Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to Randon’s 4Q08 and 2008 results 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 on the Internet at the Company’s website 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, and let me say hello to all of you, ladies and gentlemen who are with us today in this conference regarding our 4Q08, as well as the 2008 results as a whole.

Starting with our highlights of the period, in chart four, we should start saying that 2008 has been the best year in hour history, meaning absolute records in new sales, production, deliveries, invoicing, turnover results, and so forth.

The 4Q08 gave us R$1.1 billion in gross revenues, which accounted for R$4.6 billion in the fiscal year of 2008, representing a significant growth of 26.6% compared with the 2007 results.

Net revenues obviously followed the same trend, being R$729.9 million in the 4Q, as well as R$3.1 billion in the year of 2008. EBITDA was R$115.6 million in the 4Q, as well as R$520 million in 2008 as a whole year, growing as a result 34% compared with 2007.

Certainly, this proud growth rate was a result of continued gains in economics of scale and gains of efficiency within our manufacturing process, accounting as manufacturing process, supply chain, manufacturing, and sales and price activity.

Our exports accounted for R$287 million in the whole year of 2008, and represented a growth of 22% compared with 2007. As a result of all this, our net income, the last line of our balance sheet, net income in the 4Q accounted for R$48 million, as well as R$231.1 million in our fiscal year of 2008, representing a growth of 33.3% compared with 2007. No doubts that this result of R$231 million was and is the best ever result materialized by Randon companies.

When we go to a market overview, trying to make you understand those highlights, I would say that 2008 as a whole was a year with two quite different profiles. In the first three quarters ended in September 30th, we faced basically four very feasible realities. First, hot and growing demand for our products and, as a result, growing order income, or inflow, as well as a high permeability for price adjustments, price increases, and so forth.

Second, in the supply chain, as a result of high valuation or basic commodities, I would remember that in early July 2008 oil prices reached values over US$140/barrel, and this obviously affected all our supply chain and put a lot of pressure in terms of raw material, price, and cost increase as well.

In terms of exchange in the 9M08, we faced a continued process of valuation of our local currency, the Real, posing, as a result, big challenges in our external competitiveness, obviously. And fourth, in the first three quarters of 2008, our overall traders backlog was in unusual high levels.

When we look at our 4Q we are just seeing in these four items a real and extraordinary opposite situation. In the 4Q, as a result of this whole so-called international crisis, order inflow started to fall; market, less receptive; and obviously also orders in backlog started to be cancelled, in certain degree.

Commodities prices showed a strong slowdown, opening, as a result, room to raw material cost reduction process, which we are still facing presently. In terms of exchange, new trends started to take place, facing in the opposite way, as before, a high USD valuation or revaluation process.

And the fourth point I pointed, backlog was still relatively comfortable, of course, but I must recognize that it declined significantly. With this four reality along 2008, we were able by anyway to show you these extraordinary results.

Presently, the economic scenario remains troubling, but some signs of stability are beginning to shine up, and probably more related with our Brazilian seasonal market performance. As you may recall, here in Brazil traditionally the beginning of the year, because of yearend holidays, vacations, Carnival, is historically relatively slow.

Later in the year also, and the second intermediate quarters, overall, because of crops, grain crops, overall, corn, soy beans, white rice, and so forth, as well as sugar cane, alcohol, ethanol and sugar, the pig (10:08 - inaudible), the crops and the production happens between March/April and October/November; so, we are entering, whether we like it or not, the traditional hot season, which certainly will impact business and signing with a new trend.

The international crisis obviously affects the Brazilian economy. We are facing high levels of volatility in capital markets, USD appreciation process, as commented, broader production adjustment to lower levels, and obviously, as a result of this, also human resources adjustment in certain degree, which represents, statistically talking, growing unemployment.

By the way, I should make it clear that despite of this in a yearly basis, and despite of the slowdown of the last quarter, and some adjustments in human resources, Randon companies ended the year of 2008 with positive employment levels; we started the year with 9,000 people and we finished the year, after some adjustments, with 9,400 people generating in the whole year 400 positive hires.

Brazilian truck production in 2008 was also record, reaching 167,000 units, certainly never achieved before, as well as trailers, which arrived to 61,000.

Going now to some operating performance, which you can see on chart six how physically units sold performed in the 4Q and in 2008. I just would point the strong performance of trailer market and trailer-related components like, for example, suspension (12:33 - inaudible).

In terms of distribution of sales, as you know we are focused basically on two business segments. Our portfolio of transportation equipments, namely trailers for on-road application, wagons for rail application, and trucks for off-road application, they represent just half of our business. And auto-parts and systems, or in other words related components, represent the second half. And historically, they are harmoniously split half in half in our turnover.

On chart eight we show you our export performance, which is a very important indicator of our international expansion. Exports, despite some retractions in markets overall in the Northern hemisphere, in NAFTA and the European Community, they performed very well in 2008, arriving to US$287 million shipped. And for sure, they are growing at a rate of 24.6% in a yearly basis over the last five years.

And this growing rate is, by the way, much faster as a consolidated growing rate of the Company, showing that we are really successfully and aggressively pursuing our continued international penetration.

On chart nine, we show you the performance of our gross revenue, which arrived quarterly to R$4.55 billion in 2008, representing an average growing rate of 17.8% over the last five years.

Net revenue showed in page ten follows the same trend, arriving to R$3 billion, and applies the same comment. Gross profit or gross margins, one is complementary to the other, you can see is sill growing, arriving to R$833 million in 2008.

But what I think is very remarkable and important is in terms of percentage of gross margin. Since 2005, Randon companies are in a consistent and permanent way growing year by year their gross margin, which I think is highly remarkable and shows the result of gains of economics of scale in a growing demand environment, as well as permanent growing in terms of manufacturing efficiency as a whole.

If we go to EBITDA, on page 12, the same and similar trend is faced, arriving to R$520 million in 2008. Also, and what is the most remarkable figure, on page 13 we show you our net income performance, which arrived to R$231.1 million in terms of net margin after tax.

And, ladies and gentlemen, this is our most proud figure in our history in these 60 years of operation, which by the way we are celebrating now in 2009, since, as you know, we are in business since 1949. Really, R$231.1 million in net margin deserves a nice glass of champagne.

In terms of shareholders' equity, it is a result of our profit performance; we are piling up shareholders' equity year after year, and in 2008 it grew 37%, which by the way we also understand as a bright performance figure.

Investments showed in page 15 arrived today for the peak in 2008, with R$280 million invested basically in capacity expansion programs, modernization programs, replacement of depreciated assets with a scope to keep our plans modern and efficient, as well as some extraordinary and topic high investments represented by our new captive foundry in Castertech, which is in final way of implementation; our new E-coat painting facility in our trailer division, which started operations earlier this year; and also the implementation of our test track through Fras-le, one of our controlled companies in which we are making a relevant investment with the scope of improving and refining our research and development, as well as technology innovation process in which our test track will play a very important role.

If we go to page 16, net indebtedness, you will see that in absolute figures it grew significantly last year, arriving to R$333 million at the end of the year, and this was caused basically by two factors. First of all, very high investment level, which we just commented before, as well as the result of the USD valuation or appreciation process, which we faced in the last quarter.

But by any means, even having grown, you can see that our net indebtedness represents 0.64x our EBITDA, which is, by the way, according to our understanding, a very conservative net indebtedness level, which does not represent any major concern overall, because it is in its big majority long-term oriented.

Stock market performance obviously was highly negative, and I said obviously because I think this is presently a global trend, and we are not different from everybody else. But I would like to mention that despite the negative performance in terms of stock valuation process, following, as I said, the general trend of the global trend, we were able to keep in 2008 very high and growing levels of daily traded volumes.

So, we kept, despite the crisis, our growing liquidity process, which, according to the experience collected in recent year road shows and contacts with analysts, is a major concern when we consider companies like Randon, which besides its tradition the stock market is still technically in the category of small caps.

As outlook, which we show on page 18, you may recall that earlier this year we announced our guidance for 2009 in which we declined some basic indicators represented by gross and net sales, which we expect to arrive to R$4 billion of gross sales and R$2.8 billion in net sales for 2009, which represents an expectation of an intermediate year, if I can say so, compared with the two last years. It will be certainly lower than 2008, but it will be better than what we did in 2007.

And at this point I would like to point out that exactly 12 months ago, in this same conference, when we announced our 2007 results, we told you, ladies and gentlemen, that 2007 was at that time the best year ever.

So, expecting to perform in 2009 slightly better than what used to be the best year, 12 months ago, I think is quite acceptable and certainly will mean continued positive results in terms of results generated if we measure them, I do not know, by EBITDA or net income. This is our expectation.

Presently, things are quite slow in our business scenario here in Brazil. But despite this everybody believes that Brazil will still grow, although much slower than before, and we, as Randon, working with the expectations of Brazilian economy, could easily grow 1.5% at least this year. So, it will remain positive by any means.

If we look at our grain crop expectations, it will decline 6.5% compared with last year. But anyway, having 134,6 million tons in crops, this is a highly positive and acceptable level, and this certainly will require transportation equipment. Investments we are estimating to come to R$130 million, but basically concentrated in what we do historically, which is modernization and asset replacement process, as well as something for new business and the final implementation of the three big projects I commented before.

Obviously, in a business environment in which we do not expect continued high growth, expansion investments are on hold, presently.

Also, trying to adapt to the progressively slower 4Q last year, and the slow 1Q09, companies concentrating efforts in classical actions or adaptations to a new level of operation actions, which obviously concentrate efforts in terms of working capital reduction, inventories, receivables and so forth, and maximizing liquidity.

By the way, I should tell you that our free cash flow has been stable, despite of all we commented over the last four or six months, so we think our objectives, obviously continued efforts also are in the field of reducing ongoing costs and gains of efficiency and so forth.

So, finishing, I would like to say again we just ended our best year ever in 2008, we are presently living with lower activity level to which we are making huge efforts to adapt and keep our margins, our profitability, despite being in a lower level.

And the basic message is: yes, times are difficult, times are challenging, but if in 2009 we can meet and deliver to the market our guidance, our objectives, we will be doing very well and continue to be a highly profitable enterprise.

At this point, I would like to thank you very much for your attention. And I think we will go now to the questions and answer session, which will be coordinated by our consultants. Thank you very much.

Operator:

It appears we have no questions at this time. So, this will conclude the question and answer session. I will turn the floor back over to Mr. Astor for any closing remarks.

Astor Milton Schmitt:

Since there are no questions, I would like to once more thank you very much, ladies and gentlemen, for your attention and for being with us today. And let us look forward to come together again in 90 days from now, when we will certainly announce our 1Q09 results, as we do traditionally and usually.

Once more, in my name and in the name of Geraldo Santa Catharina, as well as in name of Mr. David Abramo Randon, our Vice-Chairman, who is giving us presently the privilege of his presence in this teleconference with you, thank you very much all of you. And I look forward to the next time. Bye-bye.

Operator:

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