



RESULTS  
4Q15 / 2015

**RANDON**<sup>®</sup>

# Disclaimer

*This presentation contains forward-looking statements that are subject to risks and uncertainties. These statements are based on Management's beliefs and assumptions, as well as on currently available information. Forward-looking statements include information on our current intentions, beliefs or expectations, as well as those of the Company's Board of Directors and Board of Executive Officers.*

*The reservations as to forward looking statements and information also include information on possible or presumed operating results, as well as any statements preceded, followed or including words such as "believes", "may", "will", "expects", "intends", "plans", "estimates" or similar expressions.*

*Forward-looking statements are not performance guarantees; they involve risks, uncertainties and assumptions because they refer to future events and, therefore, depend on circumstances which may or may not occur. Future results may differ materially from those expressed or suggested by forward-looking statements. Many of the factors which will determine these results and figures are beyond our ability to control or predict.*

# Agenda

- Period Highlights
- Market Overview
- Capital Markets
- Financial Results
- Outlook
- Possible Questions

# Highlights – 4Q15

	4Q2015	4Q2014	Δ%	2015	2014	Δ%
<b>PRODUCTION</b>	<b>25,723</b>	<b>48,474</b>	<b>-46.9%</b>	<b>128,616</b>	<b>233,110</b>	<b>-44.8%</b>
Trucks (*)	14,731	27,876	-47.2%	74,062	139,965	-47.1%
Buses (*)	2,818	5,143	-45.2%	21,498	32,937	-34.7%
Trailers/ Semi-Trailers (***)	8,174	15,455	-47.1%	33,056	60,208	-45.1%
<b>SALES (DOMESTIC MARKET)</b>	<b>26,288</b>	<b>60,031</b>	<b>-56.2%</b>	<b>118,067</b>	<b>220,985</b>	<b>-46.6%</b>
Trucks (*)	16,131	38,013	-57.6%	71,655	137,059	-47.7%
Buses (*)	3,073	7,528	-59.2%	16,792	27,474	-38.9%
Trailers/ Semi-Trailers (**)	7,084	14,490	-51.1%	29,620	56,452	-47.5%

\* Data from Anfávea Newsletter.

\*\* Data from ANFIR Statistics.

\*\*\* Data from ANFIR+Aliceweb

# Highlights – 4Q15

	4Q2015	4Q2014	Δ%	2015	2014	Δ%
<b>Total Gross Revenue (*)</b>	1,091,579	1,308,061	-16.5%	4,236,905	5,457,304	-22.4%
Domestic market	951,623	1,207,546	-21.2%	3,714,039	5,007,057	-25.8%
Foreign market	139,956	100,514	39.2%	522,866	450,247	16.1%
Foreign market in US\$	36,802	40,006	-8.0%	158,198	191,579	-17.4%
<b>Consolidated Net Revenue</b>	814,872	911,467	-10.6%	3,099,401	3,778,753	-18.0%
Consolidated Gross Profit	159,087	215,559	-26.2%	640,927	943,007	-32.0%
Gross Margin (%)	19.5%	23.6%	-4.1 p.p.	20.7%	25.0%	-4.3 p.p.
<b>Consolidated Net Income</b>	-20,999	39,558	-153.1%	-24,628	201,956	-112.2%
Net Margin (%)	-2.6%	4.3%	-6.9 p.p.	-0.8%	5.3%	-6.1 p.p.
<b>Consolidated EBITDA</b>	21,430	103,410	-79.3%	161,879	490,463	-67.0%
EBITDA Margin (%)	2.6%	11.3%	-8.7 p.p.	5.2%	13.0%	-7.8 p.p.
<b>Adjusted EBITDA</b>	44,162	103,410	-57.3%	258,167	490,463	-47.4%
Adjusted EBITDA Margin (%)	5.4%	11.3%	-5.9 p.p.	8.3%	13.0%	-4.7 p.p.

Without elimination of inter-company sales.

Values in thousands of Reais

# Highlights – 4Q15 / 2015

## NON-RECURRING EFFECTS

4Q15

Structure adjustment expenses, provisions and Hedge Accounting

**R\$ 22.7 million**

Adjustment of Non-Recurring Impacts to 4Q15 EBITDA

**R\$ 44.2 million** (5.4% of Net Revenue)

---

2015

Structure adjustment expenses, provisions and Hedge Accounting

**R\$ 96.3 million**

Adjustment of Non-Recurring Impacts to 2015 EBITDA

**R\$ 258.2 million** (8.3% of Net Revenue)

---

# Adjusted Statements of Income

	4Q2015	AV%	4Q2015 ADJ	AV%	2015	AV%	2015 ADJ	AV%
<i>(+) Hedge Accounting</i>	-	0.0%	1,213	0.1%	-	0.0%	29,854	1.0%
<b>Consolidated Net Revenue</b>	<b>814,872</b>	<b>100.0%</b>	<b>816,086</b>	<b>100.0%</b>	<b>3,099,401</b>	<b>100.0%</b>	<b>3,129,255</b>	<b>100.0%</b>
<i>(+) COGS Restructuring</i>	-	0.0%	15,233	1.9%	-	0.0%	47,585	1.5%
<b>Cost of Sales and Services</b>	<b>-655,786</b>	<b>-80.5%</b>	<b>-640,552</b>	<b>-78.5%</b>	<b>-2,458,475</b>	<b>-79.3%</b>	<b>-2,410,890</b>	<b>-77.0%</b>
<b>Gross Profit</b>	<b>159,087</b>	<b>19.5%</b>	<b>175,533</b>	<b>21.5%</b>	<b>640,927</b>	<b>20.7%</b>	<b>718,365</b>	<b>23.0%</b>
<i>(+) SG&amp;A Restructuring</i>	-	0.0%	7,707	0.9%	-	0.0%	14,525	0.5%
<i>(+) Provision</i>	-	0.0%	-1,422	-0.2%	-	0.0%	4,325	0.1%
<b>Operating Expenses</b>	<b>-168,749</b>	<b>-20.7%</b>	<b>-162,464</b>	<b>-19.9%</b>	<b>-603,696</b>	<b>-19.5%</b>	<b>-584,846</b>	<b>-18.7%</b>
<b>EBIT</b>	<b>-9,663</b>	<b>-1.2%</b>	<b>13,069</b>	<b>1.6%</b>	<b>37,230</b>	<b>1.2%</b>	<b>133,519</b>	<b>4.3%</b>
<b>EBITDA</b>	<b>21,430</b>	<b>2.6%</b>	<b>44,162</b>	<b>5.4%</b>	<b>161,879</b>	<b>5.2%</b>	<b>258,167</b>	<b>8.3%</b>

# Overview – 4Q15

## BUSINESS ENVIRONMENT

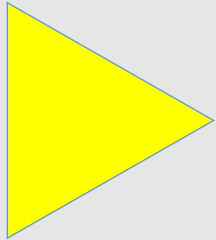
- ✓ Sales volumes still being affected by weak economic performance;
- ✓ 4Q15 X 4Q14 Sales – trucks 16,131 un. (-57.6%)  
trailers 7,084 un. (-51.1%)
- ✓ Non-recurring expenses and costs continue affecting results. Adjustments must continue until demand stabilizes at reasonable levels.



# Overview – 4Q15

## BUSINESS SEGMENTS – TRAILERS/SEMI-TRAILERS

### TRAILERS/SEMI-TRAILERS



- **MARKET SHARE = 28.5% IN 4Q2015 – 26.2% IN 2015;**
- **SLOW PRICE RECOVERY;**
- **MORE RATIONAL COMMERCIAL COMPETITION;**
- **INVENTORIES: CLOSER TO IDEAL LEVELS;**
- **NO SIGNS OF MARKET RECOVERY IN THE SHORT/MEDIUM TERM.**

# Overview – 4Q15

## BUSINESS SEGMENTS – VEHICLES AND ROAD EQUIPMENT

### RAIL FREIGHT CARS



- **IMPORTANT SHARE IN THE COMPANY'S RESULT;**
- **VOLUMES TOTALLED 1,999 UNITS IN 2015;**
- **SALES ORDERS UP TO 2Q16;**
- **NEGOTIATION OF NEW ORDERS.**

### SPECIALTY VEHICLES



- **THE SECTOR OF HEAVY MACHINERY AND EQUIPMENT FOR CONSTRUCTION IS ONE OF THE MOST AFFECTED SEGMENTS DUE TO POOR ECONOMIC PERFORMANCE;**
- **SALES DROPPED 38.8% IN 2015.**

# Overview – 4Q15

## BUSINESS SEGMENTS – AUTOPARTS

### AUTOPARTS

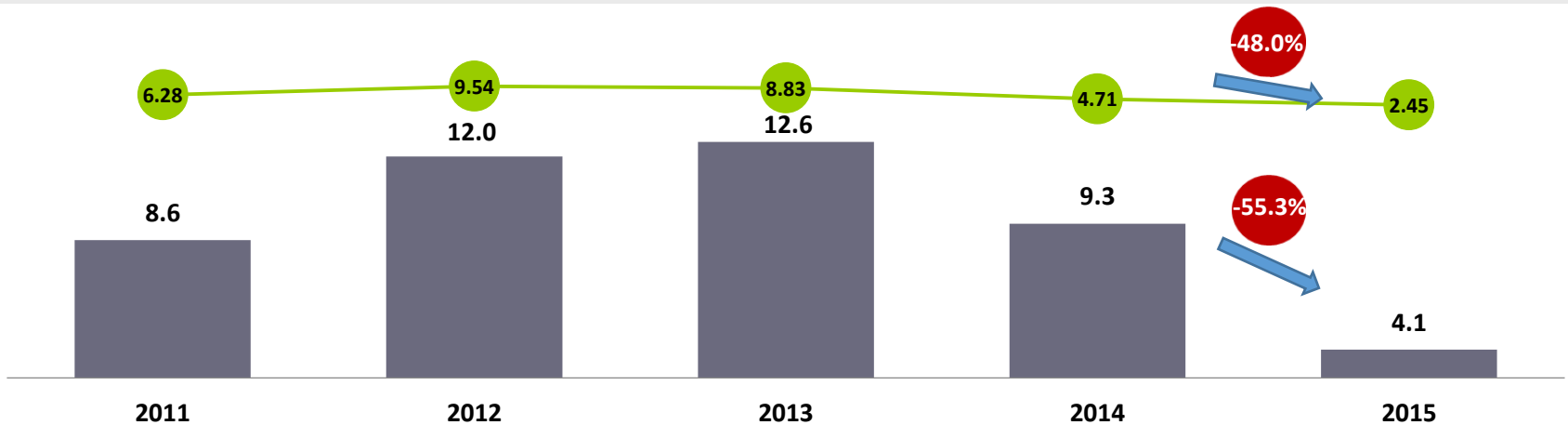


- **ADJUSTMENTS IN OEM'S INVENTORIES AFFECTED PRODUCTION LEVELS IN THE QUARTER (VACATION IN DEC/2015);**
- **RESULTS OF THE SUBSIDIARY FRAS-LE BOLSTERED BY AFTERMARKET AND EXPORTS;**
- **FOCUS ON EXPORTS AND IMPLEMENTATION OF ACTIONS FOR AFTERMARKET SALES.**

# Capital Markets

## RAPT4 Price/Daily Liquidity

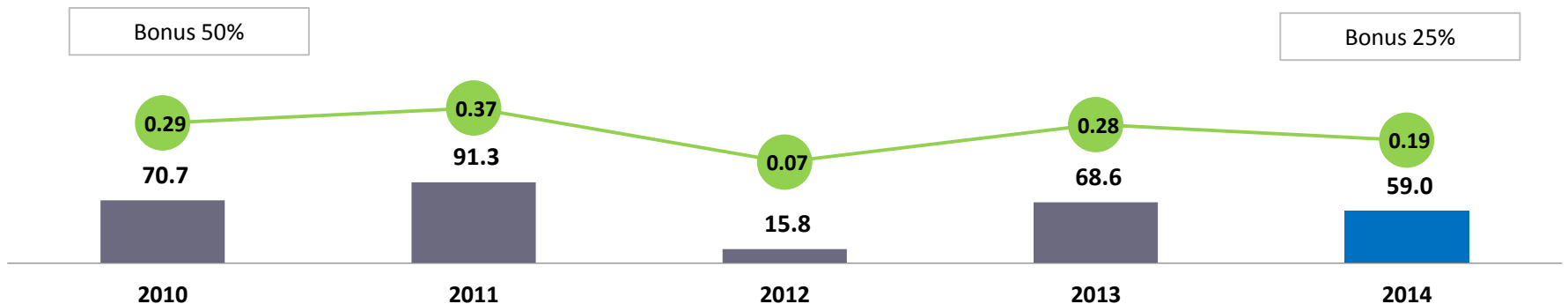
R\$ per share | R\$'000



Note: When comparing results with prior years, we have already taken into account the updated quotation with regard to the effect of bonus and payment of dividends.

## Dividends and Interest on Equity

R\$ million | R\$ per share

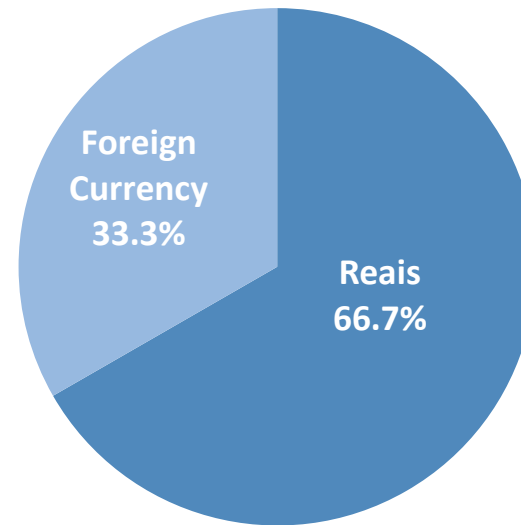


# Financial Results

## Gross Debt Breakdown 2015

R\$ '000 | %

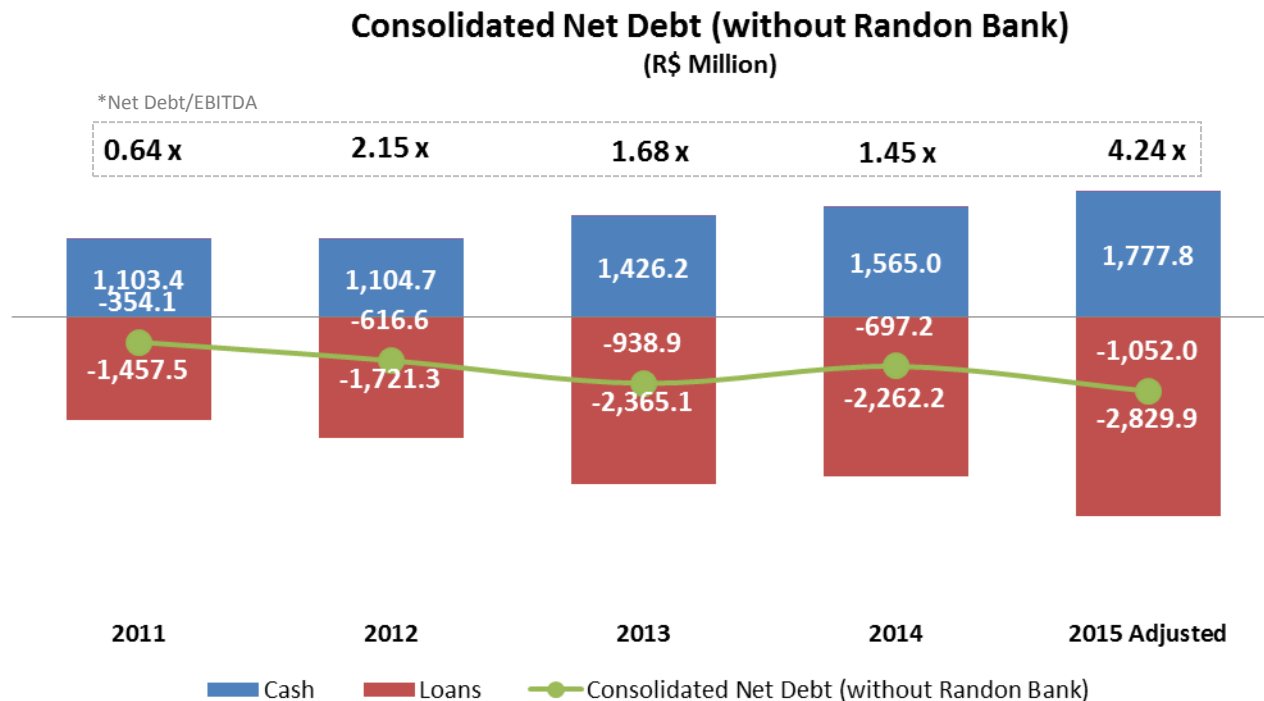
Total gross debt	R\$ 3,094,972,767
Gross debt in BR currency	R\$ 2,064,007,718
Gross debt in foreign currency	R\$ 1,030,965,048
USD rate (Dec. 31,2015)	R\$ 3.9048



# Financial Results

## Consolidated Net Debt (without Randon Bank)

R\$ Million- 2015



The chart above shows the company's debt, without the cash and debt indicators of the Randon Bank.

The comparative EBITDA to calculate debt is adjusted to the non-recurring effects of the period.

Consolidated net debt in 2015 amounts to R\$ 1.4 billion, a multiple of x 8.38 x EBITDA over the last 12 Months (5.26 x if considering the EBITDA adjusted to the non-recurring effects of the period).

Net debt without Randon Bank, in 2015, amounts to R\$ 1.1 billion, a multiple of 6.93 x EBITDA over the last 12 Months (4.24 x if considering the EBITDA adjusted to the non-recurring effects of the period).

# Guidance

	Guidance 2016
<b>Total Gross Revenue</b>	R\$ 4.2 bn
<b>Consolidated Net Revenue</b>	R\$ 3.2 bn
<b>Investments</b>	R\$ 60 mn
<b>Foreign Revenues</b>	US\$ 290 mn
<b>Imports</b>	US\$ 55 mn

# Outlook

- **Brazilian economic growth forecast:**  
-3.60% in 2016 and +0.44% in 2017.\*
- **Harvest** – National production of grains is estimated in 210.3 million tons, 1.3% higher than that in prior cycle. \*\*
- **Economy:**
  - Reduction and more expensive credit for investments;
  - Political instability and its impact on the economy;
  - Change in Brazil's credit rating.
- **Results 1Q16:**
  - Non-recurring expenses continue affecting results;
  - Weak demand on the first two months of the year show a more conservative market. Focus on debt reduction and margin recovery.

Source:           \* BACEN / FOCUS (03/18/2016) report;  
                     \*\* 5TH SAFRA-survey 2015/2016 - Conab



# Possible Questions

- *Market share – towed vehicles*
- *Changes in FINAME*

# Possible Questions

- *Market share – towed vehicles*

**2015 – 26.2%**

**4Q15 – 28.5%**

# Possible Questions

VOLUMES EXPECTED 2016

## TOWED VEHICLES – PRODUCTION

Reduction when comparing to 2015

**25/30 thousand units**

## TRUCKS - PRODUCTION

Flat market or a slight reduction when comparing to 2015

**70/75 thousand units**

# Possible Questions

## CHANGES IN FINAME

- *On February, BNDES disclosed new terms for its financing program (FINAME TJLP) for the year 2016, as follows:*

	Large Companies	Medium and Small-Sized Companies
% Fundable	70%	80%
Annual interest rates	TJLP	TJLP
Reallowance fee	0.5% a.a.	0.1% a.a.
Bank Spread	1.5% a.a.	1.5% a.a.
Risk Ratio	*	*
Payment Term	60 months	60 months

\* Defined by the Bank according to customer.

# Investor Relations

## Contact

[ri@randon.com.br](mailto:ri@randon.com.br)

+55 54 3239.2505



Índice  
Small Cap **SMLL**

Índice do  
Setor  
Industrial **INDX**

Índice  
Brasil **IBRX**

Índice de  
Ações com Tag Along  
Diferenciado **ITAG**

Índice de  
Ações com Governança  
Corporativa Diferenciada **IGC**



**RANDON**®

# GRAPHICS SUPPORT



RESULTS  
4Q15 / 2015



# Operating Results

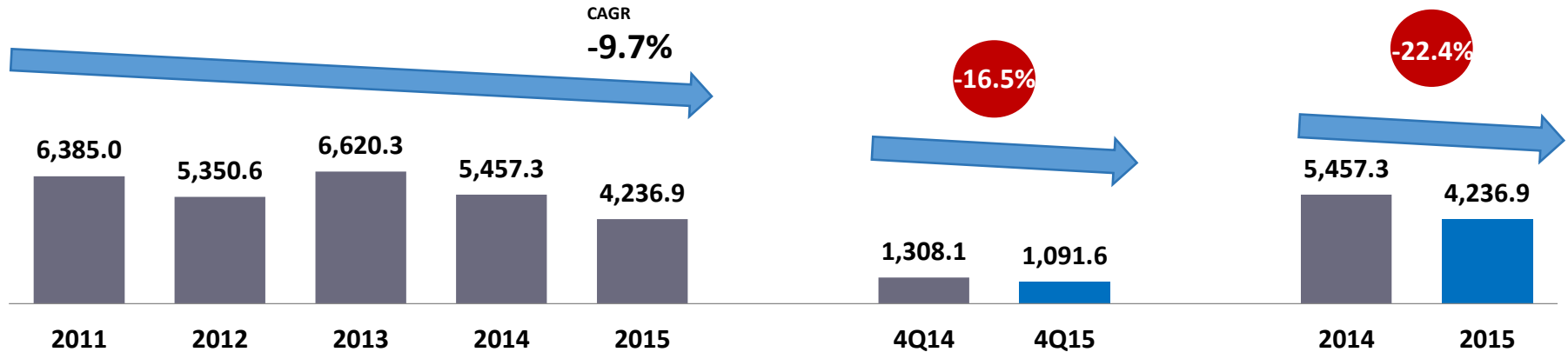
## Physical Volume Sales | Breakdown of Revenues by Segment

	4Q2015		4Q2014		Δ% Un.	2015		2014		Δ% Un.
	Un.	% CNR	Un.	% CNR		Un.	% CNR	Un.	% CNR	
<b>Vehicles and Road Equipment</b>		<b>54.9%</b>		<b>52.5%</b>			<b>50.0%</b>		<b>50.6%</b>	
<i>Trailers/ Semi-Trailers (un.)</i>	2,898	60.4%	3,970	76.5%	-27.0%	10,584	59.1%	16,619	76.3%	-36.3%
<i>Specialty Vehicles (un.)</i>	48	1.9%	144	5.9%	-66.7%	355	4.3%	580	6.0%	-38.8%
<i>Rail freight cars (un.)</i>	602	37.7%	362	17.6%	66.3%	1,999	36.6%	1,356	17.7%	47.4%
<b>Auto parts</b>		<b>42.1%</b>		<b>43.6%</b>			<b>45.8%</b>		<b>46.0%</b>	
<i>Friction Material (ton.)</i>	16,416	68.3%	17,250	44.8%	-4.8%	69,649	60.3%	76,615	41.9%	-9.1%
<i>Brakes (un.)</i>	68,488	10.0%	152,273	15.4%	-55.0%	446,065	13.4%	720,414	16.7%	-38.1%
<i>Coupling Systems (un.)</i>	12,126	5.4%	18,355	6.7%	-33.9%	51,613	5.4%	86,525	7.5%	-40.3%
<i>Suspension and Undercarriage Systems (un.)</i>	26,466	16.0%	46,041	33.0%	-42.5%	161,231	20.8%	213,799	33.8%	-24.6%
<i>Castings (ton.)</i>	2,739	0.3%	5,547	0.1%	-50.6%	15,066	0.2%	23,629	0.2%	-36.2%
<b>Financial Services</b>		<b>3.0%</b>		<b>3.9%</b>			<b>4.2%</b>		<b>3.4%</b>	
<i>Coop-payment plan quotas sold</i>	3,342	101.8%	3,229	68.1%	3.5%	12,643	73.5%	11,036	71.6%	14.6%
<i>Randon Investimentos (Randon Bank)</i>	-	-1.8%	-	31.9%	-	-	26.5%	-	28.4%	-

# Financial Results

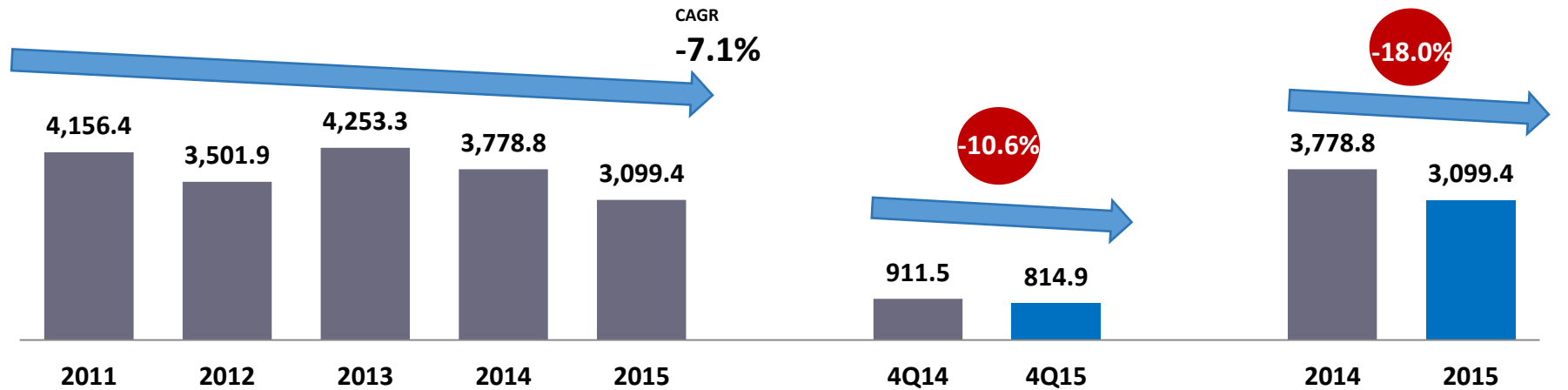
## Total Gross Revenue

Including intercompany sales  
R\$ million



## Consolidated Net Revenue

R\$ million

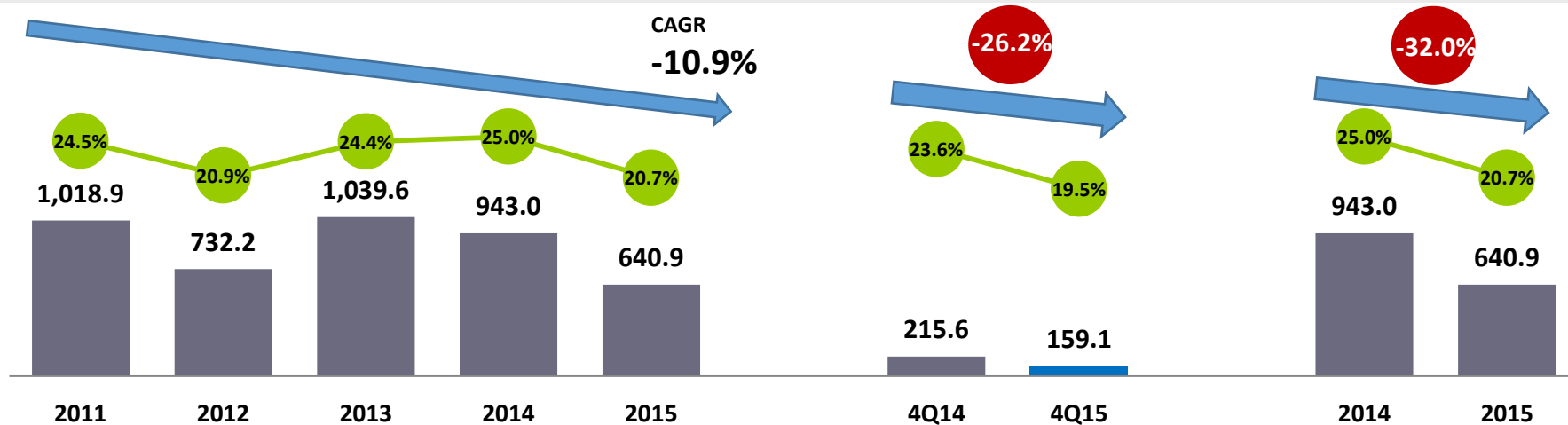




# Financial Results

## Gross Profit | Gross Margin

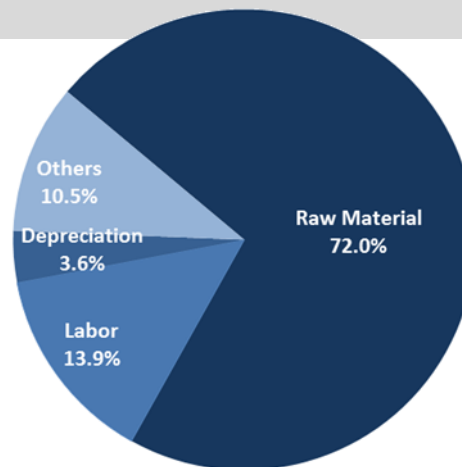
R\$ million



## Consolidated Breakdown of COGS

2015 | R\$ million

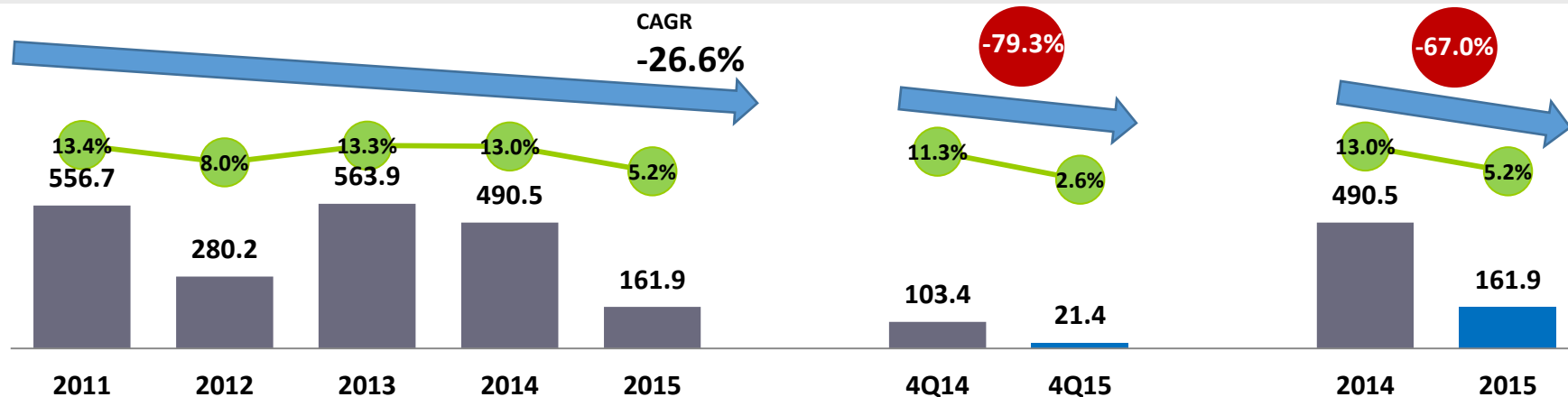
**COGS 2015**  
R\$ 2.5 billion (79.3% of CNR)



# Financial Results

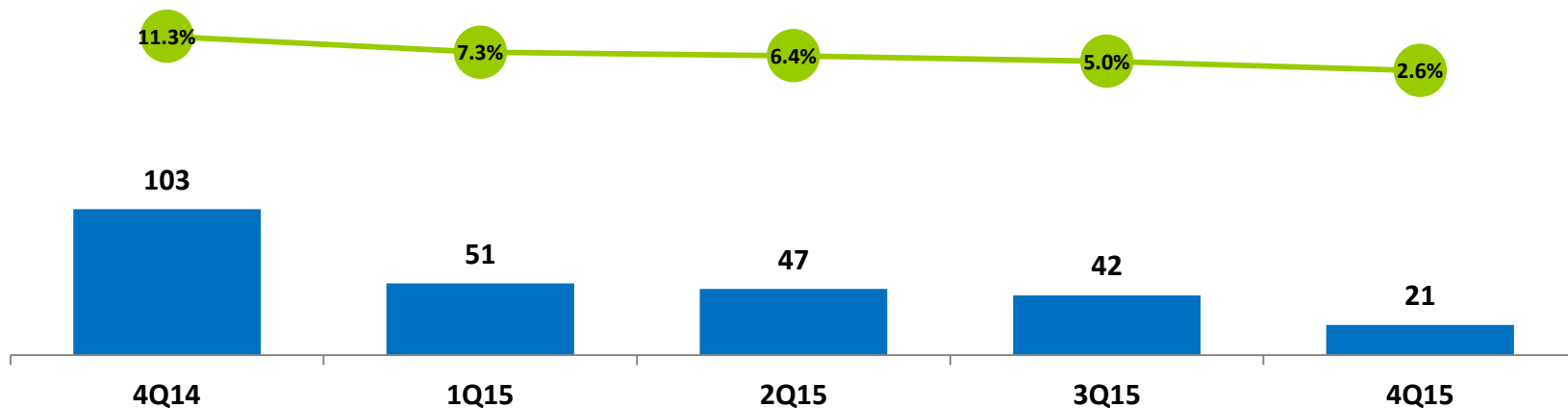
## EBITDA | EBITDA Margin

R\$ million



## EBITDA | EBITDA Margins – Quarterly

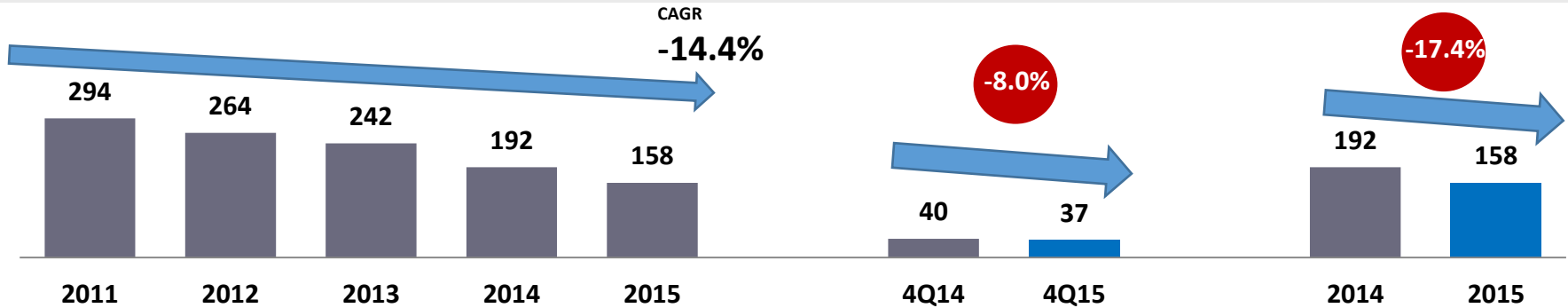
R\$ million



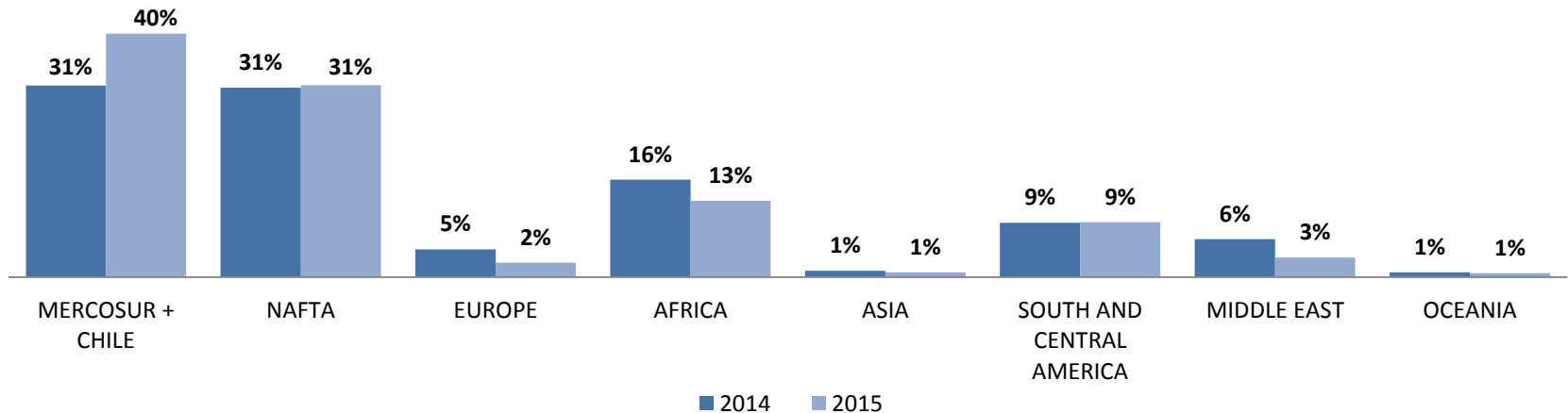
# Operating Results

## Exports

US\$ Million



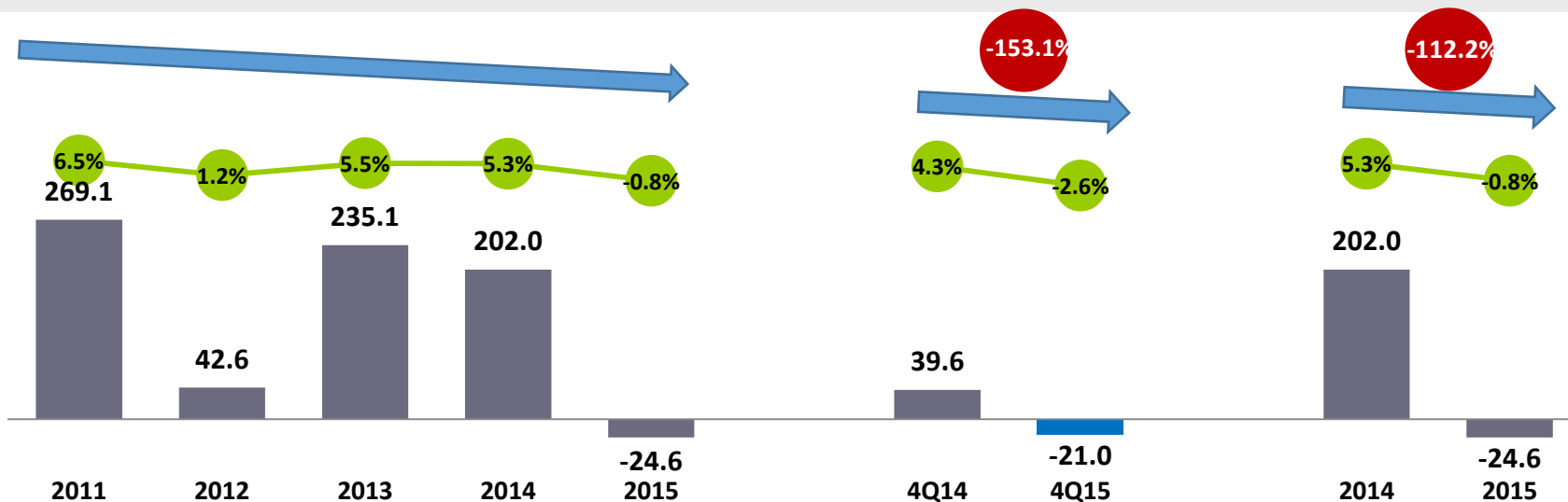
## Exports - Destination by economic bloc 2015 | US\$ Million



# Financial Results

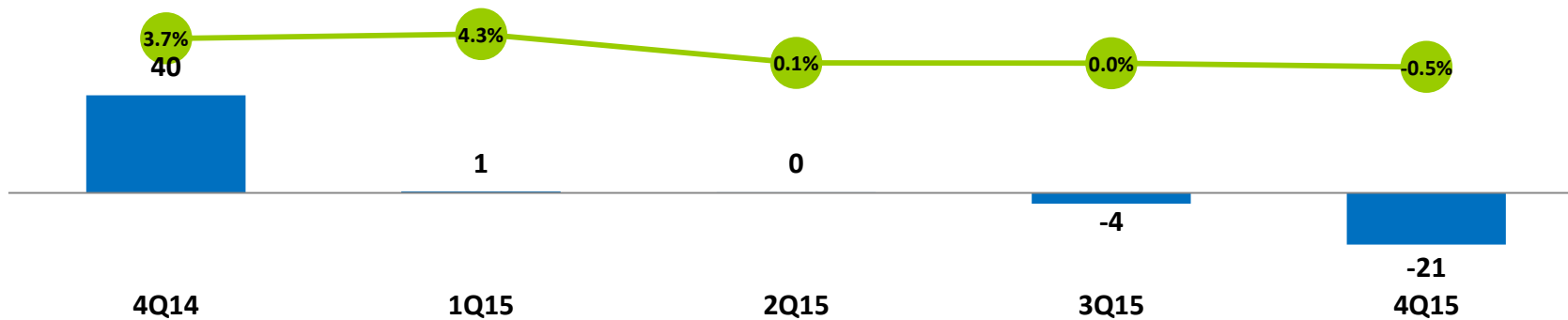
## Net Income | Net Margin

R\$ million



## Net Income | Net Margin – Quarterly

R\$ million

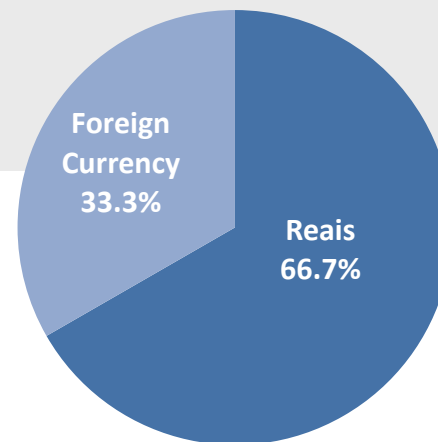


# Financial Results

## Gross Debt Breakdown 2015

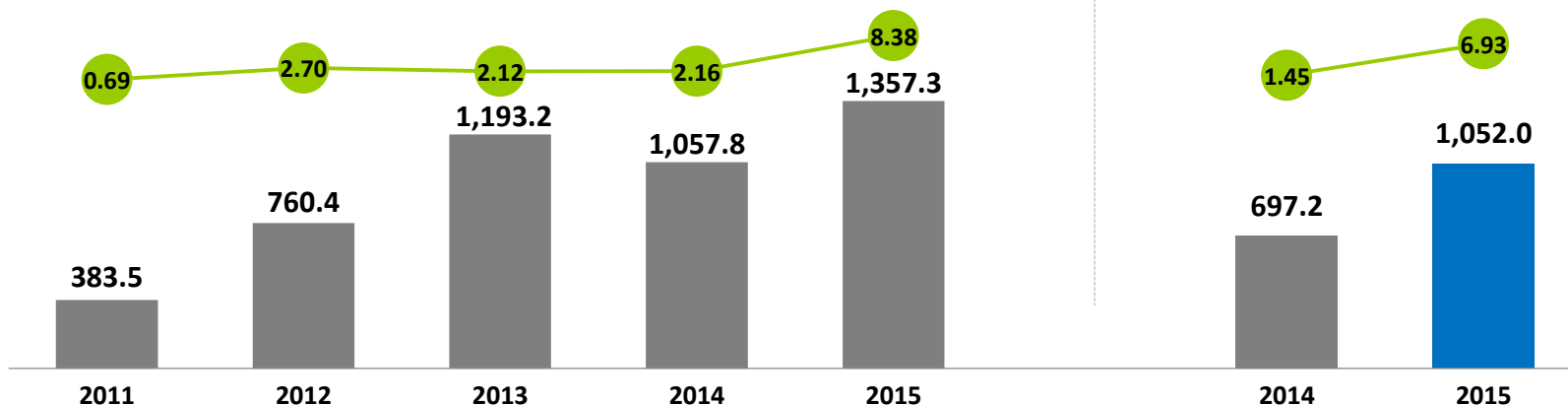
R\$ '000 | %

Total gross debt	R\$ 3,094,972,767
Gross debt in BR currency	R\$ 2,064,007,718
Gross debt in foreign currency	R\$ 1,030,965,048
USD rate (Dec. 31, 2015)	R\$ 3.9048



## Debt | Net Debt / EBITDA

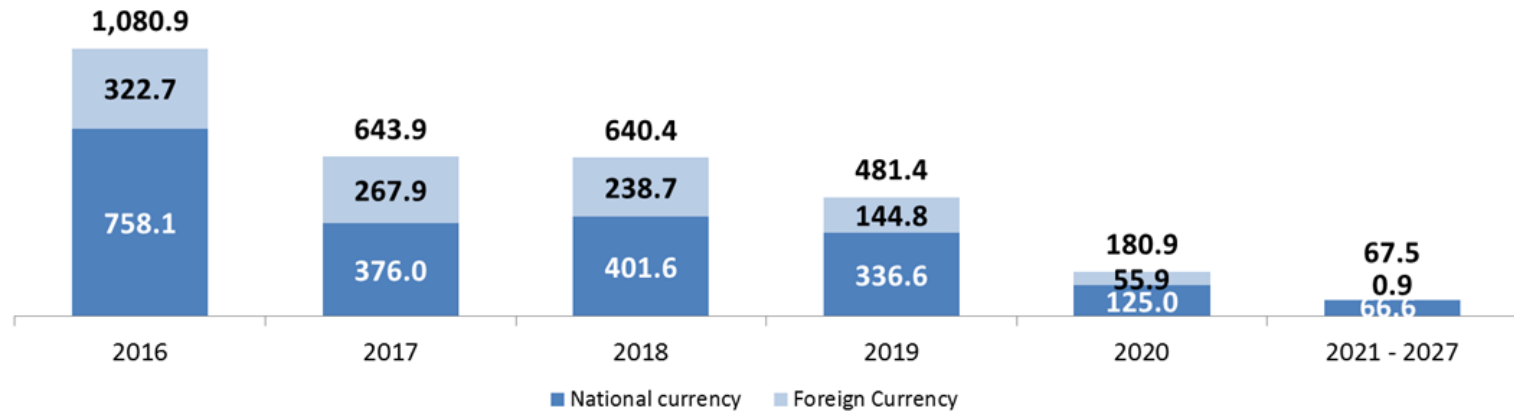
R\$ million



# Financial Results

## Schedule of Debt Payment

R\$ Million - 2015



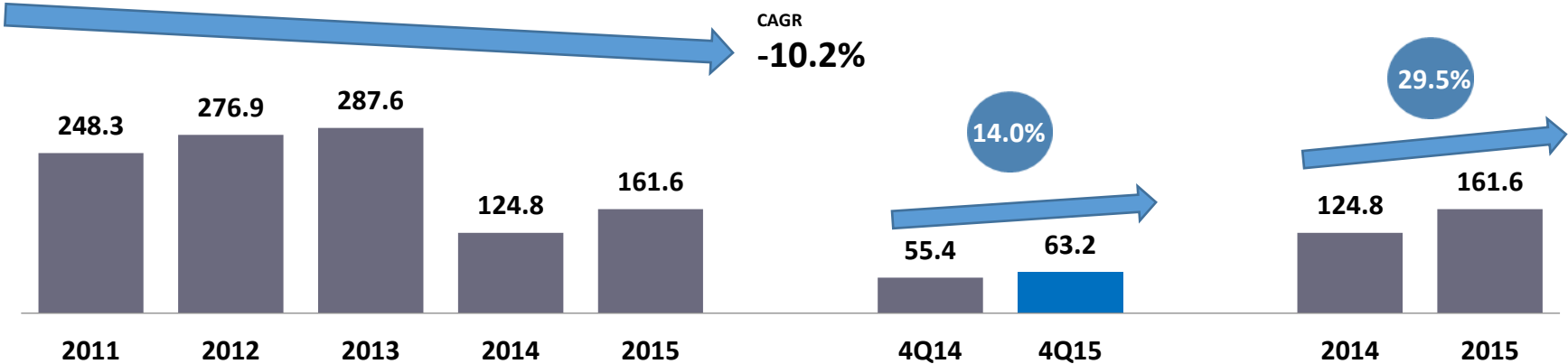
## Covenants

COVENANTS	INDICATOR	Balance on Dec. 31, 2015
Net Debt /EBITDA (Consolidated without banks)	$\geq 1.5x$	R\$ 43.0 Million
Net Debt /EBITDA (Consolidated)	$\geq 2.5x$	R\$ 486.3 Million
Net Debt /EBITDA (Consolidated without Banks)	$\geq 3.0x$	R\$ 216.3 Million
<b>TOTAL</b>		<b>R\$ 745.6 Million</b>

# Financial Results

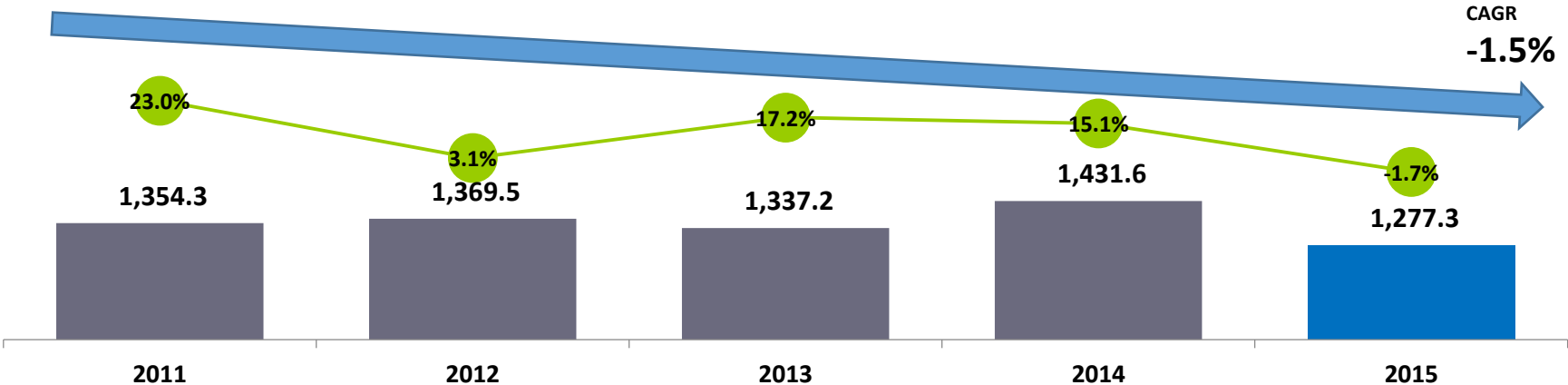
## INVESTMENTS

R\$ million



## Shareholders' Equity | ROE

R\$ million



# Financial Results

## Consolidated Income Statement – Segment

R\$ Million/%

	Vehicles and Trailers/Semi-Trailers			Autoparts			Financial Services			Consolidated		
	4Q2015	4Q2014	Δ%	4Q2015	4Q2014	Δ%	4Q2015	4Q2014	Δ%	4Q2015	4Q2014	Δ%
<b>Gross Revenue</b>	548,663	582,745	-5.8%	430,788	518,876	-17.0%	27,595	38,522	-28.4%	1,007,047	1,140,143	-11.7%
Deduction in Gross Revenue	-101,319	-104,549	-3.1%	-87,708	-121,070	-27.6%	-3,148	-3,056	3.0%	-192,175	-228,676	-16.0%
<b>Net Revenue</b>	<b>447,344</b>	<b>478,196</b>	-6.5%	<b>343,081</b>	<b>397,806</b>	-13.8%	<b>24,447</b>	<b>35,465</b>	-31.1%	<b>814,872</b>	<b>911,467</b>	-10.6%
<b>Cost of Sales and Services</b>	-392,293	-389,554	0.7%	-268,588	-302,088	-11.1%	5,096	-4,267	-219.4%	-655,786	-695,909	-5.8%
<b>Gross Profit</b>	<b>55,051</b>	<b>88,643</b>	-37.9%	<b>74,492</b>	<b>95,718</b>	-22.2%	<b>29,543</b>	<b>31,198</b>	-5.3%	<b>159,087</b>	<b>215,559</b>	-26.2%
<b>GROSS MARGIN (%)</b>	<b>12.3%</b>	<b>18.5%</b>	-6.2 p.p.	<b>21.7%</b>	<b>24.1%</b>	-2.3 p.p.	<b>120.8%</b>	<b>88.0%</b>	32.9 p.p.	<b>19.5%</b>	<b>23.6%</b>	-4.1 p.p.
Operating Expenses	-67,492	-60,274	12.0%	-79,359	-59,929	32.4%	-21,898	-23,160	-5.4%	-168,749	-143,363	17.7%
<b>EBIT</b>	<b>-12,441</b>	<b>28,369</b>	-143.9%	<b>-4,867</b>	<b>35,790</b>	-113.6%	<b>7,645</b>	<b>8,038</b>	-4.9%	<b>-9,663</b>	<b>72,196</b>	-113.4%
<b>EBITDA</b>	<b>-2,313</b>	<b>38,321</b>	-106.0%	<b>15,964</b>	<b>56,902</b>	-71.9%	<b>7,779</b>	<b>8,187</b>	-5.0%	<b>21,430</b>	<b>103,410</b>	-79.3%
<b>EBITDA MARGIN (%)</b>	<b>-0.5%</b>	<b>8.0%</b>	-8.5 p.p.	<b>4.7%</b>	<b>14.3%</b>	-9.7 p.p.	<b>31.8%</b>	<b>23.1%</b>	8.7 p.p.	<b>2.6%</b>	<b>11.3%</b>	-8.7 p.p.
<b>Adjusted EBITDA</b>	<b>8,291</b>	<b>38,321</b>	-78.4%	<b>27,795</b>	<b>56,902</b>	-51.2%	<b>8,076</b>	<b>8,187</b>	-1.4%	<b>44,162</b>	<b>103,410</b>	-57.3%
<b>Adjusted EBITDA Margin (R\$)</b>	<b>1.8%</b>	<b>8.0%</b>	-6.2 p.p.	<b>8.1%</b>	<b>14.3%</b>	-6.2 p.p.	<b>33.0%</b>	<b>23.1%</b>	10.0 p.p.	<b>5.4%</b>	<b>11.3%</b>	-5.9 p.p.



# Financial Results

## Consolidated Income Statement – by Segment/Quarterly

R\$ Million/%

	4Q2014	2014	1Q2015	2Q2015	3Q2015	4Q2015	2015
<b>Consolidated Net Revenue</b>	<b>911.5</b>	<b>3,778.8</b>	<b>696.8</b>	<b>734.7</b>	<b>853.0</b>	<b>814.9</b>	<b>3,099.4</b>
% Vehicles and trailers/semi-trailers	52.5%	50.6%	41.9%	46.8%	53.7%	54.9%	50.0%
% Autoparts	43.6%	46.0%	53.4%	47.1%	41.9%	42.1%	45.8%
% Financial Services	3.9%	3.4%	4.7%	6.1%	4.4%	3.0%	4.2%
<b>Consolidated Gross Profit</b>	<b>215.6</b>	<b>943.0</b>	<b>152.0</b>	<b>156.3</b>	<b>173.6</b>	<b>159.1</b>	<b>640.9</b>
% Gross Margin	23.6%	25.0%	21.8%	21.3%	20.3%	19.5%	20.7%
<b>EBITDA</b>	<b>103.4</b>	<b>490.5</b>	<b>51.0</b>	<b>47.0</b>	<b>42.5</b>	<b>21.4</b>	<b>161.9</b>
% EBITDA Margin	11.3%	13.0%	7.3%	6.4%	5.0%	2.6%	5.2%
<b>Net Income</b>	<b>39.6</b>	<b>202.0</b>	<b>0.6</b>	<b>0.3</b>	<b>-4.5</b>	<b>-21.0</b>	<b>-24.6</b>
% Net Income	4.3%	5.3%	0.1%	0.0%	-0.5%	-2.6%	-0.8%