Operator:

Good morning, ladies and gentlemen, and welcome to this conference call of Randon to discuss the results of the 1Q14. Today with us are Mr. Geraldo Santa Catharina, CFO and IRO, and Hemerson Fernando de Souza, Planning and IR Manager.

We would like to inform you that this call is being recorded and simultaneously translated into English. During the Company's presentation, all participants will be connected in listen-only mode. Later, we will begin the Q&A session only for analysts and investors. And you will receive further instructions to participate. Should you require assistance during this conference call, please press *0 to reach the operator. The audio and the presentation are available at the Company's Internet address, www.randon.com.br/ir.

We would like to clarify that any forward-looking statements that may be made during this conference call, relating to the Company's business outlook, financial and operational targets, are based on the assumptions and beliefs of the Company's management and on information currently available. These forward-looking statements involve risks, uncertainties, and assumptions as they relate to future events which depend on circumstances that may or may not materialize. Investors should understand that general economic conditions and other operating factors could also affect the future performance of Randon, thus resulting in results which differ materially from those expressed in such forward-looking statements.

I will now turn the conference over to Mr. Geraldo Santa Catharina.

Geraldo Santa Catharina:

Good morning to all of those attending our conference call. We are here today to present the results of the 1Q14. We were all looking forward to these announcements, and together with me is Hemerson de Souza, our Planning and IR Manager, and we are going to share the presentation with you.

Our agenda includes the highlights for the period, an outlook of the market, the financial and operational results, the Company's performance in the capital market, and then we will talk also about the outlook for the next few months. After the presentation, there will be a Q&A session, and I would like to invite you all to participate.

The 1Q14 was very challenging for the industry as a whole. The market was pessimistic and there was a credit crunch going on, which affected the sales in the period. As you know, this period is usually affected because of Carnival and summer holidays. Besides the fact that these factors affected the results in the quarter, a strict control of costs and expenses allowed us to have fairly good result, which attests to our efficient management and our focus on the quality of results.

Moving on to the presentation. Please, flip through to slide four, where you can see some numbers and the highlights for the period. Gross revenues before consolidation amounted to R$1.5 billion in the 1Q14, a 4.2% drop relative to the 1Q13. The consolidated net revenue in the quarter amounted to R$965.9 million, a 0.9% reduction quarter-on-quarter.

I would like to highlight that this decrease in gross revenue does not reflect the fact that is this had to do with revenues, that had to do with a portion that we acquired and therefore the reduction in the quarter has to be taken into account based on the consolidated net revenue.

The performance was very similar to what we had in the 1Q13. Exports amounted to US$53 million, a 4.2% drop quarter-on-quarter. And in the 1Q13, exports were US$55.3 million. Exports dropped, because, again, we prioritized sales in the domestic market, given the backlog orders. At the end of this period, our gross margin was 27.1% relative to 23.1% in the 1Q13.

EBITDA margin went from 12.3% in the 1Q13 to 15.6% at the end of the 1Q14. This is our best historical margin, with just one exception in the last few years. The figures relating to gross margin and net margin represent what we call the normalized margin of Randon. EBITDA amounted to R$150.4 million, a 25.8% increase quarter-on-quarter.

The recovery in gross cash generation is associated with an improvement in gross margin and with cost control, as I have said before. And although there has been a drop in the sales volume, we still had gains of scale because of adjustments in production. Net income was R$62.2 million in the 1Q14 vis-à-vis R$39.7 million in the 1Q13. That is 56.8% above quarter-on-quarter.

The Company invested R$16.6 million in the quarter, a 48% drop quarter-on-quarter. This drop reflects the Company's decision to be prudent with its investments and is fully aligned with the guidance disclosed for the period. As relates to the capital market, in the 1Q14 the Company had an average trading volume of R$11.7 million vis-à-vis R$14.8 million in the same period of 2013. We will now give you further details on the indicators.

Let us move on to slide five, please, and I will give you an overview of the market. The PSI BNDES FINAME Program was restricted between mid-December 2013 and the end of January 2014. So, clients had difficulties in securing funding and therefore it was difficult for us to invoice goods to these clients. There was a lot of red tape and restrictions in the release of loan and the credit crunch, and these all hurt the sales of trucks and buses and vehicles and towed vehicles.

The crop has been driving the sales of vehicles and trucks, but lower crops are expected because of drought in producing regions. The Brazilian production of trucks in the 1Q14 dropped by 1.5% quarter-on-quarter, and reached 42,433 units. The production of towed vehicles decreased by 5.4% and totaled almost 15,000 units.

Lowest sales have led to inventory building, and production levels will be reduced in the next few months. And the Company should continue to be prudent in its investments, should enforce extra discipline in costs and expenses, and should be creative in conducting its activities.

I would now like to turn the floor over to Hemerson, who is going to talk a little bit more about operational results.

Hemerson Fernando de Souza:

Good morning to all. Moving on to slide six, we present the sales divided by segments with their respective share of the revenue. The implement industry is strongly driven by the Country's economic activity. Low confidence in the economy has contaminated the expectations of consumers and reduced demand for equipment.

In the segment of railcars, the Company has been delivering on the order of 800 units, which we received in the 3Q13 and we maintained very good expectations relative to new consultation about new batches.

In line with the production of trucks, sales in the segment of auto parts also dropped or remained stable. One exception is friction materials, which grew by 19.5%, since they were driven by the replacement parts market and by the international market. Also, the share of auto parts relative to the total revenue increased from 45.1% in the 1Q13 to 50.3% in the 1Q14; that is a 5.2 p.p. increase. The vehicle and implement segment had a drop by 5.9% and account now for 46.8% of the consolidated net revenue.

On slide seven you see our exports. And quarter-on-quarter, exports dropped by 4.2%, and in the 1Q14 exports totaled US$53 million relative to US$55 million quarter-on-quarter. The foreign market is served also by our clients abroad, which had a revenue of US$27.1 million in this quarter, slightly above the US$26 million in the 1Q13.

Slide eight presents the total gross revenue, which achieved R$1.5 billion in the 1Q14, a 4.2% reduction quarter-on-quarter. Geraldo has mentioned some of the explanations for this drop. Consolidated net revenue in the quarter was R$965.9 million, practically 1% below the same period of last year.

On slide nine, we see the behavior of our gross income and gross margin and the COGS consolidated. Gross income increased by 16.3% quarter-on-quarter and totaled R$261 million in the quarter. Gross margin went from 23.1% to 27.1%, a 4 p.p. growth. The consolidated COGS demonstrates that the most relevant item is raw material, which accounts for 74.7%, and then comes labor, which accounts for almost 13% of the COGS. As regards the raw material, the most significant items are metal items, which account for 63% of the raw materials account.

In the 1Q14, the cost of products sold was 72.9% of the consolidated net revenue, or R$704 million. Quarter-on-quarter, COGS decreased by 4 p.p. and it used to account 77% of the net revenue.

Also the new ERP implemented at the end of 2011 and the beginning of 2012 has allowed us to rely on important tools to manage the Company. It allows greater control and allows us to optimize our suppliers and service providers by reassessing contracts and by implementing new processes, such as the shared services center. This all allows us to better absorb the overhead.

On slide ten, we see the EBITDA and the EBITDA margin for the period. In the 1Q14, EBITDA grew 25.8% quarter-on-quarter and achieved R$150 million vis-à-vis the R$119 million in the 1Q13.

EBITDA margin at the end of the 1Q was 15.6% over the consolidated net revenue vis-à-vis 12.3% in the 1Q13. The recovery in gross cash generation is associated with an improvement in gross margin and cost control. Despite the drop, the sales volume allowed us to gain scale, and the Company was able to achieve its historical EBITDA margin.

On slide 11, we see the net income, which in the 1Q achieved R$62.2 million vis-à-vis R$39.7 million in the 1Q13. The consolidated net margin was 6.4% in this quarter relative to 4.1% in the 1Q13.

On slide 12, we see the P&L by segment, and you can assess the main figures. Also the segment of vehicles and implements has been recovering in the last few quarters. And in this quarter, the performance was very good. This segment has been affected in 2012 with the slowdown in the market, and its good performance in this quarter reflects our actions and our management to allow recovery.

On slide 13, we have the P&L by segment and it shows also the share of each segment in the net revenue and the gross income, EBITDA, net income, and the margins.

Slide 14 shows the evolution of the Company's investments. In the 1Q14, investments amounted to R$16.6 million, a 48% drop quarter-on-quarter. And on the graph below, you see net equity variation in the last five years, and there was a 7.5% growth. Net equity is R$1.3 billion in 2013. And the ROE in the period was 17.2%. In the 1Q, ROE was 18.3% and the net equity was R$1.4 billion.

On slide 15 we see the composition of the gross debt and the net consolidated financial debt. Total gross debt was R$2.6 billion, of which 19.4% is denominated in foreign currency and 80.6% in Reais. Net debt totaled R$1.1 billion in the 1Q, which is 1.9x EBITDA.

When we exclude the amounts relating to the activities of the bank, the net debt looks different. The consolidated net debt of the industrial side of the business is R$827.5 million or 1.4x the EBITDA in the last 12 months. The banking activities of our business are regulated by a different legislation and by the Central Bank, and it has to be seen as a different business in the market and also it has to be assessed when we look at the value of the Company.

As regards the capital market, on slide 16, when we look at the end of 2013 and the 1Q14, our preferred shares unfortunately depreciated by 26.1%. At the end of March 2014, preferred shares were quoted at R$8.49 per share. The Ibovespa index declined by 2.1%. 80.2 million preferred shares were traded in 220,000 transactions in the BM&FBovespa. In the 1Q, the average trading volume was R$11.7 million, relative to R$14.8 million in the same period of 2013.

Moving on to slide 17. We would just like to stress that as of the 4Q13 our results are reported by segment. With the absorption of Suspensys by Randon S/A in December 2013 and the recent absorption of Randon Brantech, the disclosure of the balance sheets and the P&L of other units are no longer relevant. We maintained the disclosure of the Randon Bank, since it is a different segment. Additionally, the controlled company Fras-le also reports its results separately, and you can have access to their results on their site.

On slide 18 you can see our outlook for the market in 2014. Our guidance was published in mid-January 2014 and provides for a small growth in revenues and in exports. Investments should be close to R$150 million. These indicators are validated when we work on the strategic planning of the Company and are endorsed by our assessment of the macroeconomic scenario in Brazil and in the countries with which we have commercial relations. We also rely on sectorial indicators in the automotive industry and in the behavior of our segments.

We review our guidance every six months and we maintain now the outlook for January. If the assumptions that we adopted are not confirmed, we will have to adjust to the market scenario.

I now turn the floor over to Geraldo for his final remarks before we open for the Q&A session.

Geraldo Santa Catharina:

We have to manage the Company in the best possible way based on our planning and on assumptions that can underpin the planning in a reasonable manner. Of course, the current scenario presents some expectations, which have been dealt with in the media, and we have to assess all of that and try to understand which factors had to do with politics, which factors had to do with economy and the rest of the world. In our case, we have some data that we take into account and we maintain the guidance, the FOCUS Report provides for a growth of the GDP in Brazil of 1.63% in 2014 and 1.91% in 2015.

This is the report that we use for our assumptions and this data has not changed from January up to now. And also in the GDP there are different segments taken into account and we operate in almost all of them. The crop is a decisive component for our business. It demands a lot of transportation and the crop is expected to be 1.1x greater than the previous crop, 190 million tons to be produced, and there is a drop in the expectations relative to the initial predictions, because of the droughts that affect part of the Southeast and Midwest of Brazil. But the crop has been rising in the last decades and it requires a lot of transportation.

The BNDES PSI Program, which has been decisive in the last few years to encourage financing with attractive rate, is valid until the end of 2014, and the late closure of the rules of the new model of financing affected sales in the beginning of this year as I mentioned. There had been some changes, like expedited simplified financing, which has made things easier as regards to financing. And additionally, now the finance covers 90% of this value of the goods for those companies that have revenues for R$90 million per year. So, the BNDES has been fulfilling the expectations and demands of the industry.

What we see is that, amongst the demand factors, we see that there is demand for financing, but there is also a credit crunch going on because of market forces relating to the pursuit of the risk.

And our backlog orders for towed vehicles are healthy for Randon. We must not forget that. We saw a good performance in the quarter in terms of new orders and our backlog orders are also very strong. This shows that there is a market as long as credit is available.

I would also like to remind you that we still have to invoice some railcars in the next few months. We had 800 units to invoice, it is a very relevant batch, and we have been approached by companies to provide quotes and we believe that many of these may be converted into firm orders.

Randon companies are adapting their production volumes to the current market demands and to adapt to the pace of auto and truck makers to which we provide products. These two factors are slowing down in view of the economic scenario and difficulties in financing. The decision involves measures including selective holidays, longer holidays, and schemes to accommodate working hours during the World Cup.

These measures involve practically all companies in the Randon Group, with the exception of Fras-le and the railcar production facilities. Randon implemented the Participações, Randon Veículos, Suspensys, Master, JOST, and Castertech have granted holidays to their employees according to the needs of the market and according also to the scheduled stoppages and annual vacations announced by makers. So, 75% of the employees will be granted 20 days of holidays between June 23rd and July 14th, 15% of the employees will be granted 10 days of holidays starting on June 23rd, and 5% of the employees will be granted 10 or 20 days of holiday according to their rights, beginning in June 30th.

We have been flexible in managing the Company and we do not want to layoff our employees; they are very well trained. We want to maintain everybody with us, so that when economic activity picks up we will be ready to fulfill the market demand.

I would now like to close this presentation, and thank you all very much for participating. We will now open for the Q&A session. And Hemerson and myself will be available to take any questions you might have.

Rodrigo Fernandes, UBS:

Good morning. I have two questions. The first one has to do with the profitability of the Company's operations. In the 1Q, the Company was very efficient in reducing cost and to achieve good operating results in the quarter, but going forward we foresee contraction in the market, and you have measures in place, such as annual vacations, holidays, but what are we really talking about? What is the size of this contraction in production?

And then also, can you talk about your competitors in the 1Q? Competitors were very prudent; some had been cutting down production before that. So, how do you see this scenario going forward?

Hemerson de Souza:

I am going to talk a little bit about competitors and then I will turn the floor over to Geraldo. What we saw in the 1Q is that competitors now are more regulated, so to speak. We may make other mistakes, but we learn. We do not make the same mistakes, and the same happens with our competitors. In 2012, the scenario was a scenario of low demand and very fierce competition, and it was very difficult for all companies to ensure and to secure a bottom line. Many lost money in that year. Today, things are more balanced and we are trying to manage our businesses, so that we can tap the market that exist. There is demand; it is smaller than the demand that we saw in 2013 but there is demand. We cannot say that there is no demand. However, there are problems to be addressed and the scenario is more complex.

Our competitors are at a good level and we operate with these levels of profitability and margins. And they do not reflect only a recovery of prices and a reduction in cost. We worked very hard in the last two years to try to solve the problems that we were addressing.

So yes, we are taking more advantage of the ERP, of the shared services center, and we had to adapt production because of the imports and costs. And we have a very strong mix. This mix helped us in the 1Q and it should remain stable in the quarters to come. We have a visibility of four to five months of production relative to our backlog orders and we are going to grant collective holidays to adapt the production to the level of demand.

We are not hiring new employees. And this is a pity; we would like to be hiring people, but unfortunately we have to be prudent. We are not laying off people, but we are not hiring people either.

As regards to profitability, I will turn the floor over to Geraldo.

Geraldo Santa Catharina:

In the 1Q, it was quite surprising there were lots of difficulties, but I think we reached the optimal cost reduction and reduction in losses. And the mix of products was very healthy, with tanks and railcars. These were not very much affected. Some products had a better performance because of the availability of funding, and we have been managing the operations from a very close range. I think the 1Q was above average, and for the year to come I want to be honest and say that there is cost push for raw materials, there is going to be a collective bargaining agreement very shortly, production will stop during vacation period, and the dilution of overhead will be hurt.

We will have to accept margins at a slightly lower level. We do not think there is enough reason to make us think that we should not achieve the levels of last year. I think that we should have condition to have the same performance as of last year or slightly above that.

Rodrigo Fernandes:

Thank you very much, Geraldo.

Thomas McElwer, JPMorgan:

Thank you very much for the call. I have two questions; the first one is the average price of the orders for implements, and you had a very good operational result in the 1Q. Would you be willing to sacrifice margin relative to price? And then I would like to understand what the strategy is for you to achieve your guidance.

Hemerson de Souza:

I will start with the second question. In fact, the average price for implements was better in this quarter, and the mix as a whole was very healthy for us. We have been operating and billing prices, which were negotiated in a different scenario. And, of course, we are not an island. The scenario now is more difficult. We are talking about giving up stance on a very strong base, and I have no doubt that we will have more creativity to preserve the numbers, but I think the scenario is going to be more difficult than what we saw in the 1Q.

And then, we do not have much visibility about the 2H as a whole. There are factors for optimism and for pessimism. Some of our clients have said that they expect the 2H to be better than the 1H, because they believe in new package of stimuli for the sector. Also companies are waiting for definitions relating to financing and they might be buying in the 2H, and we might see better performance in the 2H than in the 1H.

Things are not clear yet, which is not good. But we believe that we are well positioned to look for the best possible performance given the scenario. This is a conservative position on our side, and we believe that we are well positioned.

In the last few years, we have been working hard to be able to address scenarios where there is greater uncertainty. But every semester brings novelties, and we have to leave room to review the guidance or not should it be needed.

Geraldo Santa Catharina:

And just to add to what Hemerson was saying, we expect that, despite the stoppage in production, I mean we used February and March to build inventory and we expect that the financing issues will be resolved as soon as possible and that we will be able to invoice those 2,000 units that we have in our inventory.

We believe that there should be a recovery in the speed of invoicing in the next 60 days. So, in the 1Q we were not let down. It does not represent 1/4 of the expected revenue, but it is in line with our expectations for the 1Q. And this was because we were aware of the difficulties.

Now our challenge is to accelerate invoicing and the shedding of inventory and have labeled ready so that when the economy picks up, we can resume production fast and invoice the goods.

Very shortly, we will have better visibility regarding the guidance, and we review the guidance based on the Company's planning. We are working on the planning, but it is not ready, so we do not have any more details about that because of the lack of visibility.

Ricardo Alves, Morgan Stanley:

Good morning, Geraldo and Hemerson. I would just like to go back to costs, and you have been very strict in controlling costs. You have worked on adapting processes on engineering, there have been workshops. Do you have any events coming up? And what have you done to adapt the Company to a lower level of activity?

And also the utilization of the capacity was very important in the last few quarters and it is going to be important in the next few quarters. So, can you give us a little bit more color about auto parts or prices in implements, where do you see pressure coming from to the margins, pressures on the margins?

Geraldo Santa Catharina:

I am going to take the part on costs. We held a series of workshops with engineering and supplies to look for alternatives. We wanted to concentrate higher volumes with fewer suppliers to gain savings. This was done in 2013, and we have seen very good results. We renegotiated all the contracts that we had, contracts for service provision, we worked very strongly with the suppliers. And, for instance, in the case of transport, we have reviewed all the lines of chartered buses for our workers and these savings can be in the order of millions of Reais per year.

As regards production, we reallocated activities in different plants, and I will give you an example. All the aluminum manufacturing was taken to Chapecó, and we concentrate the production of refrigerated trailers, we are optimized processes, and we tried to automate what we could, this allowed us to reduce costs and allowed also to concentrate the procurement. It is difficult to give you the metrics of this initiative; they have to do more with managerial issues, but I think the example show what kind of initiatives we have in place.

We have a new plant in Araraquara, and Araraquara has incorporated many new concepts of production in terms of layout, machinery, and equipment. We are going to be more effective in terms of cost, just as auto and truck makers are.

When we talk about cost reduction, we also have to think about the way we manage costs and expenses. We have a matrix-based budget, and now with the new ERP we have been able to better control overhead expenses and costs. We had the budget and we spent the budget until the 28th day of the month, and this allows us to review processes and timeframes. Of course we always buy things that are needed for production, but as regards overhead and indirect costs, often times we can postpone them. And this is now possible because we have a management tool in place that helps us. And this has allowed us to save lots of money.

And in terms of price, we do not think that we should focus on maintaining market share or gaining market share. Our understanding is that the restriction has to do with the credit crunch, and the traditional banking system does not want to pass through that credit vis-à-vis the risk that they perceive, so the spread, the remuneration is not attractive.

And there is no indication that the economy should grow more than 1.5% or 2%. The Government has used a lot of ammunition, but it was unable to ensure results in the long-term. So, we do not want to sacrifice our margins and our burn our inventory. There is not going to be additional demand because of lower prices.

And our competitors have a very similar behavior, which makes us think that there will not be a sharp reduction in prices. We are going to maintain prices and to expect that people are more optimistic about the economy, so that banks will be more encouraged to lend.

The investor growth has been slow. IBGE, the Brazilian Institute of Statistics is changing the way it calculates different metrics, and this creates a certain distrust amongst economic agents.

Ricardo Alves:

And I would just like to ask you something. Your share in implements is dropping to 26%, is it fair to assume that it was impacted by delays in funding, much more than by your competitors?

Geraldo Santa Catharina:

Yeah, we are going back to the normal level. Yesterday, when we looked at this number, this drop, but if you look at the amount in Reais relative to our competitors, our share was bigger. This means that we built more railcars and refrigerated cars that have higher value.

Ricardo Alves:

Thank you very much for the details. And just one last question, very fast one, as regard specialty vehicles. This is a very difficult basis of comparison, because of the sales to Government last year, but do you believe that the levels in the 1Q14 are reasonable levels to assume for the remainder of the year?

Geraldo Santa Catharina:

Things have been improving in this segment and we are trying to find mechanisms of funding that can allow us to sell more. This is one of the areas where funding is extremely relevant. It is a year that we do not expect to be as good as last year, and this is exactly because of the sales for the Government last year. So, we expect some improvement, but funding, you see, accelerates demand but does not generate demand. And there is no demand because of the economy. This is the rationale for our expectations.

Ricardo Alves:

Thank you very much, Geraldo.

Ítalo Ferrara, Brasil Plural:

My question has to do with revenue per product under the implements business. You said that this 30% increase had to do with the mixing. Can you give us some more detail about the implement, about the grain and the dump equipment? And what was the price in April, is this price going to be maintained, has there been a drop?

Hemerson de Souza:

We do not have a report that covers your question. We are the only listed company; we have to disclose lots of numbers, and it creates some difficulties. We talk about the efficiency in cost, but we do not give the breakdown of the prices. Our clients are buying

Randon products at fair prices. Our prices are slightly above the market average, but the prices are fair.

And the mix was in our favor in terms of tanks and refrigerated equipment. Our products are seen by the market as superior products, and we can charge more and have better profitability. We do not give a breakdown of prices, because we are the only listed company.

Our competitors are fierce, and in some deals or in general we might give a small discount, and that may affect margins. But this is not a matter of concern to us. When we look at our history, in the last few years we were faced with more challenging times, but this was never a problem in terms of margins. We do not have a breakdown for product, we do not feel it is healthy to disclose those numbers.

Geraldo Santa Catharina:

And I would just like to make some comments. The grain trailers, I mean 60% of the national production is made by three manufacturers, and this does not change. It is a special product. And we also know that enclosed trailers, like refrigerated trailers or trailers for the transportation of televisions and so on, there are increases which are specific in certain times of the year.

And railcars, also this is a very important area for us. The area of agriculture is extremely important for us, refrigerated trailers are also very important for us. There has been no drop in the consumption of food. And as for the transportation of house appliances, like televisions, we also have specific trailers. There is a spike in that area because of the World Cup. And in the case of railcars also, all the railcars are the same, producing 800 units of the same items allows us to program production and to improve margins. So, I think this helps you understand the process.

Ítalo Ferrara:

And just one more question: we see a similar movement in implements in terms of average revenue per product, also at Suspensys. What happened there? Was it a mix of product at Suspensys, or was it an increase in prices?

Hemerson de Souza:

Can you repeat the question, please? You are asking about Suspensys products?

Ítalo Ferrara:

Yes, I was talking about the prices that Suspensys. We say volumes going down, but revenue going up. The average price, the average revenue per product increased.

Hemerson de Souza:

Yes, as we explained in the last conference call, Suspensys has a mix of products that varies a lot. They have drums, for example, and the average price is very low relative to suspensions, for example. And when they sell the whole suspension, it is one item, so it is the same in terms of quantity, but the prices are a lot higher. And at the end of the year, Suspensys started to provide complete items. There was a difference in the mix, and also a smaller share of the sales is – the sales to Radon was included, but now these are just intercompany transfers, and this also affected the basis of comparison for Suspensys.

Have I been clear in my explanation?

Lucas Marchiori, Banco Safra:

Thank you very much for your call. I have one question, and there has been a lot of talk and meetings about BNDES. What is your feeling, what is your take about this? Have you talked to BNDES? Is credit going to be more defined?

And then you also said that your client base has a greater exposure to this type of risk. So, the fact that this credit is more restricted, does it benefit you?

Geraldo Santa Catharina:

I participate actively in the discussions, and again, it is an opportunity for us to provide clarification. We try to investigate where the difficulties are relating to financing. The BNDES team has four technical staff and they have been talking to many companies. We do not have any problems with BNDES. We work with the Randon Bank and we receive everything very fast, and we receive everything in a shorter time than the rest of the Company, so we cannot say that BNDES is delayed the granting of credit, whether there is something available or not.

Whatever we ask, we receive. But then, I see the number of request or of new orders, and we see that there is demand, but we work with our bank. And what there is, is a credit crunch because FINAME is not lucrative for banks. There is a perception of increased risk because of the economy. The economy is slowing down. I do not know how we are going to sort out this situation, the banks are not motivated enough to lend. I do not think BNDES is going to change the remuneration of banks, this could be alternative, a faster one to solve this problem. If this does not work, we will have to work with CDC, with consumer credit, which is a lot more selective, it is short term, it is not friendly to the client, it is more expensive.

I think this is an important component and the Government should look at it. Logistics transportation, the transportation of crops, especially in an election year, is extremely important for those parties, who want to win votes. I think the Government will be more willing to find a solution for that. I do not know how, and we also know the restrictions that BNDES has in terms of budget. But we at Randon cannot say the BNDES is the problem. In our case, what we see is that companies have specific problems with certain process, certain machines, certain documents that are lacking, but we know that some banks just return the whole paperwork, because they decided not grant loans. This concerns me, but it makes me feel optimistic, because there is still demand and demand is the most important thing.

Operator:

Since there are no further questions, I would like to turn the floor over to Mr. Santa Catharina for his final remarks.

Geraldo Santa Catharina:

Once again, I would like to thank you all for participating in this conference call. This shows that investors are interested in Randon companies. And I would like to make our team available to take any questions you might have or to clarify any doubts. Our IR department is available for contact. And thank you very much for participating.

Operator:

Randon's conference call is now ended. Please, disconnect your lines, and have a nice day.