Operator:

Good morning, ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to Randon's 1Q09 results conference call. Today with us we have Mr. Geraldo Santa Catharina, Holding Division Finance Director, and Mr. Hemerson Fernando de Souza, Investor Relations Officer.

We would like to inform you that this call and the slides are being broadcast in the internet at the company's IR website www.randon.com.br/ir.

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 section. 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. Geraldo Santa Catharina. Mr. Geraldo, you may begin your conference.

Geraldo Santa Catharina:

Good morning, ladies and gentlemen. We are delighted to be here again for the 2009 1Q earnings release conference call of the Randon S.A. Implementos e Participações. We have here with us Mr. Hemerson Fernando de Sousa, our IRO. Once again, we would like to invite you to attend our APIMEC public meeting, which this quarter will be held in São Paulo, at four o'clock this afternoon.

As usual, we will show you some highlights of the quarter, and an overview of the market operating and financial income for the period, the capital market behavior, and will close this call by sharing the outlook for the Company in such challenging year.

As you all know, we have been facing the effects of the world economic and financial crisis, with the drop in production and consumption, pressure on prices and general concern in the market. In addition, the 1Q is characterized of low seasonality of Randon's businesses, which was not affected in 2008 thanks to the high demand by the end of 2007.

Before moving on to the presentation, I would like to stress that the earnings for the 1Q08, as well as comparative information, have not been adapted to Law 11.638 of 2007, for joint stock companies. We will be sharing a detailed comparative analysis which includes these adjustments later on during our presentation. Please note that these adjustments are not significant, vis-à-vis the indicator shown without adjustment.

Let us move on to slide four, which shows some highlights of the period. The gross revenue in the 1Q09 totaled R$814.6 million, or 19% lower than the same period of 2008, and 24.5% lower than the 4Q08. The net revenue followed the same ratio, totaling R$537.3 million.

Exports amounted to US$34.2 million, with a 45.2% drop compared to the same period of 2008, highlighting the behavior of global procurement, affected by the world financial crisis and its impact in the economy. For net income, by the end of the first three months of this year, was R$26.7 million, 50% lower than the first months of 2008. We maintained the level of investment originally planned at R$38 million and focused on Randon Companies test field, scheduled to start up in the 2H09. In the capital market, the average daily traded volume of the Company's preferred shares reached R$2.1 million at the end of the quarter.

Now, moving on to a brief overview for the market, shown on slide five, Randon considers the 1Q09 one of the most challenging quarters in recent years, particularly due to the strong drop in demand and industrial activity caused by low seasonality and intensified by the world crisis. The truck production totaled 24,175 units in the quarter, 35% lower than the 1Q08.

Considering this scenario, Randon has been making use of additional efforts and adapting its operational structure, especially by signing agreements with its collaborators and unions, implementing flexible workloads, reducing costs, adapting the Companies capacity, and saving jobs. In addition, Randon also regained its commercial position, with stronger emphasis on its program of client visits, and participating in fairs and events of the sector. Therefore, we are closer to the buying market, and in contact with new business fronts.

Randon also anticipated product launches. One of the highlights of the quarter was the start-up of the new e-coat painting system, a process that required R$70 million of investments and brings a relevant pioneering competitive edge for the Company.

We launched the 60 year grain-line series, with a unique five-year warranty term for the chassi painting. The new painting is already being used in the series, to celebrate the Companies 60 anniversary. In our opinion, the uniqueness behind this technology is valued by the current market.

Despite such concerning economic scenario, in March and April we got into the grain crop season, which speeds up the activities of the sector, Conab, the national supply commission, has a new review on the outlook of the 2008/2009 agricultural crop, estimated at 137.6 million tons, with a slight production of 4.5% compared to 2007 and 2008, more optimistic than the latest forecast. We showed a 6.5% drop, providing a comfortable position for our business.

In addition, the reduction in IPI, or excise tax, from 5% to 0% to traders or semi-traders was taken by enthusiasm by the Company, and should favor the upturning demand, which began to show signs of recovery in March.

Now, moving on to slide six, we would like to focus on operating income, with physical sales on every line and/or segment. As you can see, we were negatively affected in nearly all segments, except for railcars, which increased from 44 in the 1Q08 to 174 units in this quarter.

Slide seven shows the sales breakdown by core business segment. There was an increase in equipment, 51%; and services, 2%, due to the slight drop in auto parts and systems, with 47%. The slight variation is not due to any strategic change, but rather to a normal market variation. And just as an additional comment to the segment of railroad equipment and special vehicles, the Company's expectation to sell approximately 20,000 traders and semi-traders, although challenging, still applies to this year.

New orders gained momentum in March, as the number of cancelled orders in going down, back to normal operating levels. As to autoparts and automotive system, product inventories at OEMs had an impact on the sales of parts and components over the quarter.

The volume of new orders dropped approximately 30% between January and February. However, in March, there has also improvement in the procurement schedule submitted by OEM.

Slide eight shows the performance of exports, which dropped 45.2% compared to the 1Q08. However, we can see that the global growth over last the five years was, on average, 24.6%. This rate is very significant and shows that we are on the right track to enter the global market.

Slide nine shows the total gross revenue that has been growing at an average rate of 17.8% over the last five years was affected during the 1Q of this year totaling R$814.6 million, a 19% drop compared to the 1Q08.

Slide ten shows net revenue. It followed the gross revenue trend, with a 23.3% drop compared to the 1Q08, totaling R$537.3 million.

Moving now to slide 11, let us focus on the behavior of our gross income and gross margin, both showing a drop in the comparative figures for this quarter and the same period of 2008. Gross income amounted to R$124.7 million, a 23.2% margin in the 1Q09 compared to R$188 million, and 26.8% in the 1Q08. Please note that despite the increase in the cost of goods sold, we still managed to keep quite a reasonable margin by constantly trying to improve our operations through gains of efficiency and economies of scale. In addition, the supply areas have obviously worked exhaustedly totally focused on lowering input costs. The outcome will undoubtly appear in the current quarter.

Slide 12 shows the EBITDA and the EBITDA margin. In the 1Q09 the EBITDA totaled R$65.5 million, a 12.2% margin, dropping 46.2% and 5.2 p.p. respectively. This reduction is largely explained by the decoupling of fix expenses and revenue reduction. In order to reverse the picture, some measures, like flexible workload and adaptation in structure have already been taken, adding in an upturn in demand, as of March.

For next slide, slide 13, shows the Company's net income, which closed at R$27.7 million, compared to R$54 million in the 1Q08, a 50.5% drop. The net margin also dropped 2.7 p.p., closing the quarter at 5%. Please note that despite such reduction, our net margin is within the Company's historical range, which is actually good, considering the current economic scenario.

Slide 14 focuses on the evolutions of investments made by Randon Companies. We maintained, with caution, the investments planned, totaling in R$38 million in the 1Q of this year. The bulk of this amount will be used by Castertech, the new e-coat painting plant, as mentioned previously, and by the test field in our major subsidiary, Fras-le. Our expectation is that the result of these investments will bring a competitive edge to Randon Companies in terms of production, quality, R&D and technological innovation.

Slide 15 shows the growth in net equity, an average growth rate of 32.7% over the last five years. The return was 37% in 2008 a very satisfactory percentage for the Company.

Slide 16 shows the Company's net financial debt, which totaled R$300.6 million in the period end in March 2009 or a 0.71 multiple of the accumulated EBITDA over the last 12 months. In the same quarter of 2008, this figure amounted to R$138.1 million. This increase is related to the exchange rate variation vis-à-vis debt in USD, adjustments in derivative contracts and investments made throughout 2008.

Slide 17 shows the main financial indicators in the 1Q09 as shown previously and comparative figures in the 1Q and 4Q08. However, we are now including the 1Q08 with the adjustments provided for in Law 11.638/07 of corporations or joint stock companies. As we can see, these adjustments are not significant and are only shared here to provide year on year alignment, since our balance sheet was adjusted under the same law in the 4Q08.

In the capital market displayed on slide 18, we can see that our stock had a downtrend also during this quarter, still affected by the financial and economic world crisis. This movement follows the market trend and accounted for 11.8% at R$5.53 per share on March 31st, 2009. The average daily traded volume reached R$2.1 million, lower than the same period last year, but, still, very representative compared with securities of other companies listed on the São Paulo Stock Exchange in the same category of Companies.

Finally, on slide 19, we share with you our outlook for Randon's future. By following the market dynamics, we have been working within the expected drop of the Brazilian GDP, approximately -0.3%, as disclosed last week in the focus report of April 27th, 2009, by the Central Bank.

However, despite this pessimistic outlook, we are moving now into a phase of high seasonality for Randon's business, and we believe there will be an upturn for the demand of our products and services, driven by the excise tax reduction down to 0% for traders and semitraders.

Although finances do generate problems related to selectivity and spread above standard levels, indicators suggest a scenario similar to the pre-crisis period, with signs of improvement.

Lastly, we believe that Randon, backed by its operational efficiency, experience, management and leadership in the sector, will render good results even under such challenging market conditions. Therefore, we will continue with our guidance for 2009, trusting that there will be an upturn to the activities in general, particularly in the domestic market.

We would like to close our presentation for the day and thank you for joining us. The floor is open for the Q&A section, and Hemerson and I will be happy to answer your questions.

Vinicius Canheu, Credit Suisse:

Good morning and thank you for your presentation. I would like to understand two things: the first has to do with guidance for the year, when you worked on the guidance, clearly the expectation for 2009 in Brazil was much higher than what we see today from Central Bank. I know we are just seeing the first signs of recovery, but I would like to better understand if your guidance for 2009, the current outlook for the GDP has already been included, that is my first question.

My second question, you said that the market for autoparts has been recovering, but semitraders and traders business performance were far better than autoparts, and now in the 2Q, do you already have a reverse picture? I mean, at least autoparts, is it coming closer to the performance of traders and semitraders in terms of sales volumes for the 2Q?

Geraldo Santa Catharina:

Let me answer your first question. Good morning, Vinicius, and I would like to ask Hemerson to answer the second question. The strategic planning at Randon was formatted in October last year. GDP was around 3.5% at that time, considering information collected at that time. And I can tell you that 20,000 semitraders as the projection for the year, we were confident but there was a deteoration of GDP expectation of around 0.7%, and we believe that the 20,000 units are still feasible. However, we have to be more optimistic.

If we consider the volume of semitraders sold for the 1Q, on an annual basis, we will have something around 18,000 units, but as shown, that volume is the realized, that is a particular side, because one thing is what you sell, but a different thing is what you replace, the revenues. So the result for the 1Q has to do with replacements and the sales. So, the 1Q, the number of orders were approximately 323,200 units. So, in terms of what said, we can expect an order portfolio that is above 3,000 units on a monthly basis as soon as the production lines allow us to adapt.

We believe the level of orders is decreasing adding to a reduction in the order portfolio will help us to be close to the guidance, and therefore we restate the same thing. And I would like Hemerson to answer the second question.

Hemerson Fernando de Sousa:

Good morning. Coming back to our question, it is very simple to help us understand and consider why the focus is on liquidity. Early this year, the major part of the constructors was really affected and there was a drop in demand, a very strong drop in demand. It started in November last year, October, November, and that was not adapted to the production line speed generating into a higher intermediate inventory, and consequently a drop in the volume of orders for cars, early in 2009, more specifically about the 1Q.

Why do we have a better performance with equipment? That is because we could already have the demand because we have no restrictions since the very beginning. The demand began to progress in early this March, and it also happened a truck demand, then by diluting the intermediate inventory early this year, we could move forward to the production progressively. We have the number of orders for autoparts slightly better than the beginning of this year.

Vinicius Canheu:

What about the 2Q? Do you think we can have an expectation of a more similar performance for the segments, or semitraders will still be far better than autoparts?

Hemerson Fernando de Sousa:

Maybe semitraders will be slightly above, but they should be similar as of the 2Q.

Vinicius Canheu:

Thank you.

Cristiane Fernstensei, Geração Futuro:

Good morning to all. I have three questions. The first question is regarding Castertech product, what is the effect expected by the Company? The second question is if you can release any figures as to the level of portfolio and as to the number of canceled of orders so we can have an average considering your current production cost and how much you can produce. The third question, what about exports, both autoparts and also implements for the future? What do you envision? Thank you.

Geraldo Santa Catharina:

Cristiane, once again I will start by answering your question. Castertech should start testing operations for parts in July or August, the latest, and that is a learning phase. To be honest with you, I do not expect to see any balance effect in the 1Q, neither a positive nor a negative, that is a ramp up, a learning curve, and I assume that for next year Castertech most importantly will be using investments made to amortize investments. So, the idea of cost reduction is a mid-term idea.

Honestly, this is our expectation. But for this year, I would not consider any variation in production regarding Castertech. It will have to show it has learnt how to work on cars products, but we are about to conclude the first phase, as far as equipment goes. And, once again, the most important is that it will meet the capacity required that will account to 30% of Randon's consumption compared to 2008 levels.

Our expectation is to have full capacity because it will come to 30% of our needs. As to the other portfolio, I would like to rename this term, as I did before. This is a memorandum of understanding. There is a formal request order filled out by the clients, sometimes there is a down payment, but, as we say, it is a memorandum of understanding from clients. And when there is high demand, they want to have their place in production. And that also applies to other sectors.

We work on demand, and over the last two or three years we have also expanded our portfolio to five or six months. If it was not real, it was maybe exaggerated. But, today, there is portfolio demand leveled to our current production structure is close to 45 to 60 days. We still have this portfolio, of 45 to 60 days, and we are using it for our monthly production as months go by.

As to cancel levels, that is also an important question. In January we sold something around 700 physical units, and we had significant orders canceled, I cannot tell you the figures exactly. In February, we improved our number of semitraders, 850 units, and canceled orders were also high.

In March, we virtually doubled the number of new orders and there was a significant drop in canceled orders. So, we are reporting this quarter, but I would say that has been a trend. So, currently, our order portfolio is leveled or similar to what it was in March, and, therefore, we have been able to replace our portfolio.

As to exports, there was a reduction, even considering our expectations so far, for autoparts, due to the northern hemisphere, in Europe, autoparts sales prevailing in that region.

In addition, except for Africa, but in Latin America and in the rest of the world the sale of semitraders, because in Argentina they are going through hard times and Chile, traditionally, they are important buyers of our semitraders portfolio. They spend four months expanding their inventories, and now they need to buy again. And the same happened with Colombia. So, for semitraders the most relevant fact is Africa and there is where we have our best expectations for this year and where we also have the best results.

Obviously, we still expect for the nine remaining months of the year, we expect to have performance that meets our needs, vis-à-vis our guidance. And in that chance, the foreign exchange scenario has been very volatile, but I would say that the USD is still higher than we what considered in our annual strategic plan.

So, we have been breaking our back in the market and we cannot undermine the challenge respecting exports of autoparts and the sales of trucks in Brazil, because they also buy our components. So that is the scenario, we expect to see improvements as of the 2H09. And we heard some comments in seminars of AutoData confirming the expectations.

Hemerson, would you like to add to what I have said?

Hemerson Fernando de Sousa:

Geraldo, maybe I would just add that, for knowledge purposes, the first three months of the year, the exports in Brail, well, they have a direct impact on production, and they are 60% to 70% lower than the last year. And that is not specifically linked to what we export, but also to what we sell to OMEs to be exported. That also has an impact. And, obviously, we do not have a single scenario to go back to, or to make the demand happen in the future. That should take longer.

And, unfortunately, that is one of the drivers for growth in the truck factory n Brazil. But, overall, the domestic market should respond well, or start buying again, specially trucks.

We should have something around 100,000 units I the domestic market, going back to the levels in 2007, which, for us, was the second best year in history. So, maybe we can move forward to these results, but a lower take away but still very positive.

Cristiane Fernstensei:

Thank you.

Daniel Guever, Santander:

Good morning. I have two questions. The first question has to do to equipment. Is there any economic factor that is not prominent for the 1H09? What about the grain line and what about railcars? You delivered virtually half of the market at the end of the 1Q, so how much do you still have at the backlog for the year?

My second question has to do with working capital. Do you expect to improve working capital in the 2Q?

Geraldo Santa Catharina:

Hello, Daniel, good morning. If you take an x-ray of our orders for the 1Q, you can clearly see that 60% of the market comes from our co-product, the grain semitrader, our flagship, especially because we have the impact of the agricultural crop in the country. And some factories are still busy, such as the oil transportation, ethanol, sometimes it is hard to have an outflow from the countryside of São Paulo, Mato Grosso and Paraná. We do not have any other more effective transportation method rather than roads.

So, we have thanks since the last part of last year and our products flow is still very interesting. You can see that the building or the construction sector shows signs of improvements, especially in terms of infrastructure. And you can clearly see that the investment in mining factories has lost some ground.

We have some equipment for mining purposes, and the number of new orders is very small. We do not envision any progress on a short-term basis. But overall, for grains, today, response has been strong, so we can have an upturn in our new orders.

I feel very comfortable to talk about the financial area. For ten years now we have been focusing on cash available, indebtedness, long-term basis, right sources, and always defining investment based on financing sources already adapted to the investment level. But working capital, the lower the better.

Obviously, our product diversity and the amount of companies we own end up by bringing more volatility. But, sometimes, we believe working capital is better, but when we check the inventory, we have signs, but overall, our performance has been very good.

In September last year, when the crisis had just started, our cash available was only R$310 million or R$320 million that around R$270 million and that we had the foreign exchange effect so by late December, we had R$333 million. And in the period we invested R$38 million, and we generated nearly, if I am not mistaken, EBITDA was R$55 million, far lower than last year's.

Considering this scenario, cash available, if you make it still at R$300 million, as it is today, and a reduction in debt, it tends to be very satisfactory. And there is a rule behind this. We stated with collective vacation and we were five days less, because we had a flexible work week.

So, the basic goal was not only to reallocate structure, but to produce less and use less of our inventory and we are fortunate to say that our level of comfort is very reasonable. Our credit level is pretty high, and our expectations in several trust and cash level positions should be solid.

So, working capital, we see a comfortable working capital.

Daniel Guever:

What about railcars?

Geraldo Santa Catharina:

Well, in the release of the 4Q we had effective orders amounting to approximately 340 railcars, as we delivered half of them in the 1Q, and we should deliver a large number in the 2Q, and the rest in the same quarter of the year. We do not have any other additional orders signed by the Company, but we are working at a very high level of quotations.

Once again, we should highlight that today, at Randon, there is 100% of clients in the sector. For the first time in history we have 136 units for MRS, and we have also delivered railcars for CVRD, concluding sales for the three major buyers of the sector, which is very important to us. And after 2008, we only sold to ALL.

Daniel Guever:

Thank you.

Mauro Rodrigues, Mauá Investimentos:

Hello. I have three questions, one at a time. The first question, it is amazing when we check the difference in terms of outlook for the sector and the Anfavia data released recently over April. And what I see on slide six is there was a very significant difference in terms of equipments and autoparts performance.

I do not know to what extend this is just a replacement of equipment fleet, especially for agriculture clients. In your opinion, what is the best fit, I mean the perception of orders and Anfavia data?

Geraldo Santa Catharina:

Mauro, I would like to stress one point here. Obviously we have been following our production on a daily basis, and as we have said before, we do not have input to review the guidance. But, traditionally, Randon, in July, review its planning.

We believe this guidance has to be revisited, but right now we do not have reasons to do so. We have been following up not only demand, but the perspectives for each and every sector. I said, previously, that we also have an order portfolio that can be exhausted month by month, and added the number of quarters, in March, I could even say considering the number of orders we had in April and the perspective for May, if we add them altogether, exhaustion of the order portfolio added to the trend of new orders, as they are now, I think we will be close to the guidance that we said before, 20,000 semitraders.

And I stress again, one thing is the number of orders, and another thing is revenue. That is where you need that balance in the portfolio, and I believe that it will be further detailed, and the level is in 60 days, as I said before. So, that is what we are doing. We do not have any crystal ball.

Yesterday, people from the OEM doing altogether seminar in all presentation to measure the term crystal ball, but they are being more optimistic for cars. We are certainly considering a practical effect, a stronger effect, caused by a reduction in financing. That was the bottleneck and the upturn in refinancing, and also the continuation on the agricultural sector and the outlook for the sector. In some other sectors, no.

Think about the white line refrigerators. We believe these measures also taken by the Government and also represented by BNDES funds, if we add all these measures together, they will further drive the economy. The Government is still working on some GDP projections that are not negative, they are positive, and there is no scientific evidence that this is impossible.

So, considering this scenario, as all our sectors, we believe that the agricultural sector, transportation of fuel, will be maintained. And I am sure that the population that buys a refrigerator for R$500 was much less affected. Certainly, the middle class which usually buys more expensive goods, they were not affected.

So, if you take all these things into account, and the Government measures, this scenario will probably be better than the last six months, and, therefore, performance will be closer to what we are sharing today. And, just to close, I do not have any data here and we do not have official figures at Randon to reconsiders the current guidance, but, if there are any changes, we will be the first ones to say it.

Mauro Rodrigues:

So, what you see from May, April and March is more focused on equipments and autoparts?

Geraldo Santa Catharina:

Well, Hemerson said it before that autoparts are more affected in terms of exports. In the domestic market, there is not a strong improvement, but it still improved. We have four autoparts companies, and they all reported a principal improvement despite being slight. But the trend is positive.

Mauro Rodrigues:

What about the reduction of physical sales at Fras-le? I thought it would be much stronger, considering the GM and Chrysler effect. So, what is the perspective for Fras-le? And what about credit quality in the Company?

Hemerson Fernando de Sousa:

Good morning. As for Fras-le demand, please note that if we consider Grupo Randon Autopart Company, Fras-le is the most exposed to the replacement market. More than 50% of the production is sent to the replacement sector. Therefore, certainly this sector is less affected when we have events related to a drop in the OEM production. And when we specifically address cars, the bulk of Fras-le business are block at heavy components, so even if there is a drop in cars, there is not a direct impact, at least at the same speed, because this piece of equipment, in number of tons, is not so significant.

In Fras-le, for these two reasons, it has this performance that we reported. And it will also have its earnings release conference call, next Thursday, at 2 pm, and maybe Daniel, the IRO, can clarify your questions, but these two drivers explain why Fras-le performance was positive over the quarter.

Mauro Rodrigues:

Thank you. My last question is the following: what is the price strategy adopted by the Company, both in the domestic and foreign market in several segments during the crisis?

Geraldo Santa Catharina:

For semitraders, Mauro, certainly the gross margin for the future mirrored a reduction in volumes, at the same level the economy of scale is positive when we are overselling. And the opposite applies when there is a gap considering the existing structure. So, the major factor for the quarter was sales volumes versus structure available, but it immediately became more aggressive to maintain and gain market.

In some very specific sectors, and I will not be able to get into details now, in order not to deliver the strategy but we had a very good gain of market share over the quarter, very visible results. And it certainly occurred at a faster pace compared to cost reduction under normal circumstances.

Now, during this second moment, with a significant reduction in import costs, we expect to have a balance again and go back to the normal EBITDA margin level. So, the price strategy was more aggressive

Mauro Rodrigues:

Does that apply more to exports, domestic market, car parts, equipment?

Geraldo Santa Catharina:

We cannot tell you for sure, but what I can say is that the domestic market has a strong strategy.

Mauro Rodrigues:

And the foreign market?

Geraldo Santa Catharina:

Well, some markets are already strong. In some of them, we did what we were doing so far. We were certainly impacted by the exchange rate. And as for car parts, we do not have significant differences in the policy as we had before.

Prices are better defined on a global basis; semitraders are far more customized. Some semitraders markets provide the best margins, and in this case we did not change our policy, we still have good performance. As for autoparts, negotiation on a long-term basis. So I cannot say, well, we reduced our part prices, but not necessarily, we stuck to the same policy, and that is really where we work on price, on the full product.

Mauro Rodrigues:

So, what about competitors with financial over the next three months?

Geraldo Santa Catharina:

It is not surprising to have Randon with a good or sound quality, because we have closed capital companies and sometime is hard to the figures. But, at the same time, we never heard of any credit problems in the sector. Undoubtedly, there was a transfer of the banking sector for credit, you know what I am talking about, from small companies, but it is not such a favorable style, credit transfer to companies like Randon. Undoubtedly that was a point for distinction for us. We did not need this additional credit so far. And we struggle all the time to have this credit for our clients, and not for us. But obviously, if we ever need it, we will make use of this credit, but I do not believe we will have any significant problems, because the major companies in the sector have been on for 50 years.

Mauro Rodrigues:

Thank you.

Luis Alberto, Fortes Invest:

Good morning. My question has to do with railcars. Considering the level of use in the plant as a whole, and also flexibility, do you consider being more aggressive in you policy and in your strategy with the railcars? And, therefore reducing the (inaudible) of the plan as a whole?

Focusing on the future, being a stronger industry and in major clients, ALL and the others, so you have very strong gains compared to the competition. Do you believe you will be more aggressive in the future to optimize the use of the plant, as a whole, dilute costs and maybe maintaining your market share above the historical levels for railcars?

Geraldo Santa Catharina:

Well, the basic assumption of every business, including our railcar business, well, we need to deliver results. And, obviously, we maintain this kind of performance overtime, including this business.

We will never do something that is not oriented to this. If we have demand that can deliver results for the Company, we will certainly try to have a broader participation in the railcar market, otherwise it would not be prudent, I do not think our shareholders would be happy with the Companies doing things that do not deliver good results.

Our effort is not only related o market share, but all directions, including exports. We have a whole range of railcars taken by the market, so, naturally, we need to meet the needs of all lines related to railcars at Randon, as much as possible.

This has been very relevant for this quarter, and our railcar is equal to two or three semitraders, as far as price goes so they are very important. And, last year, I remember having mentioned several times the railcar demand moves forward and that was good, because we had exhausted our capacity for semitraders, so it was a good match, and we could even have a higher production but, so far, we do not have any project, we do not have any venture for the future in terms of making any additional investments pr building other plants. So, considering the current export capacity, we can still improve our production if there is the demand for it.

Luis Alberto:

OK. Could you better explain how you negotiate with these clients? Do they place orders to you? Do they check competitors' prices in order to understand the dynamics on price, delivery and costs, or do they come directly with the orders filled for their favorite supplier? It seems to me you could afford to maintain a level of market share, but when I say market share, I am not thinking about anything negative, but maybe capturing a reasonable profitable market, in order to help you maintain a higher dilution of fixed cost for your inventories.

Because you are not with our full capacity for semitraders or trailers, so I would like to better understand how you address to you major clients when they check you and your competitors, considering price, product and delivery terms. Do you think you could be more aggressive to prices? Because you have a good quality product, and maybe you could maintain the level of delivery and orders for railcars above the historical levels, with a higher market share than we saw last year, for instance.

Geraldo Santa Catharina:

Just going back, we have to focus on the demand from railcars, and the demand for railcars, over the last five years, has shown to oscillate a lot. Last year we deliver more than 5,000 railcars in Brazil, and in 2007, it was close to 1,000 and this year we should close at a much lower level than last year, so oscillation is very strong.

And, from the moment we move forward, we can obviously try to improve our market share if we have capacity. In 2008, we lack capacity, we could not be more aggressive in the sector, because we had only one plant, and we had to define traders and semitraders for production purposes, and we also had semitrailers. Our experience, we have been in the market for 60 years for manufacture transportation components and our clients know it very well, especially vis-à-vis the railcar segment.

We have very good recommendation by clients with good product performance, and inevitably we will be included in quotations or bids that may happen in the future. However, we do not have any signs of big orders, at least, we do not see any now. And order flow is more fine tune than for semitraders. We have little buyers, sometimes they can even go to auction. And some of them prefer to balance or to decide the purchases considering current prices. So, that is something very dynamic.

We are involved in several bidding processes, quotations. And from the moment we become more experienced, we can have a better understanding and, therefore, be more competitive too in the same segment.

Hemerson Fernando de Sousa:

Luis, I would like to add to what he said showing a different perception. By the way, it is a personal point. But just because I was involved in some trade and businesses, it seems to me that, in addition to price, price and quality are always key, but we have quality price, product and structure. The finance structure that the client that asks for 200 or 300 pieces of equipment amounting to R$10 million or R$30 million, in some cases, we have six agencies in charge of the finance structure, sometimes BNDES, sometimes a bank, an international leasing agency. So, I noticed that in recent quotations, the finance structure has been key.

From the moment, we can afford to supply or meet the needs. We can be more aggressive with our clients, because, actively, they have to decide who will drive the product, who will deliver, and we would like to both, manufacture and deliver. That is one part of the story who will define who the supplier will be.

Luis Alberto:

OK. Just one last question. When you talk about a very high quotation for railcars, can you see any potential new orders in addition to the total of 340 for 2009?

Geraldo Santa Catharina:

That is feasible, I agree, but so far we do not have any concrete data. From the moment, we have concrete data that will be delivered for the market as a whole.

Luis Alberto:

Thank you.

Operator:

Thank you. Now I would like to give the floor back to Mr. Geraldo Santa Catarina for his final remarks.

Geraldo Santa Catharina:

I would like to thank you all for joining us in this conference call, and I hope we have been able to clarify your questions and contribute to a better understanding of the quarter, although you have already received information last week through Bovespa, but this contact with all of you is very important, so, once again, I would like to invite those who are available to attend our public APIMEC meeting which will take place today, at 4 pm, in São Paulo, at Blue Tree Hotel, on Faria Lima, located at 3909, Brigadeiro Faria Lima avenue.

We will be happy to further discuss with Davi Randon and our CFO, Astor Schmitt, and Hemerson and I will also be there. We will be happy to further discuss with you topics related to Randon Companies businesses this afternoon or in future opportunities.

Thank you, we hope to see you soon.

Operator:

Thank you. This concludes today's presentation. You may disconnect your lines at this time.