Operator:

Good morning, ladies and gentlemen and thank you for waiting. At this time, I would like to welcome everyone to Randon's 2Q15 results conference call. Today with us we have: Daniel Raul Randon, Vice-CEO, Geraldo Santa Catharina, CFO and Investor Relations Officer, Hemerson Fernando de Souza, Planning Relations Manager.

We would like to inform you that this event is being recorded and simultaneously translated, 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. At that time further instructions will be given.

Should any participant need assistance during this call, please press *0 to reach the operator. This call and the slides are being broadcast on the internet at the company's IR website www.randon.com.br/ir.

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

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

Now, I'd like to give the floor to Mr. Geraldo Santa Catharina, who will start the presentation. Please, Mr. Geraldo Santa Catarina, you may proceed.

Geraldo Santa Catarina:

Good afternoon, everyone. Welcome to the conference call of Randon. We are going to present the result regarding the 2Q15 and take the opportunity to talk a bit about our expectations regarding the next period of 2015. As we mentioned, we have Hemerson de Souza, planning and IRM, we have Daniel Randon and he is here with us at the meeting.

As usual, our agenda starts with the period's highlights and then a market review and we are going to talk about operations results and financial results and, closing the presentation we will talk about the performance of our shares in the capital market and Randon's expectations for the future period.

After the presentation, we will have time for questions and answers and I would like to invite you to take part as you so wish.

Just like in the 1Q15, we have an environment of low confidence in the economy and weak sales volumes. Again, we felt the impact generated by the downtrend in markets. However, past actions of contingency taken during the whole 1S have reduced the negative impact in the results of the Company, leaving the problems of the Companies with such measures.

The drop in volumes is still high, close to the 50% reported in the 1Q15 and the readjustment in the structure of trailers and semitrailers added to volumes of production of wagons have maintained the installed capacity levels that are satisfactory if we consider the magnitude of the crisis. Hence, during the quarter, it was possible to reduce our products in the yard, however volumes are still at a level that is twofold higher than what the company has had in the past.

Following to slide five, starting the presentation, we have the major numbers of the quarter. The total growth revenue in the 2Q15 without the eliminations between the companies of the group added to R$1.01 billion, a drop of 29.4%, considering 2Q14. The consolidated net revenues of the quarter totaled R$74.7 million, a reduction of 27.6% compared to the same quarter of 2014. Exports added to R$37.9 million in the same quarter, a drop of 22% in comparison to the same quarter of 2014.

The countries with which Randon has relevant trade all are going through economic difficulties, reflecting the drop in exports. The depreciation of the Real was not enough to offset the low performance of such markets. The net income totaled R$227,000 in the 2Q15, against R$67.4 million in the 2Q14, virtually at breakeven point. In the 2Q, again, we had non-recurrent effects that impacted the EBITDA as shown on slide six.

The EBITDA in the 2Q15 closed with a reduction of 66.6% regarding the total obtained in the same quarter of 2014, reaching R$47 million. In other words, 6.4% on the consolidated net revenue, considering the R$140.7 million in the same quarter of 2014, or 13.9% on the consolidated net revenues of the period.

When adjusted to the non-recurring effects of the quarter, in other words, R$7 million regarding the adjustment expenses of structure EBITDA adds up to R$54.3 million, accounting the adjusted EBITDA margin of 7.4% on the consolidated net revenues. In the term, accumulated EBITDA totaled R$134 million when adjusted, bringing the EBITDA margin to 9.4% on net revenue. Hence, adjusted EBITDA was 9.4% in the term.

Moving to slide seven, I'm going to talk about the business environment. We are going through one of the worse economic cycles in the past years, with high unemployment and inflation. As a consequence we have a low trust index, that is actually delaying the resumption of growth.

We should highlight the capacity of the portfolio product, sales abroad and aftermarket and shares focused on reducing costs have contributed to reducing the impact of the downtrend for the company as a whole. We believe that with the frail demand that should continue, the process of adaptation implemented over the past periods, as the new ERP system. And we have ERP to term, the shared service center and, this year, the process of acquisition based on the reinforcement indicating the profitability and results and, above all, the maintenance of competitiveness, which is quite relevant.

Speaking of each business area, I would like to start by the segment of trailers and semitrailers, on slide eight. The segment continues with low volumes in sales in the domestic market. The imbalance between supply and demand and the frail financial conditions of competitors have impacted the average price of products.

The diversity of Randon's product portfolio has reduced the impact on the prices of our products and, in great part, we will focus on initiatives with less competition in the market. But we have a negative impact in the market share, when measured in physical units. Market share actually has to be measured in physical units, but it is important to have a dimension in terms of market volumes.

The external market continues at a level similar to that of 2014, as during the 1T15 it was helped by Foreign Exchange but, as mentioned previously, below the historical performance of previous years at Randon.

Moving on to slide nine I would like to talk about special vehicles and rail cars within the unit of implements, and road equipment. In the 2Q we produced 283 units, against 586 units in the 2Q14. The lower volume of wagons is comparatively explained by a mix of four different models of products in 2015, when in 2014 we had only one model being produced during the 1S. During the 2S15, production of wagons will be even more intense, resulting in a probable record of produced units, playing an important role in the results of the Company.

The special vehicles unit had a drop of 27% in the sales volumes in 2015 compared to that of 2014 in the 1S. Part of it is explained by the slowdown in investments in infrastructure generated by the *Lava Jato* operation.

On slide ten we are going to talk about the auto part and automotive system, directly impacted by the drop in commercial vehicles production, production dropped.

The auto part lines are focusing on adapting the capacity to the new level of the market emphasizing the reduction of costs, broadening productivity and reducing the need for working capital. The interest rates above regular forced manufactures to reduce production. Thus, what we expect for the 3Q15 is that part of our auto parts customers will adjust their levels to the demand, with interruptions in the productive lines.

Some actions to adjust the production lines are being taken, such as early holidays, flexibilization of some cases, concentration of the manufacturing of certain items and single shifts. As to the capital market, in the first 1S15 the company had a daily trading volume of R$5.8 million against R$10.8 million in the same period of 2014. Such information may be followed on slide 11.

The calculations regarding bond RABT4 – our preferred shares – have had a higher trading volume in the stock exchange. In the accumulation over the year, the depreciation of shares was 33.8%, regarding the closing trade of yesterday.

Following our presentation we are going to talk about the expectations for the next quarters. We few changes in the economic scenario and the sales volume since the last we talked here. We maintained focus on what we can do internally, prioritizing cost reduction, free cash generation and productivity. Data can be followed on slide 12.

It is worth mentioning the lack of visibility is still strong and that we do not have any signals that point to significant changes in the scenario for the time being. Before I comment on the expectations for the next period, we should highlight the importance of processes of cost reduction in the results of the Company.

We have reached, with their support, positive results, even in a scenario of downtrend in the volumes of sales of 50%, projects geared long term, but we reaped some benefits now. The Focus Report of July point to a drop in Brazilian GDP of 1.97% for 2015 and zero growth or slightly negative for 2016. The crop should be great in 2016 by 6.6%, reaching 206.34 million tons of grains. This industry is quite relevant for the company. It has been a positive contribution in many years.

The economic scenario also concerns us. We are among high inflation rates, depreciation of the national currency, increase in the interest rate and political scandals everybody hears about, in addition to the market crisis and possible downtrend in our rating. If this happens, we may actually have an outflow of foreign investment, impacting the Brazilian economy. And we do hope this does not happens.

To conclude, in our previous presentation we had reduced our expectations of production volumes for trucks, trailers and semitrailers, as presented in slide 13. Based on market indicators, Randon implemented works with volume projections between 30 and 35 units of production of trailers and semitrailers and 85 thousand units of trucks for 2015.

The drop in volume makes clear the scenario of difficulties that our national economy faces. We work in a flexible way so as to benefit the opportunities generated by the macroeconomic scenario. We are expanding the production volume of wagons and the effort of exports seeking greater results with an appreciated USD.

The unrest in foreign exchange also benefits us by means of the exports of grains and sales of road equipment to transport additional freight. These adjustments impact our outlook in terms of revenues and volumes for the year. Hence, we are reviewing our guidance published in March this year according to the data in slide 14 – reducing total growth revenue from R$4.4 billion to R$4.2 billion and, consequently, the consolidated net revenue from R$3.2 billion to R$3 billion.

And we reduced the values of foreign revenues to US$265 billion and US$60 millon, as a consequence of the reduction. I apologize. Let us improve the information. We have also reduced the foreign revenues and imports and US$265 million and US$60 million, consequently. So US$60 million for import. We maintain the amount expected of US$120 million in investments and most of it is represented by maintenance of the industrial park.

I also highlight that, in addition to all the efforts that we have had in structure, cost reduction in an unprecedented way by the Company, there is a concentrated effort of the commercial department, no doubt to seek customers in such a way that will encourage them to see demand and buy our products. And this obviously has to be done constantly.

Our presentation ends here. We have addition materials – files and slides that address each of the financial indexes and operating indexes. They are easy to understand and speak for themselves. Anyhow, we open to comments if we are asked and also to talk about specific questions. I would like to thank you for your time and open for the Q&A session. Daniel Randon, Hemerson and myself will be happy to listen to your questions.

Mario Bernardo Jr., Banco do Brasil:

Hello. Good afternoon, everyone. Good afternoon, Daniel, Geraldo and Hemerson. My question is regarding the internalization process of Randon. This would be halfway to mitigating the quicker effect of the domestic market. What is the process, the planning? Do you have any agenda for this type of strategy?

Randon:

I think Daniel is better prepared to answer your question.

Daniel Randon:

Mario, thank you for the question and for taking part in our conference call. Randon, no doubt has historically worked and grown in the foreign market regardless of the crisis, because we know the international market is important for the company in the long term. No doubt, the BRL in the past years was more appreciated. The appreciation of the BRL made it more difficult to be competitive in raw materials like steel; it made it difficult for us to export.

So in addition to the plant in Argentina we have partnerships in Africa for assembly and the foreign exchange gives us a greater drive to seek foreign markets. Since we have a lower level of competitiveness, we have been reinforcing some partnerships, working on new partnerships to meet the demands of the South American and African markets, where we believe we have a potential.

Overall, in terms of auto parts, Fras-le has a strong participation. On the other hand, our perception is that the USD has not only appreciated here, but in emerging market in South America and Africa, so there is a dependence on commodities. We perceive a downtrend in the domestic economy.

This has made it difficult for our guidance, as our guidance has a reduction in terms of amount and we perceive that there are some markets that have a depreciation of the currency, so we have to work harder on certain markets. And the other point is, undoubtedly, that the economy, unfortunately, is having a downturn. So we are going to work strongly in foreign markets, not only in auto parts, but also in Randon international.

Mario Bernardo Jr.:

My second question, if you allow me to ask the question: you have a competitor that has filed for Chapter 11. How does this affect Randon, somehow, in the market, in terms of customers? Does this affect or impact your market share, demand, pricing? How does this fact impact you.

Randon:

I think Daniel can continue and maybe we can add to that.

Daniel Randon:

Of course, Mario, we have seen difficulties in the economy, actually supplier chains and our vision is that a Chapter-11 situation Company is trying to restructure themselves and the impact to us in the short term, in which we are concerned about companies focusing only on cash, but this process that we see Randon, as Lider Implementos, we have to look at the long term.

We have to maintain capacity and if the market demands at some point more competitive prices the company has sought internally, with suppliers and the areas of engineering, we have been working with other projects to maintain competitive markets and competitive prices in the market. Our view is that

Randon is working – we always use the expression that we are prepared for a Marathon – on that, on the long term, whereas our competitors are not prepared for that.

We believe we have stronger results when we have this view on the long term. The situation of a competitor is a matter of focus on cash, but we have to have all the focus on cash and we have to have competitive margins and more appropriate prices. And the Company knows that it has filed for Chapter 11 or maybe it will go bankrupt.

Mario Bernardo Jr.:

So, you talked about margins, prices. What about the dynamics today in terms of commercial relations?

Randon:

People talked about prices, delivery term, the downtrend on the market. It is so huge that people do not even talk about that. Hemerson can add to that, but in some segments of road equipment we have several products, but looking ahead we have the sales volume of the next three months, including august, which show more positive results than those of the 1S.

This is our vision. We have some segments that we have adapt the company, restructure some lines so that we do not have any impact on the delivery deadline. We have tight deadlines.

Hemerson Fernando de Souza:

Just adding to what Daniel mentioned, in the 1S15 we had a commercial situation that was a bit more difficult to manage, because obviously the traditions of our competitors and would still remain. Actually called to have some rush for cash. And we have tried to balance things commercially so as to support reduction in our inventory. This has been happening, we have been quite efficient. We have a much lower inventory now if you compare to March and April. We have been trying to be efficient also in the working capital and we can be more efficient regarding price adjustments.

We are actually practicing market prices. There is an improvement at some industries have an impact that have been reestablished in terms of the dynamic that we had with these year.

Mario Bernardo Jr:

Thank you. Congratulations for your presentation, and thank you for the answer.

Rogério Araújo, UBS:

Good morning everyone. Thank you for the opportunity. I have two questions. First, regarding the strong drop in the margin of auto parts. I would like to know if there have been price negotiations beyond the drop in volume scale. I would like to know whether has been a price negotiation with OEMs since this is the worst margin that we have in the history of the segment.

And my second question is regarding head accounting. You have a revenue reduction of also R$20 million in this quarter so, considering this magnitude, if you could mention this accounting practice if you continue happening as the Real depreciates, if it will continue affecting the EBITDA.

Randon:

Good afternoon, Rogério. Actually, auto parts suffered a loss this quarter. In the path that we have followed in 2012, when we had a cycle it was the worst quarter for the OEMs. I do not need to repeat that. This is headlines on newspapers every day. Those many OEMs dropping production have difficulty maintaining volume of production, and it was a great strategy of burning inventory. This has created lower production volume. This has been supported by inventory.

This second quarter, ended in June adding to an important clutch which is MAN Who set down production and this impacts directly auto parts sector. 70% of our sales in a common, ordinary year are related to OEM. At the same time we were not able to off-set with the other markets. In exception of auto parts is, of course, we have a spare parts market that is much more developed than exports.

We had a higher volume capacity in the domestic market, 50% of sales are to the foreign market and this quarter with greater magnitude we have more impact because they are much more related to heavy trucks sales that have greater difficulties in terms of production and sales when we talk about truck market. This is why the margin EBITDA tightened. July should have been anticipating that most suffered a lot considering the shut downs and volumes sales OEM.

So we perceive that these longer shut downs are tailed to that period. So, we believe the margin should have a better level than what we have presented. We do not have specific data on margin, but I can inform that apparently the scenario has ceased to have a down trend. We should have a stable level.

Rogério Araújo, UBS:

Sorry to interrupt. Regarding prices, have there been prices negotiations?

Randon:

No, there have not been. This is not part of the agenda. Actually, much on the contrary, we try to transfer some indicators. Of course this is not an appropriate year to do that. Of course, we have taken some cost increases and they are trying to seek as much as possible to have some cost reduction and raw materials and try to reduce expenses etc. to increase our margin.

This is our homework that we have been doing, but we have not done anything regarding pricing to worsen the margin. Regarding hedge accounting, very briefly Geraldo may add to that.

Well, the R$11 million, four hundred mentioned that there was revenue of first quarters. We have matched payments, loans in dollars and the installments mature in March and September. So they should impact the result of these quarters. March 31 and September 3rd. We accrued the first term considering what we have realized in March. Basically, it is that we have a debt in dollar and we have used this mechanism of hedge accounting to remove from the monthly results the foreign exchange fluctuations.

So, it goes through our shareholders' equity. So we have hedge accounting postage and when we have booked, so we have the installment as a debt that we have to pay and we have to have the counterpart and the adjustment we chose hedge accounted to have our exports flows accounted for on that. And we should readjust as non-recurring, because it should not be an operational expense, but financial expanse. The profit will not change, but the cash generation changed.

It is not a cash effect, but it is actually fund exchange fluctuation of that installment. We have all the demonstration of that in our explanatory notes and we are open to talk further about that. If Geraldo would like to say something about that.

Geraldo Santa Catharina:

Well, actually the question is quite clear. If there would be with an appreciation of the dollar, certainly, this effect will happen again every time we have a payment. Likewise, if there is an appreciation of the Real, the effect will be the opposite.

Rogério Araújo, UBS:

It is clear. Thank you very much. Have a good day everyone.

Daniel Magalhães, Credit Suisse:

Thank you for the opportunity. We have noticed that the average price of wagon has greatly increased regarding the 3Q. I would like to understand the reasons for this change in the mix and better understand the magnitude of price differences you have between the different models wagons Randon has today.

Hemerson Fernando de Souza:

Actually, what impacts the price of the wagons is the mix. We have a large portfolio product we manufacture and we may have a variation of 20% to 25% in the prices, between one and the other. We have a telescopic car that has very specific application and great part of this manufacturing was in the 2Q. just as a piece of information, we may have wagon crisis in the universe that is quite vast, from R$200,000 to R$400,000. So, R$200,000 of variation. These models that we are manufacturing today do not have such a great gap. So, we may have 30%, 40% in terms of difference. As for the 2H for additional duration will be quite intense in terms of wagon production that went down more than what we designed prevented for the first term.

Daniel Magalhães, Credit Suisse:

Thank you, Emerson. Just a follow up. With the backlog that you had, how do you see the wagon manufacturing wagons? Do you see more value added?

Randon:

Average prices are slightly lower 5%, 10% greater volume. And of course, we will have some special wagons, that I have mentioned, being produced. Well, I do not know exactly how this will impact the behavior, but we have a large volume of production for the second term this year and first term next year.

So, we should keep this trend quite strong. In the production of wagons we will have 75% in terms of our installed capacity. Considering its relevance, we have 50% of the installed capacity, so at least 30% is being used at the same flat to produce wagons. And this is what is making the intensive production of railway wagons today and, actually making it faster to deliver the freight cars than actually selling.

Daniel Magalhães, Credit Suisse:

Thank you.

Ricardo Schweitzer, Banco Votorantim:

Daniel, Geraldo, Emerson, good afternoon. Thank you for the opportunity. Two questions, actually. One is very related to short term and the other one, regarding short term, we have seen in this quarter, quite small growth on clients doubtful. I would like to know about how the receivable portfolio is behaving in terms, whether there have been some deteriorations that may lead to some volume that is significantly greater than what we have seen in terms of what we thought it would be, whereas the portfolio continues to be healthy, that is similar to the historical scenario.

And now, the second question. More of long terms, quite important. I would like to hear all of you talking about this. We know that you have a quite intensive agenda regarding restructuring, especially in the corporate trust to prepare the Company for the market reality that we know is different. Could you give us more visibility in terms of the magnitude of the actions taken within the Randon group over this year? Which measures have been implemented?

Can you signal what you still have to do to make the Company lighter, so to speak, and more nimble for a market that is doubtful, that is not so thriving as we have seen previously? There would be very nice from us for us that want to have a more long term visibility in terms of the internal adjustments you are making. Thank you very much.

Geraldo Santa Catharina:

Ricardo, thank you very much for the question. This is Geraldo speaking. I will briefly talk about debts and aftwards I would like to ask Daniel to talk about that. We have a costumer portfolio that is so healthy, as it was last year. We follow that quite closely and we have the Randon Bank participation that is quite important in this process, in terms of credit. All the provisions that are specific, some specific clients that are in difficulty have been done.

So, we have not changed the curve in terms of payment in the non-performing costumers. I consider our portfolio quite sound and healthy. That is something I can affirm and I highlight again that they are quite traditional. We have followed them by the Randon buying credit system quite closely with all guarantees in which we are quite at ease.

Then I would say that even more confident than we used to be in the past because of the specificity of the Randon Bank. As to the agenda, of course, I would like to ask Daniel to answer, because he has more information to add.

Daniel Raul Randon:

Ricardo. Thank you for your participation. Thank you for your question. So, we have R$120 million in terms of investments, focusing in productivity and improvement in processes at the Randon Company internally. We have a restructuring agenda, we have some examples. We have the shared service Center that we have implemented with IT revisiting processes in business units, contracts the suppliers.

We started a project last year which is called Corporate Acquisition with support of Mackenzie and this project we have a team this year that is integrated working at Randon and giving great emphasis not only in the area of suppliers and vendors, but also engineering processes, product checking. An important action, another project that Mackenzie started in the 2Q which involved looking at governance and the five to ten years scenario and leadership models, training and also viewing other projects along with Mackenzie of restructuring.

We cannot tell much about it now, but we have more details and more consolidated processes will actually disclose them. Well, the crisis is also seen as an opportunity of actually implementing various projects, optimizing processes within every unit from a corporate view point, and this has put the Company at a totally different situation.

I believe that late this year, we will have a totally different structure in the mix of the forthcoming quarters and 2016 will be ready even if we have a difficult scenario compared to 2015. It will be a different company to space this scenario in 2015.

Ricardo Schweitzer, Banco Votorantim:

Thank you, Daniel.

Murilo Bender, Bank of America:

Good morning, Daniel, Bernardo and Emerson. On our side we two questions. First, on exports. So that we can understand why the drop in the guidance. What should we expect for the next few years? And on the margin side, we have seen a reoccurring structure with adjustment and capacity we saw that in the 1Q. Just to ask whether we should consider that your capacity is now adjusted to a level that we have today approximately a few months.

Because we have very little visibility, but assuming that there is no down trend that is quite significant considering what we have now. Do you believe your capacity is adjusted as much as possible to this macro scenario that is more challenging? And whether we can expect, after the two adjustments we have seen, the scenario with the recovery of the margin in the second term of this year.

Randon:

Thank you, Murilo. I will start answering on export and then we can have an answer added by Daniel and Emerson. Actually, exports, if we check the performance of this year, we have 50% depreciation of foreign exchange. There are some difficulties on reaping this benefit of this depreciation.

We expect to reap that and, further ahead, we are adapting our operations, especially in North America and China by Fras-le. This had particle short term results, and another continent, another area where we have operations on the geography, like South America and Africa we continue trying to develop partnerships and marketing formats that make it easier to sell products that actually do not have such a high added value. I think there has been a negative contribution in the area of road equipment.

The inflation levels of Brazil, the depreciation of our currency and in the other countries, as I have mentioned in this presentation. Those countries we sell to are facing difficulties so, with all that combined there is a feeling, I would not say frustration, because we are already aware of the environment, but in the short term we are not responding as we would imagine that the dollar at 3.50 should enable.

If it is maintained at this level or a bit higher in the next six to twelve months, we imagine that this may have a much more positive effect. I pass the word to Daniel and Emerson to talk about this topic and on the structure adjustment as it has been mentioned. Daniel, if you want to add.

Daniel Raul Randon:

Thank you for your participation in the structure adjustment, Murilo. We had strong adjustments in the first term. We have some actions to be taken during the 3Q. Perhaps something in the 4Q to close this year as we are seeking improvement and streamlining. And our capacity, we are going to give, well, we have some units that need flexibility to be able to produce without generating inventory. Then I am able to reduce inventory at the end of the year.

We have blanket holidays that contribute to that and I believe that we are getting close to adjusting the capacity, however, using tools such as “flexibilization” and blanket holidays that we have late this year so that we have adjusted capacity with that. And overall, we are working looking at the conservative market scenario as was the first term, but I believe we have sought alternatives to grow the rail equipment, the rail wagons and strongly looking towards the foreign market.

Murilo Bender, Bank of America:

OK. Thank you very much, Geraldo and Daniel.

Dorivaldo Camilo:

Good morning, Daniel, Geraldo and Emerson. I have two questions. I think you have talked a bit about the scenario of the 2S. We have been hearing other calls and other situations and situations with OEM’s second term may be worse than the first. Considering great stoppages and shut down this scene in the past week. I would like you to tell us about the auto parts OEMs. And what is the segment that will provide greater margins? Trailers and semi-trailers. Which segment can be better or which one can be worse than the 1S? This is my first question. Thank you.

Hemerson Fernando de Souza:

Bernardo, Emerson speaking. Daniel and Geraldo may add. We are confident regarding the second term. Not that things are gaining momentum, that we are prepared and we have conditions. We believe things we be maintained as they were, but when we look at the economy as whole, we may see that some industries are not suffering so much as others. This may impact the economy, but the transportation system as a whole has not felt the difficulties for now.

There have been a six month of an actual worsening of the crisis and we believe that we are at a level that is relatively low that should not be so much worse. Shutdowns have been few. Some OEMS are actually having some further stoppages, more than the first term. I would like to say that in the path of road equipment, we have had a slight improvement in the orders as compared to what we had in the 1H. We may affirm, not just one, two months, we are moving on to the third month, that we have slightly grown the sales volume. It is nothing that puts the Company in a different level. That is a clear sign that there is indeed demand, and that we should it should be maintained at the levels that we have now.

The great difference from the 1H to the 2H is that we will be better adjusted in terms of our size, our expenses, our operations efficiency, compared to we had in 1H15. This is positive. And it is extremely positive, as Daniel previously mentioned, for the next year. Even if we have poor volumes, as we have now, we are another Company. And we believe we are better adjusted for the size of the market, for the opportunities the market is offering us. That will lead us to have better results.

Dorivaldo Camilo:

Second question is on market share. I have seen that your market share in terms of road equipment is below 25%. I have seen that the number of the past years is actually quite low. And I was a bit confused because the bankruptcy of the competitor could help you recover on the 3Q, in July, August, September. You can recover a bit of market share. There is some difficulty in terms of credit and funding. The numbers are quite low so there is less added value. And there is a price competition and smaller manufacturers to get to gain market share and ready equipment in 3Q. I would like you to explain why your market share has been so low in this quarter and if you are expected to have some recovery over the rest of the year.

Randon:

Actually, we have had some quarters with lower market shares. But we have maintained lower market share in the first term, two quarters in a row. We have first focused to meet the market that has greater returns, as specialties, freight, refrigerated. We did not prioritize lines with greater volumes. That explains part of it. The other part is related to more intense commercial area, that we actually had in the 1H and we decided not being so aggressive, because we have to preserve the conditions of the Company at a level that is minimally healthy. That is what has reflected it.

I believe that inventories, not only at Randon, and our competitors, are dropping. And the market should have a better level. We noticed in the past months improvement in orders and also in our market share. Daniel Sinhori, that is a coordinator that works with us, that is taking part in the call, has just shown me a chart with the 15 days of August, we have a much better market share when we consider accumulated numbers. I believe 2H will enable us to leverage our market position.

As to competitors, those who are facing greater difficulties today, we do opportunities ahead. We can see now all these customers that were customers of competitors, they want are approaching Randon. And this is a positive thing currently and I believe this will contribute for us to have better market share. But as for the case of the competitor you have mentioned, too, we have not captured any order regarding that. This was actually closing the semester. We do not any news or any data on the reduction of the competitors' side.

They have been quite aggressive in the 1H. They actually gained a lot of market share in the 1H.

Geraldo Santa Catharina:

It is important to highlight, Bernardo, that Randon worked for a long time with a comfortable financial situation and prepared for times of crisis like now. So we have to generate cash, but not so as to burn the inventory. We have to sell our inventory. We have a healthy debt maturing, so cash generation. So, inventory reduction is gradual to actually compensate our assets, which is not so much truthful in our major competitors.

Dorivaldo Camilo:

Just to close regarding the recovery of market share. When you talk about road equipment, it would be a number close to 10,000, in terms of verticals?

Randon:

I would say 10,000 is a realistic number.

Dorivaldo Camilo:

Ok. Thank you. Great.

Participant:

Two questions from the web cast. Most of the web cast questions have been answered. I would like to thank Francisco, Santiago, Mathias, that have asked questions. I believe we have somehow answered them here, with the exception of a very specific question regarding cycles Santiago has made. I think it is worth elaborating on that. The question is the following: Randon has business in cycles and has had deeper crisis. And actually managed to have a funding of financing of the Company. He asks if the lessons of those years have helped this time or if we will face problems in terms of covenants financing. I think Geraldo is the most appropriate person to answer that.

Geraldo Santa Catharina:

Daniel, allow me. I will answer that because it is my comfort zone. I have been in the Company for 31 years. I have followed several crisis in the market and Randon itself. At no time in the past we were caught at such intense or strong crisis. This was a result of planning o 10 or 15 years in the Company. We have had credit offers, I will say, quite significant for the times we are facing now. At some times - it is not being arrogant, it is actually a finding - we are refusing certain credit lines, so that we do not have positive debt carryovers.

We are looking at our cash broker next year, 2017 and 2018. We know now what actions we are going to take. And regarding covenants, I would say we are quite comfortable, because I would say 15% of our gross debt is subject to some covenance regarding EBITDA generation. And we are currently negotiating that in good terms. We should have positioning late this year. We certainly should have no difficulties whatsoever to have the respective wavers. So there is a side that Randon has taken good care of in these past 10, 15 years up to now, and that is the area of cash generation and cash maintenance. Because the market has enabled to have high levels of funding. That is quite attractive. And we have not missed the opportunities we have had over the past years.

Randon:

We are going to continue with the questions in the conference call.

Filipe Everico, Quantitas:

Hello. Good afternoon, everyone. I believe most questions have been answered. I just have one regarding CAPEX, which is the following: you reviewed the guidance, all the lines have dropped except for investments. My question is the R$120 million annual amount is the minimum investment Randon requires to continue to maintain its operations, or can we still see a reduction if the market has no recovery?

Geraldo Santa Catharina:

Thank you very much for the question. We mentioned our investment this year is the minimum indispensable to proceed our operations. The Company is highly updated in its manufacturing capacity, highly prepared in terms of production capacity. So R$120 million are more linked to the carryover from last year, the Araraquara plant. And we have a lot of investments regarding NR12, which relates to workers' protection. And this is a number that is leveled for the minimum the Company has to work with. Of course if we have significant market growth, we will have to increase this amount. We do believe, however, that this number is somewhat realistic for Randon to maintain its operations.

Randon:

Just to add to what Geraldo has just mentioned. Within the R$120 million, we have R$34 million that refer to our new operations in Araraquara. We have realized part of it. Hence, if we consider only maintenance, we are talking about R$120 million minus R$34 million, R$85 million. So, it is 50% below the depreciation of the Company. So just to add to what Geraldo said, so had we maintained the operations in Araraquara, the CAPEX would be lower, obviously.

Filipe Everico:

Thank you very much. This is very clear.

Operator:

This concludes the question and answers section. At this time, I would like to turn the floor back to Mr. Geraldo Santa Catharina for any closing remarks.

Geraldo Santa Catharina:

Thank you very much for your participation, in my behalf, and Daniel's, Emerson's and Daniel, that is present here. On behalf of the Company and shareholders, it is a meeting in which we tried to clarify questions and hope it has been productive. And we are available for further questions. Please contact us directly with out Investor Relations department, so that we can clarify all your questions. Thank you very much and see you next time.

Operator:

Thank you, this thus concludes 2Q15 presentation, you may disconnect your line at this time and have a good day. Thank you for your participation.