Operator:

All participants will be in listen-only mode during the company's presentation. After the company's remarks are completed, there will be a question-and-answer session only for investors and analysts, when further instructions will be given. Should any participant need assistance during this call, please reach the operator by pressing *0. The audio and the slides are being broadcast on the internet simultaneous at the company's IR website: www.randon.com.br/ir.

Before proceeding, let me mention that forward-looking statements, projections and operating and financial goals are based on the beliefs and assumptions of Random's management and on information currently available to the company. They involve risks and uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

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

Now I will turn the conference over to Mr. Geraldo Santa Catharina who will start the conference. Mr. Geraldo you may proceed.

Geraldo Santa Catharina:

Good afternoon, ladies and gentlemen that are with us in this conference call. We are here to present the earnings of the 1Q15. As already said, today with us we have Daniel and Hemerson. We will be available during the entire Q&A session. I would like to invite you to move to slide three for us to have an idea of the agenda with the highlights of the period, as well as an overview of the market in which we operate, financial results and operating results, the company's performance in the capital market and, finally, we will talk about our expectations for the coming months.

After the presentation there will be time for the Q&A. Right now I would like to invite you to take part in the Q&A session. I would also like to let you know that we have changed a bit the structure of the presentation in this conference call, focusing more on the macroeconomic scenario and how the several segments in which we operate behaved during this period.

This time we divided it by segments. We had a quite challenging quarter for the industry in general with a low confidence level in the economy and weak sales volumes, especially in the automotive sector. We have strongly worked to decrease the impact generated by such changes and adapt to the new demand, such as reducing cost, reducing structure, scheduled down times or shutdowns, flexible working hours and projects to reduce costs and increase efficiency.

Now talking about volumes and moving to slide four, we can see here some figures that show the drop in the production volume and sales in the quarter. The difference between production and sales led to an increase in inventory with a slight reduction of through sales to the international market. It is important to highlight that these decreases were not small. We are speaking of percentages close to 50% of the production of trucks, trailers and semi-trailers, which are markets that have a high impact on Random's business.

In the next slide we show the main figures for the quarter of the company. The total gross revenue in the 1Q15, without deducting intercompany sales amounted to R$994.7 million – a decrease of 31.6% when compared to the 1Q14. The consolidated net revenue in the quarter totaled R$696.8 million with a reduction of 27.9% when comparing quarters in 2015 and 2015.

Exports added up to US$39.7 million in the quarter – a decrease of 25% when compared to the same quarter in 2014, when we reached US$52.9 million. This increase in exports is mainly due to the economic difficulties in countries with which Random has significant trade relations, such as Argentina, Paraguay and some African Countries.

We reached the end of the period with a gross margin of 21.8%, against 27.1% in the 1Q14. The net income added up to R$567 thousand – close to the breakeven point in the 1Q15, against R$62.2 million in the 1Q14. Moving to slide six, I would like to comment of the performance of the EBITDA and also talk about the non-recurring effects in the quarter.

The EBITDA in 1Q15 closed with a reduction of 66.1% when compared to total obtained in the same quarter of 2014, reaching R$51 million, that is 7.3% over the consolidated net revenue compared to R$150.4 million in the same quarter of 2014 – or 15.6% over the consolidated net revenue breakdown.

When adjusted for our non-recurring event in the quarter amounting to R$18.3 million regarding expenses in restructuring and structure adjustments and R$10.8 million from Hedge Accounting, which we moved from the operating revenues; the foreign exchange variation referring to the cushion of the loan in USD just being paid back, the EBITDA added up to R$80.1 million, which is at the EBITDA average of 11.5%.

This is a managerial index that is good for a good evaluation and decision-making regarding our performance. We understand that non-recurring events are part of the Company's operations, but considering the current volumes, understanding how these accounts are booked, may contribute toward a fair evaluation of the Company and understanding the actions taken by its management to preserve its financial and operational capacity.

Now on slide seven, we will talk about the business environment we faced in this quarter. As previously mentioned, the 1Q15 was marked by sales volumes below what was expected for the period, surprising us as a company and the market as a whole. The low confidence level causes investments to be postponed or even cancelled in some cases.

This is so strong in presence in the automotive industry because it is capital intensive. We, at Randon, have reduced investments also once we have idle installed capacity and we have tapped only those investments necessary to continue our operation. In addition, other factors such as summer vacations, program shutdowns and Carnival have also had a negative impact on the Company's indebtedness.

In order to adapt to the new demand of the market, the company chose to reduce its structure, decrease production through scheduled shutdowns, flexible working hours and reinforcing projects focused on cost reduction. Continuing with information about our business segments, I will start commenting a bit on the segment of trailers and semi-trailers, maybe the segment that was most affected by the economic slowdown. You may see that on slide number eight.

All these factors such as decrease in volume with the high number of competitors ended up creating a very hostile environment and, obviously, stiffer competition in this period with more pressure and more aggressive sales policies.

In addition, competitors with financial problems caused by rising inventory levels or cash problems have started to adopt to a very stiff competition that ended up affecting stability of prices and sometimes created situations that are hard to face. It is important to stress that this occurs more frequently in the ready-equipment area, because in auto parts different sales negotiation behavior takes place, since they are sold to OEM manufacturers, replacement and have more exposure to the external market, especially Fras-le which is the company more prone to this type of behavior.

Now moving to slide nine, still about trailers, semi-trailers and vehicles. If the current economic scenario is not favorable for the road transportation segment, the same does not happen with the segment of railway wagon, that had a very positive performance. Making the most of the good demand in this market, Randon has a full order book for 2015.

The expected volumes for this year widely exceeds the volumes of 2014. Due to sales and contractual reasons we cannot disclose volume figures and names of the customers, but this part of the company is responsible for keeping the maintenance of activities at Randon Implementos within the breakeven line.

During the 1Q15, we produced 404 units and in the 1Q14 we produced 308 wagons. The increase in sales and differentiation in the product mix for the next periods will increase the share in this segment and the revenues of the company, maintaining its strategic importance for the future development of the company, which believes in a higher participation of this transportation mode in the Brazilian transportation matrix, which is what we wish at Randon as well as the Federal Government wishes – to render transportation of cargo more efficient.

It is also important to highlight that, in addition to the volume to be produced in 2015, we already have a good number of firm orders for the year 2016 in wagons. In addition, we are taking part in important requests for quotations in this segment, which we expect to come true in the following months.

The area of railway wagons also helped significantly to decrease the impact of the lower volumes in the trailers and semi-trailer segments, since we can dilute the fixed cost as they occupy the same physical space in the plant and we have flexibility to quickly adjust the production line to the product mix as being demanded.

On the other hand, this segment of specialty vehicles, highly influenced by orders by the government, continues below what was expected, mostly regarding the cautious behavior of investments of infrastructure as a consequence of the *Lava Jato* investigation on corruption processes.

Now moving to the auto parts industry, move please to slide number 10. The difficulty in sales and rise in inventory caused the OEM companies to choose to shut down their operations or decrease production of commercial vehicles. In order to decrease the impact caused by the low production of trucks, the auto part companies of the Randon Group, after a long analysis period, we chose to decrease cost and, at the same time, make the most of opportunities created by the scenario, such as diversification of portfolio, export, aftermarket and an increase in sales in existing customers.

With regard to the capital market, in the 1Q15, the Company had, in average, traded daily volume of R$5.6 million against R$11.7 million in the same period of 2014. This information can be seen on slide number 11.

Calculation . This chart shows the performance of our shares and they refer to stock RAPT4, our preferred shares, which have the highest traded volume at the stock exchange. The size of this drop is linked to the values of stocks traded at the end of the quarter at R$3.24 per preferred shares – a drop of 61.8% when compared to the closing of 2014. I am saying that because, of course, with the drop in the share price in BRL is proportionally reduced as well.

Now I will pass the floor to Daniel Random, who will talk about what we expect for the following quarter.

Daniel Random:

Thank you, Geraldo. Good morning, ladies and gentlemen who are here with us in this conference call for the earnings release of the 1Q of Randon. Unfortunately, the business environment until now have not allowed us to see again the good results of previous quarters. With the decrease in demand as shown by Geraldo, Randon's market is close to volumes delivered 10 years ago, between 2004 and 2005. We had to be quick in adjusting our structure and investments to preserve the breakeven point and cash liquidity.

For those who want to look at the slide, we are on slide 12. We know that crises are part of any economy and we reinforce our energy to seek alternatives to advance in other market fronts that minimize present impact.

To give you an example, we have explored the aftermarket and the railway wagon's market besides our everyday activities and management to be open and creative to new opportunities that may maximize returns on our assets.

The Focus report of this week points out to a drop in the Brazilian GDP of 1.2% for 2015, and a growth of 1% for 2015. Agricultural harvest will grow by 4.4%, reaching 202.23 million tons. Despite the downward market trend for the next periods we see opportunities to expand in the aftermarket and export markets given the favorable exchange rates and signs of improvement in important markets for Randon and maintaining the margins and market share for the period of 2015.

On the other hand, it is important to remind you that the depreciation of other currencies and our inflation reduced the benefits of the BRL depreciation in exports. Of course, current volumes incur an additional burden on our management. We are committed to seek operational efficiency by adjusting the ROI capacity to current market levels. This includes reviewing investments, reducing the production capacity and improving processes.

As mentioned before, it is worth reinforcing that in this quarter we are operating – except for Fras-Le, Randon Consorcios and Randon Bank and our wagon's line – with flexible working hours: up to five days of shutdown per month agreed with the unions and our employees.

In addition, we are committed to seeking reductions of cost in our raw materials with a project to unify our supply areas, focusing and using processes assisted by the best consulting companies in the area. That is all part of a new management arrangement created with the implementation of integrated ERPs between 2010 and 2012.

Now concluding, on slide number 13 we show our expected production volumes for trucks, trailers and semi-trailers. Based on market indicators, Randon Implementos works with the projection of volumes close to 37,000 to 40,000 units of production of trailers and semi-trailers, and 85,000 to 90,000 of trucks for the year of 2015.

These volumes make clear that difficulties existing in the market will remain especially during the 1H of the year and we expect that in the 2H of the year we have signs of improvement.

The government measures to control inflation and reduce costs should probably sustain better credibility levels and we expect to resume growth in the country. Agriculture continues to be a leverage in the economy and the harvest of this year is probably the best ever.

The volume of these grains and stock are now being transported to give room to the winter crops. We believe that the fair compensation of investments will also help to re-establish the confidence. So we see some signs of improvement in the 2H of the year.

Our presentation ends here. We have an additional material in the file with slides that talk about each of the financial and operational indexes. They are easy to understand and they speak for themselves. Anyhow, we are open to comment on them if requested; also about the indicators.

I would like to thank you for your attention and your time and now start the Q&A session in which Geraldo, Hemerson and I will be available. Thank you.

Alexandre Falcão, HSBC:

Good afternoon. I have two questions, actually. First, regarding the market outlook: I know you have done a lot: you have fired people, you are working with flexible working hours, you are making all possible efforts to reduce the price and cost, but in a market in which we do not know if the risk is over, what else can the Company do? That is the first question.

And the second question is: what do you believe are the lead indicators in order to see some kind of recovery? Two weeks ago we had two of the main players in a meeting and there was -35% to -40%. So what do you expect? Together they amounted to that indicator and how can we know that the worst part is over?

Geraldo Santa Catharina:

I will start answering and then Daniel and Hemerson will help me. We have been managing our cost, working capital, investments for a year now. And right now we are using flexible working hours, which has been quite useful not only to reduce the cost structure but also not to manufacture unnecessary inventory – I think that could be even worse than just expenses by themselves, although it is important to reduce expenses.

We have been paying close attention to the inventory since the working capital account has a component called customers, which will require some additional effort this year, given the reduction of the BNDS bank availability of funds. We have inventory to work on and we have a task force all over the company working on that.

We now have held meetings with task forces in all companies of the Group, with all the Board members and officers, and everyone has the challenge to present until the end of this year a plan to reduce general expenses. I am talking about all kinds of expenses for us to adjust even more to the current demand volume, so everything that we can control.

Because, of course, we cannot control the market. We can go after more market shares, more strongly looking for new markets, new products, but we cannot control the market. But in-house, what we are doing is an effort to accelerate the speed at which we implement a reduction in budget and cost. That is what we are doing on an everyday basis.

Hemerson Souza:

This is Hemerson speaking, Alexandre. Maybe these adjustments that we are making in the speed of investments during this quarter is not so clear. This has also helped to give priority to cash flow and cash allocation. This will be clearer in the next quarter. But there is a carryover from last year, but we did not change the guidance, which is close to 120 million for the year. And this will be looked closely at and reviewed in a timely manner.

And it is also worth mentioning that we have an effort: we are trying to show our customers that we have good solutions to seek new sales. Next week we are going to launch new products in the trailers and semi-trailers area, which we had already programmed, which will make our products more attractive and become a possibility for the current orders we have and new orders that the market will demand for.

In terms of indicators, we here have faced the same difficulties or concerns as other agents in the market. We know that the market is complex. We mentioned in the presentation an expected production of 40,000 trailers and 90,000 trucks and that is the guidance for our capacity, but the current signs of the adjustments already made by the government show some signs of confidence, slight improvement in confidence.

There is a lot of grains and harvest in stock that has to be transported and now that the winter crop is coming, we need to transport that, and at least people are calling us and asking more often than they did in the 1Q. Although it is not something to really celebrate, we see some signs of improvement already.

Alexandre Falcão:

Thank you. And if you could, just for the follow-up: we are hearing on the market that if the situation is bad for you, for your competitors it is probably even worse: people that they have lots of products in stock, and as of March people are trying to get rid of stock, and that puts pressure to reduce prices.

So in the 2Q, this is really going on and we know that even the cash flow situation of some of your competitors is much less than comfortable, but I would like to know if this could impact on trailers and semi-trailers on the 2H of the year because we just saw some of it happen in the first quarter?

Randon:

Well, Alexandre, prices and commercial quality is always something widely discussed. It is no news. There is always a moment in time that a product line in some competitor put some different pressure on prices. And to be honest, throughout 2014, we had several pressures events on sales. As market leaders and main producers in this segment, we always try to adapt to a different sales strategy to differentiate our prices and be more effective in terms of offering more complete solutions, warranties, a better product, network of dealers to improve our market share.

Of course, right now we are under stronger stress. This has been happening since the beginning of the year; it is not something that happened in March. We understand this is necessary to maintain our margins to continue to operate. Maybe it is not something that everyone can do, but we are doing this.

So I would say that this is not happening in all product lines and all over, in some areas that have more added value or more volumes, such as refrigerated semi-trailers and tanks, yes, these are more protective, but orders are harder to capture, so people are trying to sell. But this is not something that will disappear.

On the other hand, we have here at Randon – Geraldo mentioned it and that was emphasized also – important orders for wagons that sustain our capacity to dilute this overhead and in the 1Q wagons accounted for 30% of sales in the segment, and this probably will increase in the next quarters, which is quite helpful.

So it is good that we are able to divide it. It is important to have this positioning in the market, because the company is able to adjust its production to market and the possibilities available at the moment. It also helps us in this greater pressure from the market in the trailers and semi-trailers segment.

Alexandre Falcão:

OK, thank you very much. Maybe just a last question: thinking about cash or capital allocation, where would you remove capital earnings, include more capital? I know you are not going to talk about CAPEX, but even in terms of working capital, what do you think of investing in more?

Randon:

Alexandre, now reviewing this scenario, we have to review all assumptions from previous projects and projects that had a schedule to be executed this year and next year, so that causes capital to be allocated to projects that have some demand in productivity that would give us a return in the short run and improvement of image for the company, and some projects that are necessary, starting with environmental issues as well as labor safety. But some other areas are not our priority given the reduction of the markets and reduction in production.

Lucas Marquiri, Banco Safra:

Good morning, Daniel, Hemerson and Geraldo. First question is on wagons: We have seen growing orders in volume in this segment. I know that the competition dynamics in the industry is improving. Some manufacturers are no longer operating in this industry. So is the company benefiting from this improvement in prices?

If we look at the results with the vehicles and trailers and semi-trailers, and then EBITDA margin for this was not so good. We do not quite see the profitability of wagons. So I would like to see some more on the development of pricing in this area.

Randon:

Thank you for your question, Lucas. We at Randon have considered wagons as part of our business since the very beginning – an important part – but with a relative share that is growing. Of course, we pay a lot of attention to it. These orders take a long time, like nine months. They have a very complex financing structure and so on, and prices, as in any other segments are not easy to be negotiated.

But this long time we have in the cycle to complete an order does not allow us to make such radical changes in the business environment in the quarter or 6M, so this is a long-run project. We are talking about 1,300, 1,400 wagons per year at Randon; that does not change our market share radically or the price dynamics in the same way.

Because since the orders are large orders negotiations are different from retail: we make a package and negotiate it as a major investment by the buyers. Therefore, the logics that rule the wagons area is not expected to change in the short run, either in the market share or price dynamics.

What we have is the consequence of an investment, of a decision that was taken in 2006, 2007, that these would be important products for us, but we still find it additional or complementary to the product line. That is how we see it so far.

Lucas Marquiori:

OK, thank you. Second question maybe, Daniel, to you. The company has mentioned its intentions to increase its share in auto parts, which has more attractive margins. Now trying to explain the drop in the trailers and semi-trailers market given the prices, the large number of manufacturers, the price ware. Can we maybe accelerate this migration to auto parts with some acquisition? Since you have 1.5 million in cash, you have a very comfortable cash position, so I would like to understand this migration process to auto parts?

Daniel Randon:

Lucas, the moment we are going through in the country is very delicate, especially for trucks and road trailers and semi-trailers. But the strategy of the Randon Group is based on opportunities and we see that the internationalization model is easier to having the auto parts market as well as to compete internationally.

We are present in South American and African countries, but when we look at North America and Europe our competitiveness is very low. Our main competitors worldwide have return margins that are lower than the auto parts industry.

The auto parts industry is a very important one and we have to seek a greater internationalization so that we can become a global supplier for OEM chains, both in trucks and trailers and semi-trailers.

So this is much more based on the qualitative need for return on investments, and on this business model, when you compare trailers and semi-trailers to auto parts, rather than just the market itself, because I know the market is now… We should be cautious, right?

But on the other hand, the government is trying to improve its credibility with foreign investors, especially by trying to get a surplus, curbing inflation and maybe soon have a more adequate regulation for a concession so that investment capital… improving our infrastructure through the private sector because that is what we need right now.

Lucas Marquiori:

Thank you, Daniel.

Joe Moura, Bank of America:

Good afternoon. Thank you for the call. I have questions. First, competitiveness: when we look at balance sheet of Facchini, (…), other competitors, we see that 2014 has been a tough year for them. Their leverage was high already, and then everyone ended up making some improvement in working capital.

Could you give us an update on competition? How do you see it for the 2Q and through the end of the year? This players movements in terms of prices. I do not know how much room for movement they still have.

When we look at the cash flow statement of Randon, you still had a positive cash generation this quarter, but that was mainly because of the variation of loans, the way it is amounted to BRL169 million, so I would like to understand what is this account really and why is it in the operational area? I mean does that belong to Randon Bank? And also based on question, given this scenario of 90,000 trucks, do you think that this cash generation scenario is feasible for 2015?

Daniel Randon:

OK, this is Daniel. I will talk more about competition and then Geraldo and Hemerson can answer the cash flow part. So, speaking about competitors, we have some ethical issues about that, so we will be limited in our comments. But in the past, there was a price war amongst competitors and, of course, any competitor that lowers prices will reach a limit, sometimes you have to give priorities to cash generation given the leverage, but there is a point in time in which you have to stop.

So we believe that price lowering has a limit. Some competitors are suffering more and we can clearly see that just lowering prices is not enough. As leaders, we are looking at sales policies not only on price, but looking for other alternatives so we can keep a level of profitability of the business.

Since last year until the 1Q we can be a bit more competitive in prices, but the trend is to reach a certain limit and then return, because price is not the only thing that ends up selling the product to end customers. We are talking to our customers and dealers to try to make our products more attractive in the market, not entering into the price war only.

As for competitors, the number of competitors in trailers and semi-trailers is high and we believe that some of these competitors will leave the market, which can be beneficial for us, because when you have fewer players, it is better. As for the cash flow, I will let Geraldo answer.

Geraldo Santa Catharina:

Well, there are two parts to your question. The first is having a better understanding on foreign exchange variances within the cash flows that have helped to create this positive cash flow in the quarter, and maybe we don't have all the answers here available at the call; we can answer you later. I thought that you sent us an email also on this topic.

As for the possibility of having a positive cash generation throughout 2015, we are putting our efforts to obtain that. We are reducing investments, we have been very cautious in trying to regain market share. The EBITDA margin in the quarter will not differ too much from that but right now it is more complex moment. Our inventory levels – we are making strong effort to reduce them until the end of the year. So although I do not have a figure to give you – a formal guidance – because we do not do that, we are working towards having positive cash generation during the year.

Randon:

Geraldo may want to say something else, but I will send you the rest of the question later. I think you and other people who are listening did not understand why this is in the operations. Because we have complied with IFRS rules. But there is a comment that may be useful to all of you: there was a moment in which we had funds available in the period, because we made loans with banks – loans that were available and they made financial sense and economic sense at this time in order to keep our cash liquidity policy at a good level.

And there is a more technical part: why it is under operations line, Hemerson will try to answer that later. And if anyone else is interested in this specific question, we can answer you by email later. Thank you very much.

Ítalo Ferrara, Brasil Plural:

Good afternoon. I have two questions. It is a specific question: the estimate you presented on slide 13 regarding the trailers and semi-trailers and the trucks market was the expectation you are working on your guidance and you have mentioned many times on the call the reduction of investment. My question is: the guidance figures you have given us, could you review them in the short run? That is the first question.

Geraldo Santa Catharina:

Thank you for your questions, Ítalo. This is Geraldo speaking. I will answer your question about investment. We are not reducing the guidance in our comments. When we say that we are reducing investments, it means that the value expressed in our guidance already reflects our statement.

Of course, there is a carryover from last year and usually there is some amount to be carried over to the next year, so there will be some difference in terms of booking amount. There might be a difference in the accounting schedule or booking schedule, but I do not want you to have impression that we are revealing the guidance. Not at all.

Hemerson Souza:

This is Hemerson now speaking. Yes, we are committed to doing that every cycle. If we have to make a review, formally, we will do that in the earning's release of the 2Q – usually we reveal the figures in the middle of August – so the figures continue at this level.

We have committed our funds already. We are giving priority to the highest return items. As for estimate, yes we did forecast a volume of semi-trailers close to 40,000. These adjustments that we are making are very small, but we had a forecast of 100,000 trucks, and not 90,000. So the volume is being lowered for trucks.

On the other hand, we cannot talk about figures, or customers, but we expected to manufacture fewer wagons and we are manufacturing more, so if we are to review anything else, we will do that in the middle of the year.

Ítalo Ferrara:

OK, thank you. That is quite clear. The second question maybe Geraldo would like to have. It is about leveraging: leveraging has increased significantly, although you have non-recurring items. From my understanding there is a portion of your debt that has a covenant of 2.5x and there is a payback of R$1.4 billion between this year and next year. These are years that are hard to generate cash, so how do you see this short-run debt – what are your actions in terms of that?

Geraldo Santa Catharina:

Good morning, Ítalo. First, I would like to make it clear that we do not have any issues with covenants that are matured or overdue, even because they have an annualized calculation method. What we do have is a debt that has grown in the quarter given the increase in the exchange rate. The exchange rate in March was much higher in the balance sheet, so that caused the debt to really rise.

There was a small growth in inventories; the customers' accounts or receivables did not grow so much. So what happened in fact was the generation of sales volumes or EBITDA that was low and when compared to a debt that did not grow much and was always considered conservative; when compared to the EBITDA of the quarter, that stands out.

We have a good plan on and we keep good track of the flow of maturity of our debt. We have loans maturing until 2021 and we have available cash close to R$1.6 million. So this cash was built with the intention of facing difficult moments. So this R$1.6 million, will be R$600 this year and then next year R$600 million or R$700 million and I can ensure you, just to give you some technical data, that we do a daily maintenance and permanent maintenance on our level of funding.

Something that we are very comfortable with: we have entered the crisis very well prepared for it with a very good, comfortable cash and bank level. So this covenant is very specific from a specific bank, for specific value that will only be measured at the end of the year. So at the end of the year, we will measure that and I do not see any chance of having problems with this.

There was a period in the past when it exceeded this level and we were able to deal with it, so Randon has an adequate debt profile and it is a mid-term debt and that allows us, despite the crisis scenario this year, to be comfortable.

Ítalo Ferrara:

Thank you. That was very clear. Thank you for your answer.

Fernando Leitão da Cunha, Hoya Corretora:

Good afternoon Hemerson, Geraldo and Daniel. I would like to try to understand the level of profitability that the company has supported, because that has affected its sales volume. In the beginning of this presentation, you mentioned the price war amongst the competition of smaller manufacturers, so my question is: to what extent, comparing the 1Q to the 2Q, will Randon bear this loss of market? I am not talking about loss of market in terms of competitor, but rather in terms of sales. Thank you.

Hemerson Souza:

This is Hemerson speaking. I will start the answer and then if Geraldo or Daniel want to add on, they may. As I mentioned already… Can you hear us, Fernando? Do you have any problems with your connection?

Fernando Leitão da Cunha:

So, as I was saying, Fernando, we are trying to maintain our leadership position by trying to close orders that are significant, not being arrogant in terms pricing, but trying to obtain the highest number of orders. That puts some pressure on sales, but that is not a rule. In many areas in which we operate with regular sales conditions, especially more elaborate, premium products. And we are making some efforts. One of them is the launch that we will have next week for grains that will give us support in terms of differentiation and perceptions from customers that will help us support price and profitability.

Other than that we have to go through this moment and pressure on sales and prices is known as part of the daily business, but we must be creative and have as much energy as possible to face the situation and obtain the highest number of orders to sustain our operations.

Randon:

If you allow me to add, Randon has made a strong effort during 20 years in investing in its diversification of portfolio of products, which ended up creating more companies and with the acquisition of Fras-le 15 years or 20 years ago if I am not mistaken.

That required investment, additional efforts when compared to the competition, but has created a major strength, which is the resilience of the entire company. And this is being shown this moment when we look segment by segment, week by week, all the companies by segments, and we see that they are even at the breakeven point or above it.

So when we talk about price war, that is not very precise because these are specific cases of dispute for orders. But we are talking about specific products within the trailers and semi-trailers units, that suffer more. I think Randon must be seen as a whole because our stock, RAPT4 represents the entire company.

So for understanding purposes, it is important to understand that Randon and other manufacturers of semi-trailers face some difficult situations as for allotment of funds. Randon has to be compared to other types of companies, since it is composed of nine or 10 companies from several segments.

That has cost of efforts, investments, but it is providing us the return we want. This was not the case in the 1980s and 1990s. For those who have been with us for 30 years or more, there was a major achievement and despite the drop of 35% in trailers or a 30% drop in the revenues, we are still at a breakeven point, so that shows how strong we are.

Fernando Leitão da Cunha:

OK, thank you.

Felipe Koh, Citi Group:

Thank you. Good afternoon. I have a question about restructuring expenses. Are there more expenses or was this only a provision or is this cash and the hedging account, although it is a non-recurring one? What is that and what could we expect for the next quarter?

Randon:

About the hedge accounting? Thank you for the question Felipe. The Hedge accounting is a technical specificity so to speak. We have a flow of exports that is surplus with regards to imports, so we have a natural hedging, and it is natural to offset the difference with funds taken in USD, so we have a natural hedging.

But in order to book that to decrease the volatility of exchange rates, since last year we have adopted hedge accounting, which means that all installments of loans to mature in the future that are pegged to this maturity base, we make this flow and that is accounted for in the net shareholders equity.

When I reduce the hedge accounting, I need to freeze the exchange rate of that day. Let us say here R$2.34 were frozen for X amount in exports to offset the loan. And of course, when the loan is matured that portion, that installment, and the variation of the export date to that date I will pay back that installment of the loan this will be booked as a difference in exchange rate.

And because of accounting rules that has to be booked as a reduction of exports revenue, and that could be understood as an operational item, although it is typically a financial exchange rate variance. This is how we understand it.

So we are not trying to fool anyone or ourselves. It is just a correct evaluation of it. But we do think exports revenues, because there were exchange variations on loans, is a technical item for those who find prudent to change it. You may, but we believe we are doing it the right way. The other part of the question was about non-recurring expenses, right? Let me pass that to Hemerson.

Hemerson Souza:

Good morning Felipe. Expenses were actually made, but this is not a provision. These were regarding dismissals and other things that happen in the 1Q, we do not foresee that to happen again in the future, so they happened but will not happen again, at least in this quarter. So what we have for the 1Q and the 2Q is already included in the balance sheet.

Felipe Koh:

I would like to understand the nature of these non-recurring expenses.

Hemerson Souza:

Severance payments to the people who are dismissed, mostly that. There were people who left the company who have been with us for many years, so these are most likely the expenses with dismissal of people.

Operator:

Now I would like to pass the floor to Mr. Santa Catharina for his final remarks.

Geraldo Santa Catharina:

Well, first I would like to thank you all on behalf of the Company. And I would like to ask you all for attending, for your interest in the Company, speaking on behalf of Daniel as well. And if you have any further questions, please contact our Investor Relations area. And thank you very much and see you in the next call.

Operator:

Thank you. The conference call for the 1Q15 of Randon has now ended. You may disconnect your line at this time and have a nice day.