

**Operator:**

Good morning, ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to Randon 3Q07 earnings conference call.

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 would like to turn the conference over Mr. Astor Milton Schmitt, CFO and Investor Relations Director. Mr. Schmitt, you may begin your conference.

**Astor Milton Schmitt:**

Thank you. Let me start saying good morning to the ones who are with us in North America, more precisely, in the United States, and good afternoon if somebody is overseas.

I will, in my comments, try to follow the presentation you have in front of you. Being so, let us go straight to it, and I would recommend you to go to page four, in which I will make some comments about our highlights related to the 3Q07, as well as the past nine months, January to September 2007.

Our gross revenue reached R\$956 million in the 3Q07, being so a growth of 31.2% compared to the 3Q06. In the nine months, our gross revenue achieved R\$2.6 billion, with a growth of 21.8% compared with the first nine months of 2006.

If we look at consolidated net revenues, we will see the more or less the same path: we reached R\$633 million in the 3Q, as well as R\$1.9 billion in the first nine months, with growth, as a result, of 21.5%.

Our exports are within forecast; they reached US\$169.7 million in the first nine months of 2007 and, as a result, a growth of 6.6% over the nine months of 2006.

Gross margin performance; it grew from 26.3% in the first nine months of 2006 to 26.9% in the first nine months of 2007, and EBITDA margin reached R\$107 million in the 3Q, as well as R\$295 million in the first nine months. Both – and we will come back

later on – are growing slow, but positive and consistent growth over the last two quarters.

Net income achieved R\$125.6 million in the first nine months of 2007, with a very relevant growth of 39% over the first nine months of 2006, showing a real virtuous performance lately.

CAPEX program remained within our multi-annual plans, and reached R\$68 million in 3Q07, as well as R\$146.8 million in the nine months of 2007.

Also, within the period, we got some relevant awards, and I would remark especially the one to FRAS-LE, one of our other companies, as well as JOST, our joint venture with the German company Jost-Werke, where both companies were within the Brazilian best companies to work. We think this is an extremely positive award.

Our stock RAPT4 traded at Bovespa exceeded the 85.8% valuation within the period January – September, with a daily average traded volume of around R\$5 million. I would remark this positive performance has everything to do with the extremely positive performance of the Company on one hand; but on the other hand, also, was one of the positive results with our public offers, primary and secondary in the 1H06, in which one of the scopes was trying to improve our liquidity in a remarkable way, the way things are performing, and now we are quite happy with it.

Going to page five, towards market overview. Some important issues that I would like to remind you.

First of all, within the primary sector, we are foreseeing, in 2007/2008 important growth in our crops. We are estimating 138.3 million tons of grains, which is a growth of 5.2% over 2006 and 2007, and probably, a historical record in Brazil, as well as it has to be built in mind that those commodities' prices are also performing very well and they can, until the best of our notes our knowledge to remain so.

Also, I need to remind you that our free truck trailers and semi-trailers in Brazil reached 320,000 units of vehicles, and this places Brazil within the six or seven biggest fleet worldwide. This is obviously a relevant fleet and which, of course, as a natural consequence, its size is a relevant point in terms of replacement market.

Also, in Brazil, in the first nine months of 2007, with 100,000 trucks within class [inaudible], were manufactured in Brazil, with respective growth of 26.2% over the first nine months of 2006. Obviously, this very positive performance in the truck industry affected in a very positive way our autoparts and systems business division. Also in economics, consumers' credit, as well as agribusiness credit faced a heavy expansion in Brazil, and this obviously is cooperating for record figures in truck sales in the first nine months in the domestic market.

As you know, Brazil is highly route-oriented, in terms of transportation modals, this trend will not tend to change significantly, and the outlook is very positive.

If you go to page six, we have some figures showing our operating performance in terms of car units sold in the period. I will just highlight the growth in the sales of trailers, the new sales of trailers and semi-trailers within the nine months of 2007 accounting for a growth of 36%, reaching over 15,000 units.

Specialty vehicles, overall off-road to dump trucks, [frame], articulated ones, as well as [inaudible] loaders and forestry mechanization equipment accounted for a growth of 52%, showing, again, that the primary sector, as well as construction and forestation

are doing very well. Although the Company is related to autoparts and systems, light breaks, friction materials, fifth wheels, landing gears are all experiencing very important figures and numbers in terms of [rate.]

Passing to page seven, you can see that in the Randon Companies strategy and objectives, as you know, we had a very evenly distributed share within our two basic business divisions. Transportation equipment, so-called trailers, semi-trailers and off-road equipment accounted for, roughly, 48% of sales, and auto parts and systems accounting for 51%. This is within scope, and we think it is very healthy to keep these two business divisions evenly distributed.

On page eight, we are showing you our export performance. This is probably the faster growing business in the Company, over the last five years, we grew consistently at a rate of 42.6%, as you can see.

The growth slowed down a little bit in 2007. Probably, what explains this is the issue that our domestic market heated up very well, and we had, outside Brazil, overall, in Latin America and Africa, some documentation problems related to banks and credit, as well as with import licensing. And also one of our key auto parts and system projects in the United States was a little bit delayed because of the situation of the truck industry in the United States.

So, this caused export growth smoothed down a little bit. And it is important to say, international market, as a whole, is still highly demanded, and we will materialize, in 2007, our forecast of about R\$220 million in exports, which is our forecast, and things are going in this direction, and so we are still very, very confident.

In terms of consolidated net income, you can see also the figures, the historical figures. What is remarkable is that 3Q07 compared with 3Q06, isolated, showed a quite different scenario, with growth of 34.2%. Probably, if this trend remains as we expect, our average growing rate over 20% a year, in terms of net income, will be kept, and this will probably put Randon Companies in a position of real and truly fast growing type of company here in Brazil.

Our gross profit performance, on page ten. Here, I think you need to be recalled that 4,004 was our historical [inaudible], with a peak. But, coming back to reality, in 2005 one, gross margins are, again, from the bottom line, and in 2006, growing slowly, but very consistently, and I think this is an important issue. We are steadily growing our margins and this I think is very good.

On page 11, we show our EBITDA performance, which follows, more or less, the same trend, just with a better performance, and this probably has a lot to do with cost saving processes and cost reduction processes. [Inaudible]and things of that order which helps us generate better cash, and a more quality cash performance.

Net income is also performing within and over expectations. In the first nine months of 2007, we reached R\$126 million, and as a result, after tax, 6.8% of net sales, which, if you look at the chart, is within the best levels of the last five or six years, bearing in mind that 2004 was a [inaudible] exception. But the trend seems to be very good, and

reflects our efforts in terms of getting more and more efficiency, getting better margins, lowering our expenses, and being sure we are performing better.

On page 13, we show you our CAPEX performance, which is within expectations. As well as the Company is growing, also investments are growing, and those growing

investments are devoted to capacity expansion programs, to modernization programs, to a depreciation or replacement processes and some specific projects in terms of integration of supply chains, like in the case of our new founding, which is being installed, as well as big investments in terms of new technologies, research and development.

In this segment, through FRAS-LE, one of our other companies, we are implementing probably one of the most modern South-Brazilian test trucks for cars, trucks, trailers, buses and so forth, with the scope that will keep our companies ahead, in terms of research and development, new technologies and innovation.

As a result of our investment performance, CAPEX performance, you can see that our net indebtedness has grown a little bit in the first nine months of 2007; I think this is a natural result of the CAPEX speed-up process. But if we take it in comparison with our EBITDA, we will see that we are 0.39 multiples of EBITDA, and we understand that this segment in Brazil has an extremely conservative net indebtedness level, and in this regard, [inaudible] company, with low leverage in relative terms.

On page 15, finally, to finish this presentation about the 3Q and the first nine months of 2007, we are showing our valuation performance in the stock market, with our shares that are RAPT4. We understand that probably our very positive performance over the last years, as well as our progress in liquidity, our positive and good perception from the side of market agents, everything certainly contributed for the expressive valuation our shares faced, not only in the 3Q07 and the first nine months of 2007, but over the last five or six years.

We are firmly convinced that this process is not exhaustive and let us hope that we will still be performing at the path we are doing presently.

So, with those comments I finish my presentation, and as a second part of our comments I would like to break to you some comments about what is our outlook in the short and medium term scenario here in Brazil and outside Brazil.

First, we truly believe that the Brazilian economy, despite growing less than most of the Brazilian entrepreneurs would expect, the truth is that we are growing consistently. This year, the Brazilian economy grew somewhere around 4.5% to 5%, and all indications and analysts are telling that probably this pattern will be kept, very probably until 2008.

International markets overall, in the West-End of the world, where our businesses are heavily concentrated, because as you know our international chain or trade is highly related, in autoparts and system, with the European community and North America, just like our second division, trailers and transportation equipments, which is heavily related to emerging markets, basically within Mercosul, Latin America, Africa in some degree and Middle-East, and in these regions growth is showing consistency. Being so, we are profiting from it.

In terms of our business segment, businesses are expanding heavily within agribusiness, mining, bio-energy, overall ethanol and alcohol, as you may know. Within our industry, there is heavy expansion in consumer credit here in Brazil, as well as better purchasing power among the population; and in some degree, also as a result of

the huge social program called Bolsa Família, which is investing this year something like R\$8.3 billion to assist, to dress and to feed the poor population, and it is calling for R\$11 billion in 2008.

Those aspects are affecting the consuming goods, durable and non-durable ones, and of course Brazil is also coming up with the so-called PAC, the Development Acceleration Program, and heavy investments are being forecasted and budgeted towards infrastructure, energy, sanitation, home-building and so forth, which probably will bring back to the scenery the construction segment, which was very quiet over the last years. This is more or less how our business segments are performing.

As a result, we still expect growing consolidated revenues, we still expect even a slow but consistent and positive margin recovery. And our expansion, modernization, research and development as well as supply chain integration processes are being kept within plan, and also our international expansion program, in both hands – in one hand, without the parts and system for the Northern hemisphere and in the Western countries; as well as our equipment division, towards emerging world within the so-called Western World, are firmly being kept, despite the exchange and, if I can say so, the USD melting-down process here in Brazil and in most of the countries with which we deal with.

And, of course, also as an outlook, I should remark that within a fast-growing scenario, within a scenario in which 2007 growth rates are showing surprising and positive growth in demand, it is needless to say that some bottlenecks are showing up in our manufacturing and production process, as well as within the supply chain.

It obviously requires very special attention and care – to the supply chain, to logistics and capacity expansion processes – but I assure you that despite that, so far we have been able to keep our customers highly satisfied. We are being able to keep our market shares untouched and, in many cases, growing. And we are being able to keep and materialize our budget and our objectives.

This is, ladies and gentlemen, what we have for today. So, I hope I was clear with my Brazilian English, and I thank you very much for your kind attention and for the privilege of you joining us. Thank you very much.

**Operator:**

There appears to be no questions. This concludes the Q&A session. At this point, I would like to turn the floor back to Mr. Schmitt for any closing remarks.

**Astor Milton Schmitt:**

It seems there are no questions. Once more, let me, in behalf of the Randon companies, in behalf of my colleague Geraldo Santa Catharina and myself, thank you very much for joining us. I look forward to probably see you personally, or maybe being able to talk to you again in the coming quarter, bringing our results of the 4Q07, which we hope should be also highly positive. Thank you very much, see you next time.

**Operator:**

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

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