Operator:

Good morning, and welcome to the conference call of Randon having to do with the results of the 4Q11.

Today with us are 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 is being recorded, and that during the presentation participants will be connected in listen-only mode. We will then begin the Q&A session, just for analysts and investors, when you will receive further instructions. Should you require assistance during this call, please press *0 to reach the operator.

The audio and the presentation are being broadcast over the Internet, at www.randon.com.br/ir.

We would like to clarify that any forward-looking statements that may be made during this conference call relative to the business outlook of Randon, projections, and financial and operational targets are based on beliefs and assumptions of the Company's management and on information currently available. They involve risks, uncertainties, and premises as they refer to future events and depend on circumstances that may or may not materialize.

Investors should understand that general economic conditions, industry conditions, and other operating factors could affect the future results of Randon and could cause results to differ materially from those expressed in such forward-looking statements.

I would now like to turn the conference over to Mr. Santa Catharina, who will begin his presentation. You may proceed, sir.

Geraldo Santa Catharina:

Good morning, ladies and gentlemen. To us from Randon it is a pleasure to present the results of the 4Q11 and the accumulated results of 2011. This is a tradition. We present our results on a quarterly basis, and the presentation that we are going to make will be in line with those that we made in the previous periods. Today we have with us Fernando de Souza, Investor Relations Executive, who is having a first contact with our investors.

I would like to say that we are going to present some highlights of the period, market overview, operating results and financial results for the 4Q11 and for the year of 2011. We are also going to make some comments about the stock market and we are going to give an outlook for the current year. To facilitate and simplify the understanding of Randon's business, I would like to highlight that for more than a year the Company has been reporting results focusing on different segments of operation. There have been changes in the categories of products and in the invoicing. We have an adjusted history of the Company for comparison purposes and you can have access to our IR site, at www.randon.com.br/ir.

Additionally, we remain available to take any questions you might have after the presentation.

And just beginning, let us, please, move to slide four where we can see the highlights of the period. The gross revenue for 2011 was R$6.4 billion, 14.1% growth as compared with 2010. The net consolidated revenue totaled R$4.2 billion in 2011, an 11.8% growth vis-à-vis 2010. Exports reached more than US$88 million in the 4Q, and grew expressively relative to 2010. Exports reached US$294.4 million, very positive performance of exports.

As regards gross margin and net margin, at the end of 2011 our gross margin was 24.5% and the EBITDA margin was 13.4%. On consolidated basis the EBITDA totaled R$556.7 million, a 2.8% increase relative to 2010. The net income in the year totaled R$269.1 million, that is 7.9% above 2010.

As regards investments, we invested R$248.3 million in 2010, a 33.4% growth relative to 2010. We have maintained the same levels of previous years. As regards the stock market, the daily volume of the ordinary shares of the Company achieved R$8.6 million traded vis-à-vis R$6.8 million in 2010, 194.4 million preferred shares were traded in the year. This is one of our objectives to ensure liquidity.

I will now give you further details on the indicators. Let us move to slide five, where I will give you an overview of the market. The Brazilian economy grew approximately 3%, and this had a small impact on the automotive market. There was a 0.7% growth relative to 2010, and the data are from the Brazilian automotive industry association.

As regards exports, they had a strong impact on 2011 and grew 22.5% relative to 2010. Exports accounted for 11.9% of the consolidated net revenue in 2011. As the market knows, the production of trucks has an impact on our results because of the demand of auto parts. We mostly sell to truck manufacturers, and a total of 216,270 units of trucks were built in 2011, up 13.9% relative to 2010. There was a positive effect of the early purchase of auto parts for trucks.

On slide six we have the operating results. We have the sales per segment and the main highlights in 2011 were the sales of auto parts, especially in cast products, we sold 16,524 units in 2011, a 249% increase relative to 2010. There was a growth in most of the segments. As you also know, Castertech, our founding arm, is ramping up which justifies this increase in production. There was a high demand for trucks in the year, and this in turn had a positive impact in auto parts.

As regards vehicles and road equipment, we would like to highlight the R line, which drove all the line of sold vehicles in the Company.

On slide seven we see the breakout of sales per segment, and we see that the indexes were similar to the previous years. For auto parts, the volume of sales remains stable, and with a good level of activity.

Moving on to slide eight, we see the exports. In the 4Q11 there was a 47.4% increase relative to the 4Q10 and we reached US$88.5 million. On the year-on-year comparison, exports totaled US$294 million, a 22.5% increase relative to 2010. We are increasingly strong abroad, and I would like to highlight our Argentinean plant, our Chinese plant, and the United States, in addition to the distribution center of Fras-le in Europe. These operations totaled

US$108 million, having to do with shipping from abroad, which is very important for our results.

On slide nine we see the net growth revenue. R$1.606 billion, a 6.3% increase relative to the same period last year. We are considering intercompany sales and taxes. When we compare 2011 to 2010, the total growth revenue reached R$6.385 billion, a 14.1% growth relative to 2010, a performance that was very much in line with the expected.

On slide ten we have the consolidated net revenue, which amounted to R$1.03 billion, 0.1% increase relative to the 4Q10. When we compare year on year, there was an 11.8% growth, totaling R$4.15 billion in 2011.

Moving on to slide 11, we see our gross profit and gross margin. Our gross profit decreased 6.6% relative to the 4Q10, and totaled R$228.9 million in the 4Q11, with a 22.1% gross margin relative to 23.7% in the 4Q10. There was a small decrease in the gross margin, which had to do with adjustments of some expenses having to do with a new management system implementation, the SAP system, and throughout the quarter we had some R$20 million of adjustments.

Also the expected revenues did not materialize as we had difficulties in the financing process in some lines of products, and therefore also the fixed costs were higher, which had an impact on the performance in the quarter. We can clarify that further in the Q&A session.

We had R$1.2 billion in gross profit, 12.4% above last year, with a gross margin of 24.5% relative to 24.4% in 2010, a gross margin that was very similar to 2010. And then we also had, on the left-hand side, the CAGR in five years, which was 11%. And the gross margin was 24.5% at the end of 2011, a very stable performance of our gross margin.

On slide 12 we see the EBITDA and the EBITDA margin. On the 4Q EBITDA decreased 23.8% relative to the EBITDA of the 4Q10, and reached R$104.9 million, relative to R$137.6 million in the 4Q10. The EBITDA margin in the 4Q was 10.1%, relative to 13.3% in the 4Q10. There was an increase in commercial expenses as we have to pay commissions, these are non-recurring expenses, and also having to do with freight.

So, the gross margin with the increase in expenses also had an impact on the net results. There was a 2.8% growth in EBITDA, and we reached R$566.7 million at the end of 2011, with an EBITDA margin of 13.4%, relative to 14.6% in the end of 2010. This had to do with the events that I have already mentioned, that accounted for the decrease in our yearly performance.

On slide 13 we have the net profit, which in the 4Q11 reached R$50.2 million, a decrease by 37.3% relative to the 4Q10. The consolidated net margin was 4.5% in this quarter, relative to 7.8% in the 4Q10. Year on year, net income totaled R$269.1 million, a 7.9% growth relative to 2010, with a net margin of 6.5% relative to 6.7% in 2010. In the accumulated last five years, our net margin had a CAGR of 11.62%, and the net margin at the end of 2011 was 6.5%.

On slide 14 we see the breakdown and the consolidated accrued income statement by market. As you can see, the Company's performance has been sustained in time, although there was some impact in the period. There is a good balance among the contribution of different areas of the Company.

On slide 15, we see a bit of the investments of the Randon company. When we compare quarter on quarter there was a 26.7% increase, and in the accumulated for the year we had investments of R$248.3 million, a 33.4% increase relative to the previous year. In 2010 we invested R$186.2 million. And from 2007 through 2011, the CAGR was 6% in terms of investments.

On slide 16 we see the shareholders' equity, which reached R$1.35 billion, and the CAGR of the shareholders' equity in the last five years was 21.4%. This also includes some adjustments that we had to make to ensure legal compliance in 2010 and 2011, adjustments to present value, adjustments to the shareholders' equity according to the legislation, and of course also having to do with the profit. The return on equity, therefore, in 2011 was 23% vis-à-vis 25% in 2010, a small reduction.

On slide 17 we see the net indebtedness of the Company, which reached R$383 million at yearend, multiple of 0.69x the EBITDA. In 2010 that amount was R$71 million, which was 0.15x the EBITDA.

The rise in indebtedness had to do with the increase in working capital that we need to further strengthen our procedures, and also we have a buffered stock of finished products and raw materials.

Also the increase in working capital, this has to do with the ERP system that we are implementing as it requires an accommodation of all the management systems, and therefore at some point during implementation efficiency is hurt. This is being sorted out and we are going back to normal.

As regard the stock market, on slide 18, in the 4Q11 the trading volume was R$8.6 million, relative to R$6.8 million in 2010, from January through December 2011, 194 million shares were negotiated in 367,000 trade operations in Bovespa, and the share price was R$8.52 at the end of 2011, relative to R$12.29 at the end of 2010.

The Company also has had good news relative to new orders for hopper cars, and you can see that on slide 19. This is very refreshing news, we are going to manufacture 540 hopper wagons and platforms for the transportation of grain and fertilizers and general cargo. This will be delivered at the 2H12, and the remaining cars will be delivered at the end of 2012.

On slide 20 we see some indicators for the revenue in the 1Q. The consolidated revenue by the end of January totaled R$146 million; that is a decrease by 43.9% vis-à-vis January 2011. This drop in the beginning of the year had to do with the following reasons. The cyclical demand, usually demand is slow in the beginning of the year, but that was not the case in 2011 and 2010 because the market was strong. So, what actually happened was that the last two years were very unusual in terms of demand in January.

There was pre-production in 2011, and the production of trucks decreased in January, only 3,400 units were produced, which has an impact on our production of components; that is a 75% decrease relative to January 2011.

It is also holiday season in December and January, which was good for us; it has allowed us to further work on the implementation of SAP when the production was low. We are implementing the new ERP system; actually we implemented the new ERP successfully throughout the Randon Companies, and we are operating the system now. We are integrating and standardizing processes using the new system, which is essential for us to promote synergies among the Group, and also it will allow us to grow more strongly and in a speedier fashion. Of course we are going to have progressive gains in terms of serving our users.

And on slide 21 we present the outlook for 2012. I am going just to reinforce that we have total growth revenue of R$6.1 billion for the year, consolidated net revenue of R$4.2 billion, exports of US$330 million, imports of US$150 million, and investments in the region of US$400 million.

This is a more difficult quarter, but we reiterate our confidence in the resumption of business, and we would also like to highlight that the outlook for the year is, as you can see, in slide 21.

And also, on slide 22 we have the outlook for Randon's future in the short term and medium term. We are considering the indicators that have been disclosed, and we work with 3.3% growth for the Brazilian economy in 2012.

In 2010, Brazil grew exceptionally, and the estimation is that GDP should grow 3.3% in 2012, and this will have, of course, an impact on the Company's business. In line with the good performance in 2011, we have a positive outlook ahead. The crops will be 157 million tons, and also a positive factor for us is the integration of different businesses in different areas of operation. It allows us to have sustainable results in the long term, and, as I said on slide 19, we are going to deliver the first tranche of the 540 wagons, and the rest of the order will be delivered at the end of 2012.

We have also completed the ERP implementation in 2011, and this had an ad hoc effect on our result, especially in terms of efficiency. But despite that, we believe we are going to gain efficiency in the process and synergies. In the short term we will have considerable gain and better decision making in the planning for the next few years.

The other important thing has to do with the performance of the Company abroad, in its foreign market. The level of sales in 2011 was positive, and we believe that it will be positive as well in 2012.

And we would also like to highlight that Randon will continue to grow. We are going to maintain production, we have new orders coming in, our mix of products also has had excellent acceptance in the market, and this will allow us to achieve very good indicators for 2012.

I would now like to end the presentation by thanking you all for participating. And I would now like to open for the Q&A session, where you will be able to clarify any doubts you might have. I remain available, as well as Hemerson, for your questions.

Bruno Savaris, Credit Suisse:

Good morning to all. Thank you very much for the call. I have two questions. The first one has to do with the competitive landscape as regard trailers and tow vehicles. There is a player who had a very aggressive policy in the 2H11. Do you expect that policy to finish or should it continue throughout 2012? That is the first question.

The second question has to do with the demand, as regard tow vehicles in 2012. What do you anticipate for 2012? Is there space for you to gain market?

Hemerson Fernando de Souza:

Good morning all. I am going to take the first question, about the competitive landscape, and Geraldo is going to answer the second question. In fact, the competitive landscape is now back to normal. We have a bit more difficulty now in maintaining prices, but what we have seen in the market is that it is more or less back to normal. There was greater pressure in the 2H11, but in the 4Q this pressure eased a little bit.

As regards the semitrailer market, I will pass the word to Geraldo.

Geraldo Santa Catharina:

We have not changed our expectations of October and November because we see that the production of trucks and components, the implementation of the ERP, all of these things now, together with Euro 5, it is our understanding that the business is performing in line with the expected for the year. Last year, the performance was above any type of expectation.

This year, there may be an accommodation and a different mix of products, and also compensation with the other areas, the areas of vehicles and equipment, like backhoes and railcars. There is great opportunity there as well.

We are optimistic relative to that area of business, which accounts for 50% of the Company's business, and this area is expected to perform better.

Bruno Savaris:

If you allow me a follow-up question, you disclosed yesterday the revenue of January 2012, and I would like to know if you can tell us a little bit about February, and if you can give us a breakdown between auto parts and trailers and semitrailers, there was a 44% drop of revenues in January.

Geraldo Santa Catharina:

This is not part of the call. The only comment I can make is that the activities are in the pace we expected regarding the implementation of our system. The system is running, and the revenue of January was for 15 days of production and revenue.

Because of the reasons we commented on, in February the revenues will be better than January. And as we said during the presentation, we expect to go back to normal in March or April. But it is the market, the market is going to dictate how we are going to perform, but we are performing better every day as regards the system we implemented.

And just complementing, we report revenues on a monthly basis, of course every quarter we make a report without the lines, and we already give more than what the market requires, and we disclose mostly revenues. Of course a reduction in the production of trucks, as the market knows, there was a reduction of over 70% in the month of January, and this, of course, has a direct impact in our auto parts operation.

What we can say at this point is that the month of January does not reflect the performance of our business. A quarter is even too short. But we believe that this is going to be regularized very shortly.

Bruno Savaris:

Thank you very much.

Ricardo Alves, Morgan Stanley:

Good afternoon. Thank you for the call. I have two questions. First, when you explained the reasons why costs increased in the 4Q, you mentioned delayed revenues because of financing issues that, in turn, had an impact on fixed costs. Could you give us a bit more color about that? This is the first question.

And then, the second question has to do with the following: the beginning of the year is relatively slow because of holidays, Euro 5 and so on, but a recovery will take place in March or April, maybe. Where should the recovery come, is it in rail cars or exports? Can you give us a bit more color about this?

Geraldo Santa Catharina:

The fixed costs were directly impacted in the quarter, especially in December, because there was a delay in the invoicing of some lines of products, especially in rail cars. Because of the way they are manufactured, we had to prepare people, materials, raw materials, production means to be able to comply with the contract. This contract involves large amounts and, therefore, we cannot expect the financing to be completely sorted out to begin to buy raw material; that is not how the market works.

So, in the last quarter we had to increase infrastructure and working capital because of this batch of cars and wagons that we are now delivering, and also because of some product lines for which the demand was higher in the last quarter, and which required some efforts as well.

These problems did not have to do with restrictions, having to do with the development bank or banking agents, no. They had a lot more to do with practical issues. Funding is quite faster playing through agents when it is a simply thing, but when it involves larger amounts, they are more complex and, therefore, they take longer to be sorted out. For our type of activity, one or two months is a long time, so this is what happened.

And as regard recovery, I would like to pass it on to Hemerson, and then I can add something, should that be the case.

Hemerson Fernando de Souza:

Good morning, Ricardo. In the beginning of 2012, we saw that some factors are performing better relative to others. The railcar area is expected to have the same performance and even above what we had in 2011, with an increase in volume. The order that was placed reinforces that. We also have exports underway, and our expectation is positive, although this segment accounts for 5%, 6% of our consolidated revenue.

Also in machinery and equipment, especially backhoes and off-road trucks, the scenario is very positive, having to do with the infrastructure work in the Country's sports events, PAC 2, Minha Casa, Minha Vida government program, and we have received requests for estimates and quotes in the sector, and we are going to report briefly to the market how this is playing out.

This is also an area that is going to perform well, we believe that the auto parts business is going to perform a little bit slower, and also we are making a strong bet on more capacity so that we can have even a better year in terms of tow vehicles, even though the market may be a bit tougher.

We bought an operation in Santa Catarina, and our capacity will be a little bit above the capacity we had in 2011, and we are going to try to maximize that capacity.

Ricardo Alves:

Thank you very much.

Cássio Lucin, J. Safra:

I have two questions, the first has to do with the quarter. I would like to understand the operational performance, the EBITDA margin around 17%, 18%, and in the last quarter it was 15.4%. I would like to understand what happened in this business line.

And the second question has to do with the following: what is the replacement rate of your products? How do you revitalize your products relative to the competition?

Hemerson Fernando de Souza:

Could you repeat the first question? I could not hear it.

Cássio Lucin:

Relative to yours, what happened in the last quarter in terms of operating revenue? The EBITDA margin was 17%, 18% in the first three quarters, and the margin for the 4Q was 5%. What happens, especially relative to that business? You got the other question, right?

Hemerson Fernando de Souza:

If you can repeat it.

Cássio Lucin:

The other question has to do with the average replacement rate of your products relative to the competition.

Hemerson Fernando de Souza:

As regards Jost, I have some figures. The margins are a bit lower, not only in Jost but the auto parts at large had a smaller margin during 2011. We had issues regarding freight, commercial expenses, express freight, and we ended up paying some more freight that had an impact on the quarter. Some of them were also retroactive, and were, therefore, non-recurring; nonetheless there was an impact of freight in our commercial expenses. This was so for Jost, for Suspensys, and for Master as well. So, this explains a bit this crazy margin.

And the other thing is a change in the mix of products. In December we produced a bit less for the manufacturers because of the transition from Euro 3 to Euro 5, and this explains, in general terms, why the performance was a bit lower.

Cássio Lucin:

Let me correct you, the margin was a lot lower, it was actually 8% or 9% in the 4Q, was it not?

Hemerson Fernando de Souza:

I have the consolidated data here, but there was an increase in expenses. I can check everything later, because we have the Jost number, and it is close to 16%.

Geraldo Santa Catharina:

The yearly operating margin of Jost in 2008 was 16.6%, it was 14.5% in 2010 and in 2009, and 15.8% in 2011, so in annualized terms, there was no change actually. It was in line with the auto parts margins.

But it is a company that has the largest margin, and the biggest challenge I had was to develop alternatives to grow in terms of products. The operating margin was reduced from 18.7% to 15.8%, but in 2010 there was a recovery relative to a very weak base in 2009. In 2009 it was 14.5% and last year 18%. There was a gap between 14.5% and 17.8%, but in fact Jost is working in the development of new lines of products to grow more. It is a market leader.

Cássio Lucin:

But about competition with imported products?

Geraldo Santa Catharina:

No, it does not have to do with that. It has to do with internal issues. And the other question has to do with the replacement rate of products. This has to do with trailers, right? We have data relative to the competition, we have data relating to fleet and so on. Obviously we have an average age of the fleet in the region of 11 years, and in the tow vehicles area in 2010 it went from 16 to 11 years because of new legislation and so on. There was a renewal of the fleet and this fleet is expected to remain at 11 years. We have 440,000 trailers circulating in the Country, and to maintain the average age of 11 years we would meet 45,000, 48,000 units here just to sell and to maintain the average age of the fleet.

We can say that 2/3 of our sales is to maintain the average age of the fleet for replacement, and 1/3 is to expand the fleet. In the case of Randon specifically, we believe that our figures are in line with that. It is nice to talk about it, we could talk about that for longer, but this is what we have in terms of scenario.

Just to add to that, Jost implemented its new ERP in October, if I am not wrong, or November. In July. So, actually we implemented this system from the smaller to the largest companies, so we implemented at Castertech and Jost, and therefore these companies faced more difficulties and a longer learning curve. Jost was one of the companies that had to keep more inventory, larger inventories, they had a long period with reduced efficiency, they even had a short blackout period for about a week. This had an impact on the margin, but I would like to reinforce what I said: the gross margin was at 20.9% in 2011, it was 23%. The gross margins are being maintained. We are going to investigate that and get back to you.

Cássio Lucin:

Just one more question that I was almost forgetting. As regard the new product line of manufacturers, are you developing something together with Scania or Volvo or Packard that could yield some delta EBITDA in 2012? Do you have anything in the pipeline?

Randon:

We always have things in the pipeline, some 70 or 80 new developments having to do with change and improvement in products, adaptations. Obviously when we are in a new project, we always try to align the design and the project, so that we can gain a little bit of profitability. But today we have no design, no project that could have a negative impact on our costs, or would require new machinery. We have been working very closely, together with the manufacturers to develop new product families or to improve products, as regards Packard and other manufacturers that are coming to Brazil.

We established a close contact with them, we have been developing things with them, but it is too early to talk about it. There is no estimate for production, and whether we are going to be the suppliers or not. But of course we have been talking to the manufacturers, including the new ones.

Operator:

Since there are no further questions, I would like to pass the floor to Mr. Santa Catharina for his final remarks. You may proceed, sir.

Geraldo Santa Catharina:

First of all, I would like to thank you all for attending this conference call. And I would like to say that we are confident that the fiscal year of 2012 will be a good one, and all of these issues that were negative in November or December, or had negative impact on the business, these issues have to do with things that were known to the market, especially Euro 5, and that when we designed our strategic planning and our guidance, we have factored in all of these issues, so there is no reason internally to change our mood.

We do believe that there will be an accommodation, we do not know in which month or quarter, but there will be an accommodation because everything has to do with the growth expected for Brazil. This 3% growth that has been projected. It represents a lot of cargo and therefore we are going to need vehicles.

So, for Randon we are not over optimistic but we are very realistic, and of course throughout the year we are going to gain knowledge on what is going to take place.

Once again, thank you very much for attending, and we remain available should you have questions. Please do not hesitate to contact our IR area. Hemerson and I remain available, Astor Schmitt is available, and thank you very much. See you next time.

Operator:

Randon's 4Q11 conference call is now closed. Please disconnect your lines and have a nice afternoon.