

International Conference Call
Randon S/A Implementos e Participações

4Q17 Earnings Results

March 14, 2018

Operator: Good morning and thank you for waiting. Welcome to Randon S.A. Implementos e Participações 4Q and 2017 results conference call we have with us here Mr. Daniel Raul Randon, Vice President Director; Mr. Geraldo Santa Catharina, CFO and Investor Relations Director; Mr. Esteban Angeletti, Planning and Investor Relations Manager an hour investor relations team.

We informed that this event is being recorded and all the participants will be in listen-only mode during the company's presentation. Next we will begin the Q&A session and at that time further instructions will be given. Should any participant need assistance during the call please press star zero to reach the operator.

This event is also being broadcast live via webcast and may be accessed through... At ri.randon.com.br where you will find the presentation. Participants may view the slides in any order they wish. The replay will be available after the conclusion. Those following the presentation via webcast may pose their questions on our website. They will be answered by the investor relations team after the conference is finished.

Before proceeding let me mention that forward-looking statements and are based on the beliefs and assumptions of the company's management. They involve risks and uncertainties because they relate to future events and therefore there is no guarantee of results and they refer to future events and dependent circumstances that may or may not occur.

Investors and analysts should understand that conditions related to microeconomic conditions, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now would like to pass the floor to Mr. Daniel Randon, director VP, who will begin the presentation. Mr. Daniel you have the floor.

Mr. Daniel Raul Randon: Good morning. I would like to thank you all for your participation in our conference call for 4Q and the year 2017. On March 4 we had a material fact that Mr. Raul Randon passed away. We would like to thank you for

the kind messages from the community, investors; many paid tribute to him and the family.

In the last two decades led by our founder we improved governance practices in Randon companies and the succession process happened in 2009 with Mr. David Randon as chairman. Yesterday too we also included Alexandre Randon as chairman of the Council and he will be VP and chairman of the Council until we elect a substitute. In the Council, management Council, we will give you more details in the short term.

We had the honor to have a man like Mr. Raul Randon is our founder. Wherever he was he worked with humbleness and dedication. Although he has left us his example remains as his legacy and we will continue generating value in Randon companies.

Once again we are... We miss him but we have his example and his legacy. The executives and the shareholders want to maintain this contribution of sustainable growth and value generation for the business.

Now I would like to pass the floor to Mr. Esteban and he will continue presenting the results.

Mr. Esteban Angeletti: Thank you Daniel good morning. I would thank you for participating in our earnings call. We have with us Mr. Geraldo Santa Catharina; I will share the presentation with him and also our investor relations team. At the end of the presentation please ask your questions. The presentation can also be seen in our investor relations website. Today we will have the highlights of the period, the general view of the market and capital markets. We will finalize with some financial indicators and perspectives for the next few months.

Going on to slide number four we have the behavior of the market during LQ 17 and full year 2017. Here we have production in sales, all the comparisons with 2016 present growth. We see 2017 with a slow market as in 2016; but as the year progressed we found new opportunities and we had a recovery in the volumes. The improvement in the economic scenario contributed for this improvement and the political scenario although turbulent did not stop the recovery of the market.

In 2017 we manufacture 23,843 trucks and we see an increase. Although attempt growth the recovery was expected, bear in mind that the main clients in the sector were affected by the reduction in consumption and less freight in the country, apart from the credit restrictions from financial institutions; and of course other factors, too.

The sales of implements in the domestic market were 8% higher in relation to 2016 totaling 24,000 units in the full year. Now looking at the comparisons for 4Q 16 and 4Q 17 we have an increase of 41.7% in production and 61.1% in sales. These volumes are much higher than in the beginning of the year and it really helped the sector.

For the truck market we had an increase in volume in 2017 coming especially from exports. We manufactured 83,044 trucks and this is much higher than 2016, where we had 60,000 trucks being produced.

And domestic sales were stable growing only 2.7%. In the quarterly comparison sales went up 41.8% but like semi-trailers the volume and 1H was inferior to that of 1H 16.

The bus production indicators can be seen here. In sales this year growth of 71.7% in the comparison with 4Q 16 and 5.3% in the annual comparison.

Now slide number five to talk about the company's results. Like the numbers in the automobile sector our indicators also show growth in comparison with 2016. After two difficult years where we had to take complex measures to guarantee the survival and perennity of the company we close the year truly a successful way reaching the numbers published in our guidance.

In 2017 net revenue was 2.9 billion or 11.4% superior to 2016 and in comparison with the quarter 37.1% more with a revenue of 853 million; gross margin had an increase of 13.9% in the annual comparison, 5.2 the quarterly comparison and here we have the other results. 697 million increase in volume allowed a greater decrease in costs.

After passing this period of crisis in cost reduction, implementation of changing created new alternatives for sales one of our greatest concerns was to recover margins with current costs... With the current cost of... we had to make great efforts to have results. So we were able to reach double digit Ebitda margin in regards to the end of 2017 with consolidated Ebitda of 308 million and a margin of 10.5%.

Opening this margin per division we see that the greatest challenge is in the OEMs in the truck companies and in 2016 for example the margin was -6.6%. The competitive environment is very aggressive. We did a follow-up during the year of the financial difficulties and even with the exit of important competitors sales were pulverized and number of competitors we had from 144 in 2016 to 133 in 2017.

The auto-parts division had been Ebitda of 14.2% in 2017 and 13% in 2016, which shows the resilience of this market. Now with OEM markets exports and

aftermarket can adjust themselves more rapidly through the changes. In 4Q 17 Ebitda was 78.4 million and Ebitda margin was 9.2%.

The last quarter of the year traditionally concentrates launches and also reversals are increase in accruals provisions sometimes due to auditors' requests, for example inventories. In this quarter this movement of accruals provisions represented 10 million BRL in accruals provisions.

Apart from review of projections... Projections also we began, we joined a government tax program recognition for example losses in Fras-Le US and costs with consultancy in acquisitions that Fras-Le 1.5 million BRL totaling an impact on Ebitda of 19 million BRL.

After two years of loss at the end of 2017 we reach net profit with margin of 1.6%. Although distant from the historical margins of Randon this profit represents a new moment and a new era for the company due to the actions we carried out and thus we are being able to plan more.

With the long-term plan for Q 17 our net result was affected by the recognition of losses in taxes to be recovered in Fras-Le USA which had an impact of 9.5 million BRL. This amount has to do with a change in legislation in the US, which changed the tax rate from 35% to 21%.

I invite you all to go now to slide number six and we would like to give you a general overview. Here we continue in semi-trainers we had some important facts that happened or which began in 2017.

The launching of the products is something that continues to make a difference for Randon. This innovation and constant search for renewal and to be closer to the client gave us results and they can be noticed in the financial indicators of this division and also in the increase in market share which went from 29.1% in 2016 to 40.4% in 2017.

And also with the improvement of economic conditions and market conditions the company delivered 33.2% more semi-trainers than in 2016, approximately 13,000 units including exports. This number was... Could have been better but we had problems in exports to Africa, the African continent. We have already exported 1500 units per year.

In the future we will have two projects we will inaugurate in the next few days; the inauguration of Randon Peru and also the conclusion of the plant in the city of Araraquara Brazil. The first is different. The joint venture in Peru is the first joint venture of our assembly and we have a joint venture with a company, we have had this partnership for 40 years. With low investment around 3 million USD this unit is

in a country in development and with many opportunities for the sector. The inauguration will happen tomorrow.

And the second Randon Araraquara in Brazil is an older project and it had to wait, it was on hold due to the crisis in Brazil. In 2017 we concluded the construction of this plant where we invested 100 million BRL local currency, of these 40 million last year, 2017. The objective is to really produce and railway cars and semi-trailers for sugarcane harvest.

And we now will go to slide number seven to talk about the railway cars and special vehicles. This year for railway cars we delivered 884 units in 2017 representing a lower volume, a drop in volume of 44.2% compared to 2016. The drop is due to the delay in approval of the concessions for roads, railway lines and less investment on the part of the companies. Production dropped 26% totaling in the year the number of units as you see. As the situation improves the market will have greater volumes.

Concerning specialty vehicles we built 349 vehicles. These are off-road trucks, backhoes. It was 78% superior to 2016. The export market was the main reason why the number increased in 2017. We had a good opportunity with backhoes with Wacker Neuson, our partner.

Now slide number eight talking about the auto-parts division. With the net revenue of 1.5 billion in 2017 this segment represented 51% of the company's sales. Of this amount half came from friction materials or 45%; and then trailers 18%; suspension and axles 14.1%. As in the OEM division auto-parts also launch new products with innovation. Apart from this it was the first year of the new model for suspension and axles and this brought synergy to the process and a better use of the plant.

With the increase of production of trucks in Brazil the auto-parts division increased the sales significantly. In the units closer to truck manufacturers it was 45% higher. For example we sold this to companies that sell axles. Exports in this division in 2017 were 4.6 higher than in 2016 and reached 104.7 million USD.

In our search for internationalization and expansion we announced in 2H the acquisition of companies abroad: Armetal, Farloc and Fanacif, which now are part of the consolidated results of Fras-Le in December 17. With an investment of 100 million BRL we will increase revenue by 40 million USD/year.

Apart from this acquisition also Fras-Le inaugurated the new warehouse Randon Panamericana in Colombia and the joint venture with ASK in India. A strategic partnership with ASK, this plant will manufacture and supply linings and brake pads

for the aftermarket in India and other countries. The investment on our parts was 5.1 million USD and thus we have 51% of the capital of the new company.

And also for the news for 2018 we announced the joint venture with Federal-Mogul after the approval by Cade. It is called Jurid do Brasil. This joint venture is focused on manufacturing premium brake products for OEMs and after sales clients in Brazil and South America.

On slide number nine we have a graph that shows the variation of the average daily volume of our shares. On December 31 2017 our share receives 7.15 BRL, 107% more, 107.8% more for the price of shares than in 2016. The market cap went from 1.1 billion BRL to 2.2 billion in this period. The average daily volumes negotiated for our shares reached 9.1 million the BRL, a growth of 12.2% in relation to the same period in 2016.

At the end of the year the shareholder base was made up of 9000 shareholders, 30% foreigners, 18% institutional investors and 8% individuals. The position of the controller maintained at 41.2%.

Concerning the payment to shareholders we will propose in the general assembly the distribution of 15.7 million BRL corresponding to the percentage foreseen... 30% of the adjusted profit.

Now going on to slide number 10 we begin the presentation of financial results reminding you that in July 2017 we paid intermediate dividends for 15 million BRL.

Now going on to slide number 10 we begin the financial results presentation. We closed the year with a total debt of 2.2 billion BRL local currency. Of this 76%... 26% in foreign currency and 73% in local currency. The last was issuance of debentures 300 million with a five-year period.

In 2017 all the covenants for financing were obeyed. The largest level... We can also see the explanatory notes for details.

Concerning the need for working capital we finished the year with an increase... With an increase especially for inventory, clients and taxes. This increase is directly linked to the volumes and the increase is 74.6 million BRL.

On slide 11 we have the net consolidated debt without Randon Bank at the end of December 2017. On the graph you can see that we achieved the lowest level of leverage in the last five years with a multiple of 1.19x. The net debt without Randon Bank at the end of 2017 was 351.9 million BRL, which represents a drop of 33 million BRL in comparison with 2016. Considering the consolidated numbers now including the indicators of the bank deleverage was 1.79x Ebitda LTM.

Now I would like to pass the floor to Daniel and he will continue the presentation.

Mr. Randon: well we have arrived at the end of another year. 2017 had many scenarios and we had a concern with a very weak year low volumes and also a recovery in the last semester when we went to the exhibition... The fair.

This was a year of harvest. We began to see in our indicators that our decisions were right. We also saw that we would have to go after internationalization and expansion. Mr. Esteban talked about acquisitions, partnerships during the presentation.

The economic scenario helped. The GDP grew with more demand from the automotive sector. After three years of recession this growth brought new vigor to the business and the central bank issued a report with the forecast of growth of 2.87% for 2018, 3% to 2019.

These numbers show optimism and they are very aligned with our portfolio of orders, both in semi-trailers and in auto-parts too. Inflation lower, under control, here we can see 3.97% and lower interest rates.

The forecast is the harvest, the grain harvest will be the second largest in Brazil, 226,000,000 tons of grains. So we believe 2018 will bring about a recovery with good business and good volumes for the automobile sector.

With so many positive indicators we are concerned with the elections in the second semester. It is unforeseeable and we do not know the impact of the elections on the market. We as a company are monitoring and studying on a daily basis the behavior of the market to try to anticipate any negative moment in the market - but this is a challenge that is not only hours. Those who are entrepreneurs in Brazil have to really be on the lookout.

Although we have these assumptions we began 2018 with good expectations. We have concrete element showing that there is a recovery, better foreseeability which allows us to search for better results.

On slide number 13 we have the numbers, projections for 2018. On February 15 we issued a guidance for 2018 and the numbers are... You already know these numbers, they are known by you.

I would like to close the presentation but I remind you that on the webcast you have the full presentation with slides with more details about the indicators.

We are available for any clarification and comments. I thank you all for your presence and now we will begin our Q&A session, thank you.

Q&A Session

Operator: Ladies and gentlemen we will begin now the Q&A session. To ask a question please dial asterisk one and to remove your question from the list you may dial asterisk two.

The first question comes from Mr. Victor Mizusaki, Bradesco BBI.

Mr. Victor Mizusaki: Good morning. I have two questions, the first the Ebitda of 4Q. You mentioned there were some nonrecurring expenses. What is the recurring Ebitda looking at 2017? What would be the Ebitda margin excluding these effects? And can we believe this is the minimum lever for 2018?

The second question concerning M&A in auto-parts. How much of this had impact on the results of 4Q?

Mr. Geraldo Santa Catharina: Victor Geraldo. I will take the liberty to join the questions. I would like to clarify to you and to all - I thank you for the question - that due to a decision that was wrong on my part trying to simplify the indicators we gave you only the annual number including the results for the quarter. Some people have complained.

And we will make available all the information on the quarterly basis through Carol, myself, to supplement the information for the quarter. The purpose was not to reduce transparency; we tried to simply simplified information.

I do not know if Esteban has here the Ebitda of 4Q without nonrecurring; but we will calculate this and we will send you this shortly Victor.

Concerning auto-parts the effect of the year that is the question right?

Mr. Mizusaki: 4Q. My perception is that - correct me if I am wrong - you had one month with consolidation, only one month with results, consolidated results of all the acquisitions.

Mr. Santa Catharina: Hemerson is here, he is the executive manager of Fras-Le and he will answer.

Mr. Hemerson de Souza: good morning, good morning to all, it is a great pleasure. In fact we had the integration of the acquisitions. During the month of

December we concluded the operation of the purchase in Argentina and Uruguay as of December 4 and the consolidated the results. The impact is very small.

So for 2018 we had full year 40 million USD in terms of billing and Ebitda margin close to 15% last year. So there we have... In 2018 - and this is not in 2017 and only as of now - we will have the results of Jurid, it is a joint venture with Federal-Mogul which began on January 8 and it is a more complex operation. They should... There billing last year was 44 million BRL and negative Ebitda.

It is a turnaround operation and Fras-Le's team together with the leadership of Randon will give support so they can leave the negative results and go back to positive. It is a small operation and it requires effort.

On the part of Fras-Le as of February we will have a change. We have the joint venture with India, we should have it full year close to 12 million USD also with positive margins. The ramp-up of this will happen and we will be disclosing the details.

So the impact as I said is small when you look at the acquisitions and its participation in the results.

Mr. XXX: answering your question about a normalized Ebitda what we can say we have the effect of these nonrecurring expenses, in 4Q 19 million BRL and this would give us margin in the quarter if we adjusted Ebitda to 11.4%.

So we can expect it is in line with 3Q 17 and we can expect this level of activity, 11.4, 12 in 2017. So this is the rating for 4Q 17.

Mr. Mizusaki: thank you.

Operator: the next question comes from Joao Noronha, Santander Bank.

Mr. Joao Noronha: good morning. The two points, one is auto-parts. Please give us more details the impact even adjusted by nonrecurring expenses the volume was strong but the margin was compressed in 3Q.

The second question a follow-up on nonrecurring expenses. Your expectations these items reported in 4Q could they be repeated or repeat themselves in 2018?

Mr. Santa Catharina: Joao the nonrecurring expenses we know that the company has nine businesses, 35 taxpayer numbers, companies abroad, companies controlled abroad. So it is natural to have these nonrecurring expenses. I take the liberty to say that they are not very relevant; we are in a period we talked about 19 million.

I understand that Randon does not have the profitability but it can have. 19 million from my point of view - is not a guidance - is not a significant number. So whether it is going to happen again, these no.

The most important one, which is the change for Fras-Le North America the accumulated loss we had a provisional accrual based on 35% and since it went to 21, 9.5 million BRL that we have to remove from the accrual and this will not happen again - but sometimes we have other movements, positive or negative. So nonrecurring are those events. We may have other events and we do not know this in advance. That is a reality.

Once again I ask Hemerson to talk about auto-parts in the last quarter to help us.

Mr. Souza: those who are following the results of Fras-Le yesterday we had our earnings call for Fras-Le, friction materials Fras-Le is very significant and we reported a table that shows this.

We had some events that we already mentioned and they may happen again with an impact on the results. In auto-parts we have close to 10 million in nonrecurring effects, I would say that 9 million in Fras-Le these were explained yesterday and I will try to mention them; but we had a case that we were going to lose and we joined a government's tax program; we had expenses with mergers and acquisitions, these are not always here but in a growth agenda this happened; we had an impairment in North America, a decision and we have been doing this as the auditors guide us, we will stop the production of an item there. So added 9 million and in auto-parts a few more things close to 1 million.

So 10 million in auto-parts answering your question and then I will pass the floor to Esteban and he will include this in the presentation and we will have it on our website, the details shortly.

Mr. Noronha: okay thank you.

Operator: the next question comes from Alvaro Frasson, Eleven Financial.

Mr. Alvaro Frasson: good morning. Two questions, the first could you comment more on the unit in Peru that you inaugurated? So do you believe there could be new actions in other countries in Latin America? Will this unit cell railway cars too?

And also debt we see here the amortization is concentrated in the next two years and you will take on a loan to extend debts?

Mr. Santa Catharina: yes we are doing a close follow-up, a permanent follow-up on the company's cash flow and we lengthened the debt in 2012, we delayed this

to five, seven years later most of the debt in 2012; then we had a reduction during the crisis and we believe that what we did in 2016 and 17 left Randon in a good position in terms of liquidity.

We should bear in mind we have 600 million roughly, 600 million that will become mature this year, will be payable this year. This automatically the company is working to extend these loans and we are very well, we are permanently working on this.

So the answer is yes, we will continue to roll the debt and our cash level, 1.5 billion, 1.6 billion is very high even because of the Brazil situation with volatility in the last two years. It does not mean that we have to maintain this level in the next years; this year things are calm, which would extend this to be payable in three or four years - but we have excess cash if there is greater stability we can work with less cash flow.

Now concerning acquisitions that you mentioned this happened in Fras-Le, friction material, the mergers and acquisitions happened in Fras-Le. Our assumption is to maintain our leadership position in Brazil, Latin America for semi-trainers. With strengthened our position in Peru, Argentina and in auto-parts a part of our position at OEMs, truck companies and also a growing presence in the aftermarket Fras-Le has made great efforts in the search for new acquisitions.

So part of your question whether Peru has railway cars; no, it is auto-parts and the possibility of new acquisitions I will ask Hemerson who is leading this project, to comment.

Mr. Souza: Alvaro good morning. We have an intense agenda with projects as Fras-Le. We recognize that this, the mortality rate is high in these projects. If we have a project that is more mature we will inform you. I can guarantee that Fras-Le is always evaluating new cases aiming at acquisitions. So we will not stop this, we should continue with acquisitions.

Like I mentioned yesterday we may also use that and together with Randon we will see the best situation for acquisitions and to maintain our cash position to shield the company, and also we will have a company free to take new actions.

Mr. Randon: well just to answer your question our operation in Peru is concentrated on platforms and dump trucks for the local market, demand of the local market, reminding you that Peru is a market for three to 5000 units/month and in five years we want to absorb 20% of the Peruvian market.

Mr. Frasson: thank you. The question was to see the strategy. Do you want more internationalization?

Mr. XXX: Daniel?

Mr. Randon: Alvaro thank you for the question. What we have looked at historically we want to grow especially in Latin America and Africa, where we have opportunities in developing countries for semi-trailers.

In Africa through partnerships for assembly and the idea of Peru, a strong partner that can contribute. So we continue with growth especially in the domestic market, many opportunities now with the recovery and again in market share. We improved our market share but we never lose our focus in Argentina where we have a profitable unit, 100% Randon, and we are looking at other alternatives in Latin American countries and Africa, where we can find partners with solid growth and profitable growth.

Our vision is that we grow internationally at a lower speed than we have with auto-parts today.

Mr. Frasson: thank you.

Operator: ladies and gentlemen reminding it, to ask questions please dial asterisk one, star one.

We have a question from Ana Maria Guimarães coming from the webcast: concerning investments foreseen for 2018 100 million BRL what is the composition and is it expansion, new acquisitions or technology?

Mr. XXX: good morning Ana thank you for the question. I would like to use this opportunity to go back to the behavior of margin this year. We do not have a guidance for Ebitda; we have a strategic planning that we are following and the indicators last year we had the previous question whether there are we would have Ebitda upwards of 11% if we did not have the nonrecurring. This explains the past; but it does not ensure that 2018 will be more or less.

And I would like to supplement saying that we have a year with greater demand, we are happy; but we continue with 50% surplus capacity in trucks, semi-trailers. So it is very difficult. We tried to stop the inflation in inputs for two or three years.

We had a loss, an important loss in the last three years in price capacity, electricity going up, fuel going up, wages we were able to have a good negotiation this year - but still a little above inflation.

So we have to bear this in mind when we consider that yes, we will have better volumes, a better market, the GDP is positive, the interest rates are low; but we are to Randon are very cautious when we make projections for margin. We do not

have public guidance for 2018. Thank you and concerning investments a stable and will talk about this.

Mr. Randon: thank you Geraldo just reminding you that our guidance for 2018, 140 million BRL, in this value we are not considering acquisitions by Fras-Le or others. So acquisitions would have to be added to 140 million. It is 140 million plus acquisitions. Most of this is to maintain our manufacturing capacity.

You asked about technological innovation. Within our possibilities when we have to do maintenance in a machine we evaluate whether it is worthwhile or buy a newer machine, more modern machine with automation.

So there is no value specifically for automation or technological innovation; what we have is this amounts to maintain our manufacturing capacity.

Mr. XXX: it is also important to stress is that in these 140 million we do not include potential acquisitions by Fras-Le in its expansion plan. If this happens we will inform you.

Operator: the next question comes from Lucas Marchiori, Safra Bank.

Mr. Lucas Marchiori: hello good morning thank you for the call. Two quick points: I would like to understand why the concentration of delivery of railway cars this quarter. Was it a specific demand? Why everything in 4Q? And also the topic that you mentioned, the prices. Do you see the possibility of higher prices?

Mr. XXX: thank you Lucas. Railway cars David has good knowledge about this and he will answer.

Mr. David XXX: Lucas good morning. Railway cars we have a concentration truly in the last quarter because we had two orders. We were producing railway cars during the year and suddenly we received an extra order from the client and we had this concentration in the last quarter in comparison with the previous quarters. But two orders that were in parallel in our plant.

Mr. XXX: In terms of price increases Lucas I mentioned this is natural always. As we have higher costs inflation we have to raise also our prices. This is normal with this system we operate.

During the year of 2017 it was better than 2016. We lost capacity in prices versus costs and 2018 will not be much different; we will have pressure on cost and we should follow this, there is nothing we can do differently.

Now concerning a real price increase versus cost, actual price increase versus... We have something positive that is volume, and another point that is negative we

have surplus capacity. So you must bear in mind that we increased our market share 240% on average and semi-trainers and this was an important evolution for us, 40% market share.

Other competitors also increased their market share. So we had 139 competitors in this market and with all this installed capacity, with all this pressure for costs in this large number of manufacturers of semi-trainers in Brazil we want to improve our margin, it is our obligation; but we have to be careful as a company. We want to deliver better results but this will be done step-by-step.

We do not have... We cannot do this like in the automobile prices. As soon as we have a new model the increased their price, the new prices. We have a price list, a reference price list that takes into consideration current costs and expected margin - but after that we negotiate with clients every lot. I understand that we are still in a difficult period, but better than in the last two years for this environment, this market.

Mr. Marchiori: thank you.

Operator: we have a question via webcast from Wagner Salaverri: how is the competitive environment in implements? What is your market share estimate for 2018? Can more production help?

Mr. Santa Catharina: Wagner good morning. Okay thank you for the question. I just talked about market share is and I will ask Esteban and Mr. David to cooperate.

Mr. XXX: thank you Wagner for the question and for participating. The competitive environment continues, there is fierce competition in the market and we still have surplus capacity in all the industry and the competition is very difficult, fierce competition.

Concerning our market share we continue defending the market share that we obtained in 2017, but it is not an easy task. A lot of competition, a lot of surplus capacity in our industry. So it will be a challenge during the year to defend our market share.

Operator: Ladies and gentlemen once again to ask a question please dial asterisk one, star one.

We would like to close the Q&A session. I would like to pass the floor to Mr. Daniel Randon for his final comments. Mr. Daniel you may proceed.

Mr. Daniel Randon: just a second. Once again I would like to thank you all for your participation. We are available, for future questions please get in touch directly with our investor relations area. Thank you and we will meet again on May 11, 11 AM thank you.

Operator: Thus The audio conferences concluded. We thank you all for your participation, we wish you a good afternoon and we thank you for using the services of Chorus Call.
