

**Operator:**

Good afternoon and welcome to Randon's conference call on the results of the 3Q10. Today we here have with us Mr. Geraldo Santa Catharina, CFO, Holding Division, and Hemerson Fernando de Souza, Executive of IR.

We inform you that this event is being recorded and that during the Company's presentation all participants will be in listen-only mode. We will then start the Q&A session for analysts and investors only, when further information will be provided. Should you need any assistance during the call, please dial \*0 for the operator.

The audio and the presentation are also being simultaneously webcasted at [www.randon.com.br/ir](http://www.randon.com.br/ir).

We would like to let you know that any forward-looking statements made during this conference call, relative to Randon's business outlook, operating and financial projections and goals refer to the Company's management beliefs and premises, and rely on information currently available.

They involve risks, uncertainties, and premises as they relate to future events and, therefore, depend on circumstances that may or may not happen. Investors should understand that any changes in the macroeconomic policies and other operating factors may affect Randon's future performance and leads to results that materially differ from such forward-looking statements.

Now, I would like to hand it over to Mr. Santa Catharina, who will start the presentation. Please, Mr. Santa Catharina, you may go on.

**Geraldo Santa Catharina:**

Good afternoon, ladies and gentlemen. It is a great honor to have you here to present Randon's results for the 3Q and the 9M10. As usual, we will present some highlights of the period, the behavior of the capital market and we will finalize with the Company's outlook for the next quarter.

We are sorry, but I think we are all settled with the technical problem we had. So, I am going to go back to the beginning and I hope the audio is OK for you now. So, we are presenting to you the results of the 3Q10 and also of the 9M10 of Randon S.A. And from the Company we have Hemerson Fernandes Souza, our Executive responsible for Investor Relations.

As I mentioned, and as usual, we are going to show some highlights of the period, a general overview of the market, operating and financial results obtained in the period and year-to-date, the behavior of the capital market and finally we are going to talk about the Company's outlook for the next quarter.

Aiming to facilitate or simplify the understanding of Randon's business that evolved in the last years, I would like to highlight that since the beginning of 2010 the Company started to report the results more focused on its target segments. Because of that, there were changes in the product categories and in the accountings of units sold. The adjusted history can be accessed on the RI site of Randon at [www.randon.com.br/ir](http://www.randon.com.br/ir). In addition should you have any doubts and need further clarification, do not hesitate to contact us.

So, to start our presentation we are going to slide number four, where we can see some numbers that are the highlights of the period. Gross revenues of the 3Q totaled R\$1.49 billion with a growth of 68.1% compared to the same period of 2009 and year-to-date gross revenues added up to R\$4.08 billion, an increase of 55.3% compared to the same period in 2009.

Net consolidated income totaled R\$984.18 million, accounting for a growth of 65.5% year on year, associated basically to the ramp up of the economy and demand. Exports added up to US\$179.02 million in the first 9M10, which accounted for an increase of 52.4% against the same period last year. As for gross margins reached by the Company, year-to-date with a gross margin of 25.6% against 24% reached in the same period of 2009.

EBITDA margin went from 11.5% in the 3Q09 to 14.9% in the 3Q10. EBITDA added up to R\$146.74 million, which accounts for a relevant increase of 114.3% year on year. Net profit, or net income also had a substantial increase of 147.4% compared to the 3Q09, amounting to R\$66.77 million.

In terms of investments for the Company, we accounted for R\$111.2 million in the first 9M10 and R\$51.6 million in the 3Q10 against R\$18.9 million in the same period of last year. A major highlight for the capital market, where the average volume negotiated with the Company's preferred shares got to the end of the 9M10 at R\$5.8 million, with a valuation of 16.4% in the period.

Now, we are going to go in further details about each of the indicators along the presentation. Please, I would like you to go to slide number five, where I am going to show you a brief overview of Randon about the market. In the 3Q we intensified what we had been doing since the 2Q10, as the Country presented an important economic growth. And a reflex of that is continuous increase of our sales in the market, especially the domestic market, today Randon's main source of sales.

We highlight the segments related to agribusiness, mining, and bioenergy, with record production in addition to civil construction, housing, sanitation, energy, and services, recording evolution to its relative share in the total of sales. The total production of trucks was 142,156 units in the first 9M10, a growth of 68.5% in relation to the same period of 2009. Fiscal incentives and special conditions in financing are part of the pillars of support for a continuous growth of sales in the first 9M10.

The exemption of excise tax for trucks, buses, and towed vehicles continued valid until December 31<sup>st</sup>, 2010. Special financing conditions for commercial vehicles offered by the BNDES, with interest between 4.5% and 8% a year, continue in effect until March 2011. Randon has today a very low level of plant idleness, with operation levels above 90% of its capacity.

Now, going to operating results, we can see on slide six the physical sales of each of the segments. In this quarter we can observe consistent growth in all the segments of operation. The main highlight for the period was the beginning of production of 1,150 wagons sold to MRC. The production of wagons will take place until June 2011. The timeline is not completely finalized, however the estimate is that we intend to sell around 350 units still in the year 2010.

Now, going to slide number seven, we have the distribution of sales per basic segment of business, in which we can observe an increase in the share of vehicles and implements, accounting for 49.6% of the total, resulting from demand that continues very intense. In auto parts, demand is also very intense with highlights for breaks and coupling systems, with a growth above 70% a year. Anfavea recorded the production of 142,156 truck units year to date 2010, 68.5% above the same period of 2009.

As for the segment of financial services, according to our planning, we started the operations of the Randon Bank. The financial institution is part of the financial arm of the Company and will be used to support our sales through financing directed to clients and suppliers of Randon companies. We already have the financing contract, and as soon as the Bank operations become more relevant we are going to make available more information regarding them.

Now, going to slide number eight, we show our performance in exports. The external market is resuming its sales orders and product orders in the 3Q, consolidated sales abroad accounted for an increase of 49% compared to the same period of 2009, totaling US\$66.5 million. Year to date there was an increase of 52.4%, totaling US\$179 million in the 9M10, against US\$117.5 million in the first 9M09.

Now, we are going to slide number nine, where we show our total gross revenues that reached R\$1.49 billion in the 3Q10, accounting for a growth of 68.1% when compared to the same period of the previous year. Year to date the gross revenue added up to R\$4.08 billion in the first 9M10, against R\$2.63 billion in the same period of last year, with an increase of 55.3%, a significant increase.

Going to the next slide, number ten, we talk about the net revenues that in the 3Q10 added up to R\$984.2 million, 65.5% above the same period in 2009. Year to date 2010 net revenues added up to R\$2.68 billion that is 53.2% above the first 9M09, where it accounted for R\$1.75 billion.

As for gross margin, going to slide 11, we show the behavior of our gross profit and gross margin. Gross profit accounted for 77.1% growth in the 3Q10 compared to the 3Q09, totaling R\$252.4 million in the 3Q10, with 25.6% of gross margin against 24% in the 3Q09.

If we have the year-to-date comparison, we can see that gross profit or gross income totaled R\$670.2 million in the first 9M10, a 63% increase compared to the same period last year, with 25% of gross margin against 23.5% in the first 9M09.

Likewise, we are going to talk about EBITDA on slide 12, and we show the EBITDA and EBITDA margin in the period. In the 3Q10, as you can see, EBITDA had a broad growth of 147.4% compared to the 3Q09, reaching R\$170.9 million against R\$98.2 million in the same period of 2009.

The EBITDA margin closed at 14.9% compared to the margin of 11.5% in the 3Q09, accounting for a growth of 3.4 p.p. In the comparison of the 9M, total EBITDA added up to R\$455 million in 2010 against R\$213 million in the same period of 2009 accounting for a growth of 88.4%. The EBITDA margin closed the period of 2010 at 14.9%, with an increase of 2.7% in relation to the same period of 2009.

Going on with the issue of profitability, we can see on page 13 that we have the net income obtained by the Company in the 3Q10, it reached R\$66.8 million, a relevant

increase of 147.4% compared to the 3Q09. The percentage of the consolidated net margin was 6.8% in the 3Q10 against 4.5% in the same quarter of 2009. In the accumulated of the 9M10 net profits was R\$170.9 million against R\$98.2 million in the same period of 2009, accounting for a growth of 74% in the months been compared. So, as a whole we can see that in terms of profitability we had vast improvements of our numbers when compared to the growth of revenues as a whole.

Let us talk about investments now on slide 14, we also show the evolution of investments in all Randon companies. In the 3Q10 we accounted for R\$51.6 million in consolidated investments against R\$18.9 million in the 3Q09, an important growth of 173.8% in the comparison year on year. In the 9M, investments year to date accounted R\$111.2 million against R\$84.7 million in the same period of last year, with a growth thus of 31.3% in investments.

We also have some numbers talking about return on net equity. On slide 15 we show the evolution that got to the end of the 9M at R\$1.02 billion which accounts for an average growth rate of 16.36% as compared to the year of 2009. In the last five years, evolution of net worth accounted for an average growth rate of 27.48% a year. Return on equity in the last 12 months calculated in the first 9M10 was 24.3% against 17.6% in the end of 2009. Again, a positive evolution with regards to return on equity.

On slide 16 we show some information about the companies' net indebtedness consolidated of R\$202 million and in the close of September 2000 equivalent to a multiple of 0.4x EBITDA accumulated in the last 12 months. In the same period of 2009, this amount was R\$173.3 million that is 0.5x EBITDA. In both cases, a very conservative leverage.

Going to slide 17, we have information about the capital market and we can observe that in the comparison between January to September of 2010 our preferred shares had a valuation of 16.4%. On September the 30<sup>th</sup>, 2010, the shares were priced at R\$11.90 per share and when compared to the closing of the 3Q09, there was a valuation of 37.1%, therefore 37.1% of valuation in 12 months. We negotiated in the 9M10 91.3 million preferred shares in 133,000 business operations in the market of BM&FBOVESPA. The average daily volume was R\$5.8 million against R\$3.3 million in the same period of 2009, therefore another objective of expanding the Company being achieved.

Finally, we are getting to slide 18, I invite you all to go to slide 18 where we share with our perspective for the future of the Company and some additional information. Following the market dynamics and considering the indicators released, we are working with a very good outlook of growth for the Brazilian companies in the end of 2010 at about 7.6% growth in our GDP as the release in the BACEN report of November 1<sup>st</sup>, 2010.

Another very promising estimate for Randon business is a record agricultural crop harvest and average forecast of 146.8 million tons of grains for 2011. The whole primary sector in agribusiness, mining and bioenergy accounts for record production what propels the transportation of products in an ascending curve.

Another important sector for Randon is the interaction diversified in the Company's businesses in all spheres of our economy which generates consistent results, sustainable in the long term and with good outlook for shareholders, employees, communities and suppliers.

As the highlight of the quarter, we can mention the Company's record revenues due to a fantastic moment in the market of commercial vehicles and load materials in the domestic market and a growing demand for products and services. In the period, Randon recorded numbers that had never been reached before. Although already mentioned in the last two quarters, it is important to highlight the maintenance of financing conditions offered by the BNDES for the acquisition of commercial vehicles that was delayed until March 2011. So, until March 2011 people are going to have the conditions of financing preserved by the BNDES. In addition, we believe that the Country's macroeconomic factors are stable, the change of administration in the Government does not signalize any changes in the economy, minimizing any concerns.

Finally, we believe that Randon together with its operational efficiency, experienced management and leadership in the industry especially after this fantastic resume of its rates, and advancing the economy with available credit for the Company and for customers, with reestablished trust we have exceptional conditions to grow and maintain our results.

I would like now to close our brief presentation of today and thank you for your attention. We are going to open now for the question and answers, and Hemerson and I are here to answer any of your demands. Thank you very much.

**Renato Mimica, Merrill Lynch:**

Good afternoon, everyone. Thanks for the call. My question is more related to the Company's strategic areas, more related to management, I would like to you to talk about the use of capacity of your segments and to give us an idea of what you think it is going to be in terms of organic expansion in the next years, and how would you be preparing yourselves for a potentially stronger growth for 2011, especially because of the extension of the PIS, so organic growth.

And also for new businesses, if you could talk a bit about the acquisitions market and if that has been a focus for the Company more recently. Thank you very much.

**Geraldo Santa Catharina:**

Well, Renato, Hemerson is here, thank you for your questions, it is a pleasure to have had you with us. Hemerson is going to start and I am going to comment on that later on.

**Hemerson Fernando de Souza:**

Hello, Renato. Good afternoon, everyone. Indeed we are going through a fantastic moment of our Company, I remember that when we had our business plan of the year of 2010 in November and December 2009, none of us ever thought that we would have these levels of operation of production in the year of 2010. And we reviewed our guidance, we revived it in the half of this year and now with the 3Q completed we saw that we were still conservative numbers.

So, we are operating basically above our capacity, especially in towed vehicles and auto parts. We are operating about 90%, so there is still some room for growth. We had expected for the year R\$200 million in investments and the R\$200 million will support an increase of capacity of 8% to 10%.

We should complete the investments until the end of the year, I do not know if the whole of the volume, year to date we only invested only R\$150 million, but the idea is to have another quarter and if not all of it, at least a good part of the R\$200 million is going to be invested. And if not this year, we are going to start next year with the investments going on to support the growth of demand of 2011. I am going to turn it over to Geraldo who is going to talk about business and then I am going to talk about the replacement market.

**Renato Mimica:**

OK. Thank you.

**Geraldo Santa Catharina:**

I will try to be brief because what we can say is what is public about expansion plans. But we have a chart that was presented this morning at APIMEC in Rio de Janeiro, and it shows that in the last 15 years Randon grew at a weighted average of 17% a year. Of course, there were oscillations in the period, we had the creation of new companies and etc., but what is important is that we captured market, we started to work in the external market, and even in the domestic market, stretching out our operations. 17% a year is a substantial growth, and what I can tell you is that the Company has its ambition and desire to keep the level of historical growth it has had in recent years and for that we have to be prepared with investments, of course.

In the last five years, from 2005 to 2009, we invested almost R\$850 million to R\$900 million to really double our revenues. And for us to give continuity to this process, we certainly will have to continue increasing our investments for the next five years, we still do not have the numbers but certainly it is going to be proportional to the investments that we made in the last five years.

And to complement I can tell you the following, for us to be able to reach a growth of 10%, 15% in our history, and to maintain this performance, we cannot just have organic growth. So obviously depends on approvals and projects that will come up. We will need non-organic growth as well. I do not know what kind of projects we could embrace, but for us to continue growing at previous or historical levels, we will have to make investments for inorganic or non-organic growth. I do not know which ones they are, but they will need investments.

**Renato Mimica:**

OK. Thank you very much me.

**Hemerson Fernando de Souza:**

And our sales today in auto parts, we have about 15% of what we sell in this segment directed to the replacement market. Thinking that a part of what we export is also for replacement, the number can go to 20%, 22%. So we recognize that the replacement market is certainly a great opportunity for Randon in the next years.

You know that thousands of trucks leave the OEMs today with components of our companies in brakes, articulation, coupling elements. So we understand that there is

room in this market. In our expansion plan we also have something to be a bit more aggressive in the replacement market.

**Renato Mimica:**

OK, gentlemen. Thank you very much.

**Nikolai Sebrell, Morgan Stanley:**

Good afternoon. I have a question about gross revenues. If the revenue is going up, why the gross revenue is below 2008 and 2007? What can you do to improve your margin?

**Geraldo Santa Catharina:**

Nikolai, is a pleasure to hear you. We have been saying in all our meetings that the margins of 2008 were exceptional, they were a point outside the curve, but a normalized margin of EBITDA, per example, between 14% and 15% would be the normal margin of the segment, and one of the best in the companies that we can compare to ours.

We work with fixed costs. With regards to variable costs, which are the predominant costs, 80% is raw material, we have permanent negotiations with the supply chains, we have imports, but I do not want to create much expectation that we are going to grow our margins considerably along the next periods.

We are constantly fighting for them, we want to preserve our margins, our markets rather than really expand our margins. So we do not have much room for maneuver to grow our margins.

**Nikolai Sebrell:**

OK. Thank you very much.

**Cristiane Fensterseifer, Banco Geração Futuro:**

Good afternoon. Congratulations on your results. My question is also about exports. Some of your subsidiaries have relevant growth in the quarter, and I would like to know your thoughts about exports for the end of the year and for 2011, what are your ideas?

And in terms of margin, if we can consider at least for the 4Q10 some expansion, because I think it is going to be one of the strongest quarters, escaping a bit of the seasonality of the industry.

**Hemerson Fernando de Souza:**

Cristiane, thank you for your question. We understand that perhaps the 3Q, because we had more work days, it should be the best quarter of the year. This is not a statement, because we do not have a crystal ball to know if the 4Q is going to be better, relatively speaking or not. But we know that some companies are going to have collective vacations period, we are going to have several holidays in the period, altogether you have several days that we are not going to be working, and that is

probably going to contribute for us to have a slightly lower revenue than what we had in the 3Q.

As for margins, Geraldo already mentioned that in Nikolai's answer, but anyway, we believe that the levels of margins that we are operating today are very challenging for the segments where we operate.

Of course margins are not the same as what we have consolidated in any manufacturer like us in the world, and very few manufacturers of auto parts can have the margins that we have today in Randon's companies, and this is a reason for pride. We always say that we are very proud of our numbers, and the challenge is really to maintain, to keep our numbers. And, who knows, if we have higher capacity, we can have slightly better numbers, but nothing really different from what we have been recording in the recent quarters.

As for exports, I am going to talk about our forecast, and I think we can extend a bit, and I am going to ask Geraldo to talk a bit about exchange. Indeed this year is US\$220 million. The numbers should be realized as planned, markets are resuming, especially sales for trailers in South America, countries like Chile, Argentina, even to Africa we have had good results.

And with regards to auto parts, the American market is already buying as it bought last year, even with some evolution, and a slow pickup on sales in Europe, and that has been bringing Europe back to the game, but in a different situation than that we experienced in previous years.

Now Geraldo is going to talk about the exchange issue.

**Geraldo Santa Catharina:**

Cristiane, I would just like to talk about that marginally, but we all know that a 'full house' as we say, which is very good use of our capacity, especially in semitrailers, where it is much more customized, we have a very good effect on our tax savings. I have a very good perception that in the levels that we are operating today, our margin would get better. But again, it is an improvement of margin because we are using the means of production more efficiently, it is not a relationship price-cost. Then it is very difficult, because the market is increasingly competitive.

Exports this year of US\$220 million are being performed regularly, the market that is a bit more competitive, NAFTA, is responding, especially through Fras-le, that is the largest exporter of materials, practically 40% or something like that are from Fras-le, and all exports made by Randon at this year generated acceptable margin levels, and this is important.

What happens is that the exchange rate is really not what we had expected, not in our strategic planning; and I think in no one's strategic planning. This is an issue that we do not know how it is going to be developed for the next year.

We are working on our planning for 2011, so I really cannot tell you if are going to have a planning more directed to the domestic market, or if we are going to further explore the external market, even with the exchange rate situation. And as soon as we have further information, we are going to let you know, but today I really cannot tell you if 2011 will have more or less export. What I can tell you is that the exchange rate is

enabling us to export and to maintain market, but I do not know if we are going to extend a little or a lot in the next year.

**Cristiane Fensterseifer:**

OK. Thank you very much for your answers.

**Rogério Araújo, Flow Corretora:**

Good afternoon, everybody. I would like to ask a question that you already answered partially, but I would like to elaborate a bit more on the auto parts segment, because Fras-le had an increase on revenues that is a lot more timid than the whole of Randon. I would like to know if this is the exchange rate effect, to give more details on that.

**Hemerson Fernando de Souza:**

Rogério, I think you are correct. If you are going to analyze in the consolidated number of auto parts we reported in the quarter, margins per segment, and in the APIMEC this morning we had that, auto parts had lower levels than what we had reported previously. But when you add up the result of Fras-le you have the consolidated result.

Fras-le is not growing more or less than others, it is a Company that is a lot more stable than others in the group. It is exposed to different kinds of markets. If you consider 2009, it was the only one of the Group's companies that went down less, it did not go down. At that time it contributed positively for us to have a better performance.

The difference this year is that the market is very heated up, other companies have better results because of this market. Fras-le, because it is more exposed to the replacement market, and export market has been showing more regular results. It has not change. We believe that this is part of the game, and we hope that Fras-le seeks, as it has been doing, other opportunities, in other markets, for it to grow more, but believe that everyone there is working for this to happen as soon as possible.

**Geraldo Santa Catharina:**

I would just like to complement, Rogério, with an additional piece of information, just for you to remember, that with the exchange rate of R\$1.70 as it is today, or close to R\$1.70, we have a problem of volume. What happens is you have less Reais, because the physical quantity has a different behavior of the number of Reais that were accounted for in the balance sheet.

**Rogério Araújo:**

If you allow me, I have just one more question. The utilization of capacity for you, you want to keep margin, but now you have a limited space for fixed costs, for gaining scale in terms of production. Is that correct?

**Geraldo Santa Catharina:**

Yes.

**Rogério Araújo:**

OK. Thank you very much.

**Victor Pena, Banco do Brasil:**

Good afternoon, everyone. I would like to ask a question about the wagon segment, the 219 that were invoiced, is this volume just MRC? And have you already settled all the demand of Mitsui and Rumo or if you have any contracts on site for the next months, any new contract.

And also I would like to know about Castertech, if we can expect a more considerable performance in the company's general performance because it is very timid this year even in issues like the increase of margin etc.

**Hemerson Fernando de Souza:**

Well, Victor, I am going to answer about wagons and then Geraldo is going to talk about the second part of your question. In terms of wagons in the 3Q, we accounted for sales that were already regarding the beginning of the year, working with logistics.

We already started and it is in the quantity we reported today, the production of the wagons to MRC, 350 units are to be delivered this year, already including a percentage that I do not have here to tell you that was reported together with the units of the quarter. We do not have any new business to be announced today, but we can tell you that we have a very good outlook for next year and obviously, as soon we can we will release the news to the market.

**Victor Pena:**

OK. Thank you very much.

**Geraldo Santa Catharina:**

As for Castertech, indeed it had a period of learning, of foundry, something very new in the Company and it is an important business. It is part of the integration process in our production chain and in this 4Q of the year we had the excellent news that we had Ford's approval. You know that our components need the approvals of OEM, so we already have the first approval of Ford, others are to come and now it is operating more and more in a regular basis.

So, our expectation for this year is to stop weakly losses, and for that we capitalized the company. It was in a premeditated manner, with the capital structure that was not quite suitable, it had very little own capital and we suited that with a capitalization process. But what is important operationally speaking in that next year it will have the challenge of getting to breakeven and gets to a considerable percentage of capacity. It is a learning curve, we believe that 2011 it is going to start moving on and I think that in 2012 we may perhaps be producing 30,000 tons that we expect.

**Victor Pena:**

OK. Thank you very much.

**Fernando Gonçalves, Morgan Stanley:**

Well, first, congratulations on your results. Do you have any news about the growth of revenues in 2011? How are you and Randon's clients seeing the sale of trucks for next year with the end of FINAME?

**Geraldo Santa Catharina:**

OK. I am going to try to split the question. The issue of FINAME has been fairly explored in other occasions and even in this conference call we talked about that. Of course that with the incentive that BNDES provided by means of financing and with the tax incentive with the excise tax that is going to be closed in December, we probably had some pre-purchases, and we do not have the number scientifically calculated, we cannot have that. Obviously those that needed, which believed in the growth of the Country tried to do so beforehand to make use of this opportunity.

The effect that we are going to have for next year is still unknown, we do not have this information, we are still building the strategic planning for next year and the information from the automotive industry and the truck industry as a whole is an important base for our planning.

So, we have the growth of the Country that is expected and the behavior of the industry as a whole and this is used as the main guidance for us to establish the planning for next year.

The issue of Euro 5 I am going to ask Hemerson to answer because it works as a kind of compensation in theory for this. Hemerson, could you please complement?

**Hemerson Fernando de Souza:**

Well, Fernando, all OEM people in the truck segment, presidents, commercial officers, believe that Euro 5 will pose an opportunity for anticipated purchases, especially in the 2Q11. We do not have official numbers in the industry, but the idea is that the truck market is going to behave at least similarly to 2010, with an eventual moderated growth.

But we still need the numbers to be a bit lapidated for us to be sure about that, but that is what we are working with. That will at least reproduced the excellent the year of 2010, with a growth that was much above what we expected. Trucks, for you to have an idea, considering the 9M of the year are almost at 70% growth, so obviously we are not going to have this level of growth every year, it was a record year, it was the best in our history. But let us wait for the numbers to be released and certainly Euro 5 is going to be an opportunity for us to sell more trucks in 2011.

**Geraldo Santa Catharina:**

I remind you all that are listening to us that certainly, I do not know if it is December or January, but at some point around the beginning of 2011, we will as usual release the Company's main guidelines, but all of them backed by our planning that we are developing now. So we have a time interval to wait so that we can release this information to you.

**Fernando Gonçalves:**

OK. If I can a second question, in the 3Q you had a substantial increase in your long-term debt, any specific reason for that?

**Geraldo Santa Catharina:**

Well, we borrowed R\$350 million in operations that are backed on exports and these are Government incentives to compensate for the exchange rate issues. Basically we used an opportunity that the market, the BNDES offered to exporters and Randon as an exporter borrowed R\$350 million to pay in a three-year time. This is the reason, the gross debt, because the net debt in practice went down.

**Fernando Gonçalves:**

OK. Thank you very much.

**Mathias Dietericht, Solidus:**

Good afternoon, everybody. I have two questions. First, you already talked that you are operating with a capacity above 90% and I would like to know if you expect any bottleneck in any of your lines, if you are going to have problems in the short term. And also, in the end of the year, how is the industry getting prepared? Because there is a very strong demand, can it be because of vacations and everything, do you think it is going to be a period with less collective vacation?

**Hemerson Fernando de Souza:**

Hello, Mathias, I am going to talk about collective vacations and then Geraldo is going to answer the first question. We in Randon are still developing the planning for our vacation, because we have to provide vacations, collective or selective vacations. And there is this concern in the Company of taking advantage of the demand that is very high, but on the other hand we know that some OEMs are going to have collective vacations to their employees, it does not make sense for us to work without having a market. We will probably have a bit more news about that in the next days, because that has to be voted, talked to employees, with the trade union, but some of Randon companies will probably have collective vacation for the last week of December and first week of January, but that has not been approved yet, and we will let you know further on in the year.

**Geraldo Santa Catharina:**

As for possible bottlenecks in production, I do not think, Mathias, we are going to have any problem in any specific area, quite the opposite. I can tell you that this dilution of this expressive lot of wagons, this dilution along the month is very important for us so that we can organize our production and for the line to be more efficient.

I always remind you that having 1,150 of products all the same and being able to program everything at the right time is, you know, in the wish list of all directors and officers. So it is really an opportunity to have the production lines and to always have a backlog in our product portfolio between 2, 3, 3.5 months of production. This is a healthy number for us to organize our production line.

This very important given the variety of products that the same Randon plant produces and even those products that are made in São Paulo, in Argentina, in places other than its main sites. But there is no information about bottlenecks. We are working very well with this issue, and when we talk about investments, people think of machinery, buildings and people, but we are working strongly on training people and processes, these are two main issues we are working with.

**Mathias Dietericht:**

OK. Thank you very much.

**Operator:**

Thank you. Since there are no further questions, I am going to turn it over to Mr. Geraldo Catharina for his final considerations. Please, you may go on.

**Geraldo Santa Catharina:**

First of all, I would like to like to apologize for the technical problem that we had in the beginning of our conference. That was a problem of technical communication, it was settled fortunately. Second, I would like to emphasize that this morning we came from a very successful APIMEC in Rio de Janeiro, we are now in Belo Horizonte, where we are resuming contact with local investors with an APIMEC that is going to be held at 6 p.m. and we are very happy to be expending our practices of transparency and of releasing information to the market.

I would also like to highlight that in the annual calendar of events, we always try to add something new or intensify good practices. So, with a stronger team of investor relations we are trying to work better and better and we are coming from an intensive period of road shows in Europe and in the United States that altogether added up to more than 30 days and more than 15 meetings with investors to really give information for foreign investments that today practically account for 22% of all the Company's shares, 22% or 23% of our shares are in the hands of foreign investors that come from the United States and Europe and also Asians and South Americans.

Finally, I would like to thank you all for your participation, and once again should you have any questions or any further clarifications, do not hesitate to contact our IR area for the due information. It will be a pleasure to talk to you about our businesses, and see you next time. Thank you very much.

**Operator:**

Thank you. Randon's audio conference with the results of the 3Q is now closed. We thank you for your attendance, and have a nice afternoon.

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