

**Operator:**

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Randon's 1Q08 earnings conference call. Today with us we have Mr. Astor Milton Schmitt, CFO and Investor Relation Director, and Mr. Geraldo Santa Catharina, Holding Division Finance Director.

We would like to inform you that this call and the slides are being broadcast in the Internet at the Company's website [www.randon.com.br](http://www.randon.com.br), at the Investor Relations section.

Also, this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Randon's management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Randon and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over Mr. Astor Milton Schmitt, CFO and Investor Relation Director. Mr. Astor, you may begin your conference.

**Astor Milton Schmitt:**

Thank you. Well, ladies and gentlemen, let me say 'good morning' and also let me apologize for the delay; we are having some technical problems to watch our planned timetable, probably with the connection. So, once more, accept my apologies.

Also, before starting my comments about the 1Q08 earnings conference call, I would like to tell you that our site, the Randon site, has a new updated page with Investor Relations information probably more modern, faster and more complete page, which will remain available to all of you, ladies and gentlemen, from now on.

Also, with this 1Q08 report, we came up with a new format of our press release, one respecting our traditions and rules, also is an answer to the demand from many of our investors and analysts. So, these were the announcements I would like to make before entering in the 1Q08.

Now, coming to our 1Q08, I will start on page four with the highlights of the period. Needless to say we entered 2008 with a very good level in our production, in our sales and in our operations, and the result of this is that we were able to have R\$1 billion in gross revenue, with a very relevant growth of 26.9%. If we compare the 1Q07 with the 1Q08, to this gross revenue corresponds R\$700 million net consolidated revenues, with the same growth rate, obviously.

Our international penetration goes in the right direction; we made use in export indicator, we are using export as indicator; we have made about US\$62.5 million in exports in the 1Q08 representing a growth of 33.4% over the same quarter in 2007.

As well as the level of our operations, we also were able to have growth in our gross margins, which went up from 26.5% in the 1Q07 to 26.8% in the 1Q08. In the same path, we are going to EBITDA margin, which went up from 15.5% to 17.5%, following obviously the positive performance and the positive quality in our results.

Net income after tax reached R\$54 million, representing a growth versus the same quarter 2007 of roughly 50%, which I think is extremely remarkable. Investments followed our pluriannual plan within its normal course and reached R\$42.4 million in 1Q08. Our stock, RAPT4, had a daily volume trade in the neighborhood of 4.8 million against 4.6 million in the 1Q07. This has the meaning and the evidence that our daily traded volume is still growing and, as a result, so is our liquidity.

Going to page five, we try to come through with you on a very brief market review. I will start, and as the 1Q here in Brazil, January, February, and March are the summer and vacation months; as you know, very famous here in Brazil is the Carnival time and so forth. So, usually and historically in the 1Q we have a kind of a cool up in activity and demand, market performance and economy performance. But this year, in a very atypical (INAUDIBLE) we had a very hot 1Q, if I can say so, with an expanding economy, thriving demand, and fast-paced automotive chain production. Previous evidence of this is the truck production, which reached 36,668 units, with a growth of 32.5% compared to the 1Q07.

As well, the prospects of record crop in 2007/2008 had a recent review, but the review was improved, reaching 140.7 million tons as crop expectancy for this year, and this means a 6.8% growth above the prior year. So, it is mainly driven by soybean; the primary sector remains doing very well.

As a kind of concern, we are expecting the inflationary pressure within our supply chain, very probably stronger in the 2H08 as a natural result of the price performance of basic raw materials and commodities. As you know, things like iron ore, metallurgical coal, oil, bioenergy, electricity and all those commodities registered extremely high price increases over the last quarters, obviously some time and somehow in a visible future we will have to face some new pressure, inflationary pressure, within supply chain.

But I will trust that as Brazilians, we should be able to live with this and try to turn it around because I will remind you all, gentlemen and ladies, that in a very recent past we had been in very high inflationary pressures here in Brazil, reaching sometimes +40% a month. So, it is something on a yearly basis right now, and we believe we will be able to cope with it.

Going to page six, towards operating performance, in terms of units sold I would just point and remark trailer that sales grew 15.5% reaching 5,282 units; brake sets reached 191,200 units at Master, with a growth of 24.9%. In Fras-le friction materials we reached 13,600 tons sold, a growth of 1%. Fifth-wheels production, 13,000, a growth of 41%. Suspensions, 20,000, a growth of 35%. And, as a new issue in the marketplace and production, we retook this year our production with railway cars, and

in the past quarter we delivered 44 railcars, signaling a comeback within this market niche.

If you go to page seven, you can see that our business focus remains clearly aimed towards auto parts and systems and transportation equipment, and we remain also with a very even distribution among our two basic business divisions: auto parts and systems making 50% of our turnover, and trailers and transportation equipment, 48%. So, very evenly distributed. We think this is healthy, and this represents our objectives and our will.

Going to page eight, I will comment on our global market penetration process. It is going fairly well, and if we measure our international penetration through export performance using export as indicated, you can see that they reached US\$62.5 million in the 1Q08, representing a growth of more than 33% from 2007 towards 2008. And if we look to our historical performance, you can see that for the last five years we are growing at 33% a year in our exports; so, it is within expectation and within plan.

If we go to page nine, the total gross revenue reached R\$1 billion, with a 26.9% growth rate, and if we see also what happened over the last five years, figures remain consistent and persistently growing within and maybe a little bit above expectation.

On page ten you can see net consolidated revenue, which, of course, follows what happens with gross revenue, and I have no comments to add.

When go to page 11, towards gross profit and gross margin, I would like to highlight that Randon, as a result of its gain of economies of scale, as well as its gain in total internal efficiency, remains growing consistently its gross margins despite all the difficulties we had in our business scenario.

As you know, we are faced and we need to cope with the persistent Real valuation process, or USD devaluation process; we need to cope with price adjustment processes always and where possible; we need to cope with inflation pressures within the supply chain, both in rails, raw materials, materials or labor cost adjustment. But despite all these challenging issues, fortunately Randon's management was able to keep also in this quarter growing margins; if you look to the graphs you will see that our margin went up to 25.6% in 2005, when we reached our bottom line, growing slowly but consistently, reaching 26.8% in the 1Q08.

If we look at the gross profit figure, R\$188 million made in the 1Q in terms of gross profit. If we annualize this figure and compare to past years, we will probably realize that we are breaking all our historical levels toward this figure.

On page 12, EBITDA and EBITDA margin follow the same trend; and again, with R\$121 million in the 1Q08. In an annualized basis, it would be, again, a record performance without any doubt.

Net income and net margin, shown at page 13, have an even more expressive performance, and probably here, besides the issues I already commented on, probably our economic and financial strategy and policies operate the financial issues in a very focused way and practicing arbitration, hedging operations and exchange rate evaluation, protection alternatives.

We were able, with the gains of efficiency we had in our manufacturing operation process, we were able to show a net margin after tax of R\$54 million, 7.7% of net sales, which I think is highly remarkable, since it has been the best-quality net margin level over the last five years; so, I think this is probably the most remarkable and important issue we have to register and to point out within the 1Q08.

Shareholders' equity and return on equity are obviously a result of the good-quality margins we are reaching, registering at a 32% ROE level, that I think is something very positive and remarkable.

On page 15 we show you our investments. They follow their trend; in the 1Q08, the rate of investments had a little bit of a cool down, but this is nothing extraordinary. What happens is that there are some timetable surprises we are facing, and what I can tell you all is that our most important and relevant investments this year are three: first, the implementation of Castertech, our new foundry, is within planned; we expect to have this foundry starting operations sometime in the 1Q09, and in normal operation of capacity sometime around 2010; this is within planned.

The second important investment is within Randon's trailer division; we are implementing a brand new facility, a painting facility with equal process will be really updated, probably the most modern facility today worldwide for trailer-painting process. It will be finished later this year, within timetable.

Through our affiliate Fras-le we are implementing a test track for automotive tests, testing track trailer, buses, cars, auto part systems and so forth. This project also follows its plan.

So, the figures of investments are within our expectation, and again, we think something like R\$200 million to R\$250 million in investment this year will be the range in which we will be at the end of the year, and so confirming our annual operation plan, which we announced earlier this year.

On page 16 you can see our net indebtedness and its level of value to multiples of EBITDA; you can see that our net indebtedness is at a highly conservative level, as well as it used to be over the last five years with little variation from time to time.

On page 17, stock market. Our stock RAPT4 has grown over the last five years, it is a really virtuous performance. And also if you look at the traded volume in average in a daily basis you will see an absolutely surprising growth over the last five years. It smoothed a little bit down in the 1Q08, probably as a result of high volatility in the Brazilian Bovespa, probably as a consequence of what is happening in the subprime issue and others, in the Northern hemisphere.

In later days and after the issue of Brazil being considered Investment Grade by Standard & Poor's, daily volumes grew significantly as well as value and at the closing of yesterday in Bovespa, we reached again the level of R\$17 per share. So, coming back to what it was used to be earlier this year.

So, with this comment I think I concluded my presentation, and I would go to page 18 just coming up with some brief comments about how we see the coming months outlook and in the longer term.

I would say that we still believe strongly that Brazilian economy, despite everything happening in and outside Brazil, will still grow. Our GDP is forecasted to grow in the range of 4.6% this year. At Randon we also think that this is fair and possible. And the reasons for this is our primary sector continues with good performance.

Agrobusiness is growing, mining activities, bioenergy overall, ethanol is growing, despite of all the polemic discussions worldwide about this issue. Logging and paper and pulp activities are in a very good move. So, primarily sector is doing very well, as well as the manufacturing sector, pulled ahead by improvements in purchasing power of our people, as well as a good consumer credit expansion showing goods prospective.

And within the service sector, in which we are mainly affect by activities with logistics of external trade goods, as well as construction and public services. Those segments overall, construction and I repeat in public services, with our new priorities in public investments and in the private investments that are going to be the PAC here in Brazil. PAC means activity acceleration overall towards investments. This is doing well and bringing back a good moment for the construction segment.

We expect also within this year probably some interest rate increase. Recently our Selic here in Brazil was increased in 0.5% and probably also due to some uncertainties for selectiveness in credit; this is within scenario.

We are expecting expansion in our business in Brazil, in our market share, coming to the market with our permanent innovation process upgrading and supply chain integration.

The truck industry output and semi-trailer industry output still grow and the prospects are very positive in Brazil. Obviously the whole chain is seeking and improved opportunities and this mainly explains why here in Brazil, within automotive industry, we are working in a growing prospect scenario and the industry is starting to talk about investments, and improvements are taking place in terms of capacity, modernization, and expansion as well as automation and others trying to arrive in a three- or four-year time frame capacity of 5 million vehicles a year.

So, this represents a short and midium and long-term quite virtuous scenario, and we are moving within it the best we can.

Being so, I will finish my comments saying that we are quite happy with the results of the 1Q08, and very happy in transmitting and having the opportunity to share with you these positive results and this positive moment, as well as we are very confident that in a short, medium and long-term view within this business chain prospectives are quite positive.

Thank you very much for your attention and I turn back to the operator.

**Daniel Gewehr, Santander:**

Good morning. I have one question regarding the fleet renewal. If you see the data from the National Agency of Transportation, we see that individual drivers have a truck fleet around more than 20 years old and you see companies having around 11 or 12 years old in the truck fleet.

I would like to know how is the breakdown for your clients. Is it more focused on the transportation companies, from individual drivers? And if you could expand a little bit your views regarding the fleet renewal for trucks considering that developed countries have around 7 years on average.

**Astor Martin Schmitt:**

Needless to say that over the last years, our Brazilian trader fleet passed through a very fast renewal process. And the basis for this renewal process is linked with two issues: first, transportation equipment regulations that changed in a very significant way.

Coming up with the regulamentation of the double combinations of trailers, that we call here in Brazil, Bi-Trens, and other combinations, and opening the so-called gross combination weight, and limits. Obviously these relevant changes within regulation were pushing instruments for fleet renewal, because people needed to go from a traditional single tri-axel semi-trailer towards other combinations, more efficient, more cost-efficient and more modern. This was the first pushing factor.

The second pushing factor related to this is obviously credit availability or credit resources as well as decline in costs of interest rate overall for investments. These two factors together resulted in a sharp reduction in fleet average age, reaching around 10 to 10.5 years in average. This, for an emerging country, is a quite well renewed fleet, if we bear in mind that in the northern hemisphere, overall in Europe and United States, we are talking in fleet ages between seven or nine years.

So, in this regard, Brazil is quite well positioned and probably the future demand for trailers will be more heavily driven by fleet expansion process instead of fleet replacement process. This obviously is a condition; we are following it very closely. As we can see in the 1Q08 and probably throughout the year of 2008, even with this reality, demand remains very high leveled and very hot.

**Daniel Gewehr:**

OK. I have just one second question regarding credit. What is the main driver for the truck industry? If you are going to see the Selic CDI rate increasing but so far the TJLP is stable, do you recognize that TJLP is the main driver for truck industry? And if you could comment on how is the development from the Pró-Caminhoneiro from individual drivers. How is the program going?

**Astor Martin Schitt:**

I will just answer with the first part of the question; the second part, the performance of Pró-Caminhoneiro, I will hand it over to Geraldo. Obviously, truck and trailer being a capital good, it is mainly financed by long-term basis, and in this Finame from BNDES, here in Brazil, plays an important part of the role. And this is based on TJLP and not on Selic.

Obviously, this is something that helps a lot; and no question that TJLP is the main driver, not Selic. Towards Pró-Caminhoneiro status and performance, I think Geraldo is better prepared to give you some comments.

**Geraldo Santa Catharina:**

Good morning. I do not have the right figure details about Pró-Caminhoneiro, but I think that Schmitt already gave you the most information in terms of TJLP and Finame. Finame is the most representative instrument to finance the equipment, and Pró-Caminhoneiro started two years ago and not in a good period, but now I know that Pró-Caminhoneiro is already performing well. In some degree, it is difficult to know what the impact of Pró-Caminhoneiro or Finame is, but they are important instruments and they are representing more than 60% of all the semi-trailers that we are selling in the market. The right figures, I can give you after the conference call, in details, OK?

**Daniel Gewehr:**

OK. Thank you very much.

**Aliss Prince, Maua Investments:**

Hello, again. I would just like to know what can we expect as margins going forward this year? If we can expect 1Q levels of 17.4%, or was that distorted in some way? Thank you.

**Astor Martin Schmitt:**

If I understood correctly your questions, you are asking us about our expectations towards margin; if they will go forward or will remain flat, in the level they are. Is this the question?

**Aliss Prince:**

Yes. And, if not, what can we expect for the years ahead?

**Astor Martin Schmitt:**

We think margin levels, both gross margin and net income margin, they are within a certain level. I would say that in our business chain, in our reality, gross margins between the range of 25%, 28%, 29% is quite normal. What I would just emphasize is that within the last three or four years, our Company is being able to keep our margins in a growing base, but within frame of our business profile reality.

Our margins, since the last three years, if we take 2005 gross margin was in the level of 25.6%; it slowly grew to 2006 and 2007 and reached 26.8% in the 1Q08. So, we think that this is within normality, you should not expect any important reduction in this margin level, nor should you expect any significant change towards growing margin in a relevant way. I think it will remain within the trend of the last two or three years.

I have no reasons to believe that it would change significantly. It applies to gross margin and net margin after tax.

**Aliss Prince:**

And talking about EBITDA margin, when you say SG&A in general, what can we expect?

**Astor Martin Schmitt:**

I think EBITDA is within the same trend. You can see our EBITDA margin grew from 13.3% on net savings in 2007, reaching 17.4% in the 1Q08. I would say that something between, again, maybe 12%, 13% and 18%, 19% is something quite normal for our business profile. And I would just add that very probably, overall in the 2H08, we are expecting some cost pressures within supply chain; we are facing, since earlier this year also, continuous devaluation process in USD in our exchange rate. And having to live with these challenges. I would be happy we would keep our margin levels we have today for the remaining part of the year; this would be quite positive in my perception.

**Aliss Prince:**

OK, great. Thank you.

**Operator:**

At this time, there appear to be no questions. I would like to turn the floor back to Mr. Astor for any closing remarks.

**Astor Martin Schmitt:**

Ladies and gentlemen, once more, it was very nice talking to you once again, as we use to do after every quarter. This time fortunately we came up with, I understand, very positive news; not just in terms of past performance in the quarter, but also as 2008 outlook. So, let us hope that things will remain happening within expectation, and let me say it was very nice talking to you, very nice answering your questions, and let us look forward to talk to you again in the coming three months. Thank you very much, in my name and Mr. Geraldo Santa Catharina's name, and until next time. Bye-bye.

**Operator:**

Thank you. This thus concludes today's presentation. You may disconnect your lines at this time, and have a wonderful day.

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