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**SANLUIS Corporación, S.A.B. de C.V. and Subsidiaries**  
**Results for the 3rd Quarter of 2010**  
(Amounts in Million of US Dollars)

Mexico City as of October 26, 2010

SANLUIS Corporación, S.A.B. de C.V. (Mexican Stock Exchange Ticker: SANLUIS), a Mexican industrial company engaged in the manufacture of automotive parts (mainly Suspension and Brake system components), reports its third quarter results.

In 2010, the consolidated operating results of SANLUIS present higher sales levels than those registered in 2009 due to the improved production volume of light vehicles in North America, resulting from additional demand levels that reflect a recovery in consumer confidence, a consequence of relatively improved economic and financial conditions in our main market; this coupled with the replacement of inventories in order to return to the average historical levels last seen before the massive corrections implemented by our customers when coping with the sudden and steep decline in demand during the 2007 to 2009 period, as well as an important pick up in demand in the Brazilian automotive business, underscore this larger sales levels against last year.

Despite the budding recovery, light vehicle production in the Nafta region is still far from the levels last seen in the third quarter of 2007, when the annualized volume for such period was 16.2 million units against 11.7 million seen this year, representing in total a 28% drop that negatively impacted the operating results of the company. In this context, the expected recovery in the Nafta automotive industry will be dependent on improved employment conditions and access to consumer credit, which are the key variables that can support a steady recovery in demand, that although slow and still subject to substantial risk, is the sole condition to a sound recovery in the automotive industry.

Due to the lower market size in which we now operate, the company has continued with tight controls over the already reduced fixed manufacturing cost base achieved last year, in order to maintain a direct relationship among our operational levels and reduced demand. The company rationalized its production by concentrating the majority of its suspension



component manufacturing base in the Piedras Negras, Coahuila facility, while increasing at the same time the productivity levels of other subsidiary businesses through labor flexibility programs and additional training, which helped us reduce the unit consumption of power, freight, packaging and coating, as well as our total headcount in North America. The substantial overall cost reduction initiatives which started to be implemented since April 2008 lowered the breakeven point of our operations and now, positive EBITDA at the Suspension and Brake businesses can be achieved by operating at just one third of installed capacity.

As a result of the above, consolidated sales increased 59%, and EBITDA 203% during the first nine months of the year, thanks to the operating leverage obtained from the previously mentioned cost containment efforts on top of larger sales volumes. Direct comparisons against the previous year are very favorable due to the fact that 2009 was for the world economy, and particularly for the automotive industry, the worst of the last 70 years. The automotive industry operated at depressed production levels of 8.6 million units per year.

In summary, the results for the first nine months of 2010 are as follows:

- Total consolidated sales for the nine months ended September, 2010 were \$449.2 million, 59% above last year, due to better sales volume in the US and Brazilian automotive markets.

Sales increases materialized in all three operating divisions of the company; in the Nafta Suspension business, sales were 48% above the same period of last year; in the Brazilian Suspension business, sales were 71% better, and in the Brake business sales were 82% above last year. In general terms, the gradual recovery in sales was due to the rebuilding of the low inventory levels held by OEMs and their distribution channels, on top of a budding recovery in demand, based on improved consumer confidence in light of better economic conditions against 2009.

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of \$63.6 million during this first nine months of 2010, were 203% higher than last year due to better sales volume in all of our various businesses, and the tight controls to continue with the reduced fixed manufacturing cost structure that we were able to achieve after the headcount reductions and cost savings initiatives started in April 2008.

The higher operating profitability, backed by lower interest expense due to lower market rates, resulted in net income before extraordinary items and after minority interest of \$3.7 million for the nine months ended September, 2010.



During the third quarter of 2010, following current Financial Accounting Standards, and based on improved profitability and larger sales volume, the book value of the long term assets of the Brake business was increased, partially reversing the asset impairment originally recorded in our books at the end of 2007; this implied a total extraordinary non-cash income (net of deferred taxes) of \$25.8 million during the quarter. Since SANLUIS does not have a 100% ownership interest in the Brake business, adjusting for the proportionate benefit to the minority interest, renders a final net income to majority stockholders (after the consideration of extraordinary income) of \$26.9 million.

This very challenging economic environment and the continuous decay in the financial health of our main customers, severely hampered our access to the traditional funding sources through which we historically financed our working capital requirements. The lines of credit under which we were normally operating in the past, factoring our customer receivables, were cancelled when our funding sources rejected to take these receivables as acceptable collateral. Derived from this, the company during the last quarter of 2008, immediately instrumented an aggressive plan to reduce working capital, reducing collection terms, inventories, and raw material purchases, while extending payment terms with key suppliers; since then, our working capital requirements have been funded with internally generated cashflows resulting from the improved operating results previously described. Thanks to our pre-emptive efforts and the support received from customers and suppliers, we were able to reduce working capital, which coupled with our cost containment efforts and reduced capital expenditures, has allowed us to weather the challenging economic conditions without impairment to our operations.

Additionally, and in order to align our other payment obligations to a reduced market size, in mid June of this year we reached an agreement with the secured creditors of the Nafta Suspension business modifying the general terms and conditions of the \$146 million term loan (the Restructured Credit Agreement, or "RCA"), rescheduling payments over a 5 year span through quarterly growing amortizations, concentrating almost 70% of the balance in a final payment at the end of 2014. However, in spite of the improved conditions in the Nafta automotive market, until production volumes are not able to return to the levels last seen in 2007, meeting our cashflow generation forecasts will be the single most important factor in which the company will focus its operations.

At the end of the second quarter, SANLUIS duly informed that one of its direct subsidiaries (Sanluis Co-Inter, S.A. or "SISA", a sub-holding company), missed the payment of Notes originally issued in July 2002 that matured in June 30, 2010 (the SISA 8% Senior Notes due 2010). This payment default is the direct consequence of the harsh operating and financial crisis that impacted the automotive industry and particularly, the financial structure of this company. Due to this, the operating companies of the group have not been able to generate excess cashflow with which to pay dividends, the sole source of income to SISA, impairing the ability of such company to meet its payment obligations at maturity.

The payment default of said Senior Notes, prompted a cross-default in the Convertible Debentures originally issued in July 2002 that were to mature in June 30, 2011 (the SISA



7% Convertible Debentures due 2011). A majority of holders of these Debentures requested the Trustee (Bank of New York Mellon) to accelerate maturity against SISA. Due to its impaired ability to meet these additional obligations, SISA voluntarily filed for a Concurso Mercantil process on August 25, 2010 in order to facilitate the restructuring of such obligations in an orderly manner. A District Court in Mexico City accepted SISA request on August 31, 2010.

The SISA debentures, which due to their original convertibility into a specified number of SISA shares were recorded at inception as Minority Interest, because of the maturity acceleration requested by their holders (changing their essential characteristics), were reclassified during the quarter from Minority Interest into Short Term Liabilities of SISA.

SISA is now analyzing several financial restructuring options based on its expected payment capacity, which will be shortly presented to its creditors under the Concurso Mercantil proceedings. The company will duly and promptly update the markets about such process.

SANLUIS considers that in spite of the very challenging and complicated economic environment that the world has experienced during the last two years, our ability and pre-emptive actions to align the size and structure of our operations will help us to maintain an important share in the Suspension and Brake system component market to serve OEMs as an essential supplier within the Nafta and Mercosur regions. This, coupled with the rescheduling of payments, first for the secured debt at the operating company level, and finally at the level of the sub-holding company SISA, will allow the company to position itself to generate value in the inevitable rebound expected when the economic cycle recovers in the medium term, and from which the automotive industry is expected to become one of its main beneficiaries.

## **SANLUIS**

SANLUIS manufactures Suspension and Brake system components for the global automotive industry, with a focus on original equipment manufacturers (OEMs).

Suspension products include Leaf springs (parabolic and multi-leaf), Coil springs, Torsion Bars, Bushings, and Stabilizer Bars. The Brake business manufactures Rotors, Drums, Assemblies and Clutch Housings.

SANLUIS-Rassini has a 92% share of the Nafta market for Light truck suspensions. In the Brake business the company maintains a growing share of the Light vehicle market in the US and Mexico, while in Brazil the company has a 65% share of the Leaf spring market. Its solid and diversified customer base includes: General Motors, Ford Motor Company, Chrysler, Nissan, Volkswagen, Toyota, Scania and Mercedes Benz.



## SANLUIS Corporación, S.A.B. de C.V. and Subs.

Consolidated Statements of Income for the period January-September, 2010 and 2009

(in thousands of Mexican Pesos)

	<u>2010</u>	<u>2009</u>
Net Sales	<b>5,714,173</b>	<b>3,863,676</b>
Cost of Sales	4,537,089	3,246,756
Gross Profit	1,177,084	616,920
General Expenses	567,692	509,064
Operating Income	609,392	107,856
Other Expenses	239,627	(109,997)
Financial Expenses	(290,718)	(273,971)
Other Financial Charges	(30,067)	(135,046)
Financial Gain	9,093	4,854
Income from affiliates	0	(10,325)
Income (loss) before Taxes	537,327	(416,629)
Taxes	68,530	16,568
Deferred Taxes	29,245	(48,453)
Net Loss	439,552	(384,744)
Non-controlling interest	97,200	(4,768)
Controlling interest	<b>342,352</b>	<b>(379,976)</b>
Depreciation and Amortization	199,496	178,612
EBITDA	<b>808,888</b>	<b>286,468</b>

### Financial and operating indicators

Gross Margin	20.60%	15.97%
EBITDA Margin	14.16%	7.41%
Operative Margin	10.66%	2.79%

### SANLUIS Corporación, S.A.B. de C.V.

Consolidated Results

(amounts in USD million)

Quarter #	2009				Total 2009	2010			LTM
	1	2	3	4		1	2	3	
<b>Divisional Sales</b>									
- Suspensions	86.4	75.8	90.3	106.4	358.9	113.9	130.9	149.2	500.4
- Brakes	8.4	10.0	12.0	14.8	45.2	15.5	18.8	20.9	70.0
<b>Total Sales</b>	<b>94.8</b>	<b>85.8</b>	<b>102.3</b>	<b>121.2</b>	<b>404.1</b>	<b>129.4</b>	<b>149.7</b>	<b>170.1</b>	<b>570.4</b>
<b>EBITDA</b>	5.3	4.5	11.2	16.2	37.2	17.2	21.3	25.1	79.8
Margin (EBITDA/Sales)	6%	5%	11%	13%	9%	13%	14%	15%	14%



## SANLUIS Corporación, S.A.B. de C.V. and Subs.

Consolidated Balance Sheet as of September 30, 2010 and 2009  
(in thousands of Mexican Pesos)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and equivalents	233,634	294,098
Customer receivables	771,723	510,123
Other accounts receivable	199,674	175,949
Inventories	547,851	443,721
Other current assets	25,746	27,437
<b>Total current assets</b>	<b><u>1,778,628</u></b>	<b><u>1,451,328</u></b>
Investment in affiliates and long-term receivables	210,777	9,963
Property, plant and equipment, net	4,463,343	4,256,024
Other assets	1,168,376	1,216,580
<b>Total assets</b>	<b><u>7,621,124</u></b>	<b><u>6,933,895</u></b>
<b>Liabilities</b>		
Suppliers	885,667	857,295
Notes payable	2,558,497	3,080,343
Other current liabilities	794,329	981,420
Long term debt	1,984,827	156,757
Deferred taxes	320,837	-
Other long term liabilities	323,262	334,920
<b>Total liabilities</b>	<b><u>6,867,419</u></b>	<b><u>5,410,735</u></b>
<b>Stockholders' equity:</b>		
Controlling interest	197,211	441,957
Non-controlling interest	556,494	1,081,203
<b>Total stockholders' equity</b>	<b><u>753,705</u></b>	<b><u>1,523,160</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>7,621,124</u></b>	<b><u>6,933,895</u></b>