ✓ Δ 2Q08 - 07 = 22.2%
- ✓ Δ 1H08 - 07 = 27.4%
- ✓ CAGR 2003 - 07 = 14.8%

Export

- ✓ Δ 2Q08 - 07 = (4.7%)
- ✓ Δ 1H08 - 07 = 0.1%
- ✓ CAGR 2003 - 07 = 33.3%

Source: Anfavea

BUSES - BRAZIL ('000 units)



Production

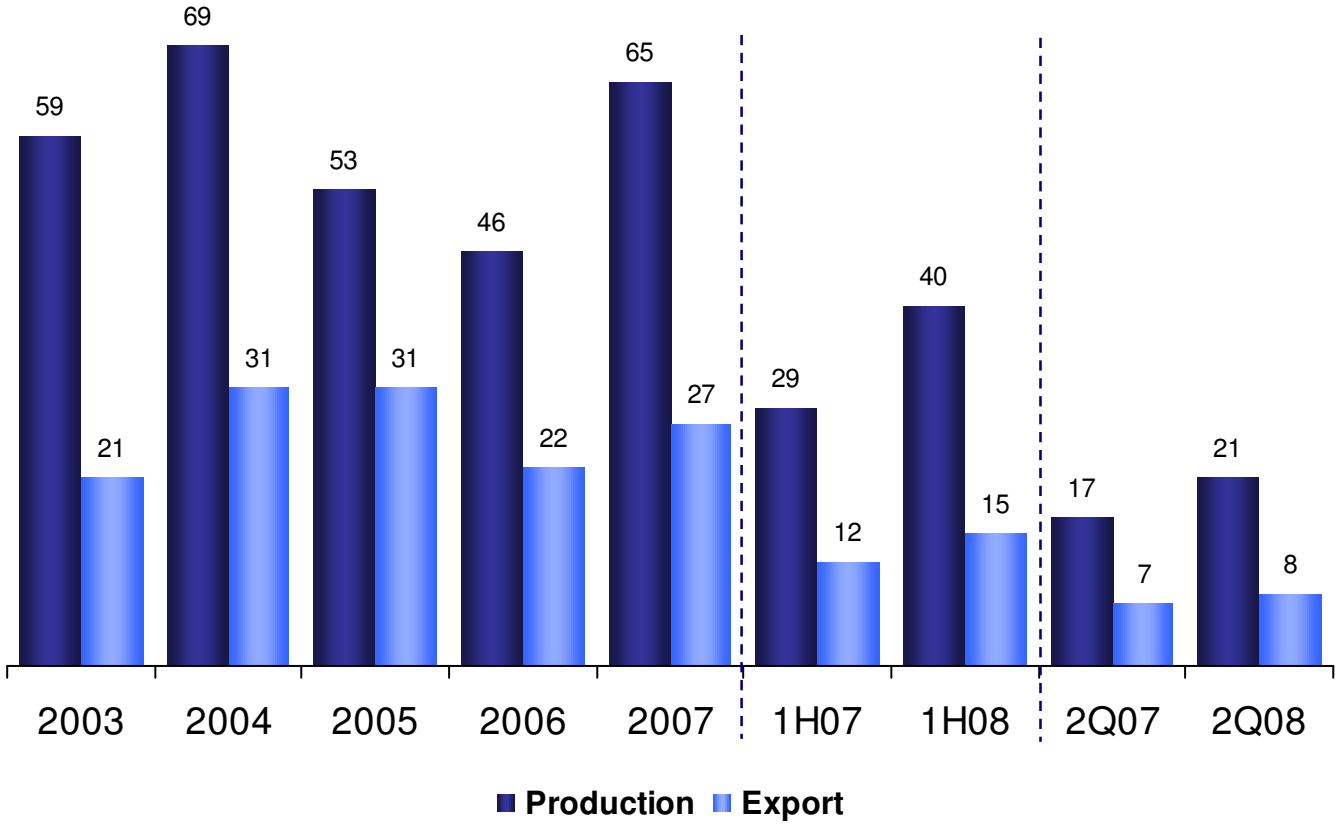
- ✓ Δ 2Q08 - 07 = 16.6%
- ✓ Δ 1H08 - 07 = 20.3%
- ✓ CAGR 2003 - 07 = 9.6%

Export

- ✓ Δ 2Q08 - 07 = 6.3%
- ✓ Δ 1H08 - 07 = 13.3%
- ✓ CAGR 2003 - 07 = 13.6%

Source: Anfavea

AGRICULTURAL MACHINERY - BRAZIL ('000 units)



Production

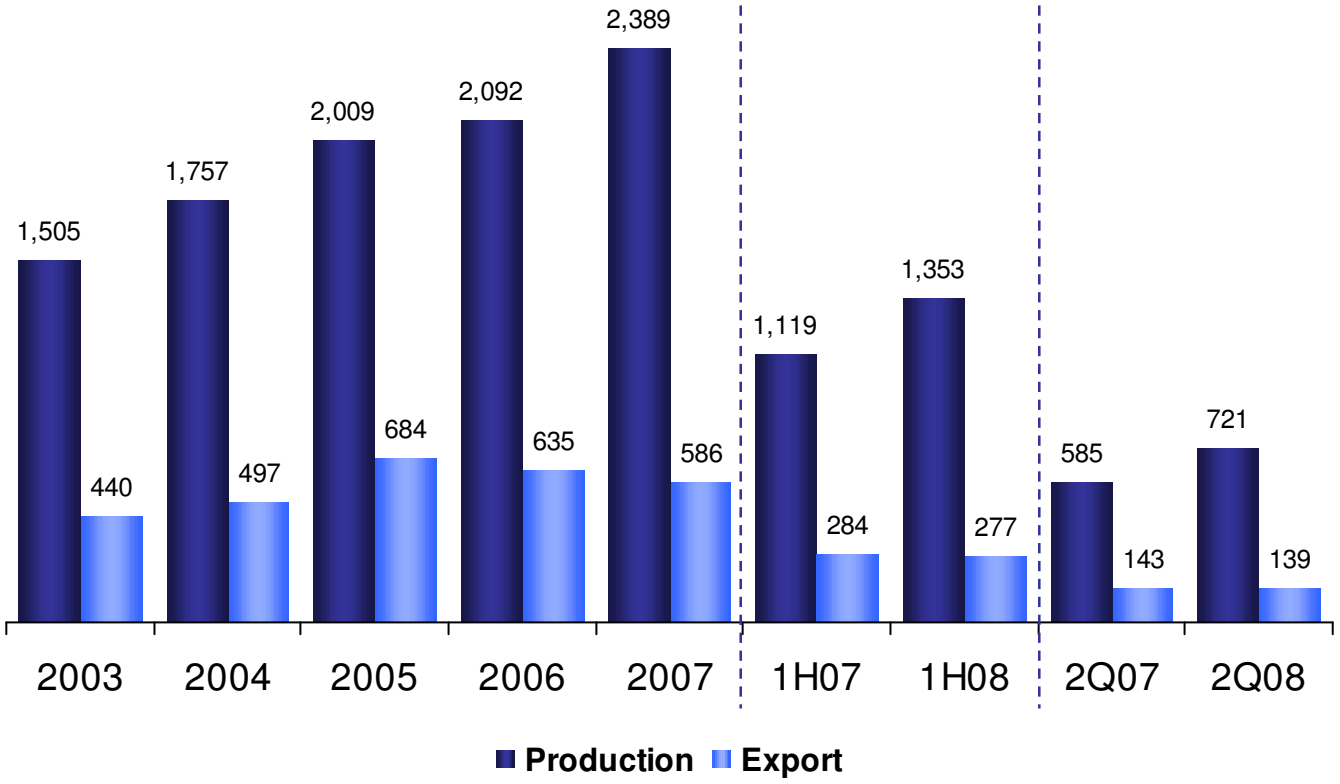
- ✓ Δ 2Q08 - 07 = 25.9%
- ✓ Δ 1H08 - 07 = 38.8%
- ✓ CAGR 2003 - 07 = 2.5%

Export

- ✓ Δ 2Q08 - 07 = 16.6%
- ✓ Δ 1H08 - 07 = 26.5%
- ✓ CAGR 2003 - 07 = 6.5%

Source: Anfavea

PASSENGER CARS - BRAZIL ('000 units)



Production

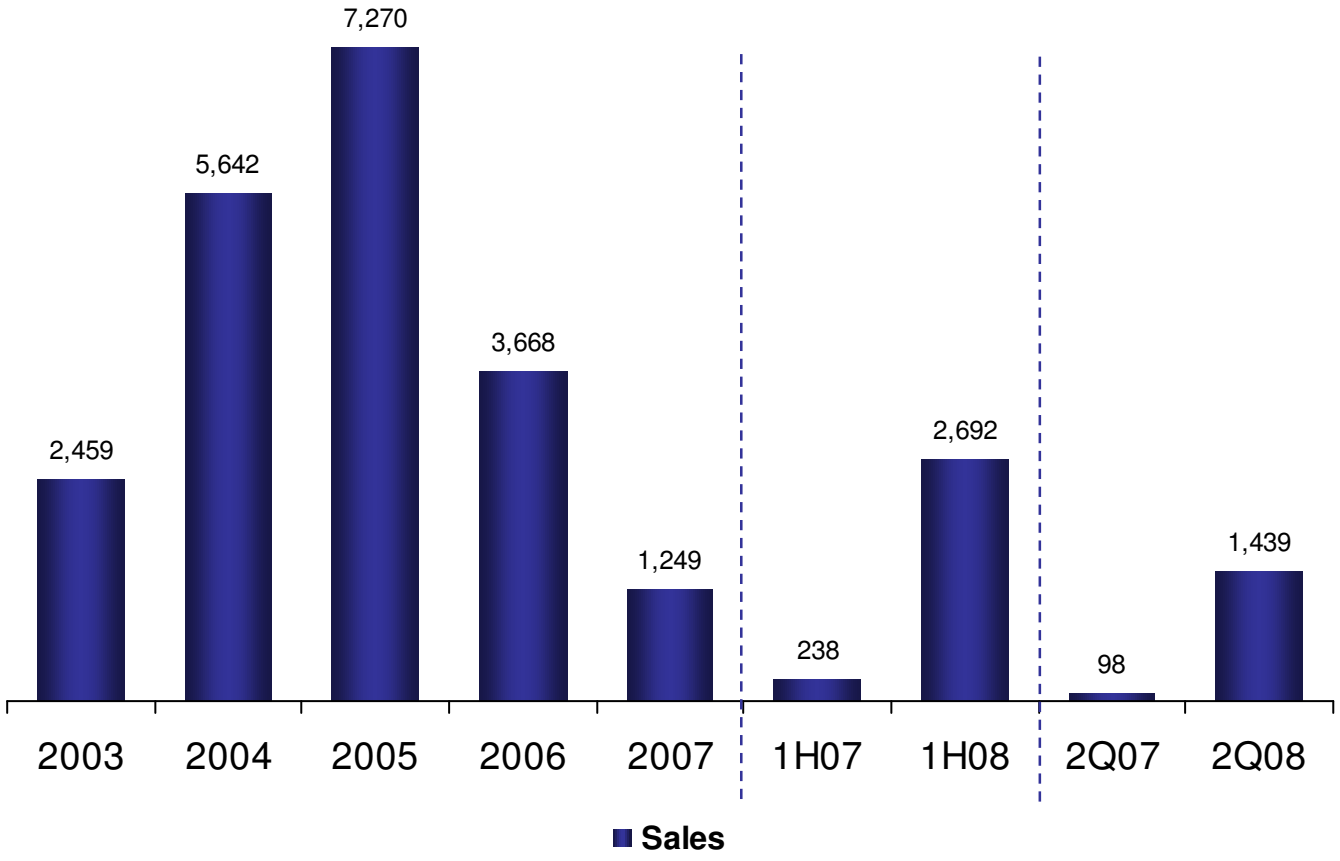
- ✓ Δ 2Q08 - 07 = 23.1%
- ✓ Δ 1H08 - 07 = 20.9%
- ✓ CAGR 2003 - 07 = 12.2%

Export

- ✓ Δ 2Q08 - 07 = (3.1%)
- ✓ Δ 1H08 - 07 = (2.6%)
- ✓ CAGR 2003 - 07 = 7.4%

Source: Anfavea

RAILWAY FREIGHT CARS - BRAZIL (units)



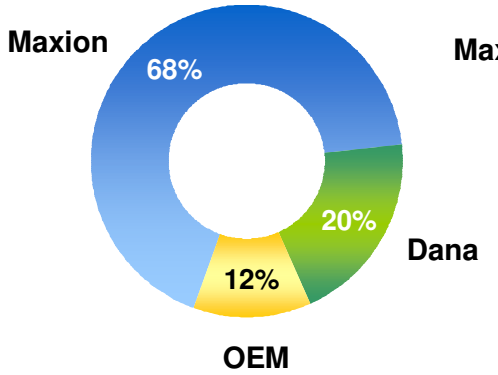
Production

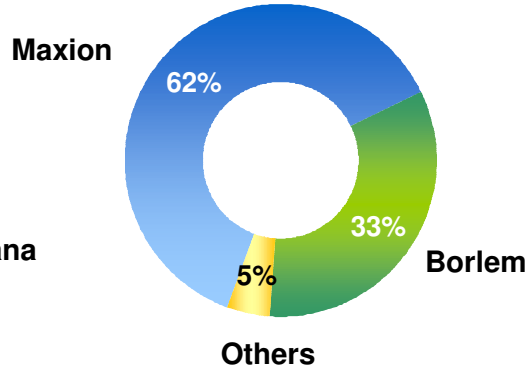
- ✓ Δ 2Q08 - 07 = 1,368.4%
- ✓ Δ 1H08 - 07 = 1,031.1%
- ✓ CAGR 2003 - 07 = (15.6%)

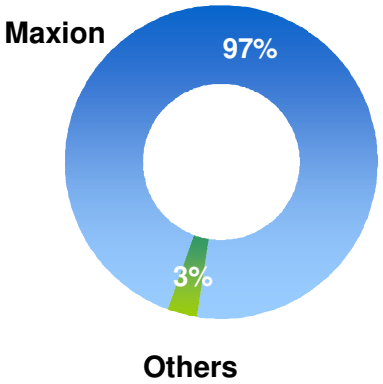
Source: Amsted Maxion estimate

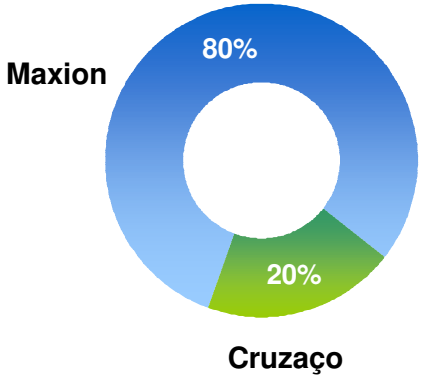
MARKET SHARE - BRAZIL (1H08)

Chassis	Commercial Vehicles Wheels	Railway Freight Cars	Railway Castings









Maxion 1H07	67%	62%	65%	80%

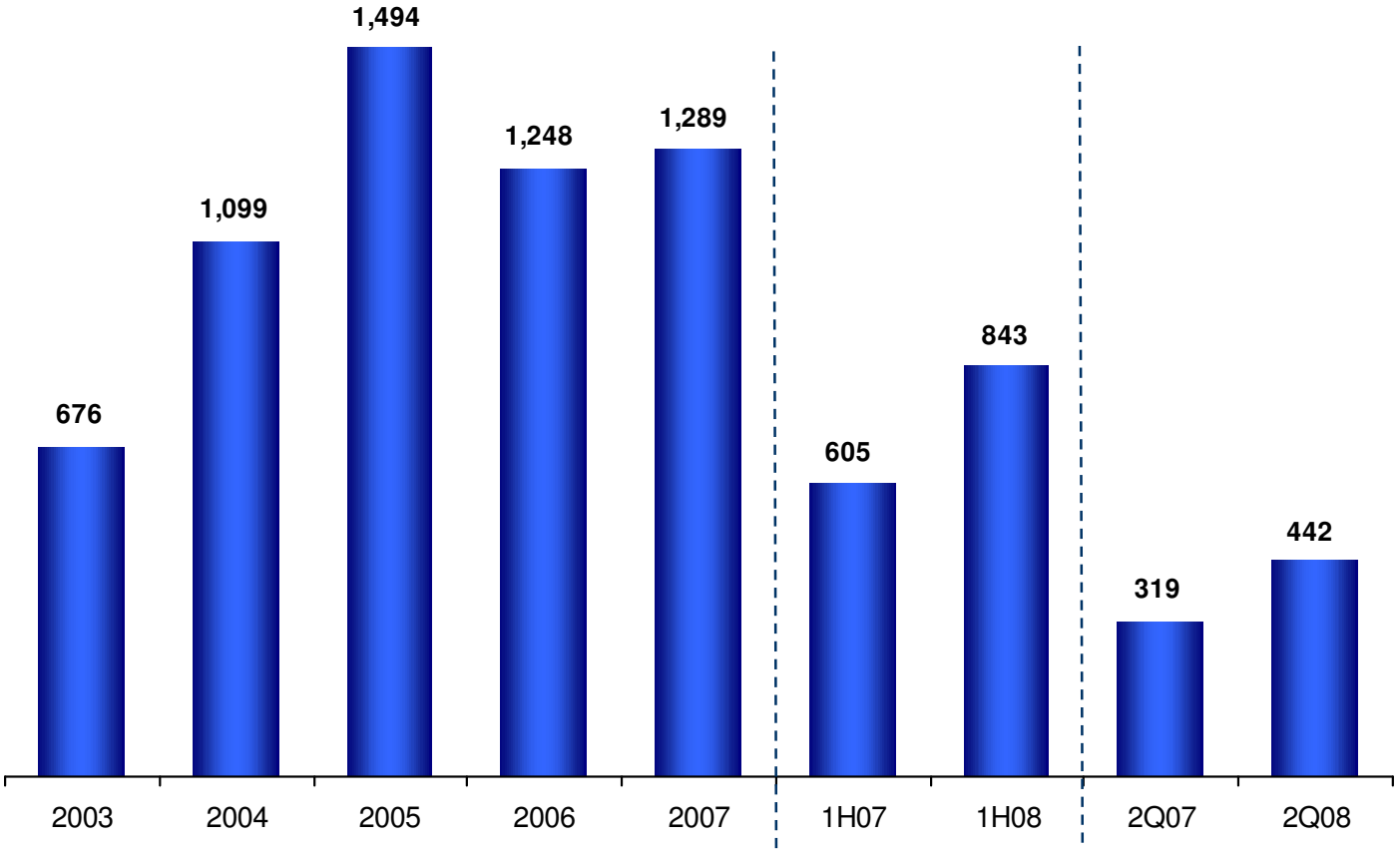
Source: Maxion Estimate

IOCHPE-MAXION



Financial and Operating Performance

NET OPERATING REVENUE (R$ million)

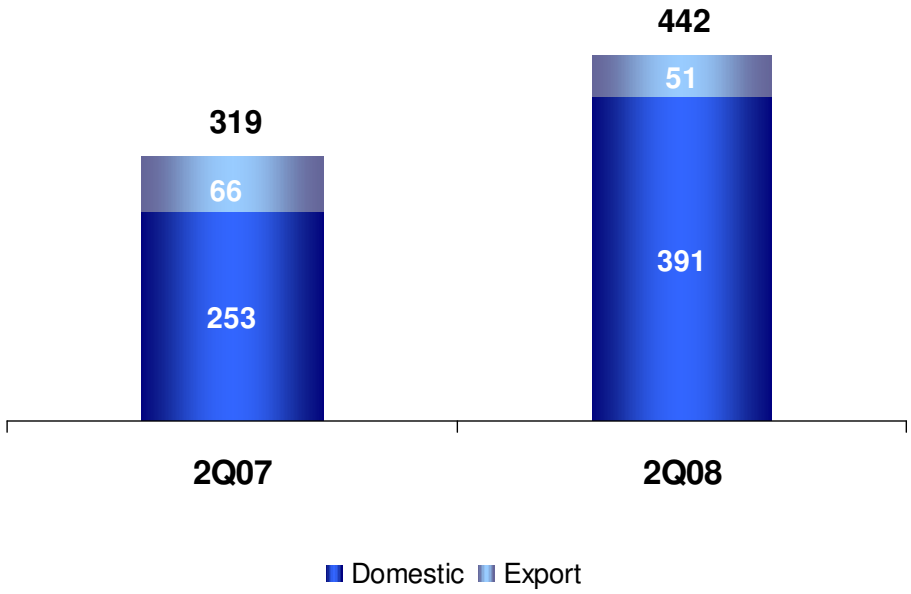


Net Operating Revenue

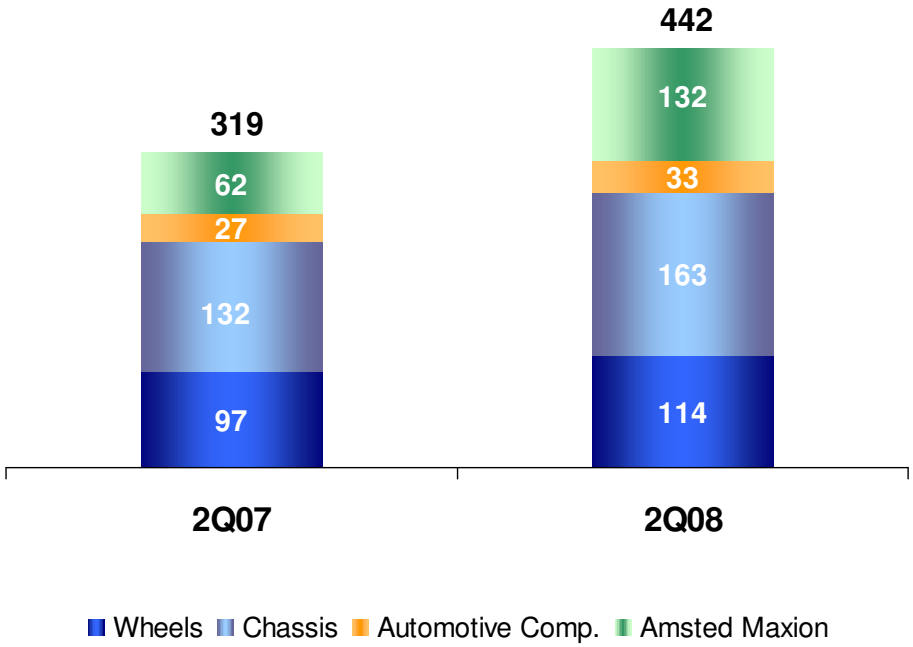
- ✓ Δ 2Q08 - 07 = 38.6%
- ✓ Δ 1H08 - 07 = 39.3%
- ✓ CAGR 2003 - 07 = 17.5%

NET OPERATING REVENUE (R$ million)

Revenue by Market



Revenue by Division / Business

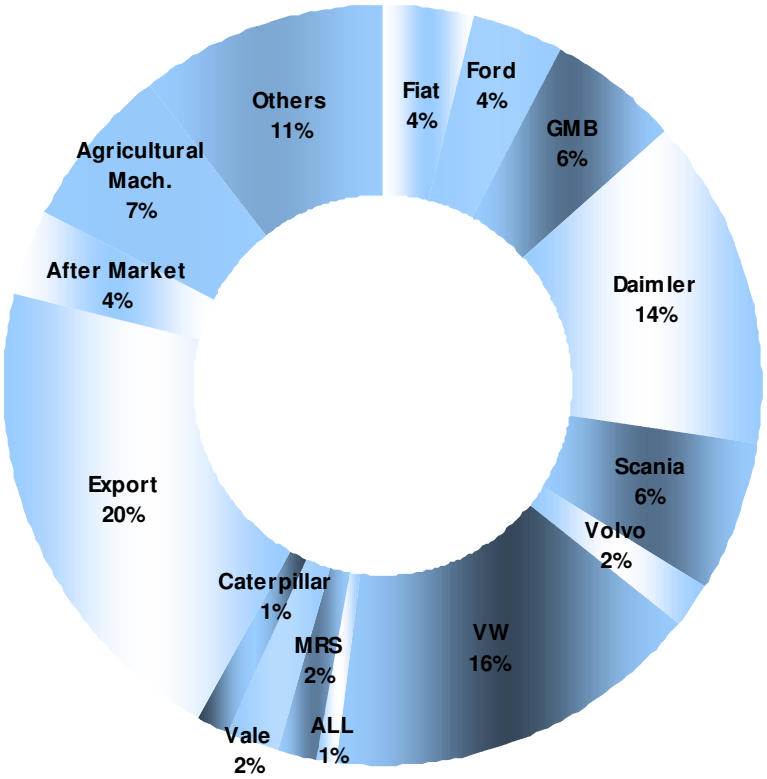


- ✓ Domestic: Δ 2Q08 – 07 = 54.8%
- ✓ Export: Δ 2T08 – 07 = (23.0%)

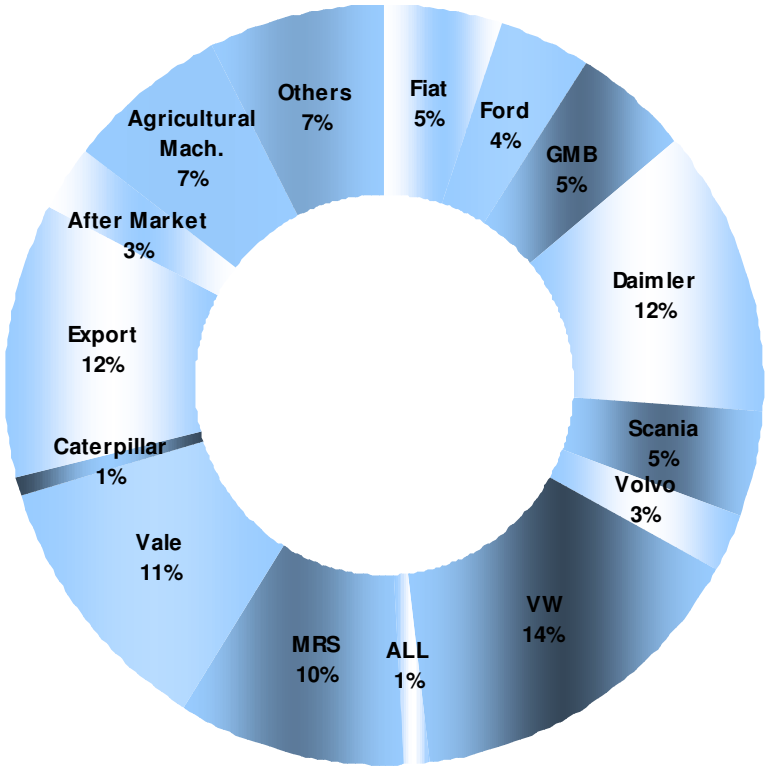
- ✓ Wheels: Δ 2Q08 – 07 = 17.4%
- ✓ Chassis: Δ 2T08 – 07 = 23.4%
- ✓ Automotive Comp.: Δ 2Q08 – 07 = 20.7%
- ✓ Amsted Maxion: Δ 2Q08 – 07 = 112.1%

NET OPERATING REVENUE

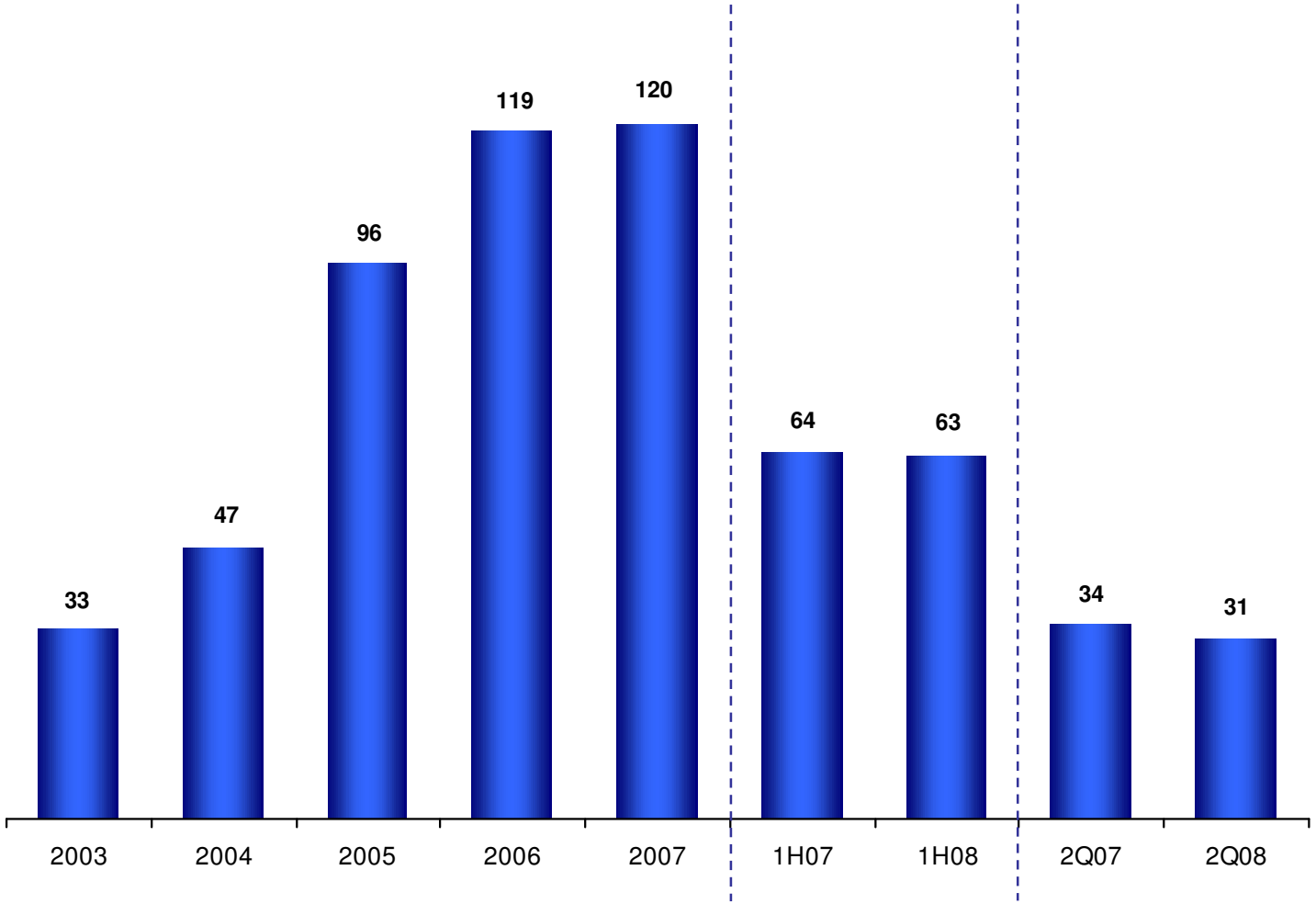
Revenue by Customer – 2Q07



Revenue by Customer – 2Q08



EXPORTS (USD million)

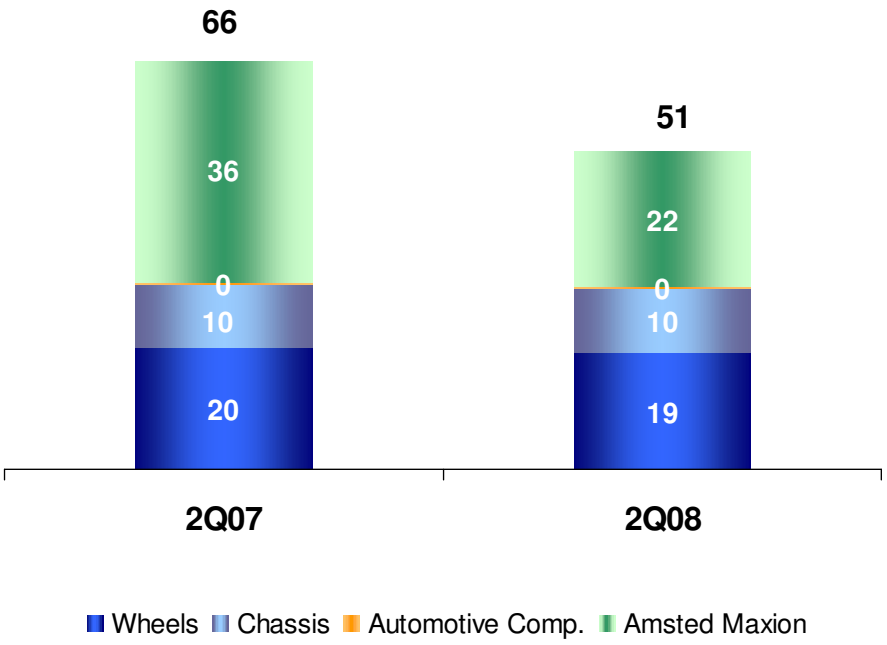


Exports

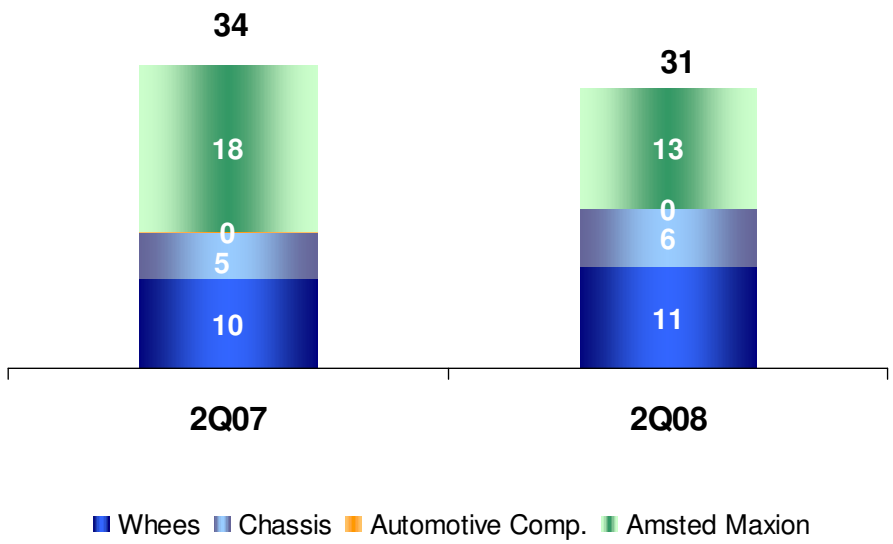
- ✓ Δ 2Q08 - 07 = (7.5%)
- ✓ Δ 1H08 - 07 = (1.4%)
- ✓ CAGR 2003 - 07 = 38.1%

EXPORTS BY DIVISION / BUSINESS

R$ thousand



US$ thousand



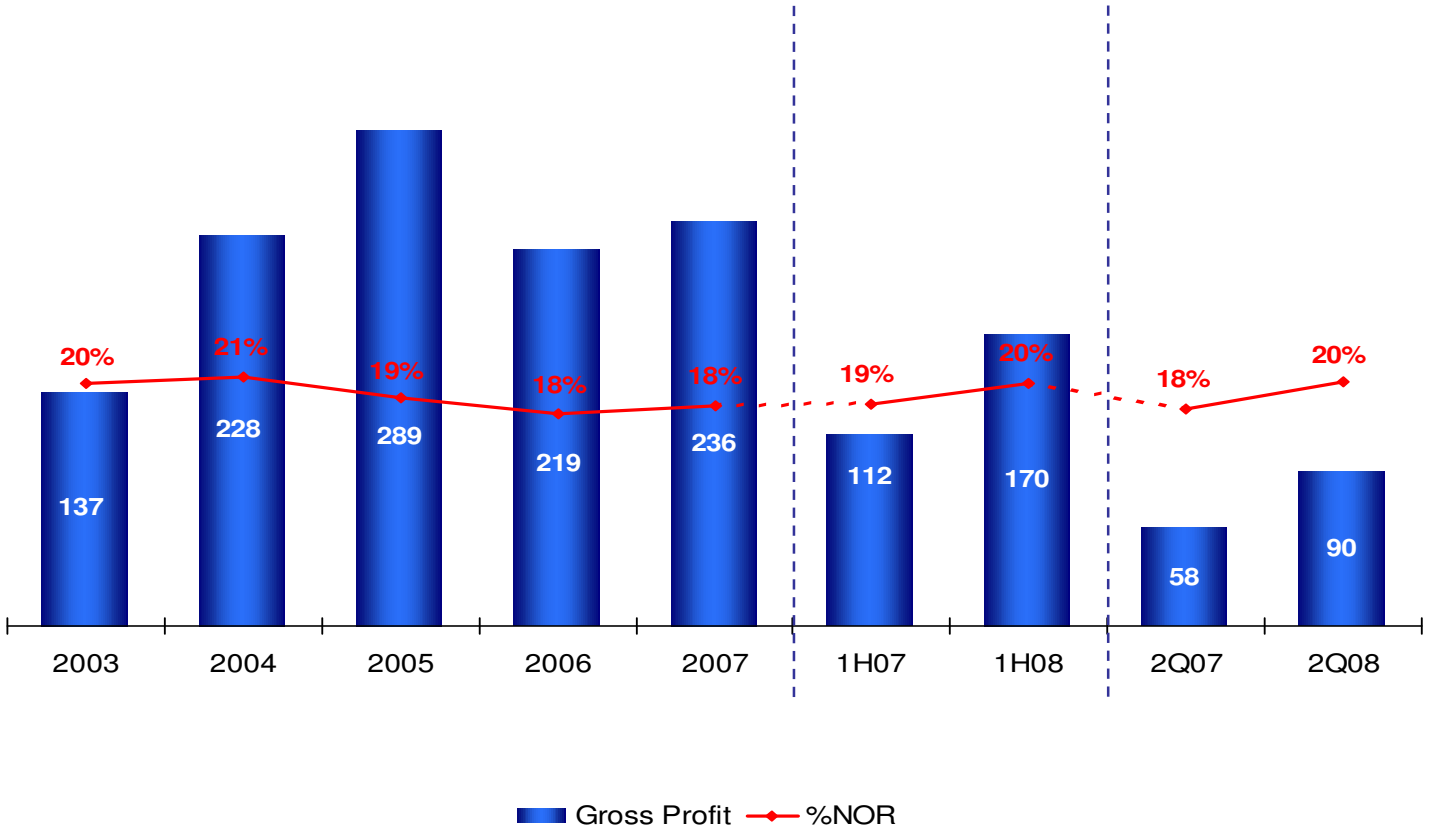
Variation 2Q8 - 07 = (23%)

- ✓ Wheels = (4.8%)
- ✓ Chassis = 3.0%
- ✓ Automotive Comp. = (13.8%)
- ✓ Amsted Maxion: = (40.0%)

Variation 2Q8 - 07 = (8%)

- ✓ Wheels = 14.3%
- ✓ Chassis = 23.0%
- ✓ Automotive Comp. = 4.3%
- ✓ Amsted Maxion: = (27,8%)

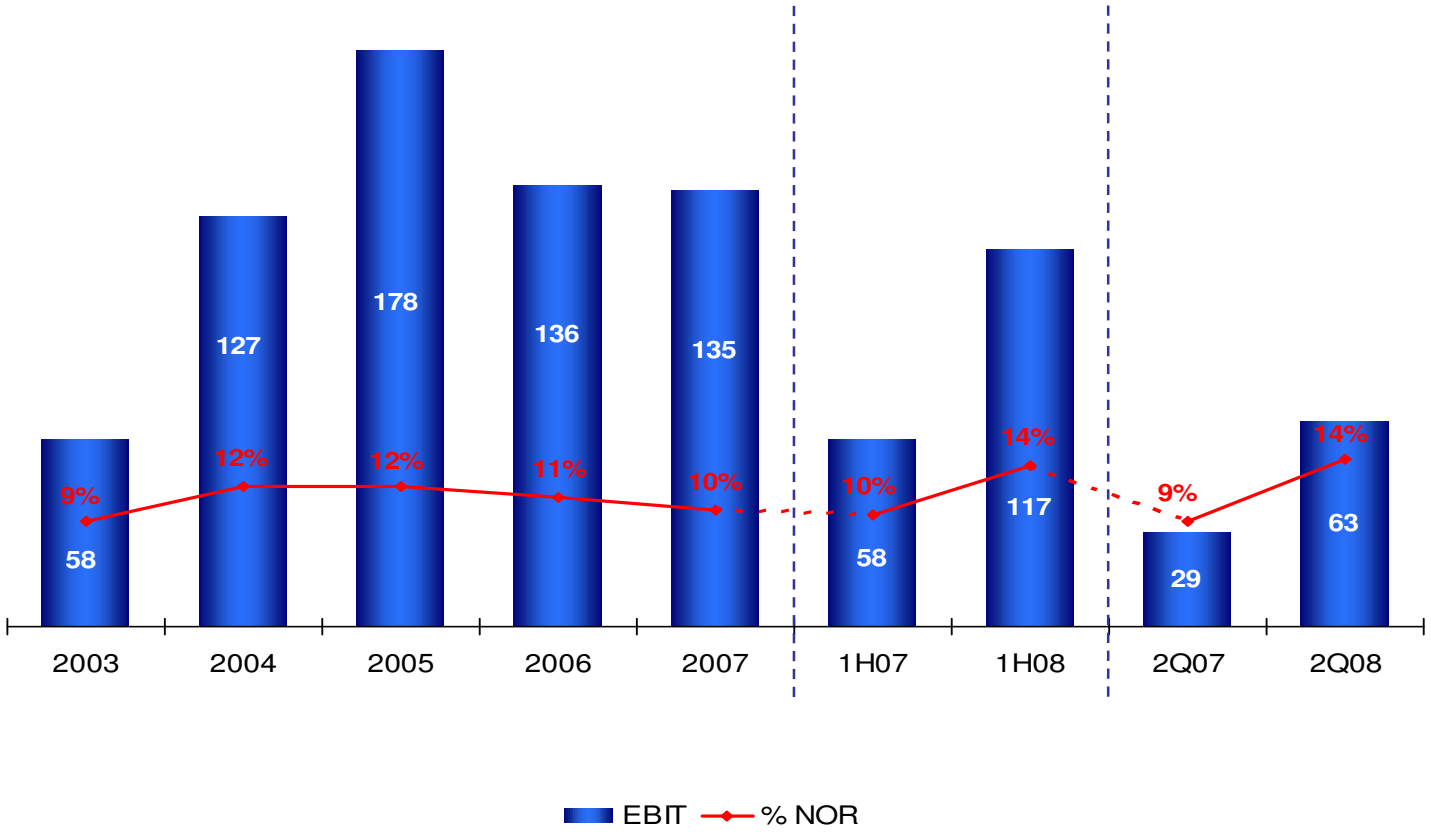
GROSS PROFIT (R$ million)



Gross Profit

- ✓ Δ 2Q08 - 07 = 55.8%
- ✓ Δ 1H08 - 07 = 51.6%
- ✓ CAGR 2003 - 07 = 14.6%

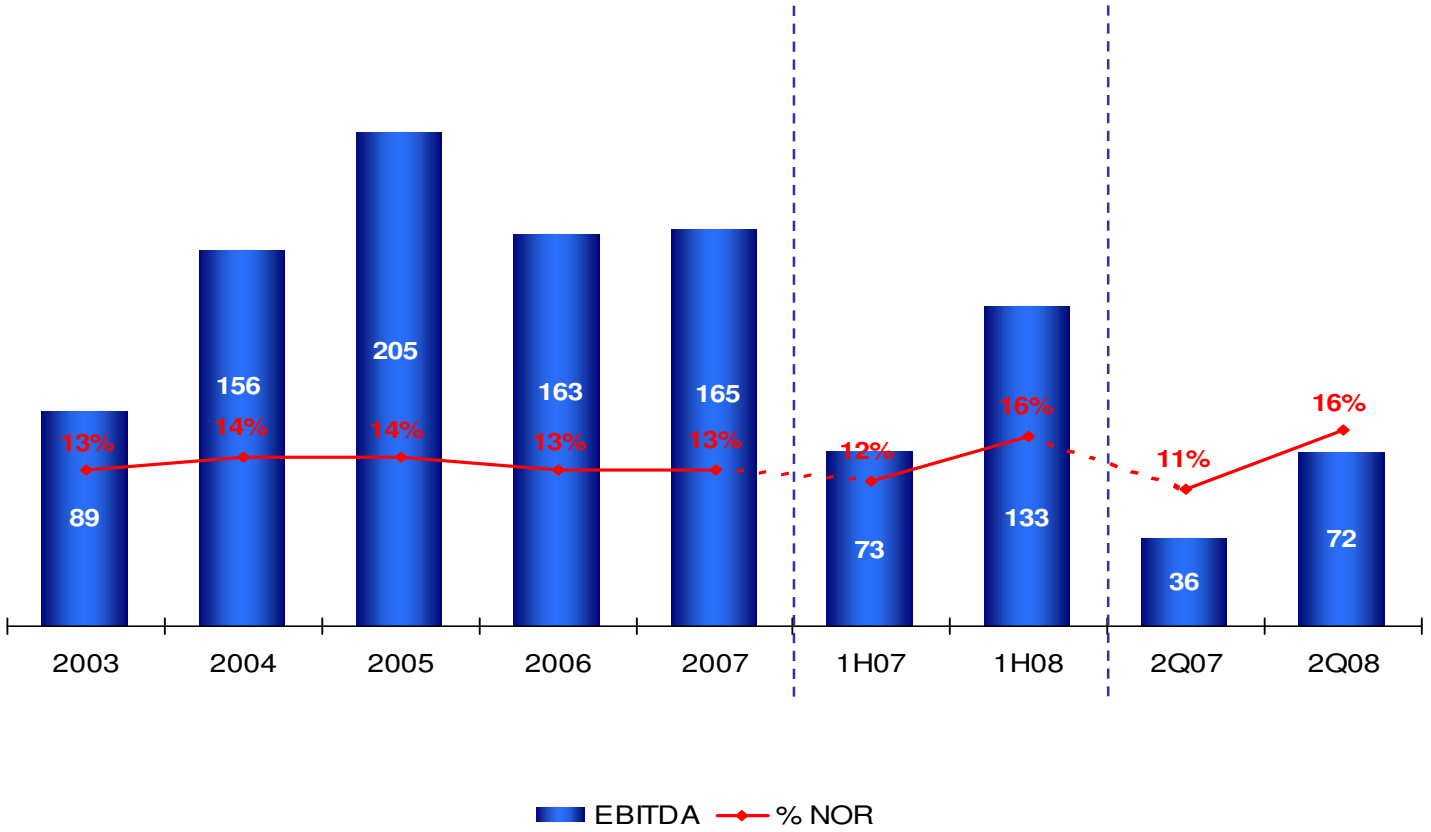
OPERATING INCOME - EBIT (R$ million)



Operating Income

- ✓ Δ 2Q08 - 07 = 119.9%
- ✓ Δ 1H08 - 07 = 101.3%
- ✓ CAGR 2003 - 07 = 23.5%

EBITDA* (R$ million)

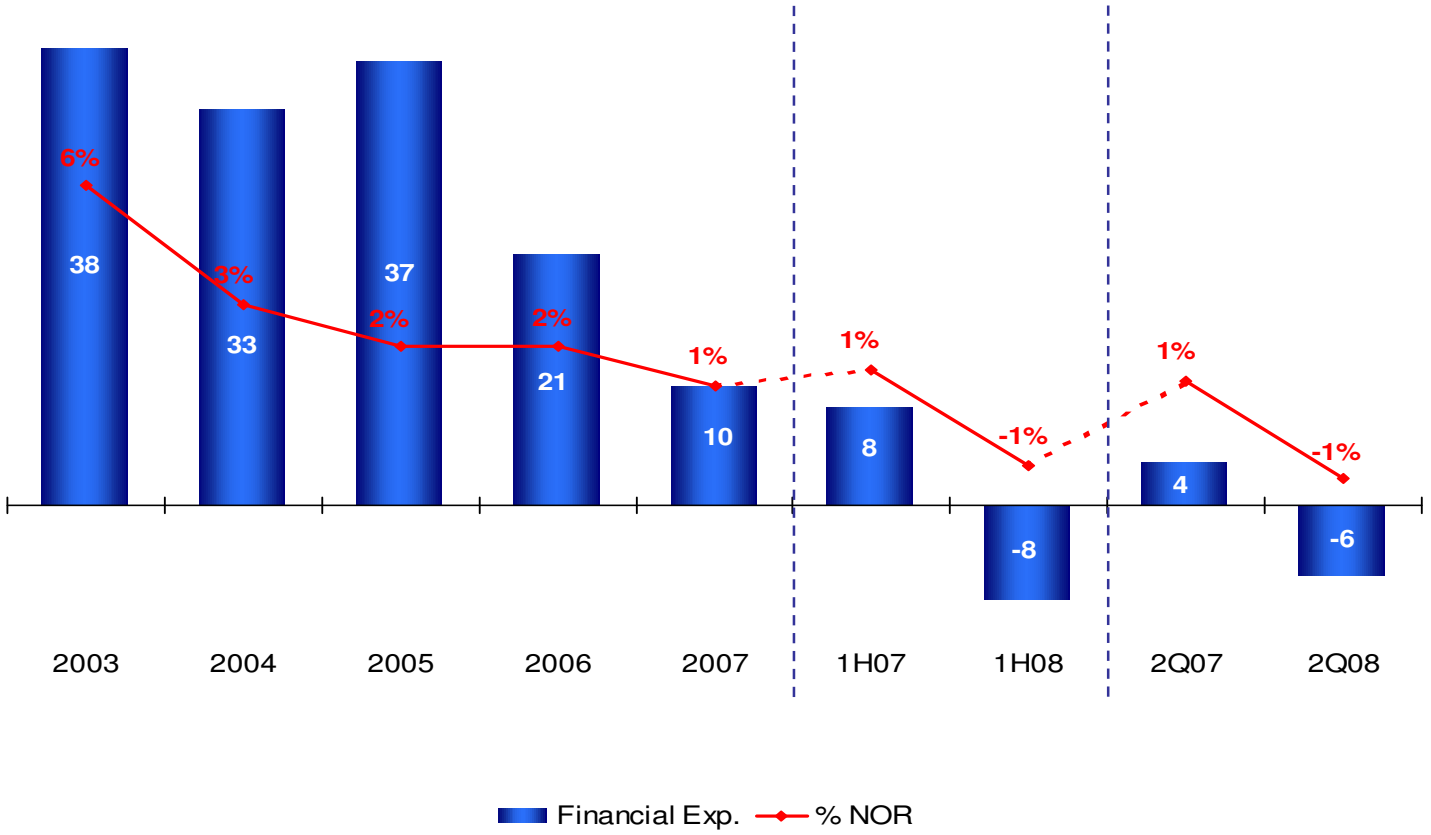


EBITDA

- ✓ Δ 2Q08 - 07 = 97.3%
- ✓ Δ 1H08 - 07 = 82.8%
- ✓ CAGR 2003 - 07 = 16.7%

(*) EBITDA, throughout this presentation means: net income plus income tax and social contribution, plus non-operating result, plus net financial expenses, plus depreciation and amortization, plus goodwill amortization.

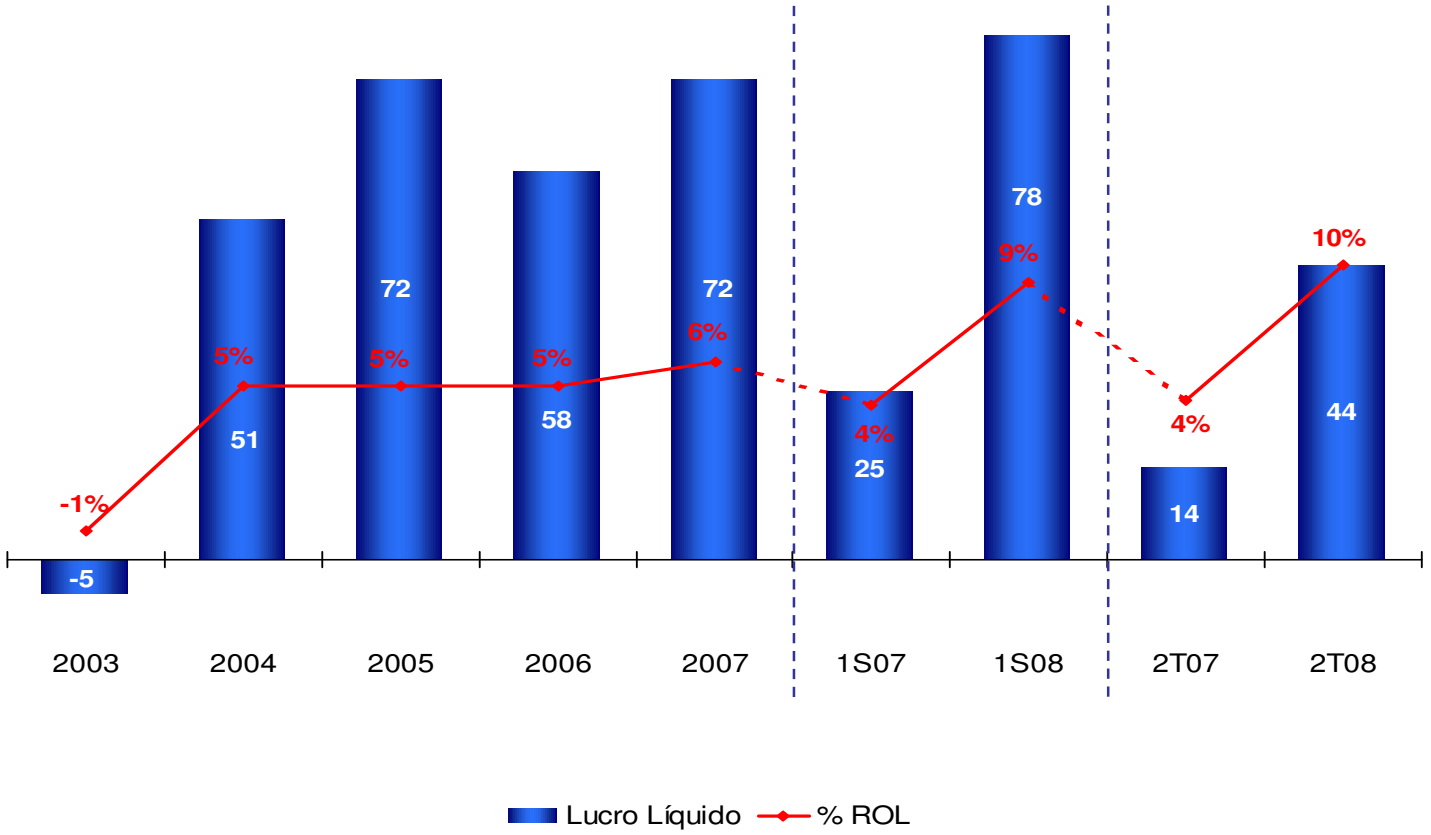
NET FINANCIAL EXPENSES (R$ million)



Net Financial Expenses

- ✓ Δ 2Q08 - 07 = (260.6)%
- ✓ Δ 1H08 - 07 = (194.0%)
- ✓ CAGR 2003 - 07 = (28.4)%

NET INCOME (R$ million)

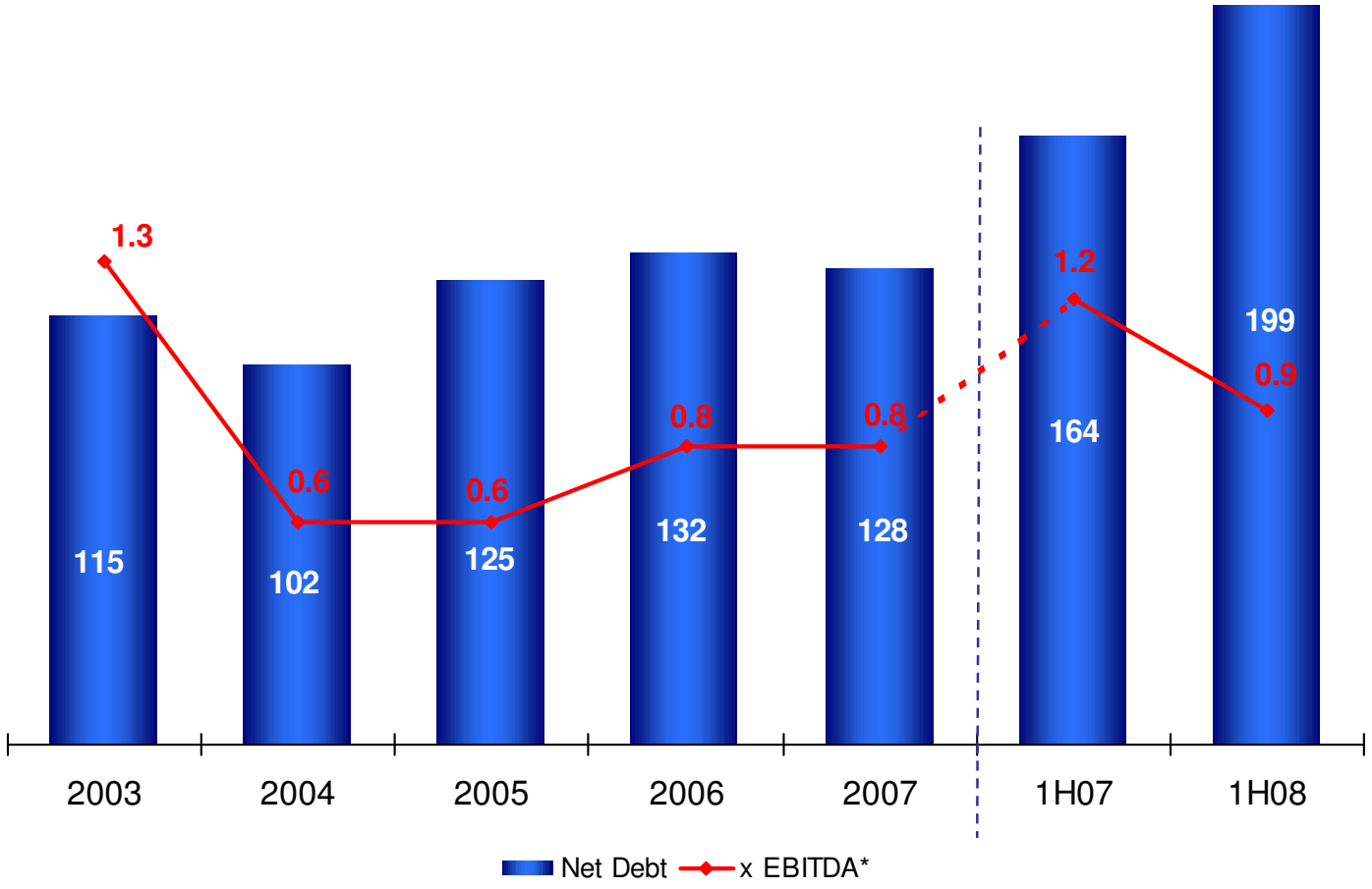


Net Income

- ✓ Δ 2Q08 - 07 = 217.5%
- ✓ Δ 1H08 - 07 = 209.2%
- ✓ CAGR 2003 - 07 * = 196.2%

* Consider the absolute variation in the period

NET BANK DEBT (R$ million)



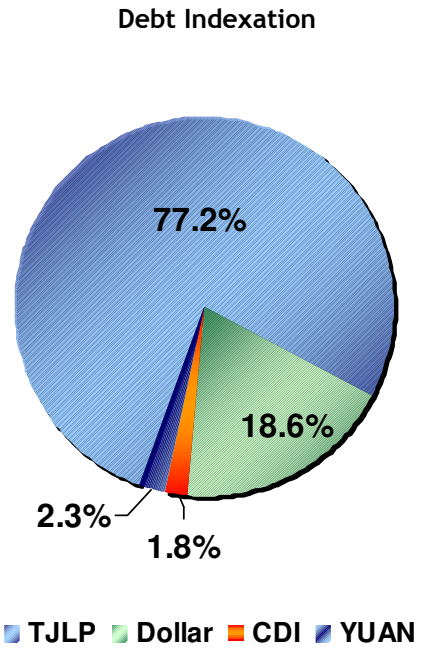
(*) EBITDA, throughout this presentation means: net income plus income tax and social contribution, plus non-operating result, plus net financial expenses, plus depreciation and amortization, plus goodwill amortization

EBITDA LTM

INDEBTEDNESS - JUN/08 (R$ million)

LINES	SHORT TERM	LONG TERM	TOTAL
Trade Finance / Export	28.3	48.2	76.5
Equipment Finance / EXIM	140.0	30.1	170.1
Local Currency	6.7	-	6.7
	175.1	78.2	253.3
(-) Cash & Marketable Securities	54.4	-	54.4
Net Debt	**120.7**	**78.2**	**198.9**

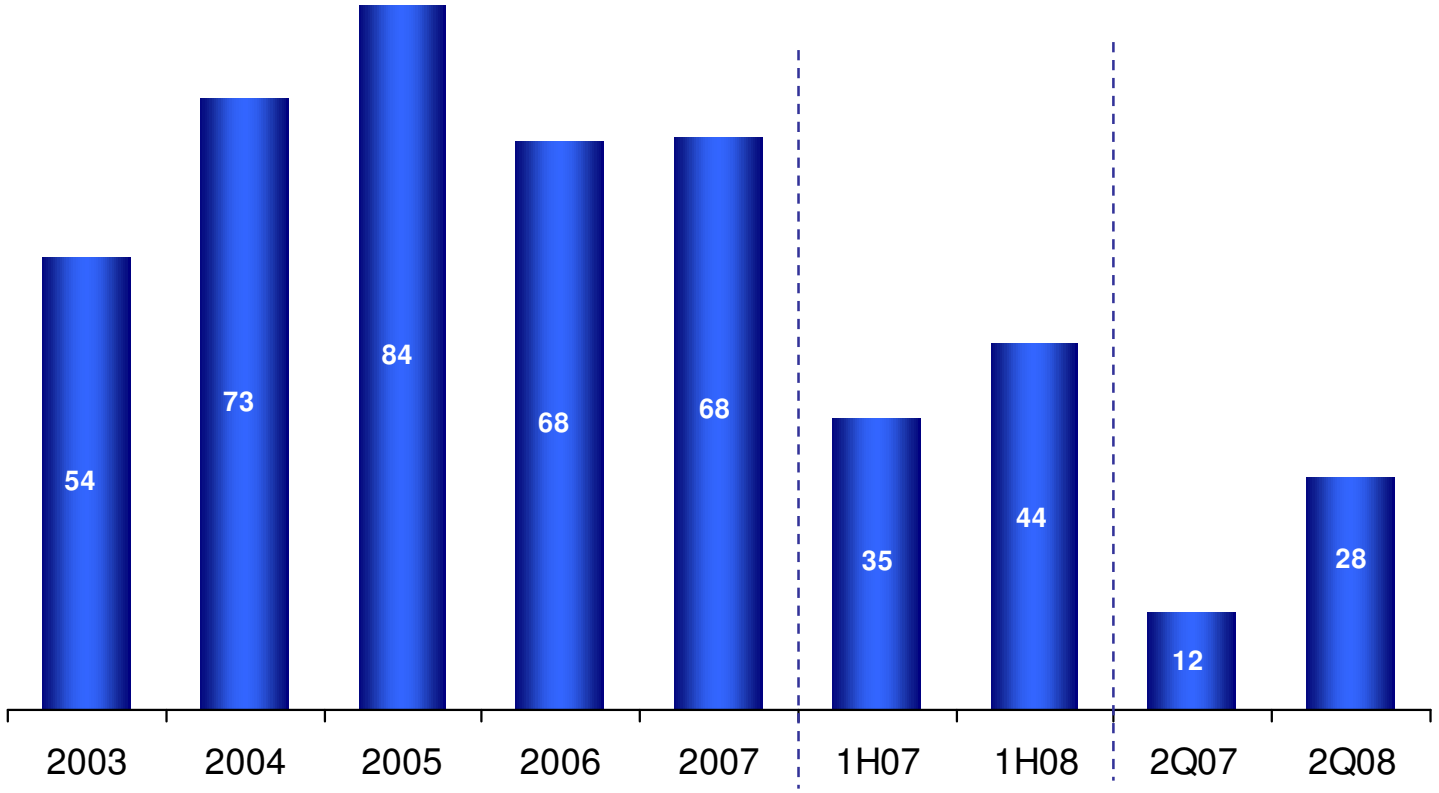
Indexation	Average Cost
Index in Reais	83% CDI
Index by Dollar in US$	6,3% per year



✓ At the end of Jun/08, the company had consolidated contracts for US$ 53.7 million of Non Deliverable Forwards (NDFs) at R$ 1,8078 per USD average FX rate, for the period of Jul 08 to Jun 09

✓ If the such NDFs were expired on June 30, 2008, the company would have posted a gain of R$ 8.3 million, which was accounted as a temporary Equity Reserve, according to the recent Brazilian law 11,638/07

CAPEX (R$ million)

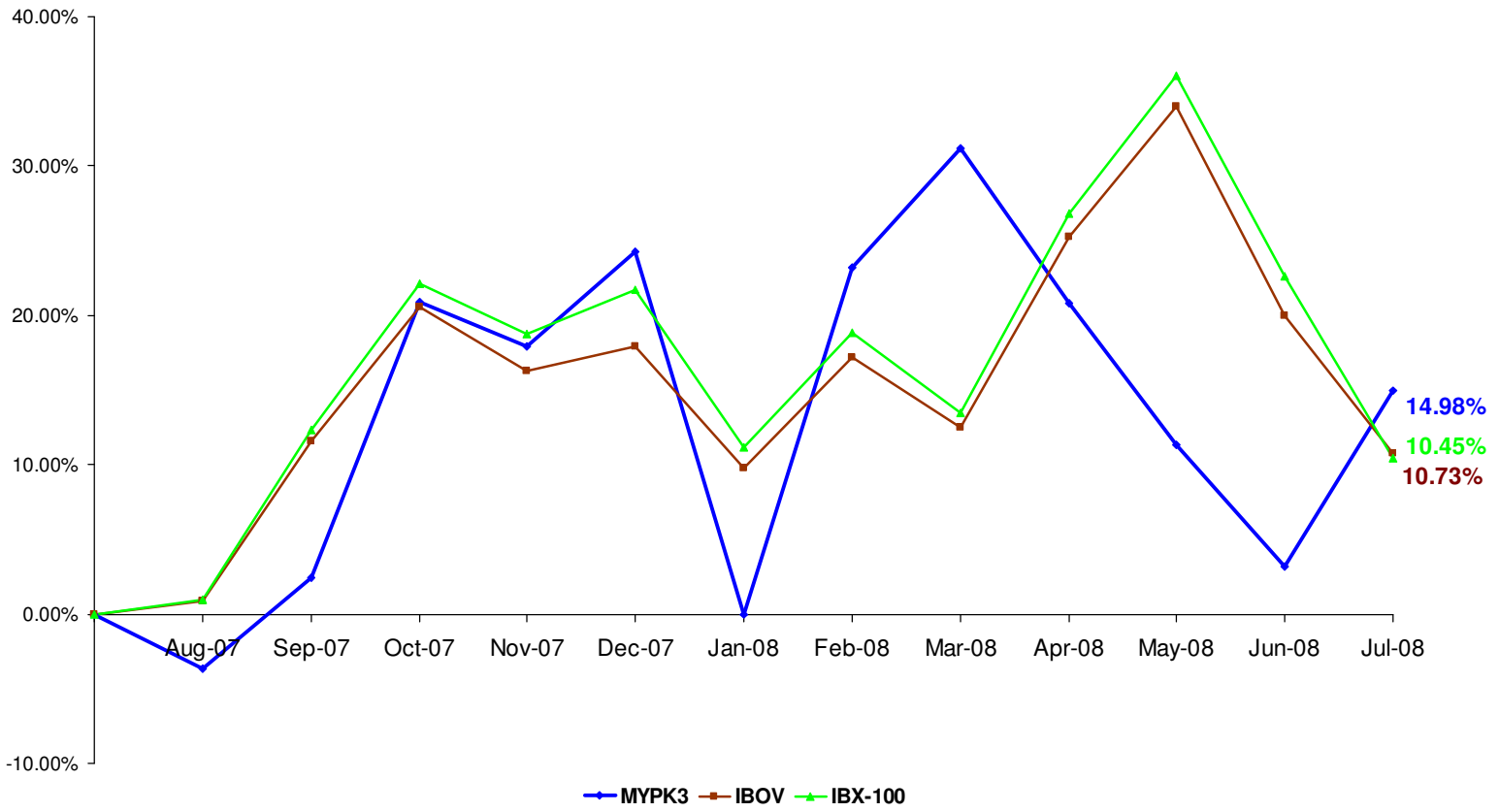


IOCHPE-MAXION



Capital Market

SHARES PERFORMANCE - LTM

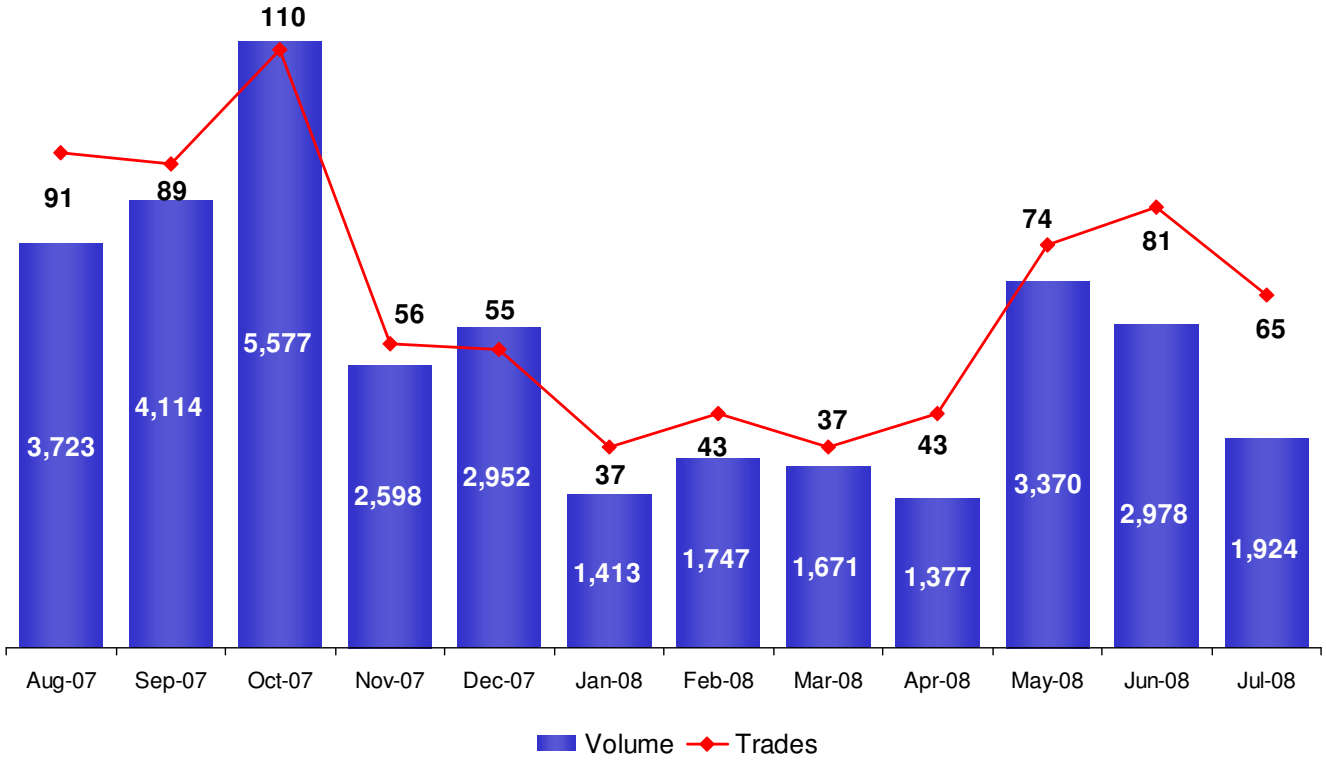


✓ Closing price of the last day of the month

✓ Jul/08 – closing price of 30 (R$ 34.00)

✓ Due to the low liquidity of MYPK3 before the conversion of the shares, was considered the price of MYPK4 before the conversion (02/26/08)

AVERAGE DAILY TRADE VOLUME - R$ thousand



✓ Jul/08 – volume and trades until the 30th

✓ Due to the low liquidity of MYPK3 before the conversion of the shares, was considered the volume and trade of MYPK4 before the conversion (02/26/08)

OUTLOOK

- ✓ **Continued upside on domestic demand for vehicles and agriculture machinery**
- ✓ **Continued upside on domestic demand for railway freight cars**
- ✓ **Increase of production of commercial vehicle wheels plant in China in the third quarter of 2008**

RESTRUCTURING

✓ An Extraordinary Shareholders Meeting held on July 1, 2008, approved the grouping of the subsidiary Maxion Sistemas Automotivos by Iochpe-Maxion, based on its book value

✓ This restructuring aims to simplify the company's operational and corporate structure, by concentrating all its main Brazilian operations, except for the subsidiary Amsted Maxion Equipamentos Ferroviarios S.A., in a single company, which will generate a non-recurring gain of approximately R$76 million, upon the conclusion of such restructuring, foreseen for the third quarter

IOCHPE-MAXION



Additional Information

INCOME STATEMENT (R$ thousand)

Consolidated Income Statement R$ thousand	2Q08	N.O.R	2Q07	N.O.R	1H08	N.O.R	1H07	N.O.R
Net Operating Revenue	442,120	100.0%	318,963	100.0%	842,730	100.0%	605,117	100.0%
Cost of Goods Sold	(352,194)	79.7%	(261,247)	81.9%	(673,224)	79.9%	(493,307)	81.5%
Gross Profit	**89,926**	**20.3%**	**57,716**	**18.1%**	**169,506**	**20.1%**	**111,810**	**18.5%**
Operating Expenses								
General and Administrative	(12,110)	2.7%	(10,831)	3.4%	(23,902)	2.8%	(23,256)	3.8%
Commercial	(15,259)	3.5%	(15,669)	4.9%	(30,411)	3.6%	(29,099)	4.8%
Others	803	-0.2%	(2,400)	0.8%	1,379	-0.2%	(1,537)	0.3%
	(26,566)	6.0%	(28,900)	9.1%	(52,934)	6.3%	(53,892)	8.9%
Operating Income (EBIT)	**63,360**	**14.3%**	**28,816**	**9.0%**	**116,572**	**13.8%**	**57,919**	**9.6%**
Financial Results								
Financial Revenue	17,233	3.9%	9,034	2.8%	26,512	3.1%	13,778	2.3%
Financial Expenses	(11,402)	2.6%	(12,665)	4.0%	(18,746)	2.2%	(22,039)	3.6%
	5,831	-1.3%	(3,631)	1.1%	7,766	-0.9%	(8,261)	1.4%
Earnings After Financial Income	**69,191**	**15.6%**	**25,185**	**7.9%**	**124,338**	**14.8%**	**49,657**	**8.2%**
Non Operating Results	(761)	0.2%	(2,605)	0.8%	(2,030)	0.2%	(6,873)	1.1%
Earnings Before Taxes	**68,430**	**15.5%**	**22,580**	**7.1%**	**122,308**	**14.5%**	**42,784**	**7.1%**
Income Taxes	(24,340)	5.5%	(8,693)	2.7%	(44,085)	5.2%	(17,483)	2.9%
Net Income	**44,090**	**10.0%**	**13,887**	**4.4%**	**78,223**	**9.3%**	**25,301**	**4.2%**
EBITDA*	**71,848**	**16.3%**	**36,417**	**11.4%**	**133,110**	**15.8%**	**72,807**	**12.0%**

(*) EBITDA, throughout this presentation means: net income plus income tax and social contribution, plus non-operating result, plus net financial expenses, plus depreciation and amortization, plus goodwill amortization.

BALANCE SHEET (R$ thousand)

ASSETS	Jun-08	Jun-07
CURRENT		
Cash	54,378	46,457
Receivables	227,558	156,345
Inventory	220,105	146,990
Recoverable Taxes	18,599	21,685
Others	19,149	18,240
	539,789	389,717
LONG TERM		
Receivable	690	932
Deferred Income Taxes	19,367	24,958
Others	21,935	24,278
	41,992	50,168
PERMANENT		
Intangible	4,090	
Investments	359	359
Plants, Property and Equipment	329,418	284,842
Deferred Items	3,310	1,048
	337,177	286,249
TOTAL ASSETS	**918,958**	**726,134**

LIABILITIES	Jun-08	Jun-07
CURRENT		
Loans	175,060	83,451
Payables	98,206	72,322
Customers Advance	18,691	15,885
Wage and Charges	53,312	39,093
Taxes	12,853	5,663
Dividends	172	153
Others	21,954	21,817
	380,248	238,384
LONG TERM		
Loans	78,243	127,062
Provisions	58,426	58,226
Others	6,199	12,226
	142,868	197,514
MINORITY	-	-
EQUITY		
Capital	261,463	161,463
Capital Reserves	56,156	103,472
Retained Earnings	78,223	25,301
	395,842	290,236
TOTAL LIABILITIES	**918,958**	**726,134**

SHAREHOLDERS STRUCTURE

Shareholders Structure on 6/30/2008

Shareholder	Shares	%
IOSCHPE FAMILY	13,942,006	29.4%
BNDESPAR	11,593,401	24.4%
CONTROLLING SHAREHOLDERS	**25,535,407**	**53.8%**
OTHER	21,896,279	46.2%
TOTAL	**47,431,686**	**100.0%**

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EARNINGS RELEASE – 2Q08



July, 2008