IOCHPE-MAXION

3Q10 EARNINGS RELEASE

MAXION
Rodas e Chassis
uma divisão da IOCHPE-MAXION

MAXION
COMPONENTES AUTOMOTIVOS
UMA DIVISÃO DA IOCHPE-MAXION



AmstedMaxion

FUMAGALLI
AUTOMOTIVE WHEELS
A division of IOCHPE-MAXION

November, 2010

IOCHPE-MAXION

HIGHLIGHTS



Highlights

- Consolidated net operating revenue of R$ 611.4 million in the 3Q10, an increase of 97.7% when compared to the same period of last year

- EBITDA(*) of R$ 97.6 million in the 3Q10, an increase of 192.9% when compared to 3Q09

- Net income of R$ 58.6 million in the 3Q10, an increase of 405.7% when compared to 3Q09

- Net bank debt of R$ 454.1 million (R$ 513.7million in Sep 09), or 1.4x LTM EBITDA(*) (4.1x in Sep 09)

(*) 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.

Main Drivers

- Introduction of the Fumagalli Division in the results (full 3Q10 against 9 days in the same period of last year)
- Strong growth of domestic production of vehicles and agricultural machinery, mainly:
  - Growth of truck production due to the domestic demand
  - Recovery of Brazilian vehicles and agricultural machinery exports
- Growth of North-American production of light vehicles

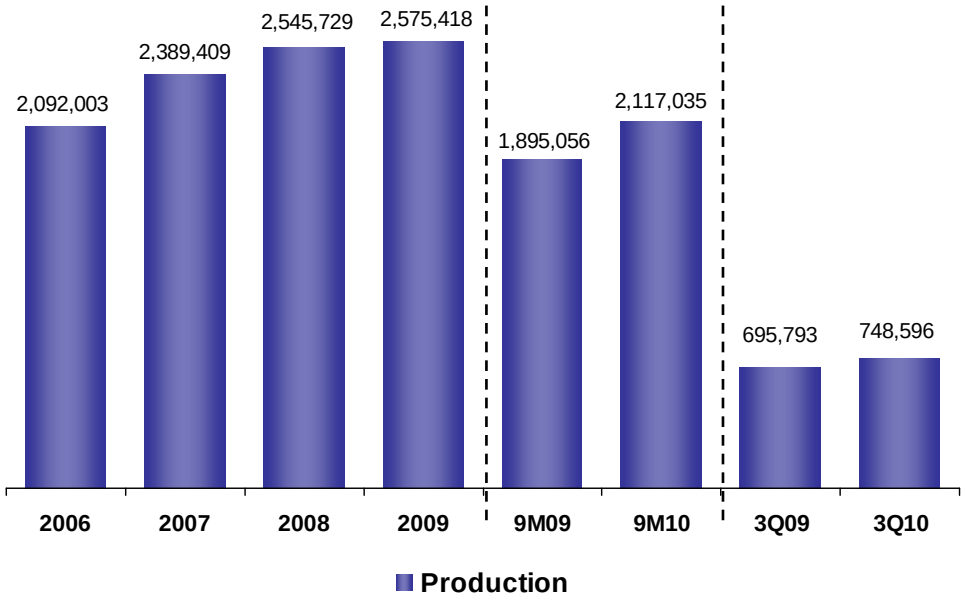
IOCHPE-MAXION

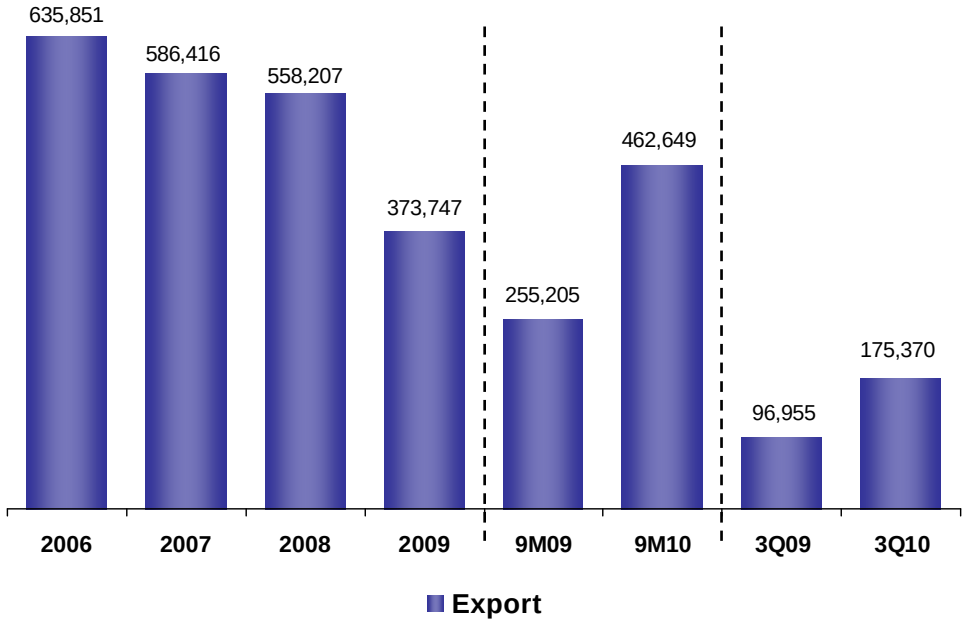
INDUSTRY PERFORMANCE



Brazilian Vehicle Production / Export

- ✓ **Passenger Cars (units)**
- ✓ **Source: Anfavea**



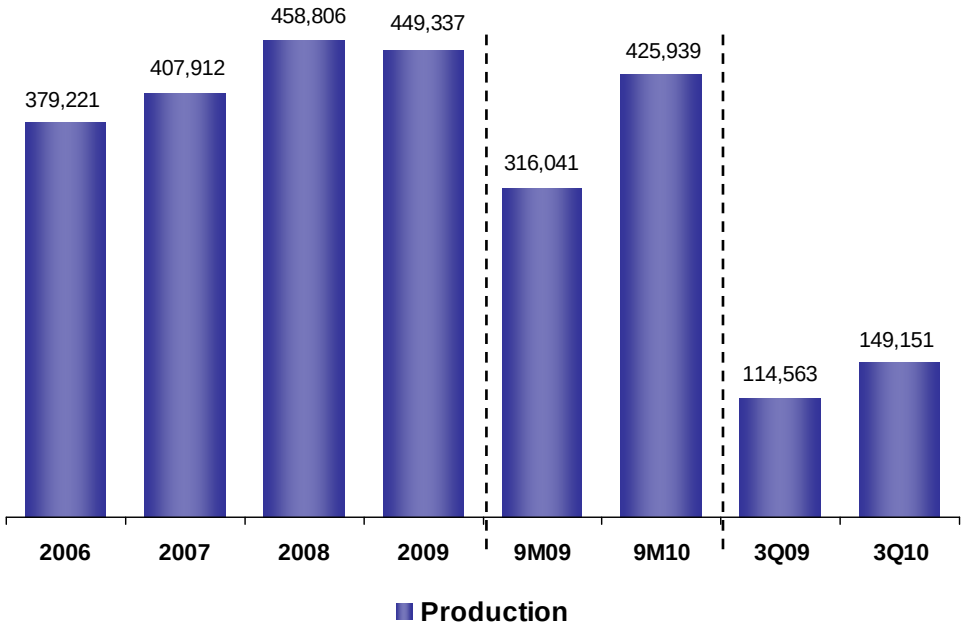


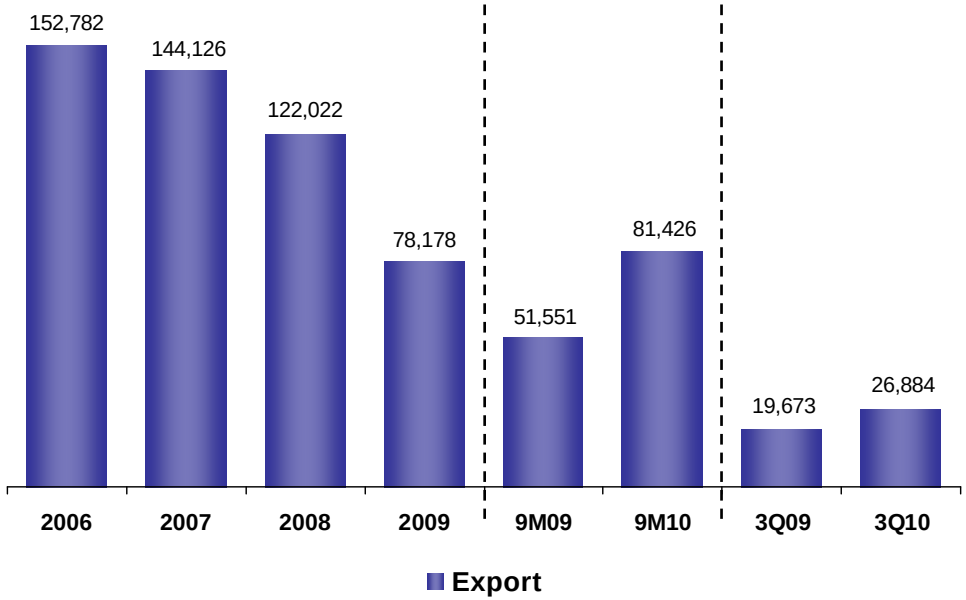
- ✓ Δ 3Q10 - 09 = 7.6%
- ✓ Δ 9M10 - 09 = 11.7%
- ✓ Δ 2009 - 08 = 1.2%
- ✓ CAGR 2006 - 09 = 7.2%

- ✓ Δ 3Q10 - 09 = 80.9%
- ✓ Δ 9M10 - 09 = 81.3%
- ✓ Δ 2009 - 08 = -33.0%
- ✓ CAGR 2006 - 09 = -16.2%

Brazilian Vehicle Production / Export

- ✓ **Light commercials (units)**
- ✓ **Source: Anfavea**



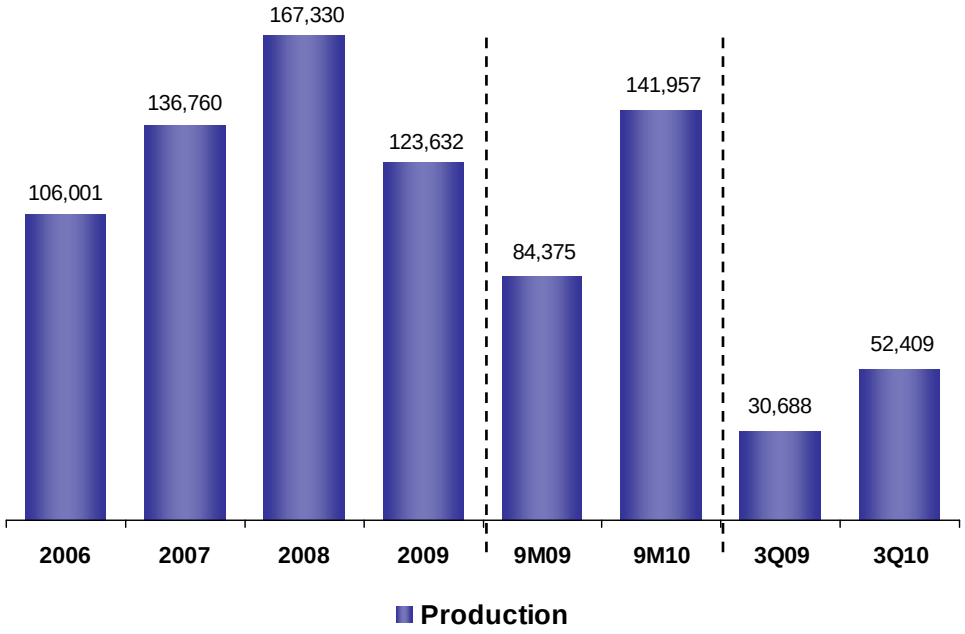


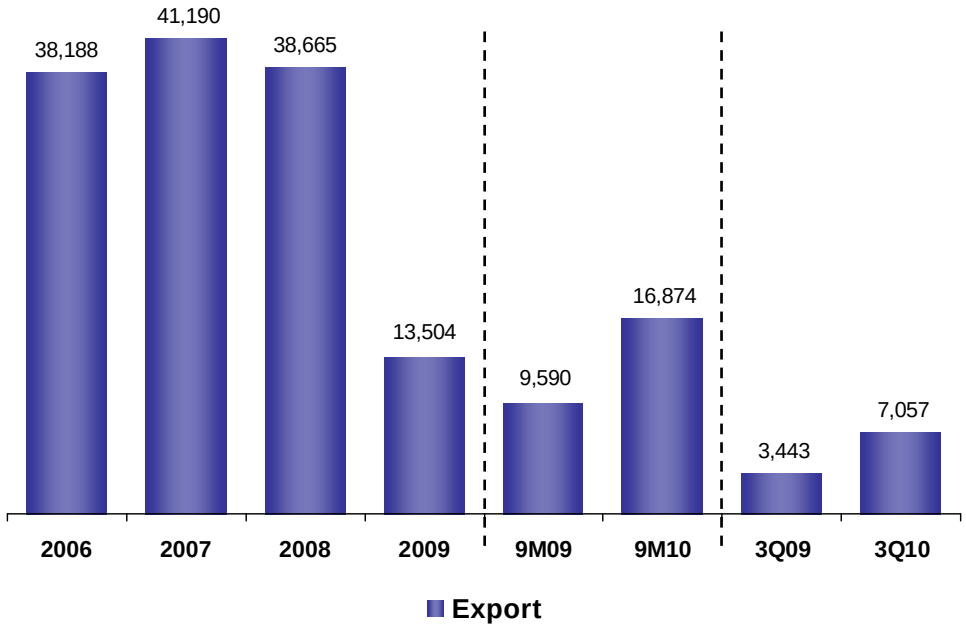
- ✓ Δ 3Q10 - 09 = 30.2%
- ✓ Δ 9M10 - 09 = 34.8%
- ✓ Δ 2009 - 08 = -2.1%
- ✓ CAGR 2006 - 09 = 5.8%

- ✓ Δ 3Q10 - 09 = 36.7%
- ✓ Δ 9M10 - 09 = 58.0%
- ✓ Δ 2009 - 08 = -35.9%
- ✓ CAGR 2006 - 09 = -20.0%

Brazilian Vehicle Production / Export

- ✓ **Trucks (units)**
- ✓ **Source: Anfavea**



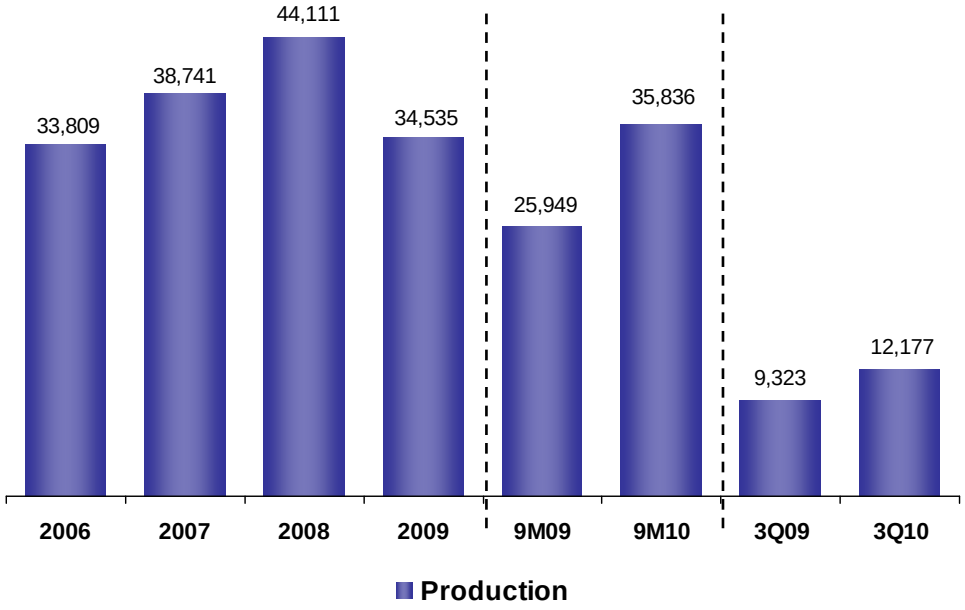


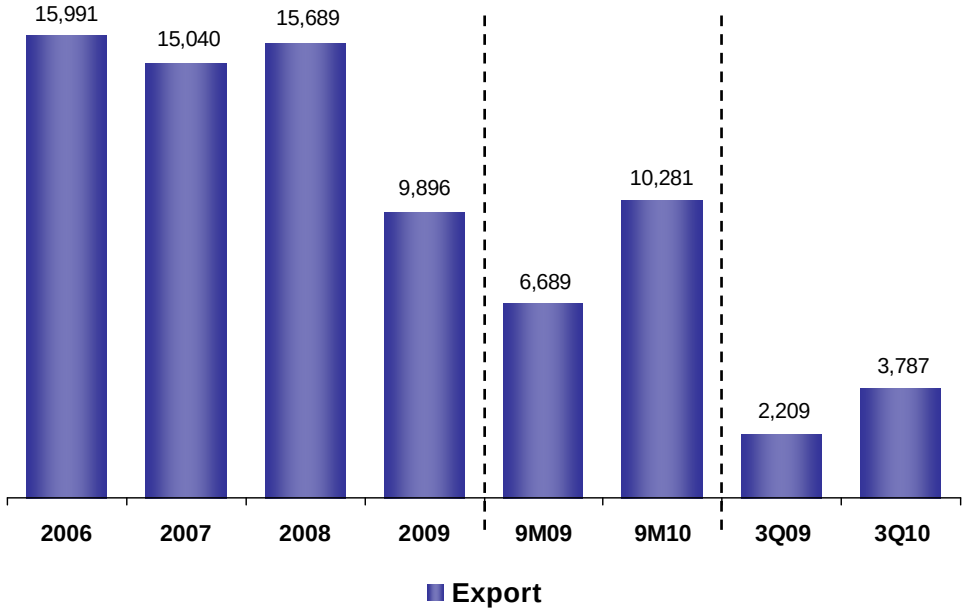
- ✓ Δ 3Q10 - 09 = 70.8%
- ✓ Δ 9M10 - 09 = 68.2%
- ✓ Δ 2009 - 08 = -26.1%
- ✓ CAGR 2006 - 09 = 5.3%

- ✓ Δ 3Q10 - 09 = 105.0%
- ✓ Δ 9M10 - 09 = 76.0%
- ✓ Δ 2009 - 08 = -65.1%
- ✓ CAGR 2006 - 09 = -29.3%

Brazilian Vehicle Production / Export

- ✓ **Buses (units)**
- ✓ **Source: Anfavea**



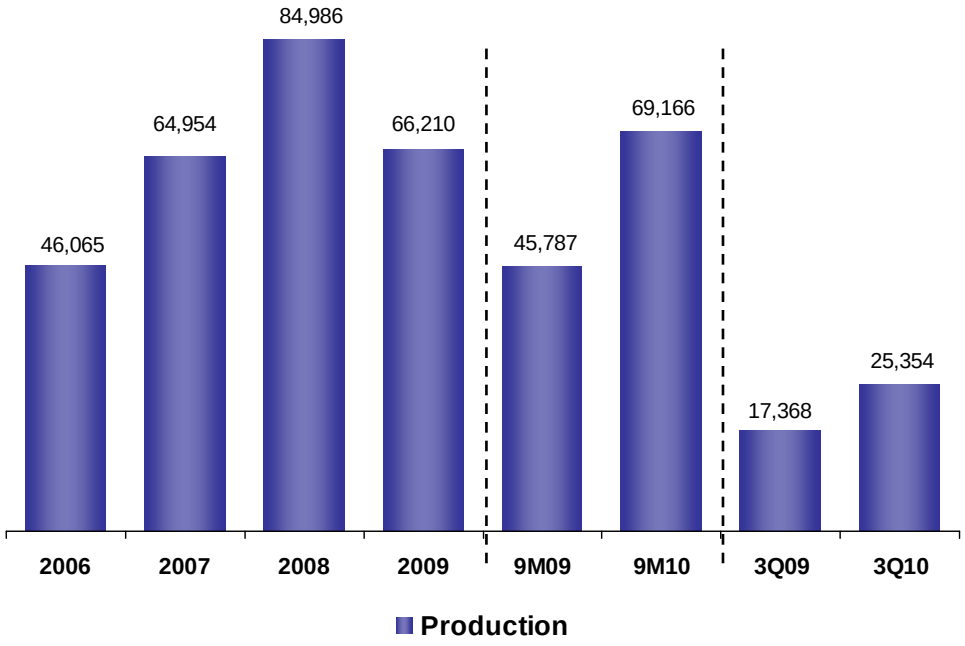


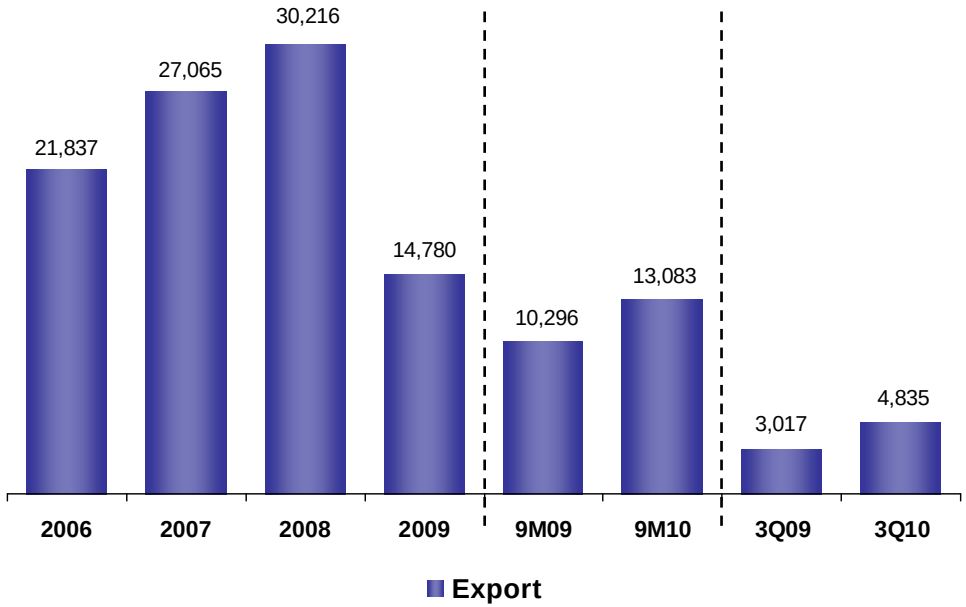
- ✓ Δ 3Q10 - 09 = 30.6%
- ✓ Δ 9M10 - 09 = 38.1%
- ✓ Δ 2009 - 08 = -21.7%
- ✓ CAGR 2006 - 09 = 0.7%

- ✓ Δ 3Q10 - 09 = 71.4%
- ✓ Δ 9M10 - 09 = 53.7%
- ✓ Δ 2009 - 08 = -36.9%
- ✓ CAGR 2006 - 09 = -14.8%

Brazilian Agricultural Machinery Production / Export

- ✓ **Agricultural Machinery (units)**
- ✓ **Source: Anfavea**



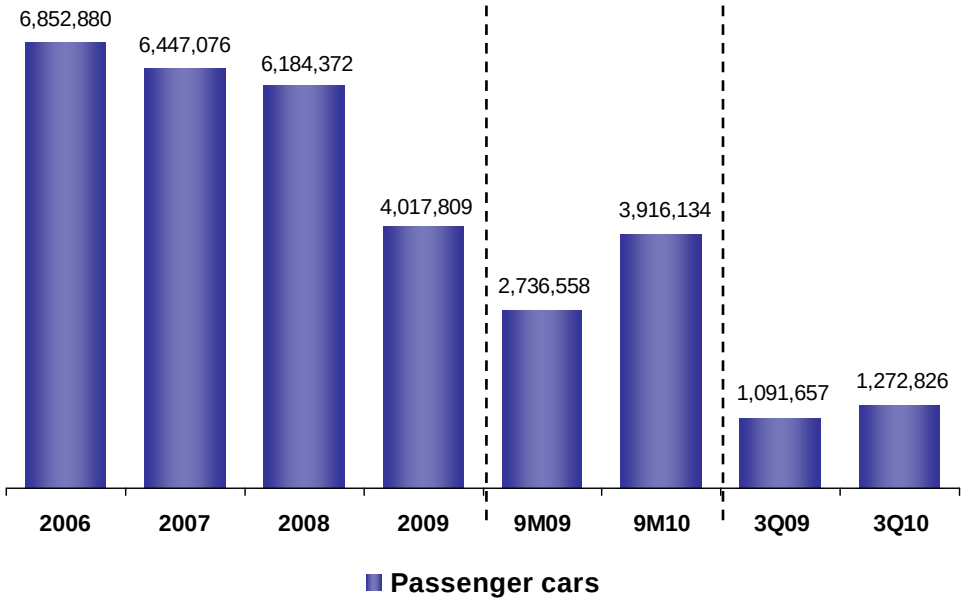


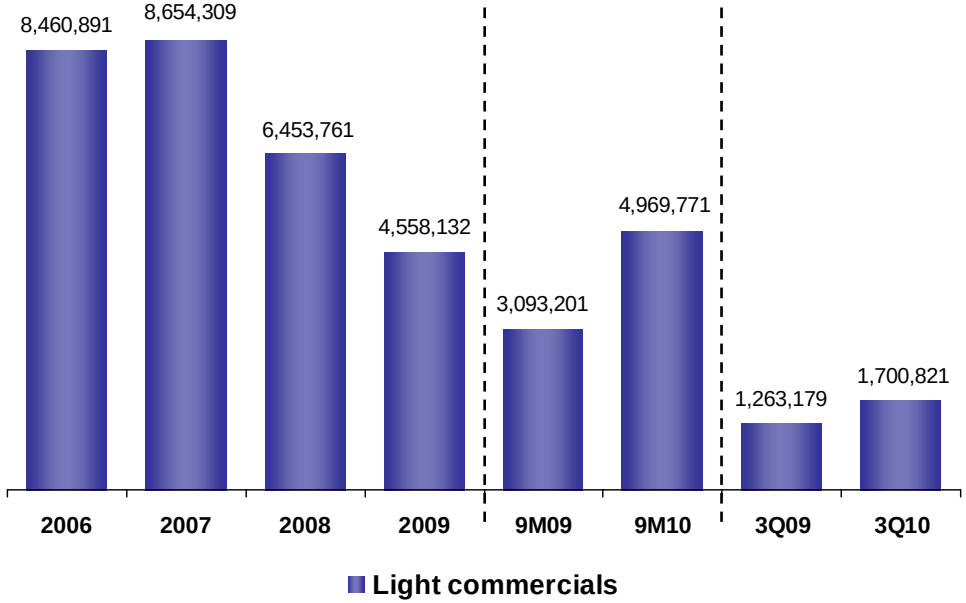
- ✓ Δ 3Q10 - 09 = 46.0%
- ✓ Δ 9M10 - 09 = 51.1%
- ✓ Δ 2009 - 08 = -22.1%
- ✓ CAGR 2006 - 09 = 12.9%

- ✓ Δ 3Q10 - 09 = 60.3%
- ✓ Δ 9M10 - 09 = 27.1%
- ✓ Δ 2009 - 08 = -51.1%
- ✓ CAGR 2006 - 09 = -12.2%

Light Vehicle Production in the NAFTA Region

- **Passenger cars and Light commercials (units)**
- **Source: CSM Auto**



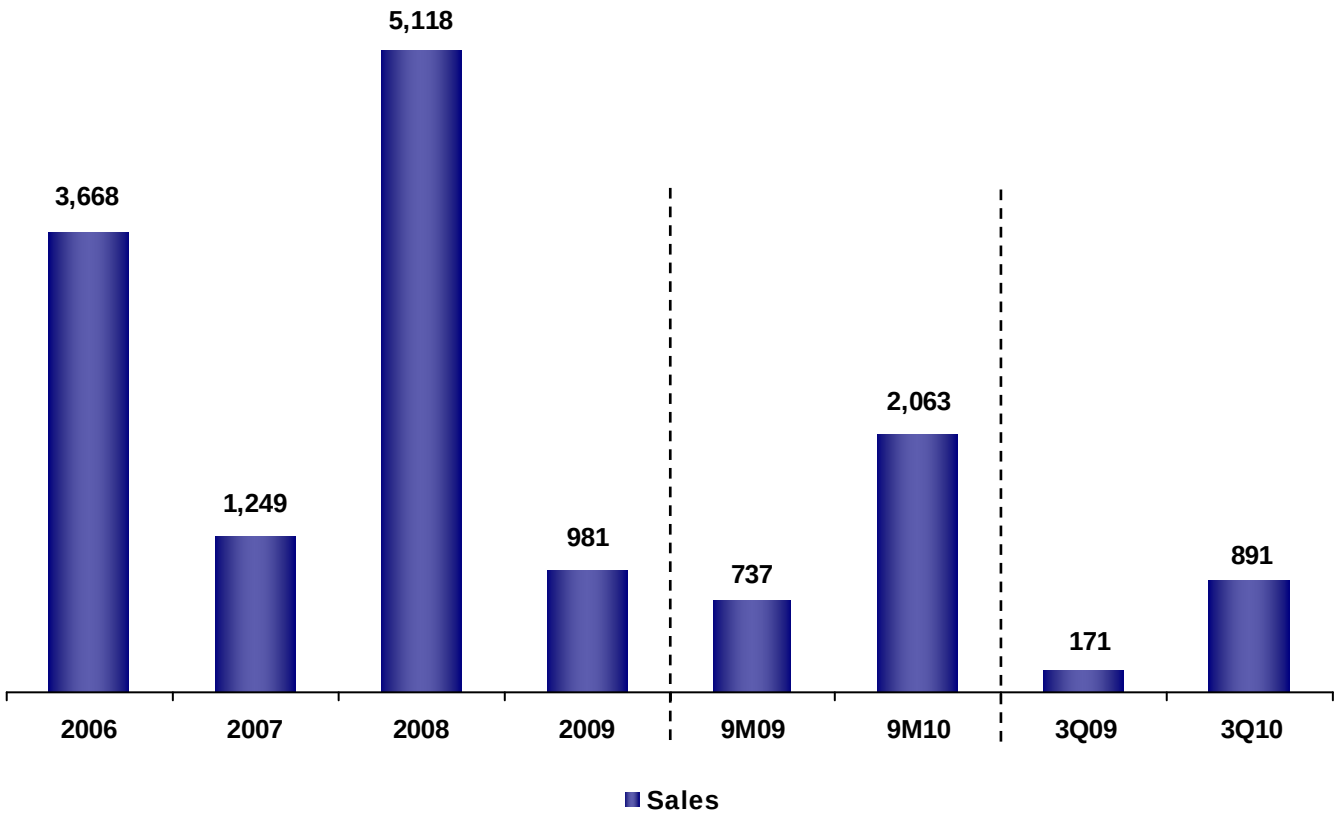


- Δ 3Q10 – 09 = 16.6%
- Δ 9M10 – 09 = 43.1%
- Δ 2009 – 08 = -35.0%
- CAGR 2006 – 09 = -16.3%

- Δ 3Q10 – 09 = 34.6%
- Δ 9M10 – 09 = 60.7%
- Δ 2009 – 08 = -29.4%
- CAGR 2006 – 09 = -18.6%

Brazilian Railway Equipment Market

- ✓ **Railway Freight Cars (units)**
- ✓ **Source: AmstedMaxion estimation**

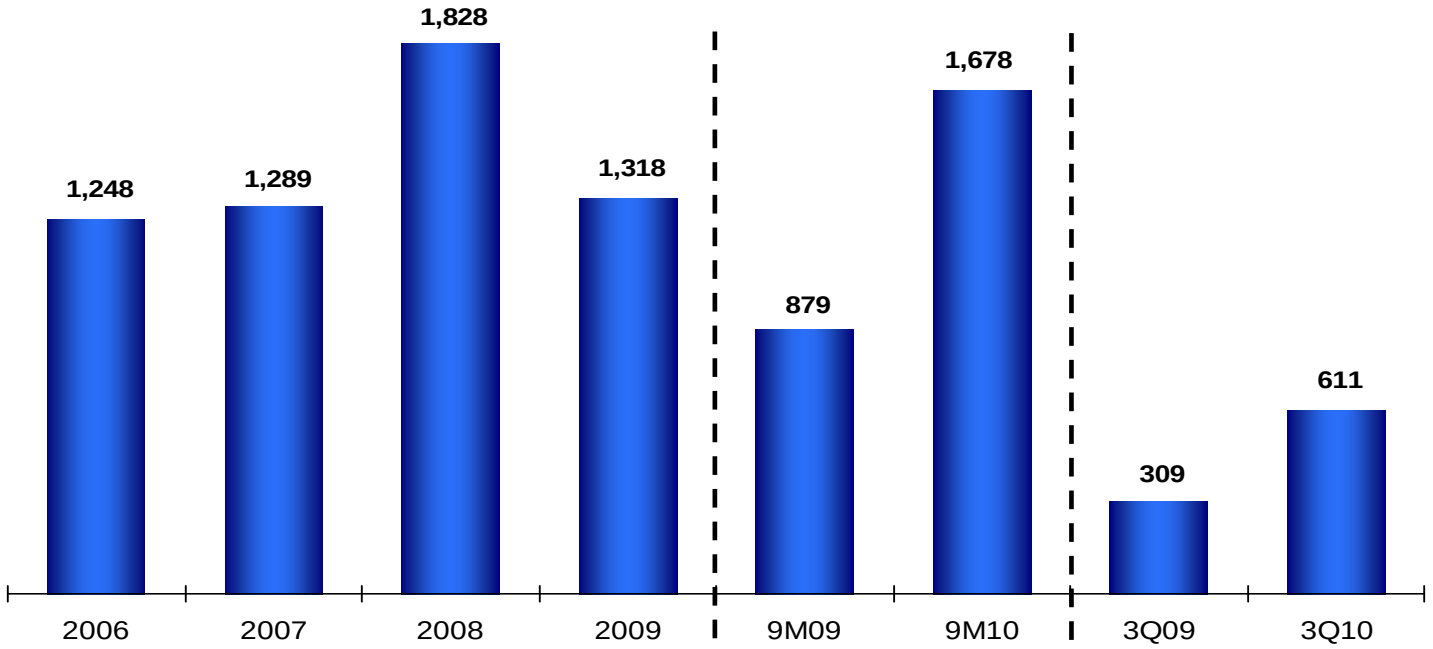


- ✓ Δ 3Q10 - 09 = 421.1%
- ✓ Δ 9M10 - 09 = 179.9%
- ✓ Δ 2009 - 08 = -80.8%
- ✓ CAGR 2006 - 09 = -35.6%

FINANCIAL AND OPERATING PERFORMANCE

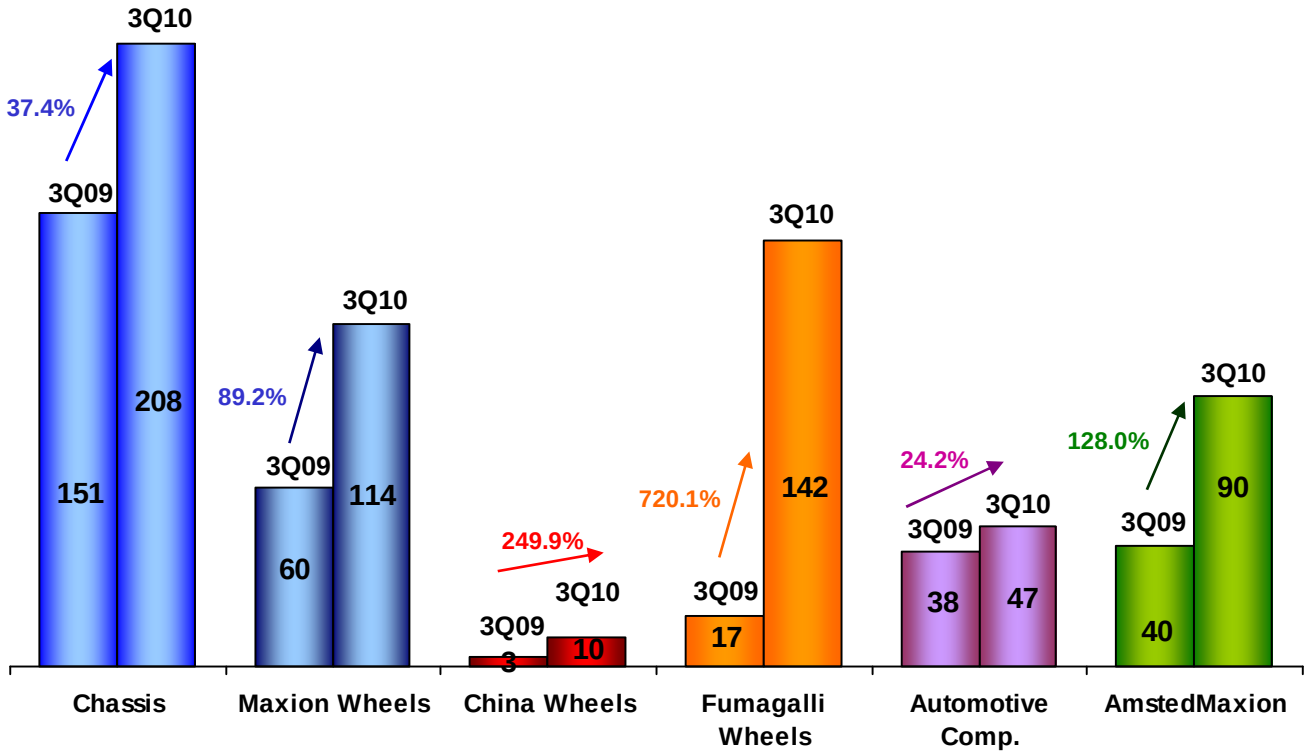


Consolidated Net Operating Revenue – R$ million



- ✓ Δ 3Q10 - 09 = 97.7%
- ✓ Δ 9M10 - 09 = 90.8%
- ✓ Δ 2009 - 2008 = -27.9%
- ✓ CAGR 2006 - 09 = 1.8%

Net Operating Revenue – R$ million



34.0%	18.6%	1.7%	23.3%	7.7%	14.7%	3Q10
49.0%	19.4%	0.9%	5.6%	12.3%	12.8%	3Q09
34.9%	18.6%	1.6%	25.0%	7.4%	12.5%	9M10
50.4%	20.4%	1.2%	2.0%	10.9%	15.3%	9M09

Participation*

Net Operating Revenue - 9M10

- ✓ Chassis - R$ 585 million
  Δ 9M10 - 09 = 32.1%
- ✓ Maxion Wheels - R$ 311 million
  Δ 9M10 - 09 = 73.6%
- ✓ China Wheels - R$ 27 million
  Δ 9M10 - 09 = 167.0%
- ✓ Fumagalli Wheels - R$ 420 million
  Δ 9M10 - 09 = 2,319.9%
- ✓ Automotive Comp. - R$ 125 million
  Δ 9M10 - 09 = 30.5%
- ✓ AmstedMaxion - R$ 210 million
  Δ 9M10 - 09 = 56.3%

* Participation over the consolidated net operating revenue

Export / International Sales

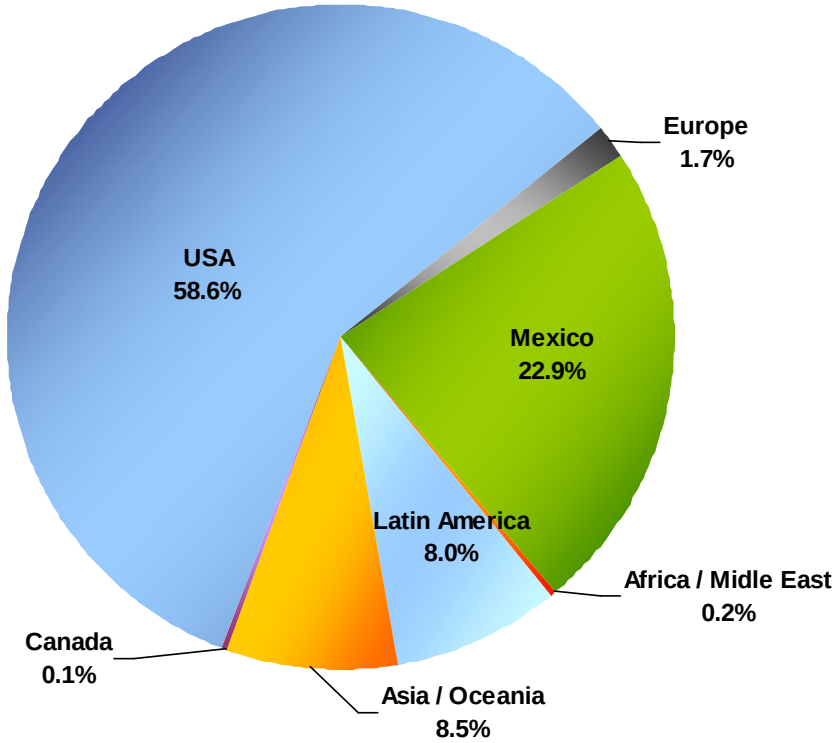
Export / International Sales (consolidated) - 3Q10

- ✓ R$ 106 million (US$ 61 million)
- ✓ Δ in R$ 3Q10 – 09 = 159.8% (Δ in US$ 3Q10 – 09 = 174.0%)
- ✓ 17.4% of the consolidated net operating revenue in the 3Q10

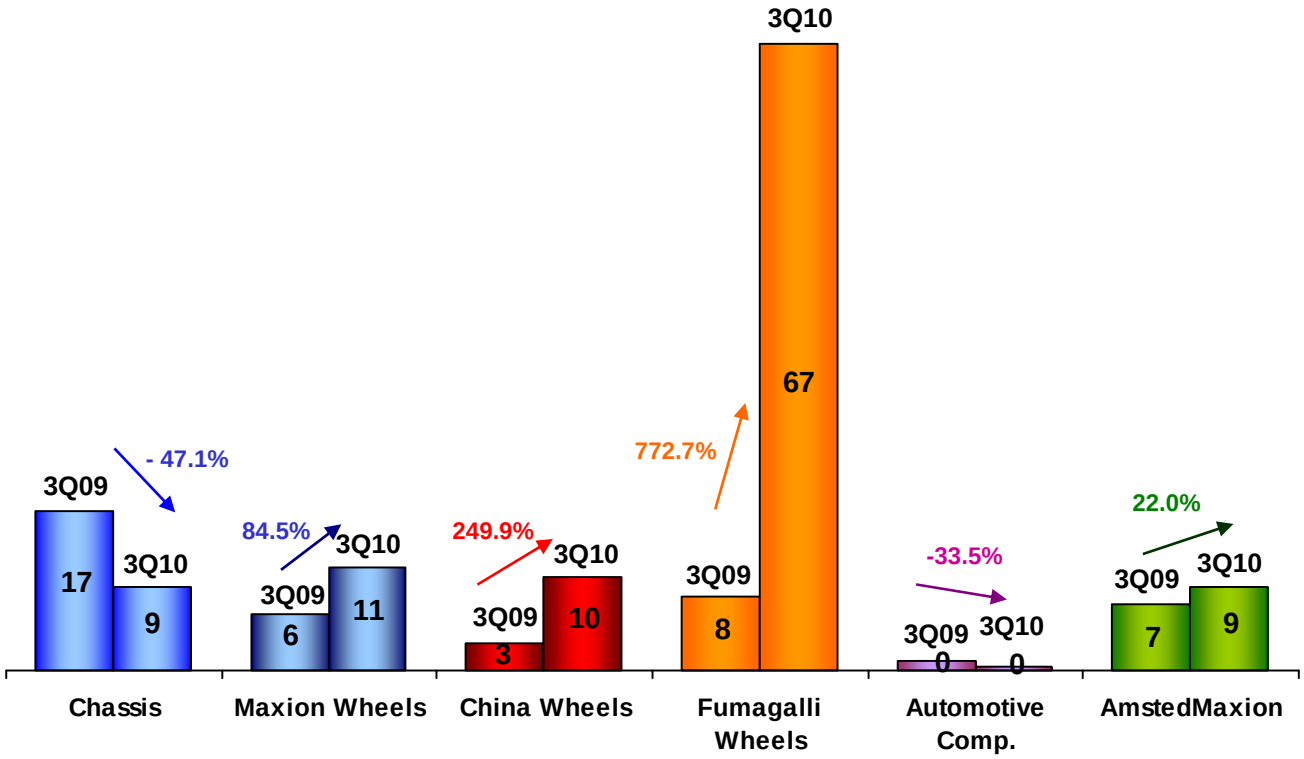
Export / International Sales (consolidated) - 9M10

- ✓ R$ 320 million (US$ 180 million)
- ✓ Δ in R$ 9M10 – 09 = 163.5% (Δ in US$ 9M10 – 09 = 203.7%)
- ✓ 19.1% of the consolidated net operating revenue in the 9M10

Region in Value – 3Q10



Export / International Sales – R$ million



- ✓ Chassis (9M10) – R$ 24 million
  Δ 9M10 – 09 = -51.8%
- ✓ Maxion Wheels (9M10) – R$ 29 million
  Δ 9M10 - 09 = 81.7%
- ✓ China Wheels (9M10) – R$ 27 million
  Δ 9M10 - 09 = 167.0%
- ✓ Fumagalli Wheels (9M10) – R$ 212 million
  Δ 9M10 - 09 = 2,663.9%
- ✓ Automotive Comp. (9M10) – R$ 1 million
  Δ 9M10 - 09 = 8.6%
- ✓ AmstedMaxion (9M10) – R$ 27 million
  Δ 9M10 - 09 = -26.9%

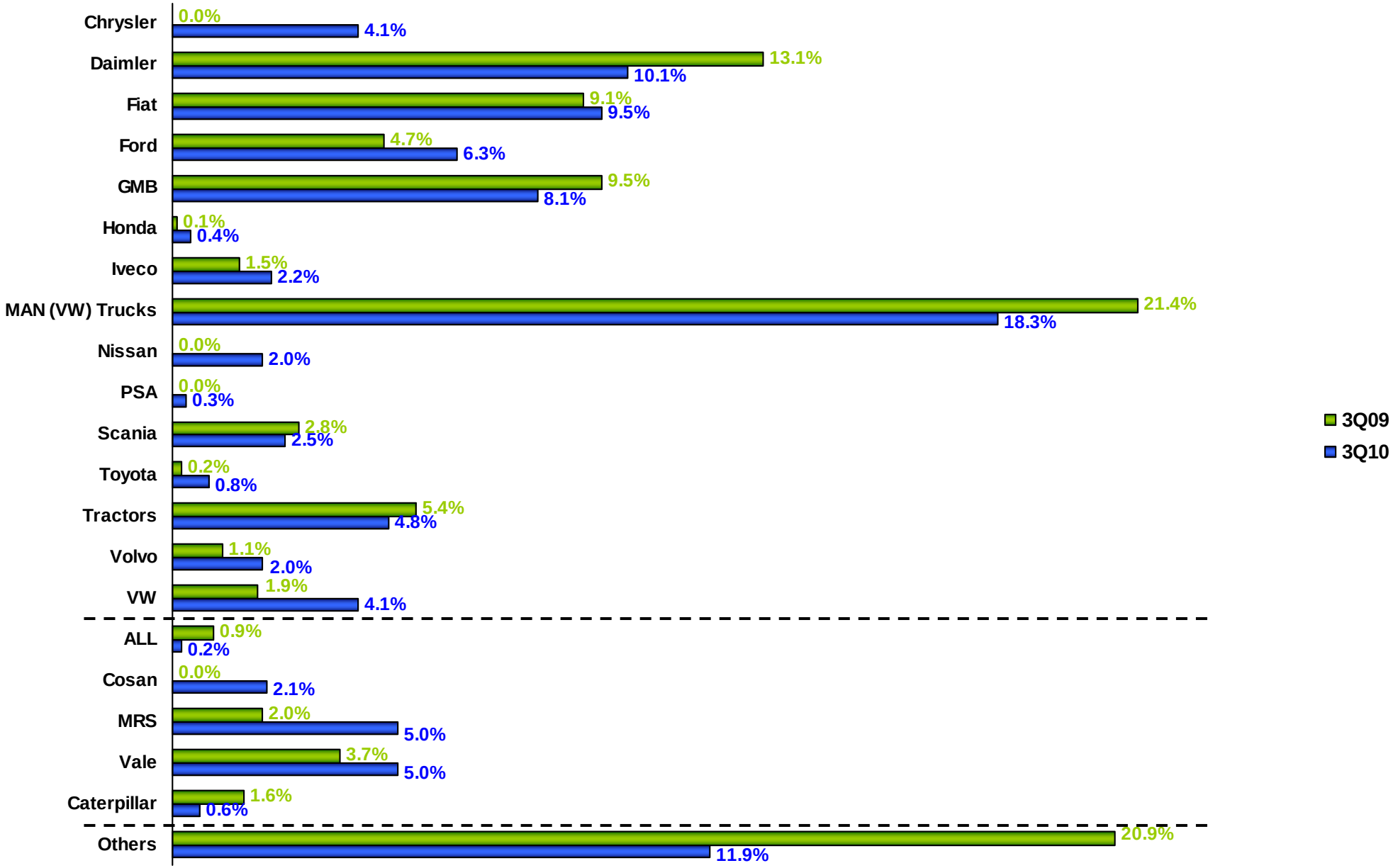
Participation*

Chassis	Maxion Wheels	China Wheels	Fumagalli Wheels	Automotive Comp.	AmstedMaxion	
8.2%	10.5%	9.6%	63.0%	0.3%	8.4%	3Q10
40.4%	14.8%	7.1%	18.8%	1.0%	17.9%	3Q09
7.5%	9.1%	8.4%	66.3%	0.2%	8.4%	9M10
41.2%	13.2%	8.3%	6.3%	0.6%	30.4%	9M09

* Participation over consolidated export / international sales

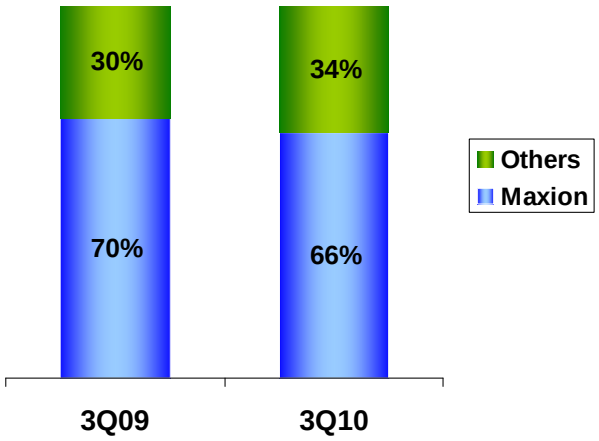
IOCHPE-MAXION

Revenue by Customer

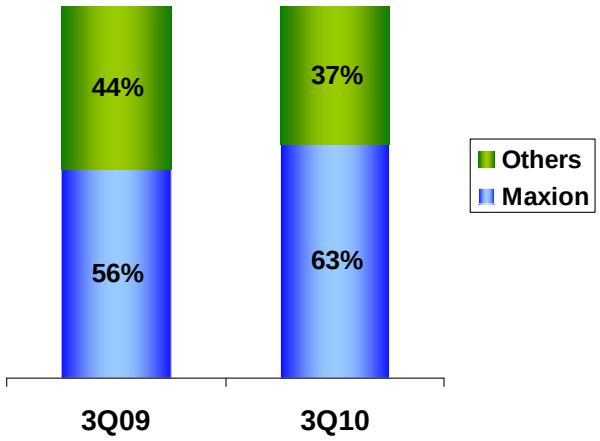


Market Share - Brazil

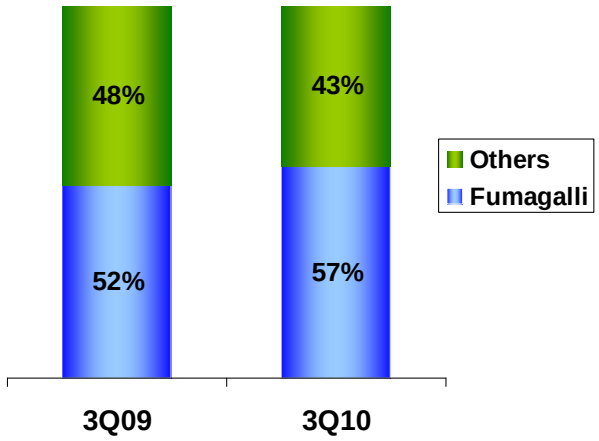
Chassis



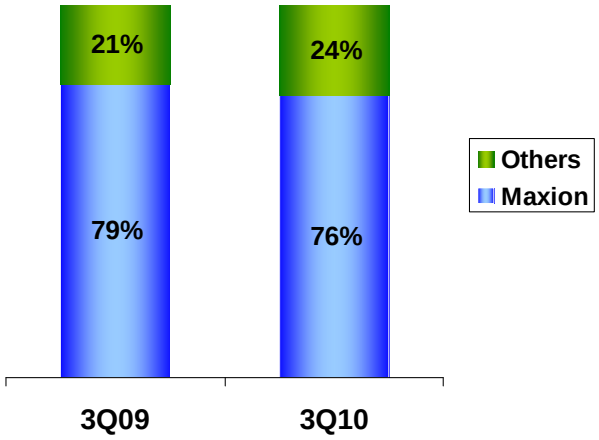
Maxion Wheels



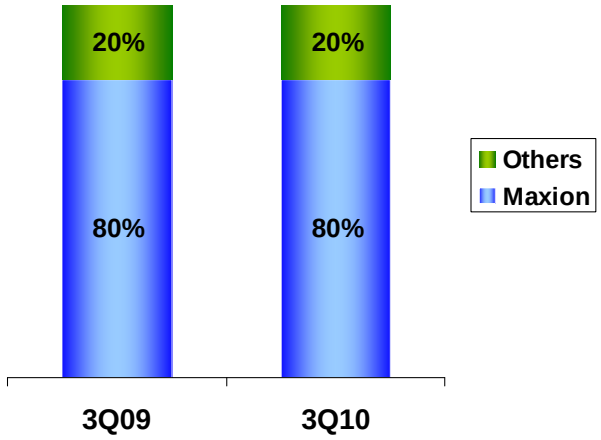
Fumagalli Wheels



Railway Freight Cars

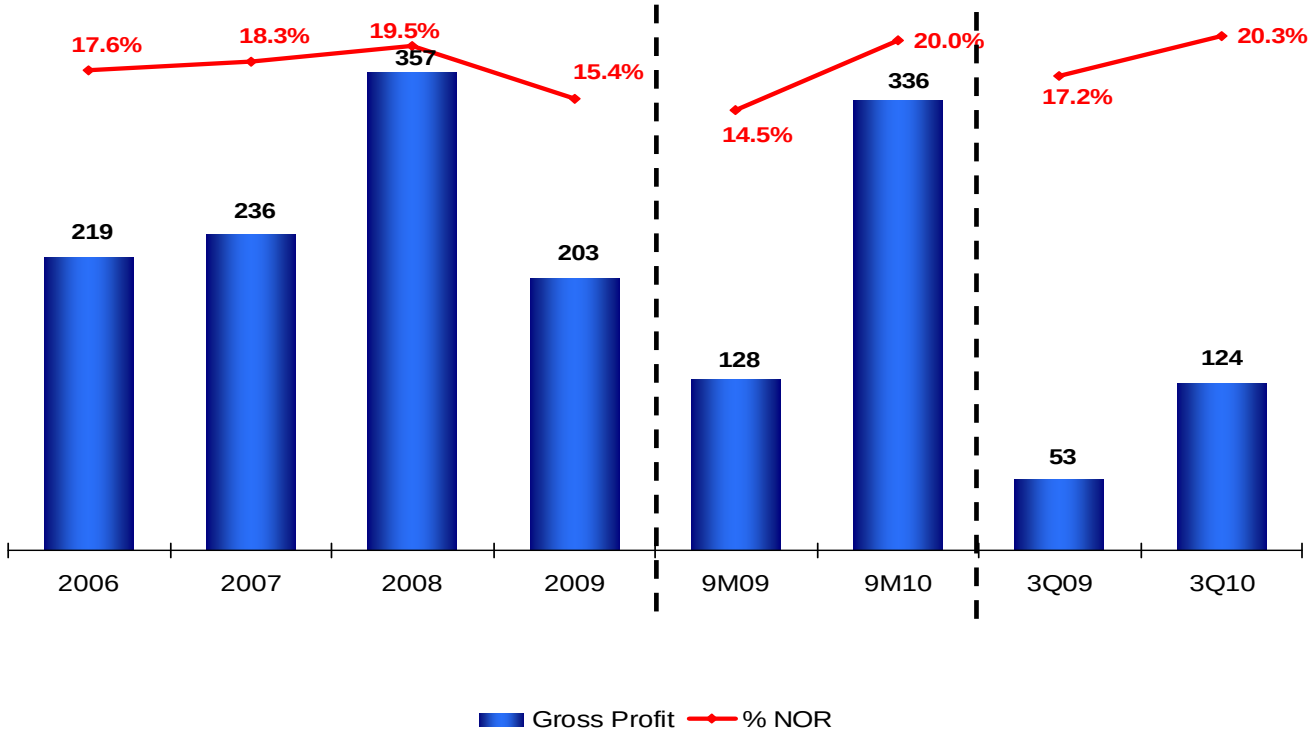


Railway Castings



Source: Iochpe-Maxion Estimate

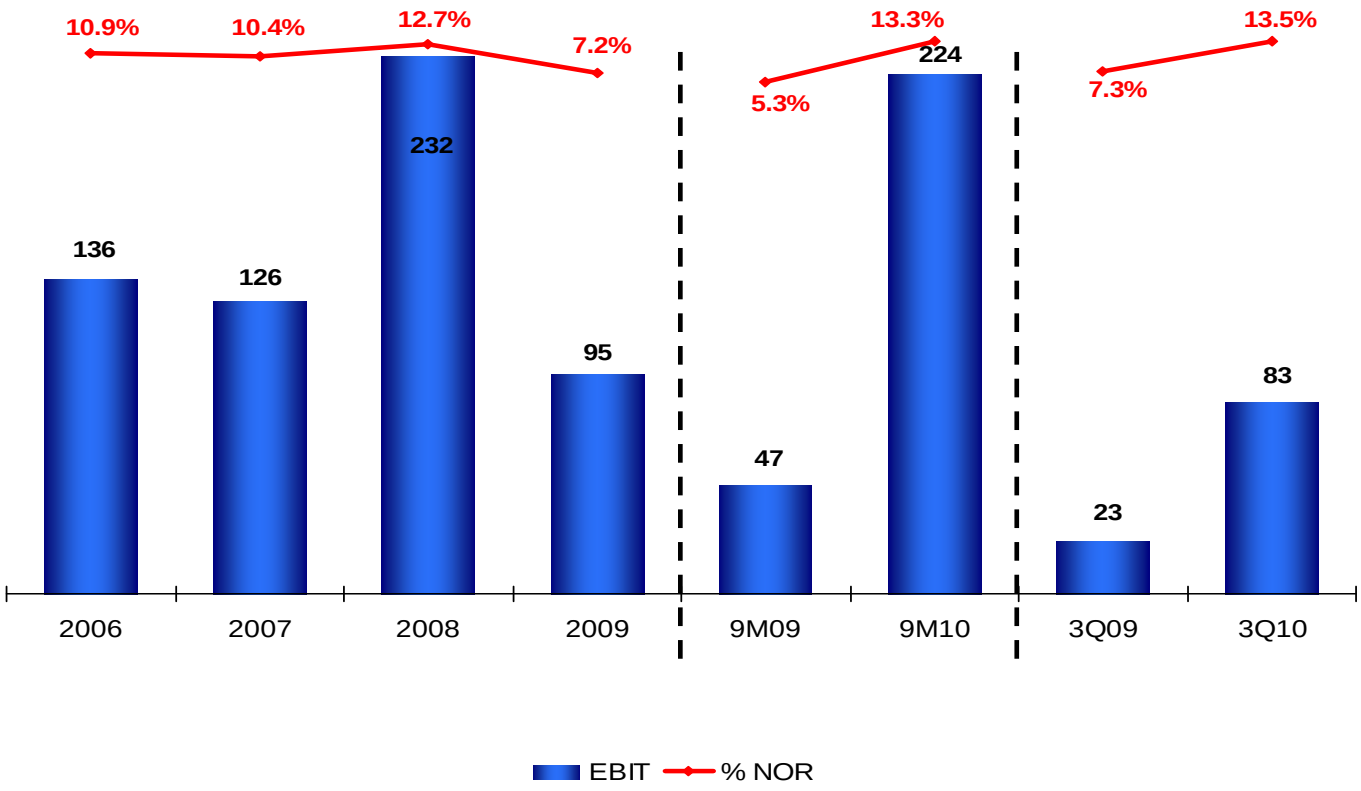
Gross Profit – R$ million



Gross Profit:

- ✓ Δ 3Q10 - 09 = 133.6%
- ✓ Δ 9M10 - 09 = 162.6%

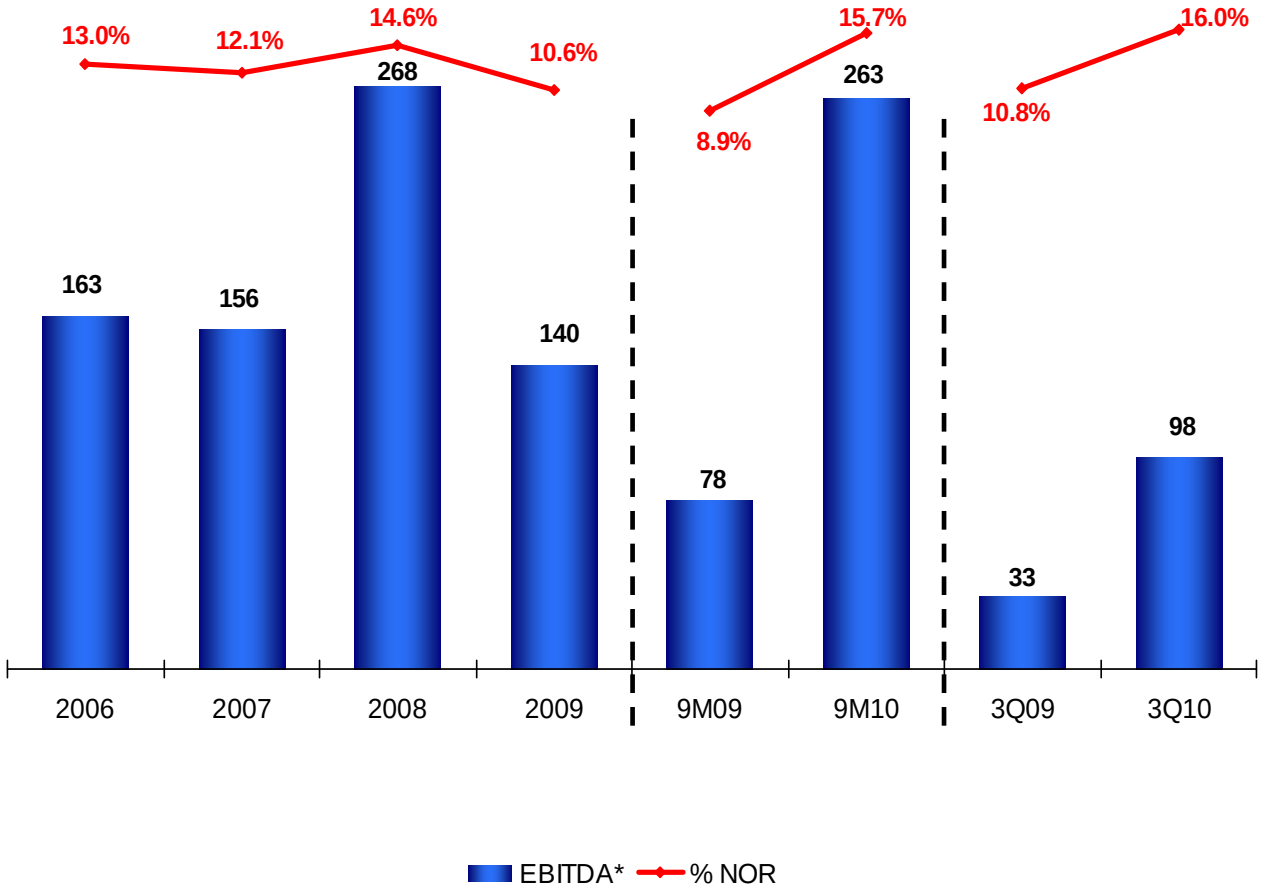
Earnings Before Interest and Tax (EBIT) – R$ million



EBIT:

- ✓ Δ 3Q10 - 09 = 264.0%
- ✓ Δ 9M10 - 09 = 377.9%

EBITDA – R$ million

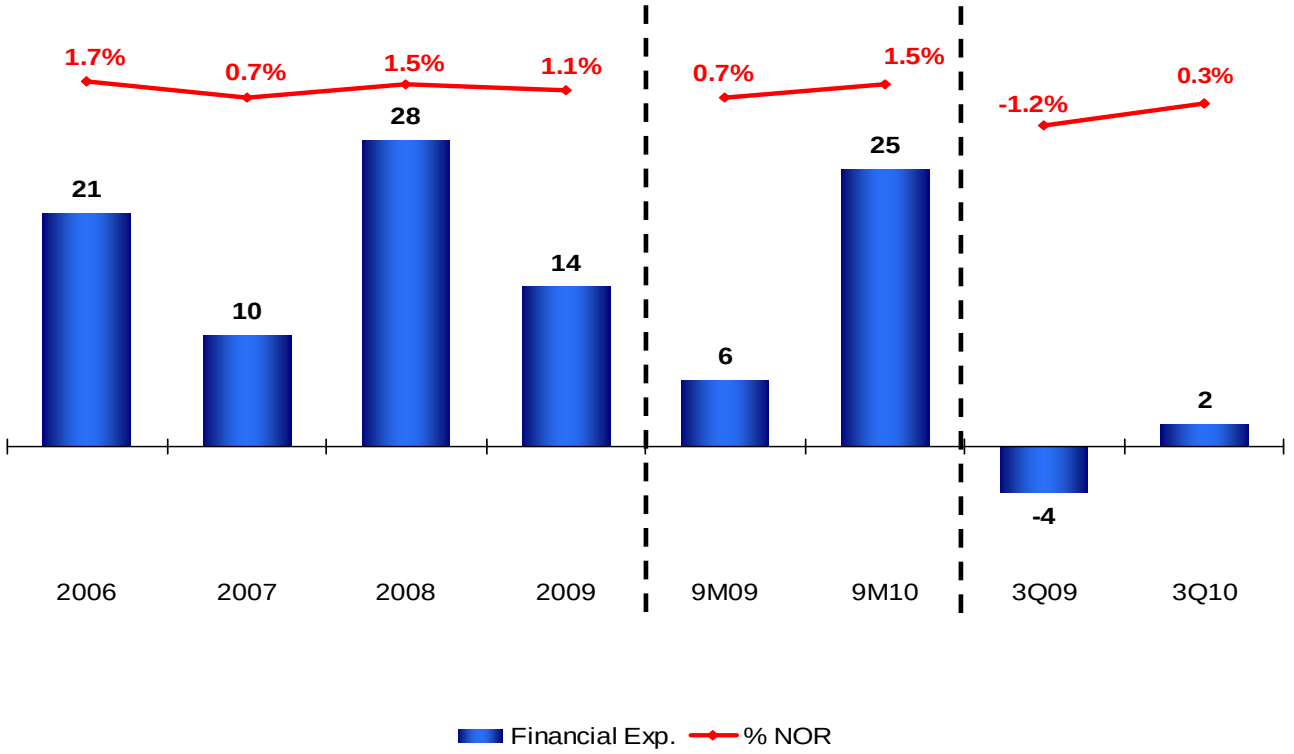


EBITDA:

- ✓ Δ 3Q10 – 09 = 192.9%
- ✓ Δ 9M10 - 09 = 235.2%

(*) 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

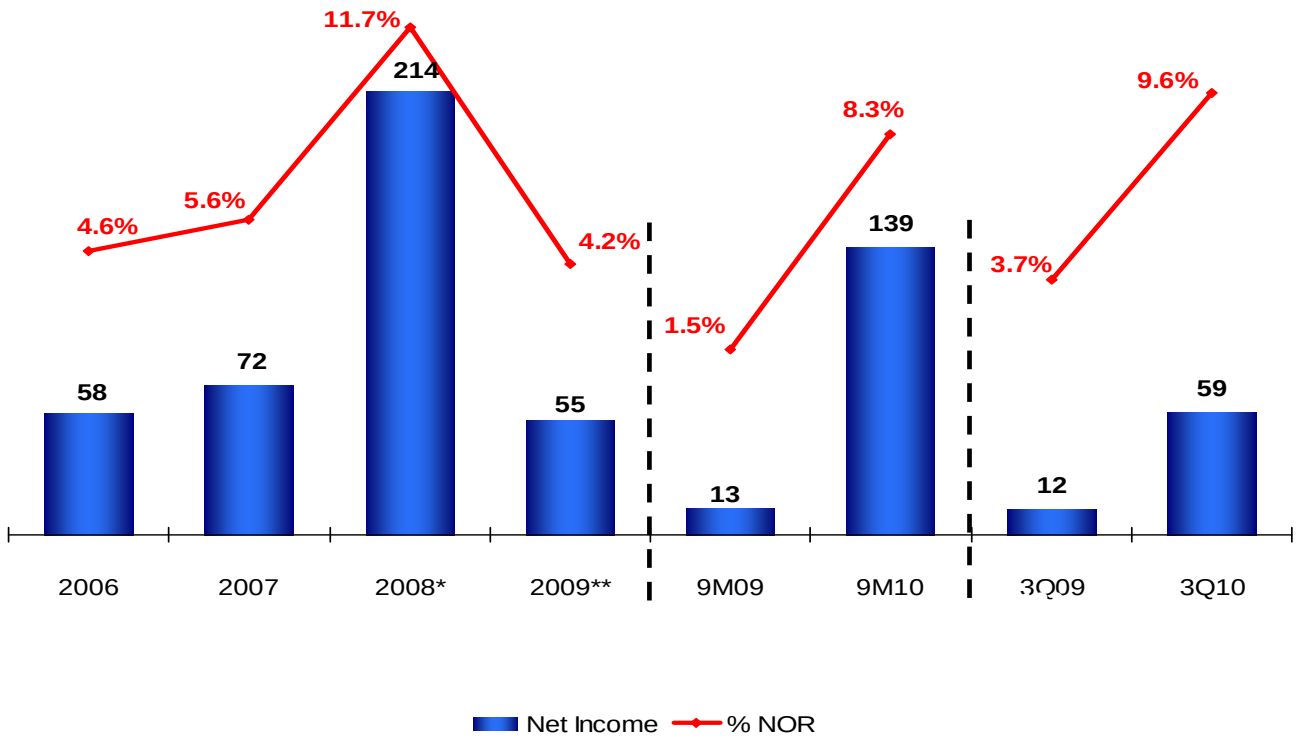


Net Financial Expenses :

✓ Δ 3Q10 – 09 = -149.8%

✓ Δ 9M10 - 09 = 295.1%

Net Income – R$ million



Net Income:

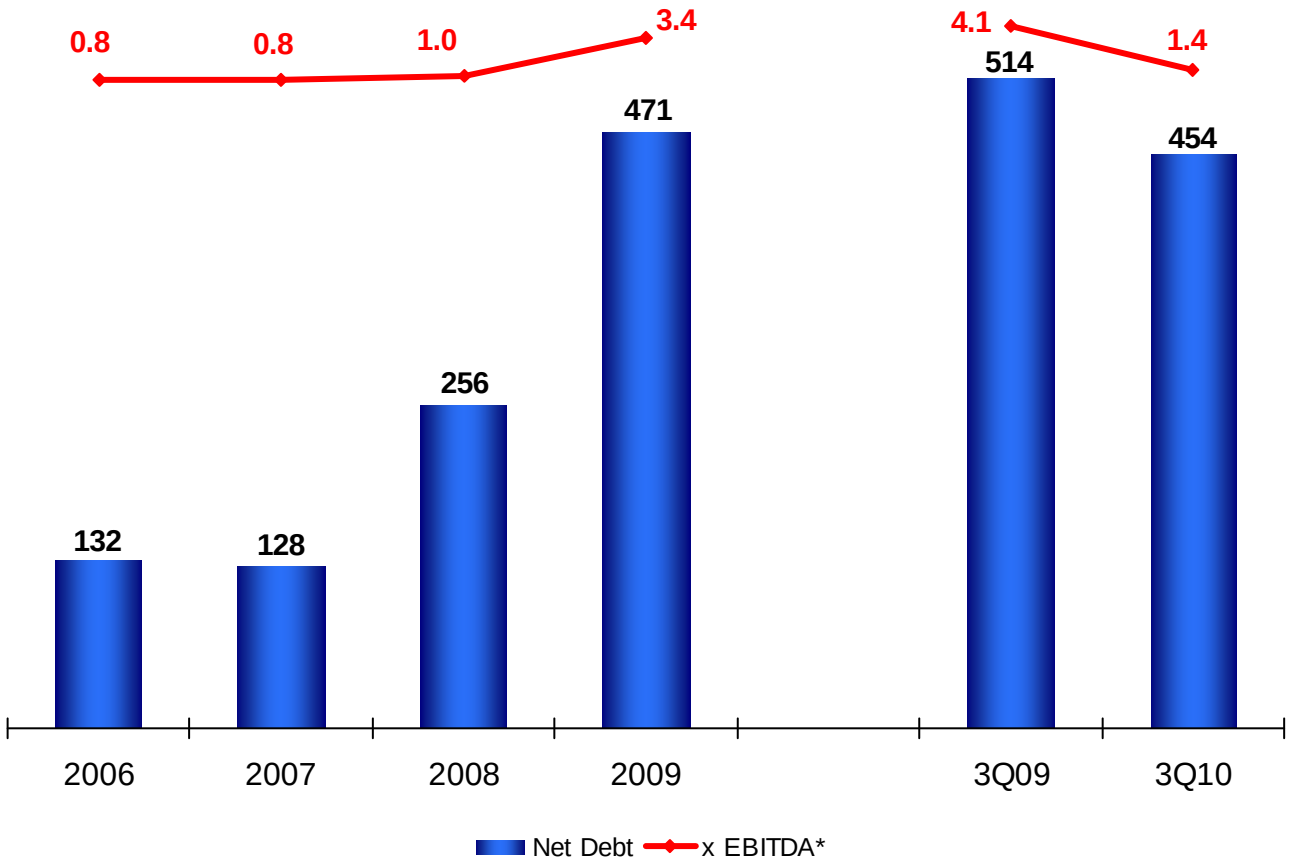
✓ Δ 3Q10 – 09 = 405.8%

✓ Δ 9M10 - 09 = 962.3%

* Non recurring gain of R$ 76 million, generated by the grouping of Maxion Sistemas Automotivos into Iochpe-Maxion

** Non recurring gain of R$ 24 million: R$ 6.6 million net of deferred income tax, due to the company's filling in the debt installments program of the Public Attorney of the Brazilian Treasury Department and Federal tax Authority ("IPI Tax Credit") and R$ 17.6 million related to deferred tax credit recognition in the controlled subsidiary Amsted-Maxion due its tax loss incurred in 2009

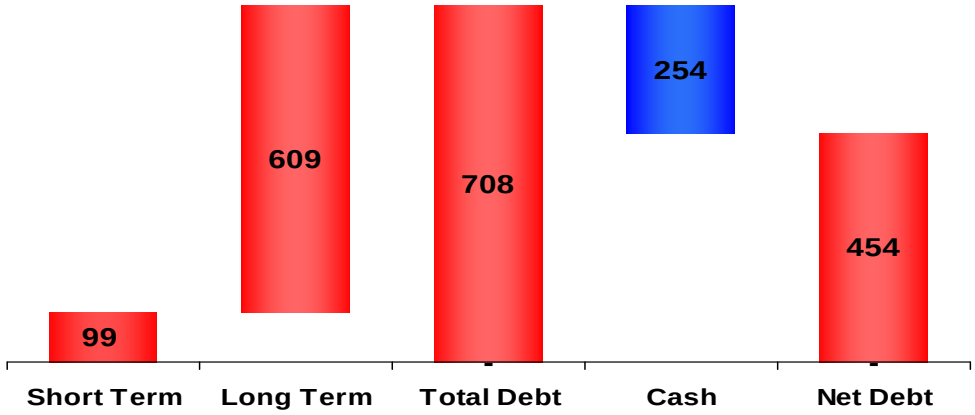
Net Bank Debt – R$ million



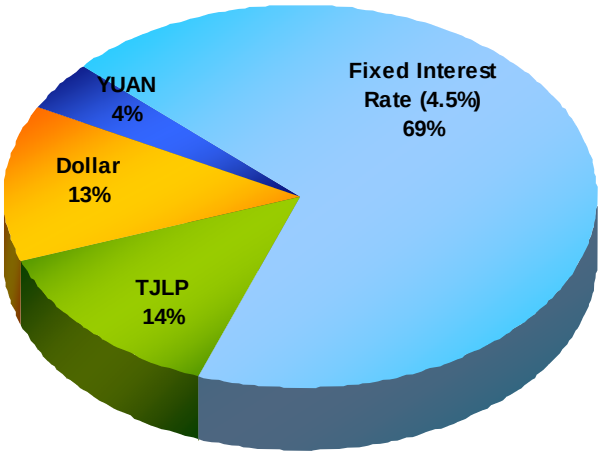
(*) EBITDA, throughout this presentation means: net income plus income tax and social contribution, plus non-operating result, plus net financial expenses, plus depreciation and amortization, plus goodwill amortization

LTM EBITDA

Indebtedness (Sep/10) – R$ million



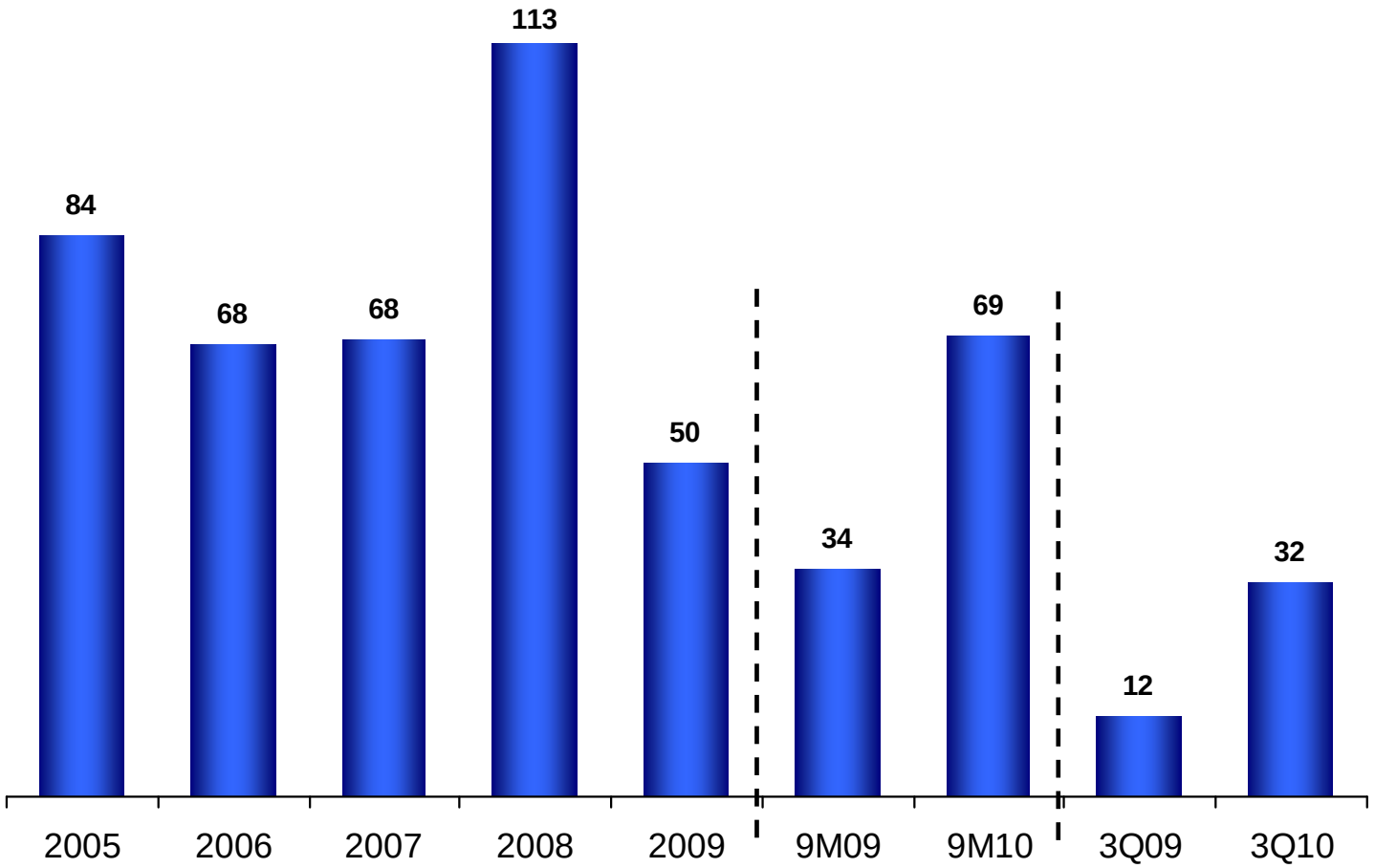
Debt Indexation



Average Cost

- ✓ Index in R$ - 51.2% of CDI (Brazilian Interbank Rate)
- ✓ Index by Dollar in US$ - 4.7% per year

CAPEX – R$ million



IOCHPE-MAXION

Additional Information



IOCHPE-MAXION

Income Statement – R$ thousand

Consolidated

I.S - R$ thousand	3Q09	3Q10	Var.	9M09	9M10	Var.
Net Operating Revenue	309,235	611,380	*97.7%*	879,190	1,677,533	*90.8%*
Cost of Goods Sold						
Raw Material	(156,917)	(315,557)	*101.1%*	(444,718)	(849,399)	*91.0%*
Labor	(60,459)	(112,366)	*85.9%*	(188,656)	(317,936)	*68.5%*
Others	(38,614)	(59,079)	*53.0%*	(117,924)	(174,346)	*47.8%*
	(255,990)	(487,002)	*90.2%*	(751,298)	(1,341,681)	*78.6%*
Gross Profit	**53,245**	**124,378**	***133.6%***	**127,892**	**335,852**	***162.6%***
	17.2%	***20.3%***		***14.5%***	***20.0%***	
Operating Expenses						
General and Administrative	(12,372)	(24,719)	*99.8%*	(37,375)	(63,622)	*70.2%*
Commercial	(10,596)	(16,911)	*59.6%*	(36,434)	(49,754)	*36.6%*
Others	(7,562)	(70)	*-99.1%*	(7,318)	1,029	*-114.1%*
	(30,530)	(41,700)	*36.6%*	(81,127)	(112,347)	*38.5%*
Operating Income (EBIT)	**22,715**	**82,678**	***264.0%***	**46,765**	**223,505**	***377.9%***
	7.3%	***13.5%***		***5.3%***	***13.3%***	
Financial Results						
Financial Revenue	15,220	9,361	*-38.5%*	46,560	16,636	*-64.3%*
Financial Expenses	(11,563)	(11,181)	*-3.3%*	(52,883)	(41,620)	*-21.3%*
	3,657	(1,820)	*-149.8%*	(6,323)	(24,984)	*295.1%*
Earnings After Financial Results	**26,372**	**80,857**	***206.6%***	**40,442**	**198,520**	***390.9%***
	8.5%	***13.2%***		***4.6%***	***11.8%***	
Income Taxes	(14,786)	(22,260)	*50.5%*	(27,406)	(60,038)	*119.1%*
Net Income	**11,586**	**58,597**	***-405.8%***	**13,036**	**138,482**	***962.3%***
	3.7%	***9.6%***		***1.5%***	***8.3%***	
EBITDA	**33,315**	**97,571**	***192.9%***	**78,328**	**262,567**	***235.2%***
	10.8%	***16.0%***		***8.9%***	***15.7%***	

(*) 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

IOCHPE-MAXION

Balance Sheet – R$ thousand

ASSETS			LIABILITIES		
	Sep-09 (adjusted)*	Sep-10		Sep-09 (adjusted)*	Sep-10
CURRENT			CURRENT		
Cash and Cash Equivalents	282,485	254,134	Loans	458,914	98,866
Receivables	218,628	315,501	Payables	90,427	155,861
Inventory	204,626	278,149	Taxes	29,204	17,657
Recoverable Taxes	17,596	16,103	Installment Taxes	-	350
Deferred Taxes	-	-	Wage & Salaries	48,731	82,120
Antecipated Expenses	7,517	1,594	Customers Advance	9,754	39,463
Other Receivables	13,894	17,509	Dividends	-	-
			Other Payables	23,209	27,259
	744,746	**882,990**	Payable Financial Instruments	-	1,124
				660,239	**422,700**
LONG TERM			LONG TERM		
Receivable	588	331	Loans	337,295	609,298
Recoverable Taxes	29,121	45,678	Provisions	69,239	28,110
Deferred Taxes	104,907	92,038	Deferred Taxes	101,946	120,560
Obligatory deposits and judicial	22,186	22,366	Others	13,619	9,517
Other Receivables	3,024	5,865		**522,099**	**767,485**
	159,826	**166,278**			
			EQUITY		
Investments	323	233	Capital	261,463	360,000
Plants, Property and Equipment	889,687	928,038	Profit Reserves	196,994	267,357
Intangible	43,386	26,356	Equity Adjustment	200,621	186,353
Deferred Items	3,448	-		**659,078**	**813,710**
	936,844	**954,627**			
TOTAL ASSETS	**1,841,416**	**2,003,895**	**TOTAL LIABILITIES**	**1,841,416**	**2,003,895**

(*) Application of the Deemed Cost concept

Impact of the FX Rate Variation - NDF

✓ **Non Deliverable Forward Operation (NDF)**

	Value - US$ thousand	Average Exchange Rate	Gain / Loss R$ thousand
NDF - Selling (Expired)	2,000	1.8994	281
NDF - Selling (to Expire)	1,000	1.9399	230
NDF - Buying (to Expire)	9,620	1.8792	(1,124)

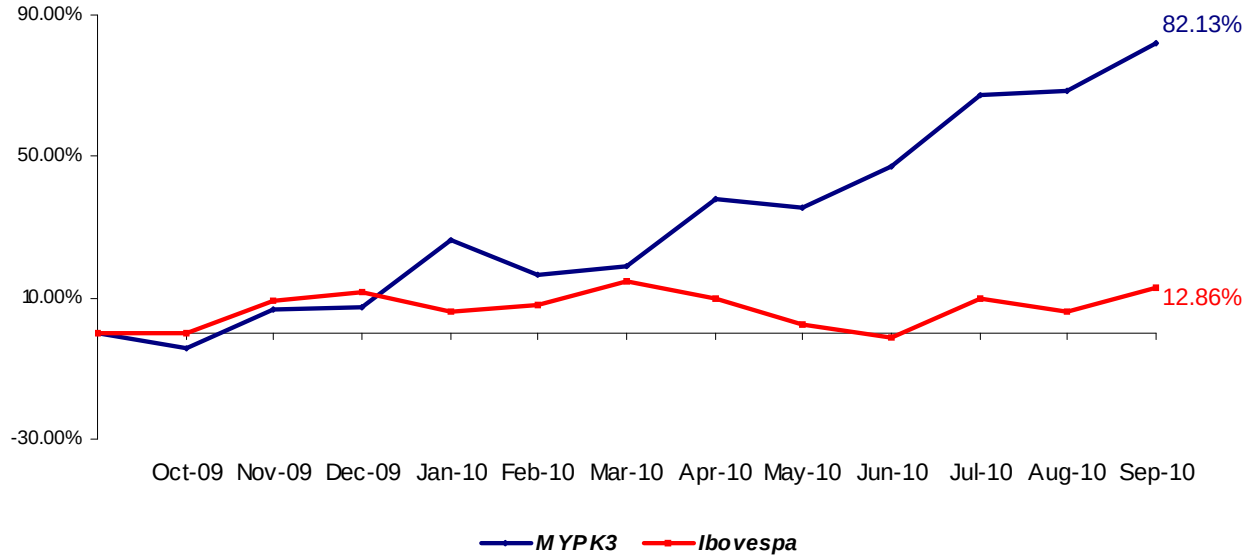
During the 3Q10:

✓ Iochpe-Maxion contracted US$ 9.6 million in NDF contracts related to buying future dollar for the period of January to July 2011

✓ the expiration of part of the contracted NDF, related to selling future dollar in the amount of US$ 2.0 million generating a revenue of the R$ 0.3 million

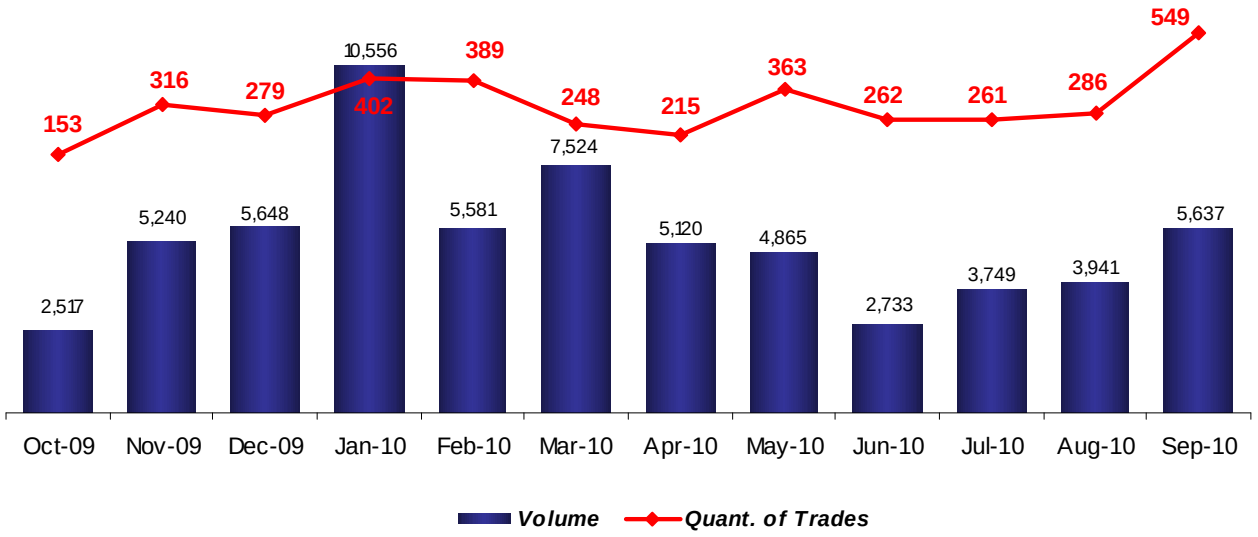
✓ If the contracted NDFs to expire would expire on 09/30/10, it would generate a loss of R$ 900 thousand, which was provisioned as an equity - adjustment.

Shares Performance



IOCHPE-MAXION

Average Daily Trade Volume – R$ thousand



IOCHPE-MAXION

3Q10 EARNINGS RELEASE

MAXION
Rodas e Chassis
uma divisão da IOCHPE-MAXION

MAXION
COMPONENTES AUTOMOTIVOS
UMA DIVISÃO DA IOCHPE-MAXION



AmstedMaxion

FUMAGALLI
AUTOMOTIVE WHEELS
A division of IOCHPE-MAXION

November, 2010