Operator:

Good morning. Welcome to the conference call of Randon to review the results of the 3Q15. Today here with us we have Mr. Daniel Randon, CEO; Geraldo Santa Catharina, CFO and IRO and Hemerson Fernando de Souza, Manager of Planning and Investor Relations.

We will inform that this conference call is being recorded and simultaneously translated into English. And during the Company's presentation, all participants will be connected in listen-only mode. Then we are going to start our question-and-answer session only for analysts and investors when further instructions will be provided. Should any participant need assistance during this call, please press *0 to reach the operator.

The audio and the presentation or the slide got its presentation is available on the Internet at www.randon.com.br/ir. We also would like to say that statements made during this conference call related to Randon's business outlook.

Operational and financial projections and goals are beliefs and assumptions of the Company's management and are based on information currently available. Investors should understand that they involve risks, uncertainties and assumptions because they refer to future events and therefore depend on circumstances that may or may not materialize. Investors should also understand that general economic conditions, industry conditions and other operational factors may affect the future performance of Randon and may lead to results that will be materially different from those expressed in such forward-looking statements.

Now, I would like to turn the conference over to Mr. Hemerson Fernando de Souza who's going to start the presentation. Thank you very much. Mr. Hemerson, you may start.

Hemerson Fernando de Souza:

Good morning, everyone. This is the conference call of Randon's 3Q, we are in Porto Alegre and we have just had our APIMEC meeting in Rio today at the end of the day. We also have the pleasure of watching everyone on the APIMEC in Sao Paulo at 6 PM Blue Tree Faria Lima. So the agenda of our conference call starts with the highlights of the period followed by an overview of the markets by segment and then we'll also be talking about the performance of our shares, RAPT4, about dividend payout, interest on equity, and then we'll talk about the financial results with emphasis on the Company's debt, about the outlook for future months. And as usual we're going to have time for questions after the presentation, and I would like to invite you to participate.

Today, we have with us, as mentioned before, we also have Mr. Daniel Randon and Geraldo Santa Catharina, our CFO and Investor Relations Officer. This quarter we have noted some advances in market positions that can be observed through our revenues. However, confidence has not yet been recovered and the market continues without predictability for future quarters. The segment of trailers and semi-trailers market share presented a growth driven especially by special conditions of financing for the sale of the projects that we had in inventories.

In auto parts, on the other hand, volumes remained weak as a result of the low production of commercial vehicles. The 3Q results were impacted by adjustment in administrative commercial structure and in management positions continuing the restructuring that took place during the year. The Company remains focused in our priorities related to cash generation, reduction of working capital and optimization of results. It's also our top priority to export, reinforcing sales teams with the objective of making the most of the favorable FX rate.

Now moving to slide number four. We can see the production and sale in the main markets related to Randon products; trucks, buses and towed vehicles. The drop in volumes in the third quarter has kept the average of the first six months of the year, the percentages of reduction have remained at around 40% to 50%. With the adaptation of our strategy combined with flexible time five days a month until the end of October, it was possible to adjust the production of towed vehicles in the quarter there by making that things into our finished product in the yard is rated normal level so to speak.

Today, we have about 1,000 units in inventories and as a reminder we had in April and May we had as many as 2,600. The production of wagons, rail wagons is still high thereby allowing the best utilization of our length of towed vehicles because they are both manufactured in the same plant.

On slide number five, you can see the main numbers of the quarter. The total gross revenue without any elimination between the companies of the group totaled R$1 billion, a drop of 9.7% vis-à-vis the 3Q14. The consolidated net revenue of the 3Q15 totaled R$853 million, a reduction of 3.8%, comparing the quarters in 2015 and 2014.

Exports totaled US$43.7 million in the quarter, a drop of 12.5% as compared to the same period last year, when we imported US$15 million in volumes. In recent years, we place priority on sales to the domestic market as result of high internal demand, driven especially by attractive credit conditions as everyone knows. We are already taking action so that we may recover our sales in the domestic market. The results of these actions we hope are soon reflected in the performance of our Company's exports. The net revenue of the company totaled – the loss was R$4.5 million as compared to a profit of R$32.7 million in the 3Q15.

On the next slide we will be talking about in detail how we have adjusted the EBITDA in terms of non-recurring events. EBITDA of the 3Q closed with a reduction of 55.8% as compared to the 3Q14, reaching R$42.5 million, margin of 5% as compared to the consolidated net revenue and compared with R$96 million that we had in 2014, representing a 10.8% EBITDA margin.

In the quarter, again we had some non-recurring expenses that again had a negative effect on EBITDA as we show on slide number six. There was R$37.2 million expenses with restructuring provision and booking of a positive FX variations in hedge accounting. This number added to the consolidated EBITDA resulted in adjusted EBITDA of R$80 million, representing an EBITDA margin of 9.1 over net revenue. Our year-to-date numbers adjusted consolidated EBITDA got R$214 million bringing the EBITDA margin to 9.3 over the net revenue.

On slide number seven we can see our adjusted numbers and you can see the non-recurring events breaking down even though that had impacted COGS or those that have an impact in SG&A that has taken out part of the exports revenues and we are showing how we do this adjustment. So, adding the hedge accounting amounts to net revenue, it goes from R$853 million to R$870 million in the quarter. Excluding restructuring expenses from COGS, we have a COGS drop, R$661.9 million – R$680 million more or less rounded, representing 76% of the net revenue in the 3Q, and if we adjust this margin it would go from 20.3% to 24%.

Reducing non-recurring expenses, operational expenses would go from R$162.8 million to R$160.9 million in the 3Q and as mentioned before, we have an adjusted EBITDA of around R$80 million with an adjusted EBITDA margin of 9.1%. In the table you can also see the effect of non-recurring events in year-to-date numbers and also adjusted indicators for the 9M15.

Now talking about the business environment. The company is still focused on priorities related to cash generation, reduction of working capital, result optimization and pursuit of new revenues. Actions that are being taken should expand sales in the export market and the replacement market.

In spite of the lack of predictability for future months and confidence is still very low, in the 3Q15 we observed gains of market share in the segment of towed vehicles and inventories went down drastically as compared to what we had earlier this year. In spite of reduction of inventory of finished towed vehicles, we will have an increase in global inventory especially in the area of trailer wagons. This combined with an increase of the customer accounts that put pressure on working capital.

To simulate the sales of finished product, the Company decided to finance customers in the last quarter offering special time and cost term and this is the main cause for the increase in the customer account. This stimuli ended in September and over the next few months we will have the reduction of this account partly adjusted by the recovery.

As I mentioned before, we had a large volume of non-recurring expenses in 2015 and next quarter, we will still have some of those expenses. We are highly committed to the pursuit of competitive transformations that are taking place in our company and as usual at times of crisis such as the time we are going through now, new opportunities are also being perceived and new goals are being set.

Now I'm going to talk about the overview of each business segments starting with towed vehicles on slide number nine. In the 3Q, we noted an improvement in market share, which was superior to year-to-date numbers, reaching 27%. I would like to say something, we added in the past two months, August and September, we already have a market share that is in excess of 30%.

So, the average for the quarter 27%, but we already have more than 30% from July to September, our monthly average was 996 units sold. In the first six months of the year, the average was 782, the increase of almost 30% in volume if we compare the 3Q to the 1H of this year. This stability is consistent and we expected to remain over the next few months. However, the market is weak and there is no indication of short time recovery.

Prices are still below the expected as a result of the low demand in the market and high inventories that manufacturers have, both us and our competitors. As the offering goes down because of lower production it will be possible to implement gradual recovery of prices. If we compare to the competition, Randon is favored by the diversity of its product in market. The average sales to the foreign market is the same as 2014, however, below the historical performance. Recovery in the foreign market is a priority for the Company in terms of market integration.

As of November, segment management is being made in the form of clusters including special vehicles. The person responsible for the cluster is our assembly CEO, Mr. Alexandre Gazzi. And we want to potentialize for this and differentials of Randon company in the pursuit of best results.

Now we will talk about special vehicles and rail wagons. As we had mentioned before in the 2Q, there was intense manufacturing of rail wagons thereby contributing to the Company's consolidated results. We delivered 611 units in the quarter as compared to 116 in the same period last year. Production will remain strong in fourth quarter. We already have sold orders into the 2Q16 and we would like to emphasize that we have some ongoing negotiations. The unit of special vehicles had a drop of 30% unit sales volume as compared to the first nine months of 2014. This drop is partly explained by the standstill in the infrastructure as a result of our Lava Jato operation.

On slide no 11, we are lifting some considerations about that segment of auto parts. Considering downtime that were scheduled by automobile manufacturers, the volume sold in the quarter had a drop of 40% as compared to the same quarter in 2015. Fras-Le did not have its volumes reduced so much because 50% of its revenues are related to exports and 41% replacement and only 8% for car manufacturers. The devaluation of the real has contributed to increasing its revenues. Car manufacturers are focusing on reducing their inventories in order to do that thing is to reduce the manufacturing of trucks, which has a direct impact in the sales of auto parts.

The Company's adjusted EBITDA margin in the segment of auto parts in the 3Q was almost 15%. If you compare the margin of the 3Q14, 14%, we note that there was a slight percentage gain. This shows that all of the Company's efforts that it has been making to reduce cost and increase productivity are starting to show in the maintenance of margins. In order to attain that we needed to adapt the company to the size of the market, which generated expenses of R$15.5 million only in the 3Q. The environment remains optimistic for sales in the domestic market.

We are conducting studies to gain synergies in the sale of our auto parts products and I stress that as of November, segment management will be made in the form of clusters as I said before, led in this case by the CEO of the auto part Division Mr. Pedro Ferro, one of our executive officers. This new business model in cluster aims to potentialize for certain differentials of Randon companies always focused on the pursuit of better results, performance of the company.

As to the capitals market on slide 12, we know the drop of 53.8% in average daily financial volumes traded – of stock of the Company traded in the first nine months of 2015, this is due to devaluation of this bond, which is 54.8% below of RAPT4, the one with the highest liquidity thereby reaching the price of 2.91 at the closing date of the quarter and today is a little bit more than that.

On slide 13, you can see our gross debt breakdown. So our debt in foreign currency represents 33.6% of the total debt, which is about R$3.4 billion, it was R$3.4 billion on September 30th. The percentage was 22.4% in the 1H15, however, we published the minutes of our Board of Directors and we hired a loan amounting to US$100 million so as to have our debt within foreign currency with very good cost.

Now moving to slide number 14, you can see the breakdown of our industrial net debt with a cash of R$2 billion and net debt goes back of R$3.2 billion, the manufacturing net debt is R$1.2 billion equivalent multiple of 4.08x as compared to adjusted EBITDA third quarter past 12 months.

On slide number 15, you can see the numbers that we announced in August for the guidance that still agree with the outlook we have for the company for 2015. We have already reached 76% of our goal in the consolidated net revenue of 3 billion as planned and for foreign revenues, we have already reached 87% of the amount announced.

Now, I would now like to turn the conference over to Mr. Daniel Randon, Finance VP to comment about the outlook for the future quarters.

Daniel Raul Randon:

Good morning, everyone to all listening to our conference call. The number indicated presented by Hemerson are clear about the time our marketing is going through and the impacting our company. The year has been very difficult, but we have been focusing our priorities on the pursuit of competitiveness. Our focus is on trying to open new roads of revenue to expand the destinations, optimize asset and to have a higher return on the capital investment. Crisis always provide opportunities and it is with them the opportunities that we wanted to walk in hand in hand soon.

Continue with our presentation, we will talk about our expectation for the economy and the season and the results for the 4Q15 on slide 16. The last focus report published on November 6th, GDP forecast is -3.10% for 2015 and -1.9% for 2016. So, the harvest is 1.7% compared to the last cycle, which moved our business of trailers and semi-trailers over the past few months.

The dollar has exceeded the historical mark of R$4, Brazil’s credit rating was downgraded and SELIC interest rate went up. The domestic scenario is still complex, which makes it more difficult for us to look into the future. The company has done its homework with priority on cost reduction, generation of free cash and productivity. The gains in the Department of Corporate Procurement, we are restructuring standardization of last year's sale gains and negotiation is already showing but the main benefits of these implementations are yet to be seen in the long term.

In the 4Q15 you will be seeing the effects of non-recurring expenses in the result. Additionally, the 4Q is traditionally affected by end of the year by the holiday season and collective vacation. In the last few months we have answered many questions related to many different things and we have anticipated the demand for questions in trying to answer the main questions you may have.

Covenant, we have the expectation of not meeting some covenants with creditors of debt because of the weak performance of our operations this business period. In fact, the measurements are annual in the publication of results relative to 2015. We are already dealing with that even though not yet documented, we have completed negotiations that we did with reasonable market terms.

Now, on the next slide number 18, you can see the results related to the market share for towed vehicles. The segment of towed vehicles demonstrated along the 3Q15, a slight recovery of sale volume. Even those still distance from traditionally demanded volumes, we understand that the numbers of the past few months demonstrate that the segment has already reached its minimal levels for 2015 and the worsening that we saw in the 1H of the year did not continue.

Commercial actions conducted with the network of dealership have contributed significantly to reduce inventory levels with a positive influence in the market share of the quarter, which we still average of 27%. Another movement that we noted that customers deciding to diversify activities trying to buy semi towed vehicles whose demand for freight is higher.

On slide number 20, we want to share our projection about the commercial vehicle for the next year. Even though we have not yet finalized the numbers for 2015, we know that the current volumes and production and sales levels will not vary greatly towards the end of the year, except for December when the production of trucks will be very low as a result of anticipated collective vacations helped by our OEM customers. We are not expecting major evolutions in the market in 2016. Domestic sales volumes will be relatively similar to those we saw in 2015 for towed vehicles. For trucks on the other hand, we estimate slightly smaller sales.

Exports should follow at levels that will be minimally equivalent both for trucks and towed vehicles considering that inventories are not any longer so high as they were in the beginning of 2015. It will be necessary to increase production slightly to supply the demand in 2015. We are monitoring closely the movement of demand generation, so that we are aligned with the market size next year. And our changes in FINAME PSI and reduction in the amounts for financing, put our investments in agreement with the offer of credit in the market. On one hand, financing costs have gone up but no artificial demand. Additionally, the modality FINAME TJLP is open and demand from customers are being forwarded through this instrument.

We are now closing our presentation. We have additional materials with the slide addressing each one of the financial operational indexes. They are easy to understand. They speak for themselves. Anyhow, we are open for comments and if you want, we can also comment about those indicators.

I would like to thank your attention and to open our question-and-answer session, where Geraldo, Hemerson and myself would be available to answer your questions. Thank you very much.

Mario Bernardes, Banco do Brasil:

Good morning everyone. I have a few questions. The first one, and I know Daniel even mentioned about the outlook and expectations. Now this week we had a forecast for sale stability for next year. Does it apply to Randon too?

Hemerson Fernando de Souza:

Our vision is very much in line with our association. We don't think it will be considerably, the market will be significant and different next year. We have a slightly better expectation because we have major operations of the export. So, when we say that manufacturing might be slightly better, we are adding some credit for export sales.

In the current FX levels make a slightly more competitive in the markets we have, we operate have suffered a little bit, Latin America, South America and with the devaluation of their currency sometimes they hit Brazil. And also in Africa, there was a significant reduction because of the drop in prices of commodity.

We mentioned this during the call about our structure for export and in our understanding, next year exports will be better, that's why we expect the market to show in production next year because of exports. And moreover in sales this year, this was based on the inventory. The next year inventories will be lower, so we might need to manufacture slightly more even if sales remain at the same levels.

Mario Bernardes:

Thank you very much. I would like to ask about inventory. You sort of reduced your inventories this year, but you are waiting for FINAME to approve some financing. So what is your prospect?

Geraldo Santa Catharina:

Mario, this Geraldo. Right now, we are not working with that. There is a regular delay of 45 days in payments, but is not systematic. The situation is sort of normal with regards to that. They approve with more or less 30 days.

Mario Bernardes:

I am sorry to insist. Is thus the factor that caused the impact in your account receivables?

Hemerson Fernando de Souza:

No, not really, actually this depends on the release by BNDES. Some weeks, they approve things – we see, operate and we work based on the assumption. So at normal days it would be a 30 days, today, the case is that are released in 20 days or sometimes 30 days and sometimes as much 45 days. And I say again, this is not really systematic. We are not really worried right now about the approval of financing by BNDES and we should complement that we have special payment terms for some product batches and this provides some -- this also contributes to the customer account. These are very short term, four or five months and will shortly go back to more normal levels there.

Daniel Magalhaes, Credit Suisse:

Good morning, everyone. Thank you for the opportunity. I have two questions. Two about the segment of trailers and semi-trailers. First of all, there is a reasonable increase in operational expenses in this segment. They are around R$72 million this quarter, which since and it looks like it's not explained by the restructuring expenses.

Could you explain more what lies behind this increase? There seems to be a recovery in average prices of towed vehicles. In last quarter, there was a drop of 10% on average as compared to this quarter. What caused this increase? Was it a price of recovery and what should we expect in the future? Thank you.

Hemerson Fernando de Souza:

Daniel, this is Hemerson. And Geraldo will answer your question. As to expenses, in our area of trailers and semi-trailers, we also have rail wagons. So, there is some expenses related to sales of wagons especially freight. Freight is quite representative and so this response forum will account for a significant share in the increase of expenses especially because of trades and impacts on commercial expenses in the segment. So, this is not just related to trailers and semi-trailers, but this is very much related to the sale of wagons. As to prices, the mix explains this and Geraldo can help me to answer your question.

Geraldo Catharina:

Well, Daniel, the volatility in the market was so high in this six months that we worked for to go with the wave. So, as things become more difficult at the moment of crisis and there have been a price concessions at some signs and everything with the aim of keeping market share and also managing inventory. So, what's happening right now, that we have reduced drastically inventory. We have just now they are 1/3 of what they were six months ago. And we want fair prices. We do not have much room for price increases. We are working more in terms of cost and efficiency. And I would say that in the last quarter we will not compromise so much or give up so many things.
We don't have a formal strategy saying the company has increased prices or something. It was a behavior related to the market volatility and the competition and in fact to keep up with that.

Of course with the more favorable mix and has a major diversity of offers, so the mix in the quarter also is related to better average prices and some industries are not dropping. For example, sugarcane, protein, we are performing very well. We are selling, and the prices did not drop and we've been noting that some customers have been seeking to diversify their operations. So maybe a player has some difficulty in transportation of fuel, someone who worked with grain will do that. So this also helps us to keep volumes and the commercial balance, in some way it's not with all of them, of course.

Daniel Magalhaes:

Thank you.

Bernardo Carneiro, Brasil Plural:

Good morning. The first one is about the record of wagons this quarter, is much greater than what you had earlier last year. And I would like to know how far are you going to keep this level of 600 wagons per quarter? I think that the wagon market might become more normal next year. And this might have an impact on the Company's revenues.

The second question is related to improve governance and a leaner headcount. Are you implementing any more measures to incentive and to adopt better governance practices, for example, stock option, variable compensation based on performance for executive officers? So these are my two questions. Thank you.

Hemerson Fernando de Souza:

Thank you for your question. This is Hemerson. I'll be answering about wagon. Our production is still to be related to this extraordinary orders of 2,300 units and so we went from six wagons a day to like 12 or 13 wagons a day today. It was progressive. We reached the peak this quarter and we think that we are likely to keep this space until mid-April or May next year. From then on we will depend on new orders. So whenever there are new orders and we have room, we will do that. And we will intensify our production of wagons.

Bernardo Carneiro:

And this is basically my question.

Hemerson Fernando de Souza:

So, Geraldo has answered it quite extensively. The market dynamics as a whole in terms of wagons is smaller or is around 3,500 or 4,000. So, sometimes there is a large sales slope. So, we are expecting a drop next year. We need to look at the averages. So, we now are understanding various opportunity for improvement that are being happening right now.

And we need to try to seek to recover positions so that we do not have the same volumes of wagons as this year. We are going to close next to 2,000 units. We are not really likely to keep the same volumes next year even though there are some consultations and from then on we need to negotiate. So, while we are expecting these negotiations to turn into orders.

And I'm going to let Daniel, he is one of the coordinators of this project and he may help in answering.

Daniel Raul Randon:

Thank you for participating and for your question. In terms of governance, you should look at Randon's history. There has been some ways in 2000, we've created court and the Company's committees with the new management model. In 2009, the succession of the Founder of the Company as Chairman of the Board and as part of this work that we have just conducted six years later undoubtedly was looking at the long.

Look at the Company in the long term. So, that we recover negotiations as fast as possible. The main focus was on governance and performance management, to have a leaner structure to make the company more competitive for growth, not just in Brazil, but also international. So, with the sense, McKinsey helped us in the structure in terms of having a leaner structure that will definitely affect the Company in terms of management and even as the Company recovers and start growing again, we are going to keep the same management model.

In terms of performance, we have, we are very much aligned with Hay Group performance management. So, when we talk about stock option as an alternative, it's not just for the short and medium term, but also for the long-term and we are finalizing this, we are hoping to finalize this process to variable compensation by the end of the year. In terms of structure of the Company, has been implementing its restructuring in phases, so considering the Executive Committee for executive officers, managers and other management positions and we've been doing it on a month-to-month basis aligning the process specially in terms of trying to have a leaner company with higher productivity.

So, undoubtedly we have some actions to close the fourth quarter on restructuring so that we may start 2016 with a leaner structure and planning of decision in place and even the model in reinforcing the model that we already had with using the cost with auto parts and others and also in terms of Randon vehicles and wagons and in terms of administrative and financial back office and also the Bank and the co-op payments. So, all of this will contribute and providing more agility in our decision making process. So, we want to have a model with discussions and decisions being as horizontal as possible.

Bernardo Carneiro:

Well, from what I've heard, by the end of this year, you are likely to start something related to stock option and goal based variable compensation?

Daniel Raul Randon:

Yes, we're reviewing that and our view is depending on time it might, slightly later and then in the first few months of next year, there's lot of work going on. Right now, I don't know whether we will have enough time to finalize our compensation plan both for the short-term and long-term in the stock option plan and everything, but we're finalizing it.

Bernardo Carneiro:

OK. Thank you very much.

Rogério Araújo, UBS:

Good morning everyone. Thank you for the opportunity. I have two questions. The first one, I would like to know more about the financing of some customers. So which where your terms, did you replace BNDES for another. So, did you offer 50% and they offer 50%, what's the intention, can this be seen as a debt from Randon to the customer or is it more like a receivables account? Could you give us some more color? I would like to understand better how you've structured this and what we should expect going forward?

And the second is a quick follow-up about the covenant you announced that you renegotiated it and I would like to understand or if you could tell what was negotiated in this processes, the cost of debt, this increase significant, when does it start? These are my questions.

Geraldo Santa Catharina:

As to this aspect of price or special financing term, I think this is being potentialized. And Randon had 2,600 semi-trailers in the inventory in our yard. So we had promotions, so we had a promotion limited to sometime since customers could pay in five installments, of course, they always had to give up down payment and this helped us to reduce our inventory from 2,600 to less than 1,000 and we are really helping our customers. And this involves the strategy of the company and it was limited to R$40 million. It was not too much, it's not so high considering the company's cash in order to reduce our inventories. And this promotion has already ended, the stock is over and we have no intention of repeating it in the future unless we are really pressured to do that.

The covenants are being negotiated with no additional cost and informally, we have already got a waiver and we just need to document it. The terms of the waiver obviously, I cannot disclose. Well, I can tell you that we have a waiver, we will not need to negotiate the debt and the breach of covenants was in quite reasonable terms.

Rogério Araújo:

Thank you very much.

Joe Moura, Bank of America:

Good morning. Thank you for the call. I have two questions. The first one is about trailers and semi-trailers and we saw something really different this year. We saw your revenues growing especially because of inventories. So, looking at your levels of inventories, maybe it's not over yet, I would like to understand is the trend going on in the 4Q? Are we going to see agricultural machines and as other market drivers in terms of inventories and whether you have or do you think your inventory levels are already at adequate levels?

The second question is a follow-up that seems to be quite relevant. For example, Pedro Ferro (48:04) so this is related to auto parts and most of your success is related to exports. What opportunities do you see, how relevant is importing to Randon thinking of next year? What do you see your other auto parts divisions here?

Hemerson Fernando de Souza:

Good morning and thank you for the questions. I will try to answer the first one regarding inventory and I think Daniel can complement with exports. Well, about inventory, we mentioned in our conference call, this number would be reasonable if we were selling 2,000 units every month as we did in the past.

And this would represent 20 days of sales. Now if we are to adapt to today's level of sales, our integration should be 600 units to 700 units. There is a reasonable chance that we're going to close the year with our inventory below 1,000 units, like 900 or 800, we don't bring an older number, because we have promoted many reductions in manufacturing and we are keeping, but manufacturing needs to be done because your inventory doesn't always match what you're selling. And the dynamics of new orders keeps up with what we have already manufactured. The special conditions of inventory and financing or loans this is already over.

What we have in inventory today, our projects that are very relevant and much to the contrary, as demand is getting regulated, not just at that the market as a whole, we are increasing prices. And this is not different in the industry of vehicles. So, in the next few quarters we want to adjust some inventories and to have manufacture at commercial levels and of course, our inventory today, especially in our division of trailers and semi-trailers is that we have are producing lots of wagons. So in the financial cycle, they are quite requiring the capital intensive, we need to have inventory of finished products and this sort of affects indicators. But then on the other hand, the good sign as this keeps our occupation levels at about 70% occupation in the plains.

So, now Daniel is going to talk about opportunities in exports.

Daniel Raul Randon:

As to exports, Pedro Ferro is an Executive Officer that has been with us for a year-and-a-half and he has wide experience of more than 20 years working in automotive industry especially in the United States, Mexico and China. So he has wide experience to help us. Right now, we have the dollar at a higher value. Our challenge is undoubtedly to send more quotes in the markets where Brazil lost ground and together with foreign partners, we wanted to seek opportunities, also in terms of competitiveness.

For example, Fras-le today had an intense action, in China, in the United States, and this undoubtedly reflects in auto parts much as in JVs, but the second important point is an opportunity and as the dollars more expensive, imports of auto parts in Brazil have gone down. There has been a R$10 billion deficit in the auto parts industry. This viewed the number is smaller and only as they are seeking alternatives for the supply, because they don't want to import, because there is a volatility in the FX rate. So, this has also contributed for the domestic market.

And another import point that we have is you are looking at auto parts. So, we want to be closer to our foreign customers both the foreign and in Brazil. So, in Brazil, we work in the replacement market and we have a strong differential in the replacement market and for years, we have been working to improve synergies with other auto parts and often have development, research and process and we want to seek more synergies and higher productivity and to continue doing what the company wants to do in its mission, which is to offer solutions to our customers.

When you look at auto parts, we have all undercarriage solution, not just one product, but a full solution that meets the needs of our customers. So, undoubtedly this synergy is important. And going back to your question related to exports with a more competitive dollar, we are competitive again in coats, not just in emerging market provisions, in more stable developed markets like Europe and other places.

Joe Moura:

Thank you very much.

João Noronha, Banco Santander:

Good morning, everyone. It's about your investment policy. How do you see next year and how do you compare to this year's guidance of R$120 million?

Daniel Raul Randon:

This year we had high investment especially looking at our projects in Araraquara. Right now that project is on hold. So, for 2016 we are working with a more conservative number. We do not yet have an official number, but our option is to do the minimum investment possible wherever there is effective demand to continue our business, so that we are competitive in the long-term focusing especially on productiveness and our main focus will be on cash and debt reduction looking into 2016, and especially to recover our margin with more competitiveness for the Company. So, next year we are holding investments as much as possible and looking into 2015 and this number is conservative considering depreciation, we have been even more aggressive because we see a volatile scenario.

Operator:

Thank you. If there are no further questions I would like to turn the conference back over to Mr. Daniel for his closing remarks. Please Mr. Daniel.

Daniel Raul Randon:

So, once again, I would like to thank you all for your participation this morning. We had our APIMEC in Porto Alegre, and this afternoon at 5.30. We will be doing it in Sao Paulo in the Blue Tree Hotel and I would like to extend the invitation to everyone. I would like once again to say, we're available to answer any possible questions you may have afterwards. Please get in direct contact with our Investor Relations department so that you may ask your questions. Thank you very much and see you next quarter.

Geraldo Santa Catharina:

Thank you very much.

Operator:

The conference call to release the results of the 3Q15 of Randon has now ended. Please, disconnect your lines. Thank you.