

**Operator:**

Good morning, ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to Randon's 2007 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 session.

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 to Mr. Astor Milton Schmitt, CFO and Investor Relations Director. Mr. Astor, you may begin your conference.

**Astor Milton Schmitt:**

OK, thank you very much. Let me say, ladies and gentlemen, good morning. And besides my good morning, that we apologize for starting this with a half an hour delay. It happens because of technical connections or reasons out of our control, and also out of control of our operator. Sorry very much, but we are here again coming to talk with you today towards our 4Q 2007 earnings call.

Before entering to our presentation, which you have in hand, I would like to say, initially, that 2007, as calendar year and as fiscal year for us in Randon was very special year in the positive sense, in which we were able to break records in terms of new sales, in terms of production or economic scales, in terms of deliveries, in terms of margins and in terms of net EBITDA and tax. So it probably is a result of our permanent search in terms of better efficiency in overall.

The year of 2007, here in Brazil - you know when to whom is operating basically from Brazil only - our economy is very well and, as you know, transportation equipment business, in which Randon is involved, as manufactured in one hand of surface transportation equipment, it means that trailers and semi-trailers for road transportation, rail cars for rail transportations and off-road equipment like some parts for off-road transportation, as well as auto-parts and systems, entered to suit the transportation equipment products.

This business segment has well to do with the whole Brazilian economy and the domestic market, because transportation equipment business is related with the primary sector, which, as you know, is doing very well in Brazil, they are agro-business, mining activities, logging and paper and pulp activities, well as bioenergy activities.

Transportation equipment is related also to manufacturers that transportation, and, as you know, in Brazil due to a improvement in purchase power of its population in one hand and more consumer credits in the other hand.

Durable and non-durable consuming items grew very well in Brazil, and the in the service sector which also has a lot to do with our business, where we have export/import goods moving as well as activities like public services and construction, heavy construction.

All those segments, they did very well in Brazil in 2007 and we benefited from them.

Second, the Brazilian transportation equipment industry, and when I mean transportation equipment, I want to say the trailer industry, the truck industry and the bus industry, to whom we sell components and systems, as well as suppliers, they experienced fantastic growth in 2007, in the neighborhood of 30% or more in terms of truck outputs.

Last and not less important, as you know, Randon companies are more and more related with the international market through exports and outside Brazil, manufactured practices and the continues expansion with the economy overall, within American continent, Europe and African continent where we do have our business our business. These regions, they are experiencing strong development, perhaps with the exception of United States, particularly. But the good performance in alternative markets compensate eventual reductions in the United States so, as a whole, the international market is still doing very well.

So this is an introduction, we want to say why in our understanding, things went through so well in 2007. Now, following our presentation, I will ask you, please, to go to page four. Highlights in which you can see that our gross revenues were R\$3.6 billion in 2007, as a result representing a growth of 24.4% over 2006; net consolidated revenues, R\$2.5 billion, 25% growth; exports, US\$235 million, towards R\$207million in 2006. It represented, in our perception, a very nice growth if we keep in mind our exchange situation in Brazil in one hand. And in the other hand, you know the slow down overall in the United States truck industry, despite all these we made US\$235 million, I think this is a very remarkable performance.

In terms of quality of results, our gross margin rose from 26.1% in 2006 to 26.5% in 2007, meaning that we are very able to deal with eventual cost pressure in supply chain, as well as the strong valuation process the Brazilian Real is experiencing towards the USD. EBITDA margin also grew and the R\$388 million we made in 2007 represented 31.8% growth compared to 2006. And, finally, net income represented R\$173 million, a 30% growth.

In terms of CAPEX investments, they are at R\$196.6 million and are in line with our investments plan. Some investments, in 2007, were used to be postponed to 2008, because of ordinarily time table delays, but nothing relevant. I am making these remarks because last year in 2007 we projected R\$250 million, we made roughly R\$200 million, and the R\$50 million which we lack is just a carry over to watch in 2008, because, as I said, time table, some delays in buildings, some delays in delivery imported, or other national machinery and so forth.

Our Company also was awarded with several opportunities along 2007, but probably the most remarkable award has to be the so-called Prêmio Nacional de Qualidade, PNQ, which was awarded by Fras-le. It is a leading award within Randon companies and is being a strong indicator of our quality standard as a whole.

Finally, within highlights, our shares, they faced a 79.9% appreciation, or evaluation in the year 2007 and the daily trading volume reached R\$5.2 million, which was a huge growth, in terms of liquidity from one year to the other year.

I would recall that in the year 2006, we came to the market with a public offer, which, in one hand, aimed to provide funding for investments and, on the other hand, it was a secondary offer, came to improve liquidity and the results here they are along with our expectations.

Now some highlights about subsidiaries that we are showing you on page five. In our several companies:

Randon Implementos, our trader in railway car operations faced a record in order portfolios, and its monthly volume of orders grew 43%. If compared with 2006 it is a record growing percentage.

Our Argentina operation grew 35%; reflecting the highest peak of Argentinean economy overall, promoted by good performance of the primary sector, overall agricultural crops and agricultural commodities price growing process.

Randon Veículos was benefited from a strong demand in terms of the mining sector and now public co-works and construction is coming back to the picture frame. Overall we had the result of the so-called Brazilian PAC, our growth accelerating program published by our government in 2007.

Fras-le, in friction material, we grew our production in 9.5%. Physically, our brake operation was from United States, which grew 19%, reaching over 700,000 units of brake sets.

Jost grew also in a very positive way, benefiting from extension in trucks industry, which grew around 30% last year.

Suspensys is the same story which had a growth of 53% in sales of suspension systems.

Randon Consórcios, our financing organization to finance sales reached 24,000 quotas in 2007, which is quite relevant, and what has to be highlighted is the resumption of sales in the agricultural equipment segment as tractors and harvesting and planting machines as well as equipment like trailers and semi-trailers.

In page six, we show you some market overview. In the macro view, the is being a revision of record harvest results expected for 2007/08; Crop size is expected to reach 136 million tons, according to Brazilian CONAB, which is the government agency for agriculture.

The trailer and semi-trailer reached 334,000 units, which makes Brazil one of the most remarkable fleets and markets worldwide. The truck industry manufactured 133,300 trucks; it represented a growth of 29% towards 2006 and probably the record figure in Randon history.

No question that also credit expansion for consumption, record harvest and the announced PAC are designing a very favorable scenario for increased sales within transportation equipment. World economy, especially in emerging markets, continues to grow and some caution is required overall with the slowdown in the United States, which we will go through soon. But anyway, in spite of this we remain confident.

Now going to page seven, we give you some spots about operating performance in terms of physical units sold. You will see the breakdown for trailers growing 33%, specialty vehicles 54%, here we have the brakes performance because of overall, as I said, construction and public service — which is a limited niche but doing very well — brakes 18%, friction materials 10%, fifth-wheels 34%, landing gears 32%, hubs/drums 40%, suspension 53%.

So they are in the neighborhood of 30% growth in the industry. The negative point were the railway cars, it is past due why this here in Brazil but we are retaking this activity right now in 2008 and, as you know, railway cars is a very limited market in Brazil — it is really a niche market that we have three relevant customers, which are the three big main operators and their investment forecast and their investment strategy dictates the path this part of the industry comes through. It boomed in 2005, went down in 2006, came almost out of picture in 2007, and it is coming back again in 2008, and we are within this in railway cars.

In page eight we show you how was the breakdown within our two main business divisions: as you now, in one hand we have what we call road and railroad businesses, represented by transportation service, transportation equipment, trailer, semi-trailer, rail cars and off-road components, which is the first half of our business; and the second half is auto parts and systems, aimed to suit tractable in both industries and strategically it is our desire to have these two business divisions evenly distributed, and in reality is coming through within this trend.

In page nine, we show you our export performance. You can see that over the last five years we are consistently growing in our CAGR rate as our consolidated sales are growing at a rate of 23–24% and our exports are growing 33%.

Needless to say that our main exports, as shown in page ten, they go through the so-called western block of the world, mainly South America, North America, Europe, and Africa, to where we ship 94% of all what we sell outside Brazil. And as a result of this, Asian markets, the Australian region and Middle-east so forth, they are much less important for us so far, and I would say they are more far away from our day-to-day reality.

And we strongly believe that we used to be and remain highly competitive, highly present, and highly known, and we have higher reputation within the western world block and a very renewable stake in the foreseeable future, basically.

As financial performance, please see page 11, gross income is going up at a rate of 23%, reaching R\$3.5 billion, R\$3.6 billion in gross total sales in 2007. It corresponded,

as shown in page 12, to a R\$2.5 billion consolidated net income, with a growing rate average of 22% a year in the last five years; very persistent and consistent growing process.

In terms of quality of results, in page 13, we start to show you our margin performance, the peaking out, the punctual 2004, which used to be the best year ever and had all the factors combining in a really positive way, which, of course, we cannot imagine always this type of reality. The growth of our gross profit is absolutely consistent and persistent, as well as the sales.

If we go to page 14, in EBITDA it is, again, the same speech. We can see it reached R\$388 million in 2007, representing 15.4% of net sales.

And finally, on page 15, we show you the net income, which used to be R\$173 million and 6.9% of net sales, growing consistently since 2005. And again you can see peaking out, the peak of 2004, the net income margin in terms of percentage and in terms of absolute value are very consistent and very stable, growing slowly but positively.

In terms of CAPEX, in page 16, again the same story: growing progressively. And we reached almost R\$200 million in 2007. I guess you remember that we originally reported R\$260 million and some delays in investment implementation, in terms of machinery, buildings, and site preparation, we had a little carry over from 2007 and 2008, about R\$50 million that we were not able to account in 2007 but will be accounted soon in 2008.

Our net debt, which once used to be a kind of concern between Randon's companies, is in a really favorable and really conservative level, representing 0.33x our EBITDA. It is needless to say that it is a very low level and so it can represent, in the other hand, if I can say so, revert for eventual opportunities not foreseen in our budgets for the future which – we have no one in sight right now - but in a way being in the business field, it can happen sometimes and very frequently in an unforeseeable way. This probably is the positive side of being conservative with investments.

In page 18, we are showing you how our added value is distributed and it calls attention you know what we paid in terms of interest, salary to people, payroll, taxes, essential costs.

Within the stock market, in page 19, you can see that both, as I already said, our liquidity in one hand grew in a very positive way over the last year, reaching R\$5.2 million traded daily in Bovespa, in the yearly average. And our stock, as you can see, over the last five years is always experiencing a growing curve in the Brazilian market capital, highly positive, going from R\$2.88 per share in 2003 to over R\$17.25 in closing 2007.

These were our comments towards 2007 earnings, and I would like to brief you with some of our beliefs or some of our outlooks in terms of what do we see as guidance for 2008. We strongly and truly believe that the Brazilian economy, despite of all the world problems, will continue to grow in 2008, perhaps not at higher patterns like 2007 but very comparable between 4% to 5% in terms of GDP.

No question that the primary sector, especially related to the agrobusiness and the bioenergy. It will remain doing well and performing well in 2008 as well as it did in 2007, as a result we expect growth in our consolidated revenues. It is needless to say that we are trying to grow too and to keep the growing like our shares, both in Brazil and overall abroad. And obviously the investments in innovation, in modernization and integration of our supply chain are important too to achieve those objectives.

Also, the truck industry in Brazil is announcing systematically growing plans trying to improve Brazil as a manufacturing base for truck, railways and buses, because they also, as well as ourselves, see clearly that Brazil is becoming more and more not just a possibly but a reliable manufacturing base and commercially heated, but also among of all towards the western world so called, towards North America, Latin America, Africa and Europe as we remain highly competitive and this justifies additional investments which the industry is effectively putting in place.

Some points, selectivity in one hand and some kind of perhaps a slow down in the fleet process, fleet replacement process should come to picture in a foreseeable future, because the Brazilian trailer and semi-trailer fleet was heavily, but really heavily renewed the last years, arriving to 10.3 years of average age and this is very aggressive. As outlook for 2008, we still believe that the Brazilian economy will continue to grow, the primary sector will remain doing well as well as bioenergy, which are performing very good and it will remain so and this suggests that our consolidated revenues will still grow.

Obviously, also our continuous growth in market share over Brazil and overall abroad will, through innovation, modernization and integration of our supply chain, be always more effective. We are also counting, in our future perspective, with a positive scenario in the truck industry in Brazil overall because of their growing investments and the capacity expansion process, because, as you may know, the Brazilian truck industry is progressively, through its players, announcing capacity expansion processes and corresponding investments.

Needless to say that also within the Brazilian reality, we have to be prepared to cope with selectivity on credit, as a result to the problems generated by the subprime in the United States. And sometime in the future, we do not know exactly when and how, but you know, Brazil faced a tremendous cash fleet replacement process over the last years, which brought down the average age from trailers fleet in Brazil down to 10.3 years and this replacement process sometime and somehow in the future will probably mean a kind of slow down in the fleet replacement process.

To neutralize this we obviously have to pay attention in our continuing expansion in our sales from Brazil to outside Brazil in one hand, and with a continuous growth, good performance in all the economy sectors like the primary, the secondary and the service sectors.

Being this told and as a kind of forecast or guidance for 2008, we would like to share with you that our AUP for 2008 calls for gross revenues of R\$4 billion, which will correspond to net consolidated revenues of R\$2.8 billion in which are included exports at a range of US\$250 million. Our CAPEX in 2008 will probably account for R\$250 million, out of which, within our pluriannual investment plan R\$200 million were already forecasted, and the additional R\$50 million is a kind of, if I can say, to carry over from 2007.

I think this is also remarkable and, to finish, the growth of our imports: we estimate that we will import, in terms of raw materials, machinery and components, something like US\$85 million in 2008. This import level is a fast-growing process and, obviously, strategic policy to neutralize the Brazilian Real valuation process which, in one hand, hammers down our exports margins but on the other hand, it is an opportunity to reduce cost heavily within supply chain and as a result, trying to keep our net profit as we did over the last year.

Gentlemen and ladies, this used to be our information for our 2007 earnings call, I thank you very much for your attention and I am at your disposal for eventual questions which, myself or my colleague, Geraldo Santa Catarina, our Financial Director which is beside me right now, would be pleased to answer. Thank you very much.

**Operator:**

There appear to be no questions at this time.

**Astor Milton Schmitt:**

OK. Thank you very much, I do not know if there are no questions because it is very fairly clear but, anyway, thank you very much for your kindness and take care and health.

**Operator:**

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