

Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Randon's 3Q08 earnings conference call. Today with us we have: Mr. Astor Milton Schmitt, CFO and Investor Relations 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 at www.randon.com.br, at the Investor Relations section.

Also, this event is being recorded and all participants will be in a 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. Mr. Astor, you may begin your conference.

Astor Milton Schmitt:

Thank you very much. Good morning, ladies and gentlemen. First of all, let us apologize for the delay in our today's 3Q08 earnings call from Randon, which is a little delayed due to technical reasons related with connection. But anyway, here we are and very pleased to talk to you again, related with our earnings towards the 3Q08. I will give you some highlights of the period, you know, a little market review, we will comment our results, our financial results, our performance in stock market as well. And overall we try to give you an outlook which probably is the most stressing item, presently due to this whole worldwide situation which everybody is living with over the last month, let me say, and which was really worse over the last two months.

If we take a look on the highlights of the period, I would say that the 3Q08 ended up keeping the virtual cycle we were living with over the last years; our gross revenues arrived at R\$3.47 billion in the 9M08 with a growth of 31% related with the 9M07. The net consolidated sales are within the same path, and arrived at R\$2.33 billion in the same period of time. EBITDA margin was significantly improved and grew 37% arriving at R\$405 million in the 9M08.

Export performance is keeping trend, arrived at US\$220 million within the period keeping the growth rate in 30% as happened over the last four or five years. So, the good news continues. Net income arrived at R\$282 million in the 9M08, breaking all records, and representing a growth of 45% if we compare with the 9M07. Probably this is the most remarkable and important performance indicator, you know, of the 3Q08 in

which we did not show just growth in operations, but we also grew fairly, the quality of our operations measured by net income quality.

As market overview, I would say that probably we have three items to comment. No question but within this quarter we faced the worsening of the global financial crises, credit tightening and exchange rate volatility; as you know the Brazilian Real changed completely its stand over the last 45 days. It has been consistently valued over the last three or four years, and right now the trend is the opposite, being devaluated and changing significantly every 24 hours.

Our national economy or domestic market is still living to know with the so-called global crisis not yet fully impacting the Brazilian automotive industry, overall within the commercial vehicle segment... So, trailer production prospective, truck production prospective, bus production prospective, at least for the remaining portion of 2008, have so far, believe it or not, kept as normal.

Obviously, commercial vehicle segment faces every late part of the year, starting from November on until December low season, first of all, because of yearend, holidays, vacation process and so on. This year it will not be different. Keeping in mind this historical yearend slow down, everything else is being seen as normal so far.

Third, a comment about market, ANFAVEA figures, which is the national association of vehicle manufacturers here in Brazil is registering that the truck production reached 128,000 units in the 9M08, representing a growth of 27.8% over the 9M07. Obviously this just compares with trend which we are facing in trailer and semi-trailers as well.

If you look at page six, you will see that with the exception of Fras-le, all of our operations improved significantly their production output or sales output in physical units over the last nine months. I said with exception of Fras-le because Fras-le, as you know, feels more than any of our Company the impact of the reduction in truck and trailer output, overall in the United States.

So Fras-le, within the 9M08 faced a stable market performance in after-sales, faced strong growth within all ends in Brazilian domestic market, but faced also strong step-down in requirements from all ends overall in North America. With this scenario, able to keep production levels and sales levels even, I think is a great result within the circumstances. But besides this comment, everything else over performed as per expectations.

Our two main business segments, still quite evenly distributed in the 3Q08, almost half and half among other parts and systems towards after-sales market and all ends and as well as transportation equipment.

If we go to some figures in chart eight, you can see our exports,; we are performing within expectation and keeping in mind what already happened so far in 2008, we can strongly reconfirm that our export growth trend over 30% a year will again be kept. In terms of gross and net consolidated revenue, you have the figures in chart nine and ten. Very surely, the growth we had over the last five years, we will have them again in 2008 and so we are happy enough to say that our performance so far is within and slightly over expectation and it will probably allow that all our guidance for 2008 will be accomplished in this direction.

On page 11, you can see our performance in gross margin. Here again, you know, the trend of persistent growth we are facing over the last three or four years, is being kept. As you can see, we grew from the bottom of 25.6% on net sales in 2005, progressively to 27.4%, now in the 9M08, so we are happy enough to say that our gross margins are being kept despite all the up and downs with supply chain in one hand towards cost and market chain in the other hand towards prices.

EBITDA reflects the same trend, it is growing in a very nice way; R\$405 million so far this year and 30% growth compared with 2007. So here again we are happy to say that it is within our expectation. Net income is the great new growth of 35%, so we really are breaking all records, all historical records, when we say that R\$182 million made in 9M08 represent 7.8% of our net sales. This quality of results, ladies and gentlemen, we never had before. So really it is a record-breaking process.

ROE is within historical levels, so no news in this front. As financial performance, investments are keeping the trend and despite the bad news all around, we believe that we will materialize with no big concerns our guidance for 2008 which we estimated to arrive with investment level R\$250 million against almost R\$200 million last year.

The key investments Randon's companies are implementing are being kept within normality because any change in implementation right now probably would be worse than expected because most of them are, as we would say in aeronautics, 'in point of no return'. So our equal facility in Randon trailers will be finished within timetable, our test truck field in Fras-le also will have its implementation finished early next year, within expectation.

Our new company, Castertech, probably will cast its first parts early next year, January, February; our Fras-le operation in Prattville, Alabama, as a result of Haldex Brake acquisition is being implemented Fras-le is to cover the operation totally since October 1st on and probably in the 1H09 we will see the results starting to come. Fras-le China operation in Pinghu, implementing its plan there, it is following its timetable and we expect progressively to enter operation in the 1H09. So the key investments are being kept.

In our net indebtedness, we still have conservatively leveraged as recommended for a Company like ourselves in Brazil, and slight improve of our growth in net indebtedness in 9M08 are just a result of exchange adjustment in our debts with the result of foreign leverage, impact of Reais and USD; no new credits came into place.

As exchange adjustment process, here in Brazil operations and initially to the derivatives, became a big concern and I can assure that yes, we operate also with derivatives but in a very conservative level, trying to protect cash flow in USD. And as a result of this, our exposure is very low US\$73 million, US\$74 million which represent about 35% of our expected yearly exports you know, and it gives you clearly the message that our derivatives are just driven to watch production policy, are very limited, 25% of exports. And its impact will happen probably in a very smooth way over the next 12 months, between now and October 2009. But all the negative impact at the present moment has a chance to be recovered within the four months ahead.

Stock market: Randon liquidity and Randon shares followed with Bovespa trend, so we are aligned and obviously we lost some grounds, as the whole stock market, because of the volatility of the 45-60 days. I do not know how it will perform in the future, ladies and gentleman, but that is the truth.

Finally, as outlook, I would like to say to you that despite of the so-called global crisis which of course is affecting everybody else in Brazil, like it or not, we still believe Brazilian GDP will grow above 5% in 2008. Our agricultural crop authority, Conap, is foreseeing stable levels of our 2008 and 2009 crops estimated in 142 million tons of grains, next crop, which is a stable figure compared with 2007/2008 results.

In credit area, we are receiving strong probability of price increase, progressive selectivity and some restraints overall, because of funding flow within financial system. But on the other hand, the prices show in Brazil progressive signs of gradual recovery of trucks in the system. Our Central Bank has been very precise, very conservative, very concrete trying to protect trust in liquidity. The recent merging Itaú and Unibanco is a strong show, in our perception, that our Brazilian financial system is quite sound and being able to show strong signs that it is well prepared to cope with the present situation.

And lately over the last days, we are facing and seeing initiatives of our Central Bank and Banco do Brasil in terms trying to feed liquidity towards smaller banks, and overall, kept its stance from automotive industry, trying, as I said, to fit liquidity to finance books. So, I think, as we said, a gradual recovery of trust is in place.

The foreign market: we feel compliance with our 2008 guidance, no question. But the forthcoming scenario is showing some deceleration, if I can say so, in the worldwide scenario; probably we will in 2009 feel progressive difficulties in the Northern Hemisphere – overall the European community and NAFTA – but on the other hand, the African continent and the Latin American continent give us some concerning signs like in Argentina but also very positive signs in other countries.

Towards 2009 we will also make some additional comments later on. Obviously in terms of investments, the ones for 2009 will be adopted to market levels. This is our general feeling, in a very general cue.

Now I am to finish my presentation. I would like to give you also some insights from Randon specifically and Randon companies towards the present scenario and the forthcoming future. So again, under Randon companies' standpoint, our goals, our guidance for 2008 will be accomplished. We are surely convinced that we will accomplish toward growing R\$4.2 billion in gross sales, we will accomplish US\$270 million in exports, as well as we will keep our complexity in implementing investments and materializing in this way our R\$250 million budget for 2008.

Also, as I said already, the implementation of our new foreign operations – Prattville, Alabama, with Fras-le North America; Pinghu, with Fras-le China – we are following the timetable and sure the implementation will be within timetable. For 2009, I must tell you that we are not working with the prospective recession. I think the possibility or the probability of recession in its real terms is so far not part of our perspective. We are thinking, yes, that probably we will face in 2009, a small slowdown or perhaps a soft landing, as we are used to say in our business.

And if this soft landing would, for example, represent returning to the 2007 levels, something alike, it would be fairly good level of operations, because I would like to remind you that nine months ago, we were celebrating our 2007 results as record-breaking results. And if we in 2009 face a soft landing, bringing us to 2007 figures, we will still be performing probably very well, in terms of prospective results.

Now, going to some of our business segments in 2009, what we are seeing is we have some positive signs and some negative signs. So, breaking it down in the primary sector, we are seeing probably some slowdown overall because the reduction of commodity prices; not commodity volumes.

Within consuming goods, durable and non-durable, we are seeing some progressive signs of slow down in durable goods because of financing restrictions. Consumption goods, we think, will perform quite normal because purchasing power of the people is being kept, is growing; what is being limited is the credit, not the purchasing power and not wages and salaries in this kind of stuff.

In the service segment, overall within construction and public services, we are clearly believing that it will still grow because our Government is giving progressive and consistent signs that our overall public investments towards interest, structure, energy, housing, sanitation, and so on, should be kept. If this happens, the so-called debt sector tends to perform fairly well in 2009 despite all the scenario.

In terms of external market, we are working with the prospective of progressive cool down in sales within Northern Hemisphere; we are working with stable scenario within Africa and Latin America, where we have ten countries, which face difficulties like in Argentina, for example, but other countries in which we are facing fairly positive perspective, and also towards foreign markets. Obviously the progressive operations with Fras-le in Prattville, Alabama and with Fras-le in Pinghu, China, will obviously add positive value within 2009 performance very profitably.

And another last point, very important within the market scenario for 2009, railroad cars production is back in place. As you know, we did not do anything in 2007, we passed the way in white, if I can say so. We restarted rail cars production in the 1H08, we have also released some more in the 2H08, but we have fairly good contracts in hand and in final negotiation which probably will become a big productive issue in 2009 again for our standards.

So these are, let us say, in a summary, our market perceptions. We do not have figures so far to see where we will be, but our perception indicates us that there will be somewhere in between our performance from 2007 and 2008. In terms of operation, we are working with a scenario in which we will have to cope probably with new trends in supply chain and in market. In supply chain we are working with trends of progressive cost reductions in raw materials, as well as price reduction pressures because of the cool up in the domestic market, as I already commented, and because of USD growth in exchange rate in foreign markets. So, our big challenge will be keep the margins, coping with this new scenario.

Fixed and variable expenses will be tightly controlled. And in terms of investments, probably in 2009 we will see scenario of being very cautious with investments towards expansions or new business; probably in this side, we will be highly cautious and conservative. But on the other hand, main financing investments, asset replacement, investments, equipment and process modernization investments should be kept.

This is basically the scenario for 2009 and so as a final message, we are still confident that despite the so-called international crisis, we will be very probably lowly affected and we are still confident that we will keep our records in 2008, no question, and we also feel confident that 2009 will again be an acceptable year in spite of the scenario. That is all. Thank you very much.

Daniel Gewehr, Santander

Good morning everybody. Actually I have two questions: the first one, according to your guidance, I want to understand a little bit more how is the potential? Should we expect around 10% decrease in volumes for the truck trailer sector, for instance? And the second question is: if there is a 10% decrease in volumes, are you going to still be able to keep the 2008 level of margins considering the raw material price decrease? And if you could address also how your backlog is doing and what you expect going forward.

Astor Milton Schmitt:

Thank you very much, Daniel. First of all, Daniel, we have no guidance for 2009 so far. And I must tell you we have postponed our AOP for 2009 because of the whole situation we are facing, and doing prognosis and forecast in such a turbulent environment, as we are in presently, I think it is not very healthy and is not very positive. So we gave to our companies a break in the timing. Probably our 2009 guidance will come out later.

What I said in our presentation — I said and I will repeat — that as a general feeling, we think that very probably in 2009 we will have the performance probably somewhere in between the one we will accomplish in 2008, and the one we already accomplished in 2007. I do not know if it will be closer to 2007 or closer to 2008, I really do not know. But this is our general perception because of the reasons I gave during the presentation.

As level of margins, again I said that we will be very careful and very tight in expense and cost control within operations and in plants. And as market and supply chain, it is very clear to us that, I repeat, as trend we probably will face a scenario of cost reduction process within supply chain on one hand, and cost reduction pressure in domestic and external market in the other way; because, obviously as long as the USD keeps valuating, we will get progressive pressures from our outside customers and here in domestic market, with some kind of soft landing process.

Obviously, we will be pressured also on price reduction process. On the same hand, within supply chain, you know as well as we know that oil prices are going down, iron ore prices are going down, coal prices are going down, cast iron prices are going down, scrap prices are going down; sooner or later, Daniel, this has to come to the supply chain, I have no doubt. I do not know it will happen in 30, 60, 90 or 9 months from now, but I am sure that this will happen.

And the challenge our management will face and we truly believe that they will be able to give a positive answer is in the direction to keep the quality of our margin within our historical levels; either gross margin, EBITDA margin or net income margin. This is the goal, you know.

As you know, our backlog over the most of 2008 was explosively high; big lines were formed, if I can say so, presently due to this turmoil. Yes, we are facing some new sales decline, but so far what we are facing is very much within our historical level in yearend period. As you know, always within November and December, the trend of sales is to decline because nobody wants to start in new investment process or fleet expansion process. Everybody is starting to think what they will get as a gift for

Christmas, they want to celebrate the New Year, they want to see where the best place for Carnival will be, and so forth.

So this is the traditional climate here in Brazil for yearend and this is the scenario which is happening again. As a result of this also, we will be in collective vacations, between December 19th and January 4th or 5th, this happens every year historically. And I can assure you, Daniel, it has no relation with the present so-called crisis; it was decided six months ago, and it is being kept.

On the other hand, the backlog orders, yes. Because of the crisis we are facing some cancellations, we also are facing some postponing process; very frequently customers call our dealers saying 'wait a minute, my financing condition changed and I want to renegotiate with my banker, this and that and so wait, 30 or 60 more days. This kind of situation is happening but is happening in a non-relevant way, so far, and our backlog remains in a very comfortable level between three-and-a-half and four months. So no concerns so far and no signs of big concerns so far.

Daniel Gewehr

OK. Thank you very much.

Operator:

This concludes the question and answer session. At this time, I will to turn the floor back to Mr. Astor for any closing remarks.

Astor Milton Schmitt:

Ladies and gentlemen, who were with us today again, thank you very much. It was a pleasure and I hope we were able to address our basic message which we are trying to say. Yes, we had a fantastic 3Q, we accomplished a fantastic 3Q. We do not ignore the crisis which is happening worldwide. But also so far, as we feel it here in Brazil, trust is coming slowly back, and we think that our real economy here will not be very heavily affected. This is our state of spirit presently, and with this state of spirit I would like to say thank you very much for being with us and until the next time.

Operator:

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

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