

**Operator:**

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Randon's 2Q08 earnings conference call today with Mr. Astor Milton Schmitt, CFO and Investor Relation 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 to Mr. Astor Milton Schmitt, CFO and Investor Relation Director. Mr. Astor, please begin your conference.

**Astor Milton Schmitt**

Thank you very much. Ladies and gentlemen, it is nice to be back to you in our today's teleconference in which we will make up comments towards the results for the 2Q08 as well as 1H08 fiscal year.

I will start saying to you that we continue to face a virtuous period of business in which Brazilian economy is growing recently all sides of Brazil business, for overall related with the western emerging world, so called, as the Latin American continent and African continent are also still doing very well and being sure, I would invite you to move to chart number four of the presentation.

We are providing you some highlights for the period. Within the highlights I will point out the in the 1H08 we were able to make R\$2.12 billion in gross revenue which represented the growth of 25% if compared with the 1H07. To this total gross revenue corresponds net consolidated revenues of R\$1.45 billion, also we grew about 22.2%. So, in terms of growth, the average which we were making over the last five years till 2007, is still happening and so are the performances still profitable.

Our exports accounted for US\$138.5 million with growth of 37%, compared to 1H07 and inline with what I call very good business momentum, international world over all Africa and Latin America despite some decline in the volume of sales in North America as well as flat sales towards the European continent. But again, the fast growing sales

in Latin America and Africa are compensating in a very productive way. That momentum, we are living in all the areas.

Net Income reached R\$121.6 million in the 1H08, with very positive growth of 42% if compared with the 1H07. Despite anything, you know, we are really delivering very positive results. Investments, I will make some more comments but I should just say that they are within the course, they are happening and we accounted for R\$98.5 million in the 1H08.

Our shares of Bovespa, in São Paulo are trading regularly and I think the new issue of in all of the 1H08, despite the volatile stock market, we still grow in our daily trade of volumes and so improving significantly our liquidity.

In the next chart, chart five, we are showing you a very summarized market overview I would say and repeat that our domestic economy, Brazilian economy is continuously expanding, thriving demand and fast-paced automotive chain production. One good example of this is ANFAVEA our industry association for automotive chain. They are telling us that the truck production surpassed 79,000 units in 1H08 representing so 27.4% up if compared with the 1H07.

Also, our business is still doing well, growing and registering record crops and beside of this very, let me say, virtuous business scenario, also we need to cope because as you know happiness is never total, we need to cope with some challenges and the challenges even within Brazil are obviously growing inflationary pressure, which is in some degree a results of price performance with basic commodities.

As you know, not just agricultural grains and agricultural commodities but also mineral commodities, iron ore, coal, energy, oil and so forth, they have sharp price adjustments over the last year and year-and-a-half and this is reflecting within supply chain in terms of growing cost pressure and inflation pressure. In the 1H06, certainly Randon companies were fairly able to deal with the challenge and we worked and we still are doing so in the foreseeing of the future.

In chart six, we are showing you how our main selling items are performing, not just in the comparison of quarter to quarter, but also in the comparison of 1H08 with 1H07. You can see that the trailer business, trailer orders they grew consistently at the rate of 19.6% physically. Trailer businesses in Argentina are growing very fast at a pace of 27%. Specialty vehicles overall, off-road stuff like off-road dump trucks, (Inaudible) loaders and forestry forwarder, obviously as a result of the so called Brazilian PAC growing acceleration program towards public investment.

This is reflecting in the specialty vehicles that grew 34%. In the same pace, I would say so, all types of auto parts and systems with exception of friction materials are growing very fast, and we had more flat friction material business performance growing just 3%, slightly less as the average of all the other products. This is very probably related with the issue with our other organization, Fras-Le has imported operations with North American or (Inaudible), since North American is slowing down it affected more sharply Fras-Le then the other companies. But even so, it also had positive growth.

If we move to chart seven, you can see that the two basic businesses segments operated by Randon Company, in one hand, the manufacturing of transportation equipment like trailer, semi-trailers, off-road trucks and rail cards, as well as auto parts

and systems. They are evenly distributed representing each one about half of the business of the Company.

Now in the following charts, we will show you some figures: a historical and actual in terms of performance. I will start with chart eight towards exports in which we show that exports grew again in the 1H08 at the pace of 37%. It means really that despite of exchange rates and in spite of sharp Real valuation process, Randon Companies are being able to expand very fast its export base and show performance in our, if I can say so, progressive international penetration in a fairly positive way.

What changed in exports, I already commented. In the 1H08, we are facing continued declining performance in the United States and North America, we are experiencing flat business in Europe. But in compensation, we are experiencing also very fast growth in the business in Latin America and Africa, and as a result the final figure is still positive and grew at the rate of surprising 37%.

But also in the charts nine and ten we look to our gross revenue and consolidated net revenue. We are growing within historical levels and figures are showing that our growth rate which we had over the last five years, in which we grew at the pace of 23% per year, showing twice as the Chinese growth, roughly this is being kept since we grew 25% in the 1H08 compared to the 1H07.

If now we go to charts 11, 12, and 13, you will realize that in terms of gross margin, EBITDA margin as well as net margin, also are growing not just in absolute figures but also in relative figures and in quality, if we say that our gross margin is growing from 26.5% of net sales in 2007 to 27.2% of net sales in 2008. EBITDA margin also grew from 15.4% of net sales to 16.7% of net sales comparing 2007 with 1H08. If we look at net margin over net profit after tax, we will see that we grew from 6.9% of net sales to 8.4% of net sales in 1H08 representing R\$121.6 million. This good margin performance was materialized on the significant inflationary pressure in supply chain.

But as you can see, Randon Company's management and Randon Company's team managed the so called inflationary pressures in a very positive way producing progressive gains of efficiency in one hand, reducing additional economic of scale, and in the other hand reducing price adjustments where and when possible, as well as within financial strategy operating heavily in very fixed market and in heading operations trying to counteract the Real valuation process. So all these measures, all these actions together allowed Company to not just keep the quality of each result but also improve them significantly in the 1H08.

Shareholders' equity and ROE is within a historical expectation and so I do not have any comments to add.

Investments, which we show in chart 15 are within expectation, we accounted R\$98.5 million of the 1H08 and we still expect that the guidance released to the market earlier, in which we said that probably our investments this year would meet the level of R\$250 million. It is probably possible to happen and what I want to say to you, ladies and gentlemen, is that our most relevant investments are within its course, within its timetable and I would say that the main ones like our planned capacity expansion process will, as foreseen, allow us to arrive to a capacity in our trailer branch of about 120 units a day, later in 2008, this should happen. Our new (Inaudible) cost effect also

is in implementation process. We hope to have our first liquid (Inaudible) if I can say so later in 2008 or early 2009. Our Castertech been build up by Fras-Le is also under its rate and we expect to operate it in the 1H09 as foreseen.

Our very important investment is in our pace going from spray up chemical based process to keep coat water-based process, in our painting systems for trailers and components which are under its way and we expect to be able to operate ongoing operation in early 2009. So, our expansion, modernization processes in course, in Randon Companies are on its way, are also along its pipeline.

If we look in slide 16, net indebtedness will remain as convenient to help the Company in a high-cost strategy environment as is Brazil due to its extremely high interest rates, we try to keep our investment in a very low and conservative level. This has happened over the last years and is still happening now and we want it will still happen in the foreseeable future.

In page 17, we are showing you our performances in the stock market and despite some volatility which will cause no benefits even to ourselves. We are growing our daily traded volumes, and I think this is for medium truck-type of company as we are, it is a very relevant issue because it shows that our liquidity is being continuously improved.

Basically these are the comments we prepared for the 1H08 and I will finish my comments with you, ladies and gentlemen, saying that as outlook, we truly believe that the guidance we released to the market last month, reviewing our GDP are still valid and show, I would recall, that we are expecting for the year gross revenues in the level of R\$4.2 billion and investment estimates are being kept at a level of R\$215 million that I commented already.

Our exports, we still believe, they can arrive at a level of US\$270 million and imports which are growing of course, very fast, favored by the USD evaluation process, they should reach about US\$90 million and if being so our chain of external trade, will represent about US\$360 million in the year, which for a company like Randon, located in the Southern part of Brazil is quite relevant.

The economy outlook, we are seeing the Brazilian economy growing this year about the potential 4.6%. Probably in 2009, some indicators are showing that we can suffer a little bit but it will be a very softening process, if I can say so, and Brazil continue to grow positively without any doubt.

Primary sector overall, mainly related to agribusiness, minerals, mining, and bio-energy shows clear signs of keeping good performance. In the side of consuming and consumption expansion, we get to see some tight, a progressively tight monetary policy, Brazil is growing interest rates, Brazil is becoming progressively less selective in credit. So probably consumption can fluctuate and re-accommodate in a slightly lower level as in 2008, but even being so, you know, the vitality from the primary sector and service sector as well as witness within the emerging markets outside of Brazil certainly will compensate this trend.

Also Brazilian commercial vehicle production chain, if we take bus purchases, truck and trailers, the industry is working with continuous expansion and announcing most of the players which are in place in Brazil, you all know names like Ford, VW, Volvo,

Scania and Mercedes, and some of the main trailers manufacturers, all of them are generally announcing new investments, expansion investments and so forth.

So everybody is trying to meet and to cope with the growing and high demand process which we are facing here in Brazil for the time being. And being so, I would say, yes, the moment is very virtuous and we are continuously trying our best to extract from this virtuous moment, positive growth in one hand and not just growing results but better quality of results to meet obviously the expectation of all our stakeholders overall, employees and shareholders.

Ladies and gentlemen, that is it for the time being and I would like to thank you very much for your kind attention and myself, as well as our Investor Relations deputy, Hemerson Souza, from now on, will stay at your disposal for eventually questions or clarifications. Thank you very much.

**Operator:**

We have no questions at this time. This thus concludes the Q&A session. At this time, I would like to turn the floor back over to Mr. Astor for any closing remarks.

**Astor Milton Schmitt:**

Well, since we have no questions, let me thank once more your kind attention in our today's teleconference. Let us look forward to another opportunity in the coming quarter when we expect to be back to you with new information. Thank you for your time, and bye-bye.

**Operator:**

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

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