Operator:

Good morning. Most welcome to Randon's conference call of the 4Q15 and 2015 results conference call. Today with us we have Daniel Raul Randon, CEO of Administration and Finance; Geraldo Santa Catharina, CFO and Investor Relations Officer; and Hemerson Fernando de Souza, Planning Relations Officer.

We would like to inform you that this event is being recorded and simultaneously translated. All participants will be in listen mode only 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 slide are being broadcast in 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, we would like to give the floor over to Mr. Geraldo Santa Catharina. Mr. Santa Catharina, please, the floor is yours.

Geraldo Santa Catharina:

Well, most welcome to Randon's teleconference. As we announced, Mr. Daniel Randon, Vice President of Administration; Hemerson Fernando de Souza, Planning and Investor Relations Manager; and myself.

We will present the results of the 4Q15 and fiscal period 2015 and we will speak about our expectations for the coming months. We will speak about the highlights, the market overview, the capital market, financial income, our outlook and the Q&A.

At the end of the presentation, as we said, there will be a Q&A from you, already I want to invite you to participate.

Besides the confidence crisis that remains in our country, the 4Q was also impacted by the suspension of the PSI from FINAME and the hedge accounting, which we will explain better, and also by the restructuring expenses.

OEMs trying to reduce the stock level on their yards and dealers, chopping down the volume of truck production as compared with 4Q14 in -47.2%, maintaining the weak sales volume mainly in the segment of Auto parts.

At the end of October, BNDES suspended funding through FINAME PSI and some weeks later the government extended the term for November 27. This movement caused the accumulation of processes and resulted in the halting of the liberation of ongoing processes, stopping the invoicing in the period.

On the other hand, we invoiced 602 rail freight cars in 4Q15 and 1,999 units in the year, positive 47.4% compared to 2014. This was the best performance ever of the Company in this sector. The sale of rail cars enables us to better use our installed capacity.

As just mentioned, the structures were made in 4Q15, giving continuity to the restructuring process, the reduction in costs and the expenses relative to the work force, we also have better performance in the market where we have operations.

Now, following to slide four. The production and sales of segments in trucks, buses and towed vehicles. We were 47% lower than 4Q14 and sales dropped by 57% this year. Vacation started before, and impacted almost all of December, not only Christmas and New Year as usual.

Besides, the suspension and extension of FINAME PSI also impacted the figures of the quarter. In the year 2015, we had a drop around 45% in the production and 47% drop in sales.

Randon companies took several measures to adequate the production to this scenario. We had flexiblization of labor journey from March to September. We extended some holidays and adopted collective vacations besides reducing headcount, which was 20.5% in the comparison with 2014.

Details on the road equipment market and busses can be seen. Drops were similar on the market of busses, which unfortunately impacted the results of Randon Companies. It is closely connected to the industry.

On slide five, you can see the figures of the quarter and the year. The gross total revenue, without eliminating the inter-Company sales added R$1.1 billion, dropped 16.5%. And in the whole year, the total sales closed at R$4.2 billion, with a drop of 22.4%.

Total net revenue consolidated in the 4Q totaled R$814.9 million, with a reduction of 10.6%, and in the closed year the net sales consolidated totaled R$3.1 billion, with a drop of 18%. Exports totaled R$36.8 million in the quarter, with a drop of 8% as compared to the last quarter of 2014, R$40 million. In the year, the drop was 17.4%, represented by R$158 million.

Part of the drop in exports is explained by the economic crisis in oil dependent countries and other commodities. Clients such as Angola, the Arab Emirates and Nigeria reduced their purchases in 2015. We are focusing on expanding exports in 2016 through actions that are being implemented since the end of 2015. We believe that the results of these actions will start to show in 2016, enabling the increase of exports in all the segments of the Company.

We have reported a loss of R$21 million in the 4Q15 against the net profit of R$39.6 million in the 4Q 14. In 2015, we had a loss of R$24.6 million, this result was very much impacted by the non-recurring effect that we will explain in a slide together with the EBIT and EBITDA adjusted indicators.

We closed 4Q15 with an EBITDA of R$21.4 million, a reduction of 79.3%, as compared to the net value of 4Q14. The EBITDA margin went from 11.3% in 2014 to 2.6% in 4Q15, a decrease of 8.7 p.p. in the quarter comparison.

As we already explained, the 4Q15 was impacted by the adoption of collective vacations in December, with only four working days worked in the Auto parts, with the exceptions of Fras-le. This is by the suspension of the FINAME PSI at the end of October, by the restructuring expenses and hedge accounting adding up to R$22.7 million in the period.

When we add the non-recurring events to the EBITDA in the quarter, we have an adjusted EBITDA of R$44.2 million and EBITDA margin adjusted of 5.4%. In the accumulated, in the year of 2015, the non-recurring events were at R$96.3 million. Adding the EBITDA in the year, which was R$161.9 million, we have adjusted EBITDA of R$258.2 million and EBITDA adjusted margin of 8.3%.

Going to slide seven to analyze the impact of non-recurring events of the main financial indicators, in our adjusted financial results, we added the non-recurrent in the indicators in which were most impacted.

In 2015, expenses with hedge accounting totaled R$29.8 million. When we add this amount to the consolidated net revenue, we have an adjusted net revenue of R$3.1 million. Excluding the restructuring expenses of COGS, we have an adjusted COGS of R$2.4 billion, R$2.5 billion without the adjustment, what represents 77% of the net revenue in the year. With these additions to gross margin, it went from 20.7% to 23% in the year.

When we decreased the expenses, non-recurrence expenses to the operating expenses, they went from R$603.7 million to R$584.8 million in 2015. As we mentioned, we will have an adjusted EBITDA of R$258.2 million and EBITDA adjusted margin of 8.3%. In the table, we can also see the non-recurring of the 4Q and the adjusted indicators.

Now we go to slide eight, and we will speak about the business environment. With the Company not presenting recovery signs in the short term, the Company's efforts will remain in cash generation, reduction of working capital, higher productivity and the search for new revenue as by expansion of sales in the market of replacement in exports.

Truck sales and semitrailers dropped around 50% in 4Q. We sold 2,898 units of towed vehicles in 4Q, a drop of 27% as compared to 4Q14.

Despite the lack of predictability in the next coming months, and the confidence still very weak, in the 4Q15, we saw gains in market share in the segment of towed vehicles and the stocks remained dropping.

As I mentioned, we had a great volume of non-recurring expenses in 2015 ,and these expenses will still continue in the present quarter, since adjustments are still taking place such as the closing of industrial plants at Guarulhos, which we announced yesterday afternoon.

The quest for competitiveness, the transformations taking place in the Company, as it occurs in moments of crisis such as the one we are undergoing, and no opportunities have been perceived and new targets set.

Now, we will present the overview of each segment of our business starting by towed vehicles on slide nine. In the 4Q15, we saw the improvement in market share, which was above the percentage in the year, attaining 28.5%. In the last quarter, the average of monthly sales was 966 units, above the average in the 12 months of 2015, which was 882 products.

Despite the sales average in the last quarter having been above the other months in 2015, the markets is still very low with very low demand. The sales of trucks are falling. The changes in the rules of financing with an increase in interest rates make the market recovery of semitrailers more difficult.

There are no prospects of great changes in the short and medium term, and this makes price rebound slower.

In slide ten, we will speak about the segment of rail freight cars and specialty vehicles. The production of railcars was still high in the 4Q and contributed a lot for the increase in the net revenue and the income of the Company.

In this period, we delivered 602 units against 362 units in the same period last year, confirming a year of record volumes in this segment, attaining 1,999 units invoiced, or 47.4% higher than last year. The production will continue in high level until the 2Q16 and new businesses are ongoing for the coming period.

The unit of specialty vehicles posted a drop of 66.7% and the volume of sales in the 4Q15 when compared to 2014. In 2015, the reduction was 38.8%, in the sale of 355 units in specialty vehicles, such as backhoes and off-highway trucks.

This drop reflects the weak performance of the economy, mainly in the civil building sector which is the area that most demands our equipment. The segment is also impacted by the investigations of Car Wash Operation, which, despite being very positive for the country, brings reflections in our infrastructure business.

On slide 11, we bring some points that show the difficulties in the sector of Auto parts. The rhythm of the truck production continues to be very low, as we already said. OEMs try to reduce stock, but they remain high in view of the decreasing scale.

Our collective vacations and scheduled shutdowns and layoffs continued being instruments by OEMs to adequate stocks and, as everything indicates, this rhythm will remain in the 1Q16.

Another point, we have our controlled Fras-le, exports and market, the aftermarket, market strength and its finance income. Financial income in 2015 with an increase of 14.4% in the net revenue. Exports and replacement market show that the opportunity for expansion revenue. And Fras-le, and other auto parts are increasing the measure to increase the share in this market.

In 2015, the segment of spare parts had an adjusted EBITDA of 12.1% when compared with the EBITDA margin of 2014. And we had a drop of only 2.3 p.p..

I want to stress that the Company is sparing no efforts to maintain the margin. And in this scenario of crisis that we have been living in the last two years, we are cutting expenses, strict expenditures, decreasing structures and studying new opportunities.

Slide 12, we have some information in our capital market performance. We closed the year with a devaluation of 48% in RAPT4, which went from R$4.71 at the end of 2014 to R$2.45 at the end of 2015. Financial volumes daily average negotiated suffered a reduction of 55.3% mainly in view of the devaluation of the paper RAPT4.

In slide 13, we see that the graph of the composition of the gross debt. The total of the gross debt of the Company is R$3.1 billion at the end of 2015, 33.3% are foreign currency debt, mainly USD. In December 31st, 2015, the USD exchange rate was R$3.90 per USD. This means that our debt in USD currency is approximately US$264 million.

Slide 14, we here show the consolidated net debt without the figures of the Randon Bank due to the fact that this financing is only a transfer of FINAME to clients. We closed 2015 with a net debt of R$1.1 billion, equivalent to a multiple of 4.24x the adjusted EBITDA. Our cash added R$1.8 billion at the end of the year, guaranteeing payment of our debt in the short and medium term, with some degree of ease.

We use the accounting EBITDA without adjustments, the multiple of 6.9x considering the consolidated net debt without the Randon Bank.

Going to slide 15, we have the results of our guidance for 2016, which we announced yesterday, together with the results of 4Q15. Based on our studies and forecast, the Company understands that it is possible to obtain total gross revenue of R$4.2 billion and the consolidated net revenue R$3.2 billion. These figures are in line with what we had in 2015.

As to investments, they will be of R$60 million invested mainly in the maintenance of our assets, US$290 million in revenues from abroad and US$55 million with imports.

Now, I will give the floor to Mr. Daniel Randon, Vice President of Finance and Administration, for his comments.

Daniel Randon:

Good morning to all of you who are following us in our results teleconference. As we have shown in our quarterly calls before, 2015 was tough and complex. The environment of business of Randon is mainly the market of commercial vehicles, which suffered significant drop that were expressed of 50% in the production and sale of trucks.

The indicators presented by my colleague Geraldo shows that the Company was strongly impacted by that scenario. We had to make different adjustments, both in people and processes to adequate to the current demand, and our margins in 2015 reflected this action. However, we closed the year with much learning and we feel much more prepared to face what is coming now.

The year of 2015 is marked as a year of changes for Randon. We changed the format of our management, bringing a very agile, much more agile model for the decision making, which will enable us to see our segments in a more uniform fashion, bringing significant gains mainly in what refers to the standardization of our processes and the form we act in our markets. We are focused in expanding our productivity and improving the return in our investment capital.

The opportunities in increasing our sales to the foreign market and the segment of replacement and aftermarket are being studied to implement. We know that the avenue in front of us is difficult. There is a lot to do, but we have no doubt that we are committed with a mission to make Randon a more profitable and more solid Company.

Our country has difficulties to grow. The Focus bulletin, which was published on March 18th, brought us a revision, a forecast for the GDP of -3.6% for 2016 and positive 0.44% for 2017. We are all following the popular manifestations, demanding changes for Brazil. The markets react very fast to the Car Wash Operation manifestations and announcements and with a possible impeachment factor that can change the Brazilian economic scenario.

The agricultural crop which was announced by Conab presents a growth of 1.3% as compared to the previous cycle. In 2015, 47% of sales of semitrailers were catered to the primary sector.

To curb inflation, measures such as the restriction of credit and increase of interest rates were adopted by the government. The political instability also brought us variations in the USD rate, which went from R$4.15 to R$3.61 in the last three months.

Our vision for the 1Q16 places us in a conservative position. The figures in the first two months are known and the drops in volumes of production for the commercial vehicles are still present in the market.

We understand that these figures are not a truthful extract for the year once the 1Q seasonally concentrates Carnaval, summer vacations and this impacts the volume. Besides, BNDES liberated the systems to receive new financing through the FINAME interest rates for the short term TJLP 2016 only in February.

But we are optimizing our cost and expansions and we are focusing on working capital, everything directly linked to the reduction we are hoping to see in our debt.

Our current cash gives us the security to advance in our currency, because our cash has given us very attractive situations that are not here for renovation. We are not pressed to roll our debt, but we are assessing our resources and clearly we are doing all this with an eye at the current moment and another in the future.

We have to adjust to be prepared for the next cycle of expansion and to be present in our view of the long-term. We are sure that the future movements will contribute to have a more global Company and more resilient in difficult moments.

Going now to slide 17, we have answered several questions that are in the following questionings.

In slide 18, we have the results referring to towed vehicles. The segment of towed vehicles show throughout the 4Q15 a slight recovery in sales volumes. Commercial actions that we took with the dealers' network will contribute significantly to reduce the stock levels, influencing very positively in the market share of the quarter, which obtained the levels, the average of 28.5%, which was above the rate of the year. The level of competition is still tough here, but it is even more rational, when we compare it with the beginning of 2015.

On slide 20, we want to share our perception on the commercial vehicles with you for the year. We are not foreseeing great evolutions in the market for 2016. The volumes of domestic sales show a drop in the area of towed vehicles and trucks. Exports should follow the levels in the minimum equivalent for both trucks and towed. And considering that the inventories are no longer as large as they were in the beginning of 2015, it will be necessary to have a level of minimum production to meet an equivalent demand to 2016. Even in a low trend, this level is more adjusted to the size of our current operation due to the adjustments that we had in the last quarter.

We have to remind you that the capacity today is around 60%, and in some lines it is higher than this number, such is the case of Fras-Le in another moment of the market.

The end of the FINAME PSI and the reductions in the size of the resources for financing place investments in an offer compass for market credit. On the one side, they increased the cost of financing, but on the other, it does not promote artificial demand. The average rate is around 15%, 16% depending on the rating on the line requested.

Our presentation will end here. We have a supplementary material with slides on each one of the financial indexes and operating as well. They are easy to understand and they speak for themselves. Anyway, we are open here to comments if we are requested to do so.

Bernardo, Brasil Plural:

Good morning. I have two questions. One, on Suspensys, we saw a drastic drop on the invoicing on the turnover, with a difficult market for trucks and I would like to know if there is any attitude or any measure that is being taken to reduce Suspensys and if there is any means of restructuring it or in any of your auto parts units.

Second question, it is due to the unloyal competition that your competitors are doing, with price discounts. What you expect to do and even the protection to recover your great clients and how do you think to start to recover this judicial competition? What do you think to do? What Randon can do to benefit from this deterioration of the competition throughout this year?

Geraldo Santa Catharina:

Well, Bernardo, thank you very much for your two questions. I will start by saying that we have been undergoing a very wide process of recovery of prices and competition, likewise all the Randon Companies.

So, we hope that we will have a very short and medium term answer. And we hope to have this positive result we have been used to see. There are no miracles. The volumes on the truck industry have impacted all of our competitors who manufactured trucks and we have to be able to face this situation with the much higher volumes.

I will give the floor to my colleague and then we will answer you together.

Hemerson Fernando de Souza:

Well, in fact, we still have a very difficult scenario. The demand is very, very low and we have done a herculean effort to face this competitive scenario, trying to find some result to maintain results in an adequate axis, but yes, we have very important competitors, no doubt. Some of them in judicial recovery, but this is no advantage for the competition.

This explores and shows how difficult the market is. There are competitors that are not formally in a recovery process, but we try to do our utmost not to leave our Company in such a situation in the market.

But in one hand, this can show a plus for us because we are in a better financial situation or we have more strength to go through this difficult phase, but many of them have stopped production this year and have resorted to mechanical shops only.

And in the long term, this benefits the companies, companies that are of larger size such as Randon. But the market is very complex, very difficult and we are trying to maintain our level and trying to maintain the same level as last year. They are still low when compared to our historical levels, but there is not much we can do.

And to change the dynamic, the market dynamic, we can do what we can. We are making the Company more competitive, adjusting it to the market, for instance, with the freight car demand, we are compensating it with the freight car demand, and this configures an important adjustment currently in the market.

Bernardo:

Well, thank you very much.

Paolo Valaci, Citibank:

Good afternoon to all. I have one question only. On the other operating expenses, you speak about fees and provisions, and could you explain to me with more detail how you want to cover the future expenses?

Hemerson Fernando de Souza:

Well, we opened a more simplified balance sheet, but in our other slides, you have them more in detail. But these result in a call, a fast one hour call you we cannot drill down in our balance sheet. But if you want to expand your understanding in our other expenses, operating expenses, you can access our full document.

We can extend the discussion in a more direct call and explain any questions that might remain. In this 60 minute call, we cannot go drill down so much, but I could explain the dynamics of the Company.

They are related to provisions for profit sharing with the employees and even having a loss, posting loss last year, we had the expenses for profit sharing and naturally fees for lawyers and we have shown this in our explanatory note.

Paulo Valaci:

Thank you very much.floor is yours.

Mario Bernardes, Banco do Brasil:

Good afternoon everyone. I have two quick questions. The first, the internationalization since last year, you already announced it. This is my first question.

Daniel Randon:

Well, good morning, Mario. Thank you for your participation in our conference call. Well, looking at our foreign market opportunities and the continuation of our works, one issue is the foreign exchange issue.

The exchange rate issue is difficult, makes difficulty leverage, of course, it reduces the speed of the work. We are looking for alternatives, Randon has looked for alternatives in the foreign market.

Fras-le today is one of our companies which has grown more in the foreign market, has more opportunities, but we are already looking at new components because we are finding more opportunities for exports and this will help us grow in the foreign market. We are finding more competitiveness at Fras-le.

But there are projects to innovate and we are also finding opportunities with new partners which can help Randon grow nationally also, and internationally as well, and become more global.

At the moment now, our focus is to restructure cost to become more competitive and to focus more in the short and the medium-term projects and to focus more in exports mainly.

Mario Bernardes:

My second question, it is the level of layoff. You had a reduction in your headcount and now again the layoffs. Have you exhausted your layoff exercise?

Daniel Randon:

Well, the layoff is a model of demission.

Mario Bernardes:

Well, it is not structured?

Daniel Randon:

Well, Marco, what we had throughout 2014, we have seen the beginning of the layoffs in the Brazilian market and we let normal turnover take place. We did not hire new people. And in 2015, this was done in a heavier way. This was a crisis year and we knew this was going to become more difficult.

You heard our presentation. We changed all the hierarchal structure of the Company, top down, and we had some changes implemented. We worked in a lower level and what we saw is that we are starting 2016 with heavy restructuring still. Guarulhos, for instance, as we mentioned, was closed yesterday. The production unit in Guarulhos with 130 people which closed their contracts so far, and so this is a heavy layoff situation.

But we believe that the heaviest layoff movements took place already in 2015. So now, this year we will have some punctual ad hoc adjustments only, with the market structure with a small drop, as compared to 2015, but with some opportunities to improve our performance in the foreign market and the domestic market.

In the 1Q, perhaps we will be more impacted. But as of the 2Q, 2Q to the 4Q, we hope to be ready with this recovery situation.

Wagner Salaverry, Quantitas:

Good morning. I have two questions. The first, I wanted to understand from you that considering all the restructuring from last year, which generated, improved productivity and the cutting of expenses, what do you expect for this year? Do you expect a better EBITDA margin for this year, better than the consolidated EBITDA margin, better than last year? And considering despite that, until up to the 1Q last year, it was good, do you expect to have a better adjusted EBITDA, better for this year?

Geraldo Santa Catharina:

Well, thank you very much for your presence and your question. Well, we do not forecast for the EBITDA for the market. So, we can only speak about the business environment. We have the expectation that this year we will be able to repeat volume, both in semitrailers and spare and auto parts.

And since we do not expect to have the same restructuring cost as we had last year, so we have all the chance to expand our EBITDA margins at a level equivalent to the adjusted EBITDA of last year.

But we cannot deny that the price environment of this market demand is still very hostile and we are facing this in a daily basis and what we have to is to go one working with costs and also in the supply area to have an even more efficient supply area. This is what we started to do through McKinsey last year and which we will continue this year, but there is no significant change in the business environment.

What we can say is that we were caught by surprise last year with the crisis, but this year, we know that the crisis is here and we know that the demand is in this situation and this therefore creates a business environment that we can already create better margins than last year, but this is a genuine promise that Randon is doing.

Wagner Salaverry:

Second question is this: regarding the leverage level, considering your CAPEX working slower and considering the history, and the working capital, can you give some estimate of the levels that this leverage can get up to yearend? Even being conservative or realistic, do you have any targets or some specific issue in terms of the leverage target?

Geraldo Santa Catharina:

Well, last year was totally atypical. The drastic drop in the EBITDA was atypical. But those of you who follow Randon for many years know that we work fully capitalized, and we are working this year with a very concentrated focus in this.

We have internal targets, we think that we can rebuild the R$150 million, R$200 million working capital to adapt to the market reality, because the low use of capacity leads you to have a programming problem, efficiency becomes low, and this creates some problems in organizing your working capital, but we already took a very deep and serious attitude in terms of the long-term financing, mainly at the Randon Bank.

And this will probably bring about results, perhaps, around R$100 million, but do not think this as an official indicator. This is an estimate based in current volume. We also have a very expressive reduction in our investments, we started with R$60 million maximum in investments, which is 100 million less than last year.

Of course, we are expecting some demobilization of operating assets, but everybody is trying to do the same thing, but we are trying to do some monetization of our assets through some structure, pay back, leaseback, something.

But there are some difficulties to make this a deleverage. But if it does not deleverage, does not pay doing it, because we cannot raise funds through this. But overall, I can say that yes, we have the expectation to cut by half the level of leverage we have, to work with the level of 3x, 3.5x leverage, because in terms of indebtedness and maturity, very calm by yearend.

Wagner Salaverry:

Without considering your bank's debt?

Geraldo Santa Catharina:

Well, considering the Randon Bank inside, some consider, others do not. But well, we are considering the Randon indebtedness as part of our debt.

Daniel Randon:

Well, Randon Bank is an important tool for us, but as indebtedness, we all work with this outside Randon Bank. So, today we have worked by not increasing our leverage, the Randon Bank leverage.

We will close it with a much lower leverage at the Randon Bank, because now, the credit portfolio, our clients have low risk and part of this debt represents an important gain for the bank.

Also, looking Randon as a whole, we have done many actions and we have taken many measures and we are speaking about investing half of the depreciation of the Company and this reinforces the honesty of the Company in reinvesting half of it. And this is the cash that Company has.

We are doing a huge effort around this, mainly from 2015 until this date. And the second point is to look for other alternatives to deleverage and we hope to be able to show it in the next future.

Wagner Salaverry:

Well, thank you very much.

Lucas Marchiori, Banco Safra:

Hello, good morning. I have two questions. You mentioned the slight growth in revenue for next year. I would like to know which line is pulling this growth, if you could comment. Second point, in that centralization of auto parts, if you could share with us the target of how much aftermarkets will be responsible for the revenue in auto parts.

Hemerson Fernando de Souza:

I will speak about guidance and then I will give it to Daniel. Our guidance has some backing here. First, we understand that the export volume this year will be superior, higher than what we did in 2015.

In terms of road equipment, we know that our sales are better than last year and the same can apply for auto parts. Fras-Le has had a very good performance in exports, and it will also grow probably this year. All our other companies have also advanced and expanded their export level.

I will give an example, Jost today is exporting parts, components for wheels. In 2014, we did not have it and 2015 neither, but Jost to export this is good. On the other hand, despite having a lower level in road equipment and freight cars, last year, if you remember, the competition was very fierce at the end of the 1H and 2H of the year. This impacted a lot the level of revenue of the Company, but this year to date, this evolved already the more rational dynamics and which cause rates for us to have a higher revenue.

Last year was a year of reduction by OEMs. So the volume of production will not be different from last year and there is some stage we have talked about it to change the dynamics of our products. We are finding some new things to supplement our revenue and the readjustments of prices also and this gives us the security to believe that the market can be flat or slightly better as reflects our guidance.

Daniel Randon:

Now, as to auto parts, the cluster model helps to improve the efficiency we have in the replacement aftermarket. Today, not only the sale in the market with the OEMs, but 50% is the sale for the domestic market, but today as Randon, we are the second best player in the aftermarket in Brazil, R$400 million a year and this channel is our sales channel in replacement is only being reinforced because we have a portfolio of products that pleases the buyer.

We see this as an opportunity with a hierarchal model. With the change we had, we are slightly more efficient in the management of our business and we are still exploring the growth not only in Brazil, but with the appreciated USD, this has contributed for the foreign market improvement.

And the replacement market, the average market as a whole with a more focus in the market as Randon and also we have reviewed the concept and look for other opportunities in the market in a more productive fashion.

But this no doubt is a market that has all of our attention, not only in Brazil, but the foreign market as well.

Lucas Marchiori:

Well, thank you very much.

Joe Moura, Bank of America:

Thank you very much for the call. The first question is regarding your indebtedness. You have a favorable cash position, you have R$1 billion in debt about to mature. You spoke about your raising and so one, but my question is whether you could give us a guidance, how much of the debt you are going to roll and how much is going to be at cash position to pay? This is my first question.

Geraldo Santa Catharina:

In a very objective fashion, we have R$1.8 billion in cash and R$1.1 billion in debt. With a zero cash flow, we would end the year with R$800 million. So this is a very comfortable way because we do not need R$1.8 million in cash. We had this in cash because we had the opportunity to raise it in the market and we missed the opportunity, but we could work with R$700 million in cash, because this would represent two months of sales, but anyway, this would represents the free cash flow.

But provided it is not necessary in the short term, the market's performance is taking us to renew or roll, but the word is not proper. We paid our old debts and renew the new debts, provided the price is competitive and the term is minimally acceptable.

At that moment, now, we just contracted the new debt at market price. So, we will not renew R$1 billion because this is not necessary, but as and when new opportunities appear, we will do this work of recontracting loans to be in a comfortable situation such as the one we are undergoing now.

Joe Moura:

Well, thank you very much. The other question as to Guarulhos. You had a large cost with this hiring and then the whole situation restructuring, not only in the 1Q. Could you give us an idea of the magnitude of what has happened or can it be that the situation could deteriorate in this aspect?

Hemerson Fernando de Souza:

Well, in fact we still have processes of restructuring which are not only linked to Guarulhos. We have some adjustments in other areas. We would like very much to decline, but we do not know very well how this will be, because we just announced and this is just in the beginning and we are very sorry that we have to close this unit, but we cannot inform the number now because it would not be the correct figure.

So, unfortunately I cannot answer properly, but unfortunately you were right, we will still have a lot of costs related to the restructuring in the 1Q and this includes Guarulhos. I think that in the closing of the 1Q, and this will be soon, we will have more answers to discuss better with more transparency to the market what the situation really is.

Joe Moura:

Well, thank you very much.

Decílio de Carvalho, Banco do Brasil:

Good morning, I have three questions. One was already made, but I would like your overview on the Guarulhos plant which was closed yesterday. What was the representation in terms of production, in terms of the number of headcount? It seems that you do not have the exact number on the impact in terms of costs, but I would like to know more details about the plant you just closed yesterday in Guarulhos.

Number two, your exports, I think it was forecasted US$290 million in 2015 in the 4Q, you attained US$160 million last year, but I would like to know, you had a very important level of expenditure with raw materials. Do you expect to have some reduction by internationalizing some type of a component or something similar?

Hemerson Fernando de Souza:

Well, I will start by answering about Guarulhos. We had 130 employees that were dismissed, laid off. In Chapecó and in Caxias do Sul, the line there was very weak and the bodies of the trucks, for light trucks and average trucks were very impacted with the market conditions.

Despite having already mentioned, we do not have the right size of the impact, but in the next few months, I think we will be able to speak better, to say better what is the impact and we also have the capacity in other plants.

So what I can say about Guarulhos is that we closed 130 work posts. The support and the commercial parts are still open there, and the industrial plant was closed.

As to your other question, I will split with Daniel and Geraldo, but as to our exports, we have plants in Argentina, Alabama, China and it includes these units also. We are speaking about R$120 million of what is produced outside the country, not only exports.

Our main relation today is with the NAFTA countries and in South America in terms of road equipment and building equipment. This is the direction we have for our exports with a very positive view in terms of the next year, in terms of commercial vehicles and the aftermarket and also a very good understanding with some economies in South America, which, perhaps, will have better level of business than next year, such as Chile and Argentina.

Africa has been a very good destination for us, it has been impacted by the price of commodities and we have reduced the capacity of their clients in maintaining their purchases.

Daniel Randon:

Well, just contributing to the answer, in our view, for 2016, besides the historical work we are doing, we have the NAFTA countries, Fras-Le and Randon have been looking for the opportunity of new clients and we think that in 2016, we will have an increase in our efforts and this contributes for us to have an increase in our sales, even in countries that had difficulties in 2015.

And in the foreign market, we hope we will have more clients, with an opportunity of growth due to competitiveness with our clients in abroad.

Geraldo Santa Catharina:

The issue of the raw material, since 2014 this has been the target of our great attention, because it represents 60% of the costs, and we hired McKinsey exactly to find the best way of supply and the most efficient supply possible. Not only to have the best procurement opportunities, but also the type of materials being used, where to buy the components, which materials, new forms of developing products based on the most efficient products.

All of that certainly shall raise the best controls of the raw material, and we have the internal desire that going on with all these measures, we will be able to already, in 2016, decrease raw materials.

So, this is the environment. It is difficult for us to specify figures, but all our efforts are directed to this.

Decílio de Carvalho:

Thank you very much.

Operator:

We now close the questions-and-answers session. Now, we give the floor to Mr. Daniel for his last consideration.

Daniel Randon:

Well, once more, I would like to thank you all for participating in our conference call. We naturally saw 2015 as a very difficult year and 2016 is still a very unclear scenario. We are sparing no effort to see the needs to adjust our leverage, and to being more competitive also in the international market.

We thank you all and are at your service through our website, RI, and if you have other questions that were not clarified, please contact myself, Hemerson and Geraldo and we will be very happy to talk to you.

Thank you very much. Have a nice day.

Operator:

Well, thank you very much. The teleconference of the 4Q15 and 2015 presentation of Randon is concluded. Thank you very much. Have a nice day.