


# RESULTS
# 1Q16 / 1Q15

RANDON®

# 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 – 1Q16

| | 1Q2016 | 1Q2015 | Δ% | 1Q2016 | 4Q2015 | Δ% |
|---|---|---|---|---|---|---|
| **PRODUCTION** | **26,291** | **38,511** | **-31.7%** | **26,291** | **25,723** | **2.2%** |
| **Trucks (*)** | 15,113 | 23,313 | -35.2% | 15,113 | 14,731 | 2.6% |
| **Buses (*)** | 4,339 | 7,686 | -43.5% | 4,339 | 2,818 | 54.0% |
| **Trailers/ Semi-Trailers (***)** | 6,839 | 7,512 | -9.0% | 6,839 | 8,174 | -16.3% |
| **SALES (DOMESTIC MARKET)** | **21,872** | **31,462** | **-30.5%** | **21,872** | **26,288** | **-16.8%** |
| **Trucks (*)** | 13,111 | 19,306 | -32.1% | 13,111 | 16,131 | -18.7% |
| **Buses (*)** | 2,720 | 5,207 | -47.8% | 2,720 | 3,073 | -11.5% |
| **Trailers/ Semi-Trailers (**)** | 6,041 | 6,949 | -13.1% | 6,041 | 7,084 | -14.7% |

* Dada from Anfavea Newsletter.

** Dada from ANFIR Statistics.

*** Dada from ANFIR+Aliceweb

# Highlights – 1Q16

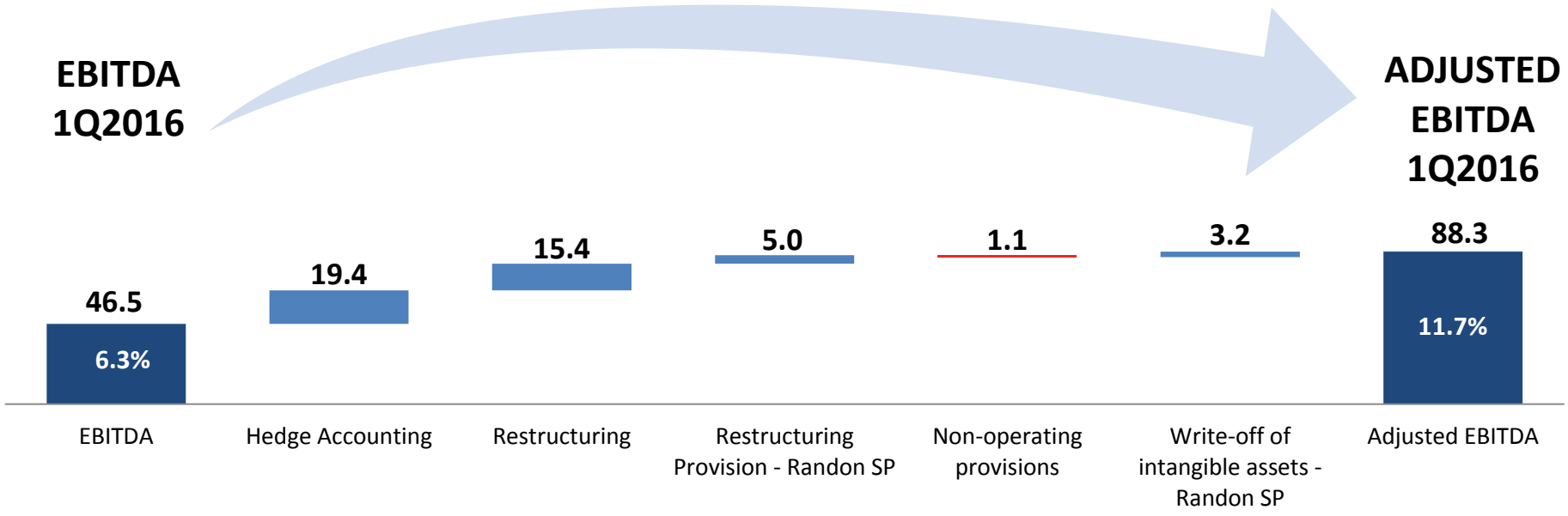
| | 1Q2016 | 1Q2015 | Δ% | 1Q2016 | 4Q2015 | Δ% |
|---|---|---|---|---|---|---|
| **Total Gross Revenue (*)** | 1,020,513 | 994,752 | 2.6% | 1,020,513 | 1,091,579 | -6.5% |
| Domestic market | 898,488 | 878,265 | 2.3% | 898,488 | 951,623 | -5.6% |
| Foreign market | 122,025 | 116,487 | 4.8% | 122,025 | 139,956 | -12.8% |
| Foreign market in *US$* | 32,185 | 39,761 | -19.1% | 32,185 | 36,802 | -12.5% |
| **Consolidated Net Revenue** | 734,614 | 696,823 | 5.4% | 734,614 | 814,872 | -9.8% |
| Consolidated Gross Profit | 131,017 | 151,994 | -13.8% | 131,017 | 159,087 | -17.6% |
| Gross Margin (%) | 17.8% | 21.8% | -4.0 p.p. | 17.8% | 19.5% | -1.7 p.p. |
| **Consolidated Net Profit** | -9,556 | 557 | -1815.2% | -9,556 | -20,999 | -54.5% |
| Net Margin (%) | -1.3% | 0.1% | -1.4 p.p. | -1.3% | -2.6% | 1.3 p.p. |
| **Consolidated EBITDA** | 46,481 | 50,969 | -8.8% | 46,481 | 21,430 | 116.9% |
| EBITDA Margin (%) | 6.3% | 7.3% | -1.0 p.p. | 6.3% | 2.6% | 3.7 p.p. |
| Adjusted EBITDA | 88,315 | 80,084 | 10.3% | 88,315 | 44,162 | 100.0% |
| Adjusted EBITDA Margin (%) | 11.7% | 11.3% | 0.4 p.p. | 11.7% | 5.4% | 6.3 p.p. |

* Without elimination of intercompany sales.

Values in thousands of Reais

# Highlights – 1Q16

## NON-RECURRING EFFECTS



# Adjusted Statements of Income

| | 1Q2016 | AV% | 1Q2016 ADJ | AV% |
|---|---|---|---|---|
| *(+) Hedge Accounting* | - | 0.0% | 19,415 | 2.6% |
| **Consolidated Net Revenue** | **734,614** | **100,0%** | **754,028** | **100.0%** |
| (+) COGS Restructuring | - | 0.0% | 12,447 | 1.7% |
| (+) COGS Restructuring Provision | - | 0.0% | 3,430 | 0.5% |
| **Cost of Sales and Services** | **-603,596** | **-82.2%** | **-587,719** | **-77.9%** |
| **Gross Profit** | **131,017** | **17.8%** | **166,309** | **22.1%** |
| Operating Expenses | -116,061 | -15.8% | -116,061 | -15.4% |
| (+) SG&A Restructuring | - | 0.0% | 2,922 | 0.4% |
| (+) SG&A Restructuring Provision | - | 0.0% | 1,567 | 0.2% |
| (+) Write-off of intangible assets | - | 0.0% | 3,183 | 0.4% |
| (+) Non-operating provisions | - | 0.0% | -1,130 | -0.1% |
| **Operating Expenses** | **-116,061** | **-15.8%** | **-109,518** | **-14.5%** |
| **EBIT** | **14,957** | **2.0%** | **56,791** | **7.5%** |
| **EBITDA** | **46,481** | **6.3%** | **88,315** | **11.7%** |

# Overview – 1Q16

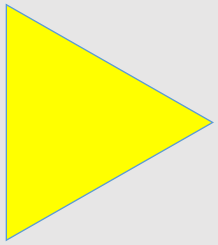
## BUSINESS ENVIRONMENT

- ✓ **1Q16 was "more of the same" when comparing to the 4Q15. Low volumes of production and sales reflect the lack of confidence in the economy.**
- ✓ **Volumes of truck sales: 13,111 units in 1Q16 (-32.1%/1Q15 and -18.7%/4Q15). Trailers/Semi-trailers: 6,041 units in 1Q16 (-13.1%/1Q15 and -14.7%/4Q15).**
- ✓ **The adjustments the Company made throughout 2015 and on the first months of 2016 are starting to show results.**
- ✓ **Rail Freight Cars, Exports and Aftermarket are the positive highlights in the company's performance.**

# Overview – 1Q16

## BUSINESS SEGMENTS – TRAILERS/SEMI-TRAILERS

### TRAILERS/SEMI-TRAILERS



- ***MARKETSHARE* = 26.8% IN 1Q2016 – 26.2% IN 2015;**
- **SLOW PRICE RECOVERY;**
- **MORE RATIONAL COMMERCIAL COMPETITION;**
- **NO SIGN OF MARKET RECOVERY IN THE SHORT/MEDIUM TERM.**

# Overview – 1Q16

## BUSINESS SEGMENTS – VEHICLES AND ROAD EQUIPMENT

### RAIL FREIGHT CARS



- IMPORTANT SHARE OF THE COMPANY'S REVENUE IN THE QUARTER;
- VOLUMES REACHED 726 UNITS IN 1Q16;
- QUOTATION AND NEGOTIATION OF NEW ORDERS.

### SPECIALTY VEHICLES



- THE HEAVY AND CIVIL CONSTRUCTION EQUIPMENT IS ONE OF THE MOST AFFECTED SEGMENTS BY WEAK ECONOMIC PERFORMANCE;
- SALES DROPPED 54.5% IN 1Q16.

# Overview – 1Q16

## BUSINESS SEGMENTS – AUTOPARTS

### AUTOPARTS

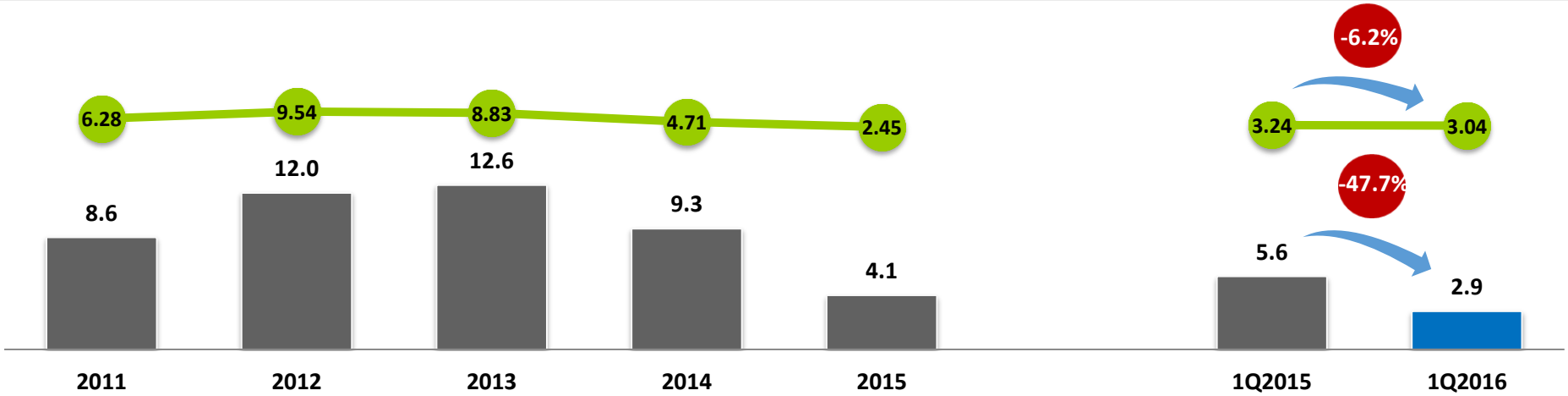


- THE LACK OF CONFIDENCE REFLECTS THE LOW LEVELS OF PRODUCTION AND SALES OF TRUCKS;
- EXPORTS AND THE AFTERMARKET REINFORCE RESULTS OF THE CONTROLLED COMPANY FRAS-LE;
- FOCUS ON EXPORTS AND AN INCREASE IN THE NUMBER OF ACTIONS FOR THE AFTERMARKET.

# Capital Markets

## RAPT4 Price/Daily Liquidity

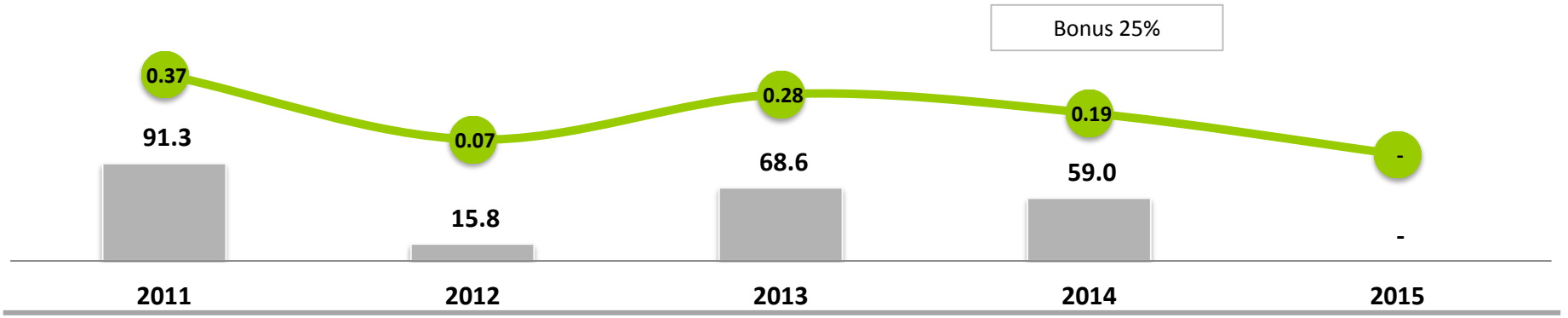
R$ per share | R$'000




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

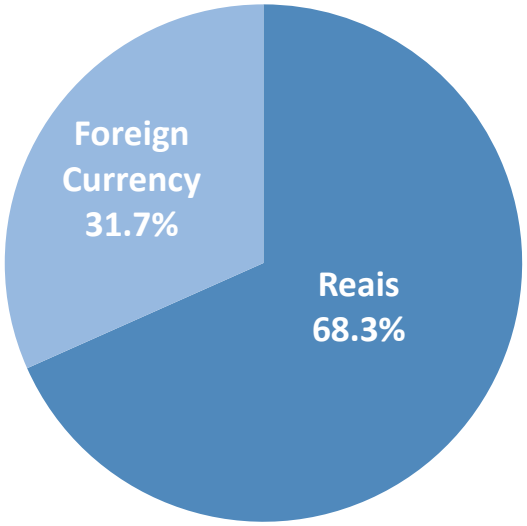


# Financial Results

**Gross Debt Breakdown 1Q2016**

R$'000 | %

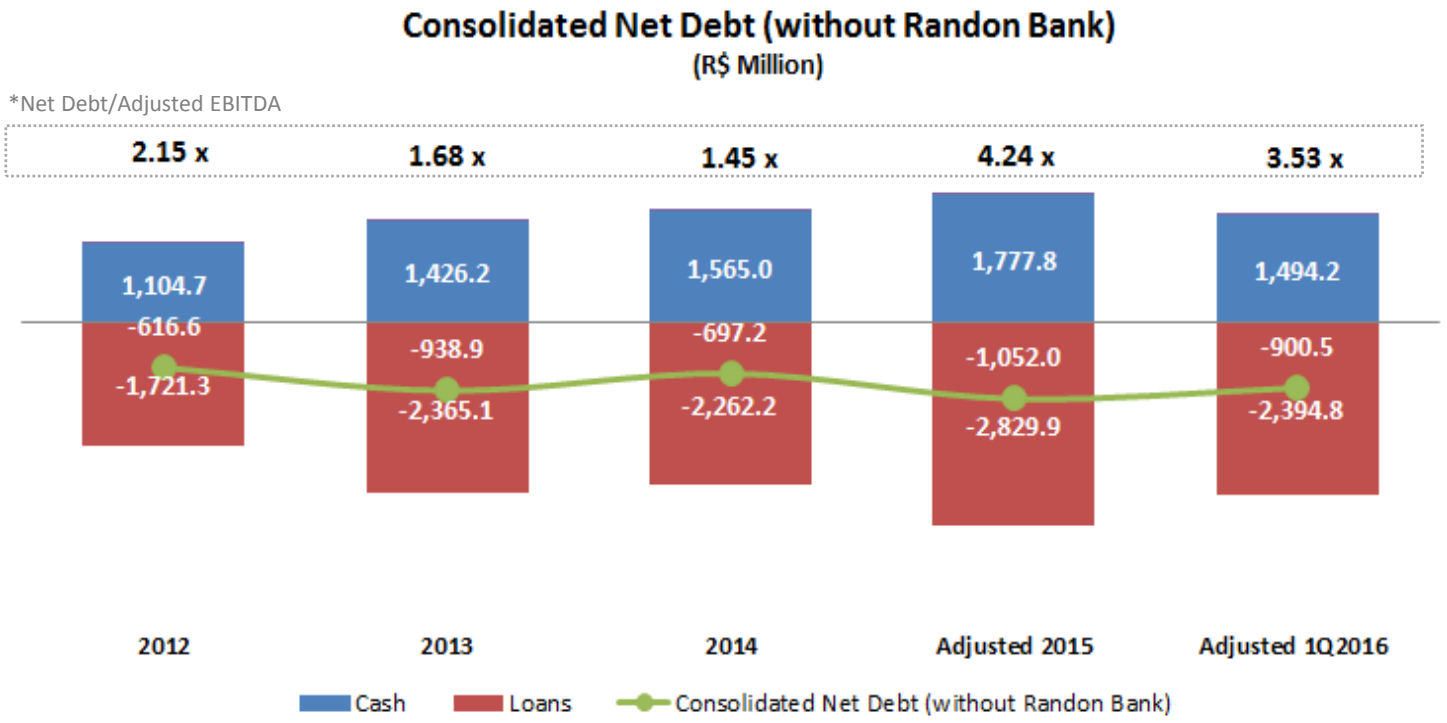
| | |
|---|---|
| Total gross debt | R$ 2,634,389,589 |
| Gross debt in BR currency | R$ 1,800,184,351 |
| Gross debt in foreign currency | R$ 834,205,238 |
| USD rate (Mar. 31, 2016) | R$ 3.5589 |



# Financial Results

## Consolidated Net Debt (without Randon Bank)

R$ Million – 1Q2016




*The chart above shows the company's debt, without the cash and debt indicators of the Randon Bank.*
*The comparative EBITDA used to calculate debt is adjusted to the non-recurring effects of the period.*
*Consolidated net debt at the end of 1Q2016 amounts to R$ 1.2 billion, a multiple of 7.58x EBITDA over the last 12 Months (4.48x if considering the EBITDA adjusted to the non-recurring effects of the period).*
*Consolidated net debt (without Randon Bank) at the end of 1Q2016 amounts to R$ 900.5 million, a multiple of 6.16x EBITDA over the last 12 Months (3.53x if considering the EBITDA adjusted to the non-recurring effects of the period).*

# Outlook

- **Brazilian economic growth forecast:**
- -3.86% in 2016 and +0.50% in 2017.*

- **Harvest –** National production of grains is estimated in 209.0 million tons, 0.6% higher than that in prior cycle. **

- **Economy**:
  - Low available and more expensive credit for investments;
  - Low confidence and credibility;
  - Political instability and its effects in the economy.

- **Results 2Q16:**
  - Non recurring expenses still affecting results;
  - Still low, but stable volume levels;
  - Focus on debt reduction and recovery of price margins.

Source: * BACEN / FOCUS (05/06/2016) report;
** 7TH SAFRA-survey 2015/2016 - Conab

# Possible Questions

## CAPITAL RAISE – FRAS-LE

| Public offering completed in 04/20/2016 | |
|---|---|
| **Paid-in Capital:** | R$ 300,000,001,32 |
| **Quantity of shares issued:** | 92,592,593 |
| **Value per share:** | R$ 3.24 |
| **Previous quantity of shares:** | 124,973,750 |
| **Present quantity of shares:** | 217,566,343 |

### Shareholding Position - Randon

Randon S/A acquired 48,809,812 shares by investing R$ 158.1 million on this offer, going from 50.0% to 51.16% of total shares.

### Investment Agreement

GIF V PIPE Fundo de Investimentos em Participações subscribed 32,250,000 shares, a total investment of R$104.5 million and signed the Agreement of Shareholders. After the conclusion of the offer, GIF holds 14.82% of the total capital of the company.

# Possible Questions

## CAPITAL RAISE – RANDON

| Private Offering (limited to current shareholders) | |
|---|---|
| **Proposed Value:** | R$ 99,990,000,00 |
| **Shares issued:**<br>• *Common*<br>• *Preferred* | **44,048,458**<br>*14,682,819*<br>*29,365,639* |
| **Value per Share:** | R$ 2.27 |

| Offering Dates | |
|---|---|
| Subscription preference rights | 04/12 to 05/12 |
| Subscription of previously unsubscribed shares | 05/17 to 05/31 |

## Investor Relations

**Contact**
ri@randon.com.br
+55 54 3239.2505

NÍVEL 1
BM&FBOVESPA

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

1Q16 / 1Q15

RANDON®

# Operating Results

**Physical Volume Sales | Breakdown of Revenues by Segment**

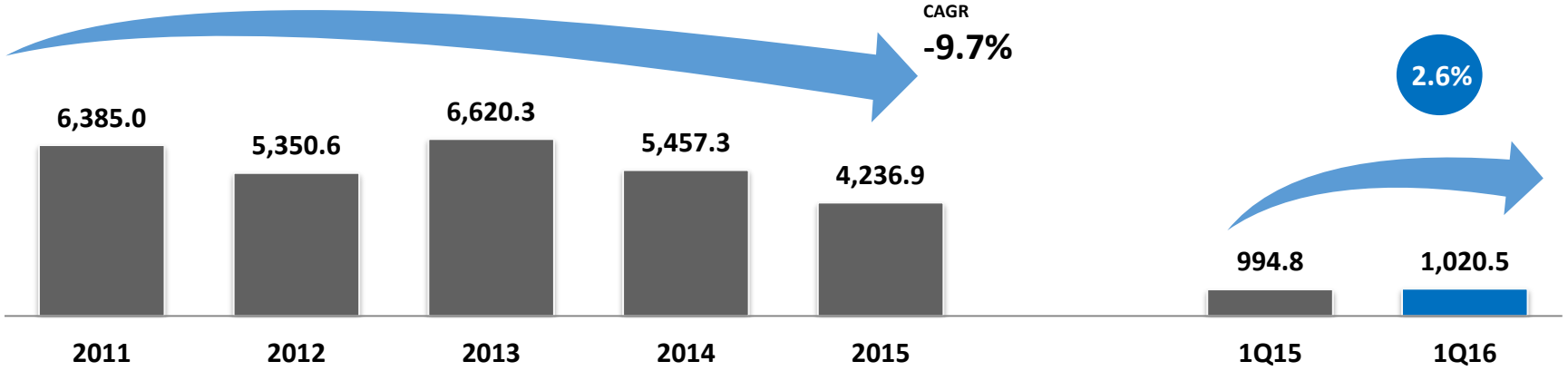
| | 1Q2016 | | 1Q2015 | | Δ% Un. | 1Q2016 | | 4Q2015 | | Δ% Un. |
|---|---|---|---|---|---|---|---|---|---|---|
| | Un. | % CNR | Un. | % CNR | | Un. | % CNR | Un. | % CNR | |
| **Vehicles and Road Equipment** | | **51.3%** | | **41.9%** | | | **51.3%** | | **54.9%** | |
| *Trailers/ Semi-Trailers (un.)* | 2,303 | 50.7% | 2,064 | 55.8% | 11.6% | 2,303 | 50.7% | 2,898 | 60.4% | -20.5% |
| *Specialty Vehicles (un.)* | 45 | 2.4% | 99 | 9.5% | -54.5% | 45 | 2.4% | 48 | 1.9% | -6.3% |
| *Rail freight cars (un.)* | 726 | 46.9% | 404 | 34.7% | 79.7% | 726 | 46.9% | 602 | 37.7% | 20.6% |
| **Autoparts** | | **43.9%** | | **53.4%** | | | **43.9%** | | **42.1%** | |
| *Friction Material (ton.)* | 16,476 | 62.1% | 17,117 | 52.5% | -3.7% | 16,476 | 62.1% | 16,416 | 68.3% | 0.4% |
| *Brakes (un.)* | 97,933 | 13.0% | 135,750 | 15.0% | -27.9% | 97,933 | 13.0% | 68,488 | 10.0% | 43.0% |
| *Coupling Systems (un.)* | 12,979 | 6.6% | 14,449 | 5.8% | -10.2% | 12,979 | 6.6% | 12,126 | 5.4% | 7.0% |
| *Suspension and Undercarriage Systems (un.)* | 28,029 | 17.9% | 50,102 | 26.5% | -44.1% | 28,029 | 17.9% | 26,466 | 16.0% | 5.9% |
| *Castings (ton.)* | 3,967 | 0.3% | 5,189 | 0.2% | -23.5% | 3,967 | 0.3% | 2,739 | 0.3% | 44.8% |
| **Financial Services** | | **4.8%** | | **4.7%** | | | **4.8%** | | **3.0%** | |
| *Coop-payment plan quotas sold* | 2,193 | 70.7% | 2,382 | 66.4% | -7.9% | 2,193 | 70.7% | 3,342 | 101.8% | -34.4% |
| *Randon Investimentos (Randon Bank)* | - | 29.3% | - | 33.6% | - | - | 29.3% | - | -1.8% | - |

# Financial Results

## Total Gross Revenue

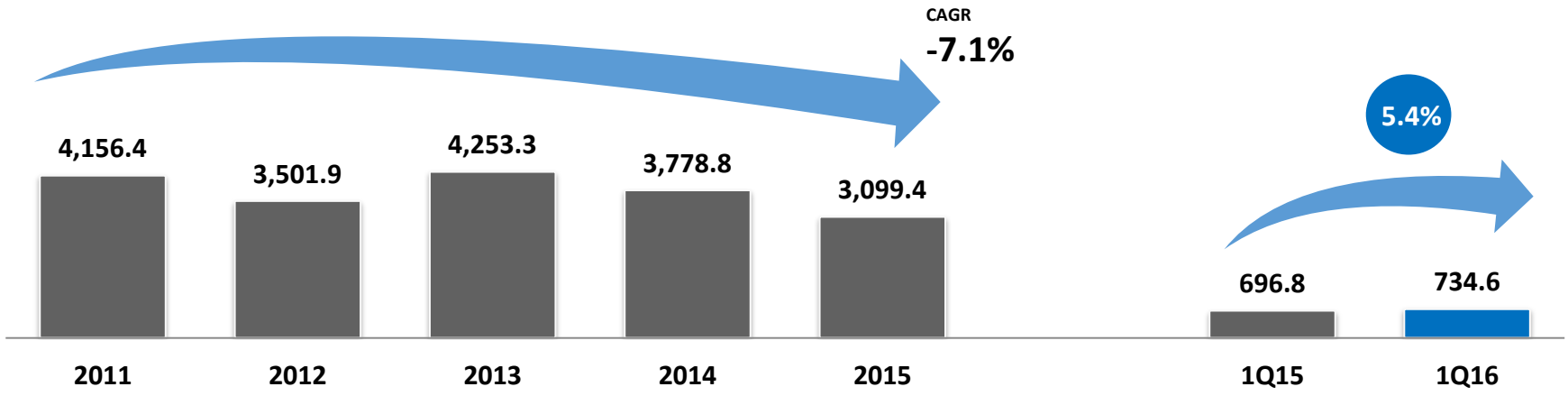
Including intercompany sales

R$ million




## Consolidated Net Revenue

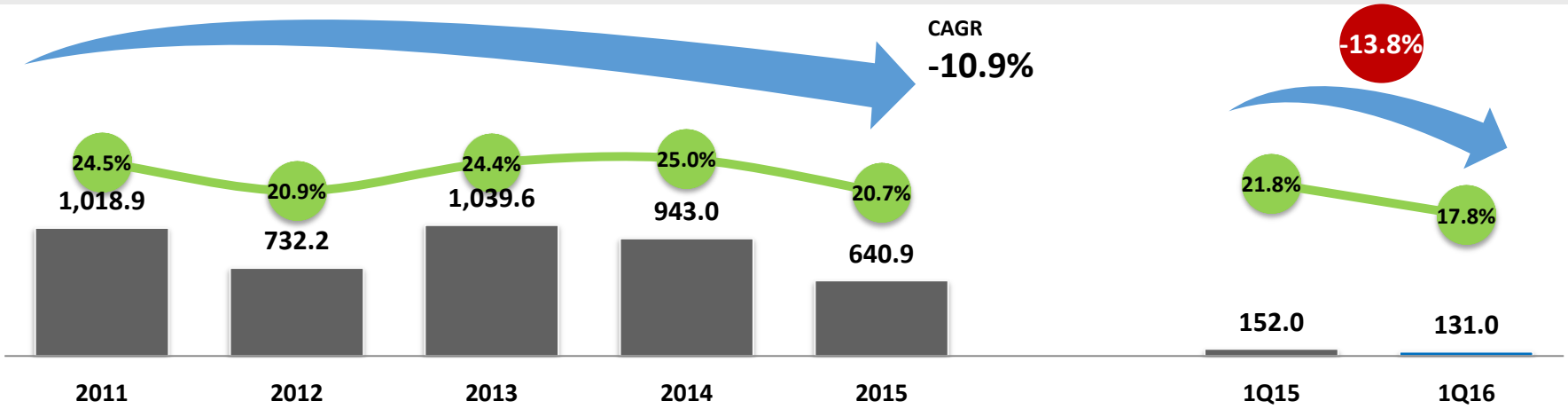
R$ million



# Financial Results

## Gross Profit| Gross Margin

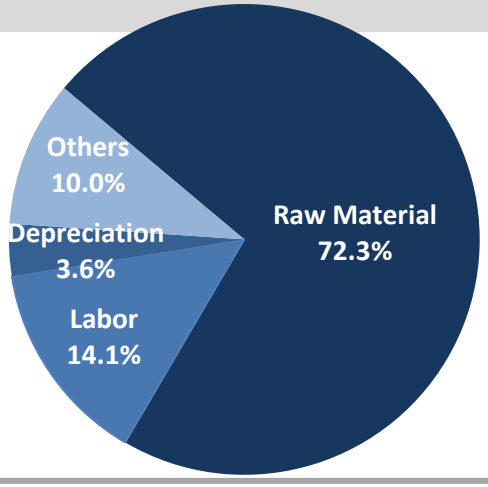
R$ million




## Consolidated Breakdown of COGS

1Q2016| R$ million

**COGS 1Q2016**
R$ 603.6 million
(82.2% of CNR)

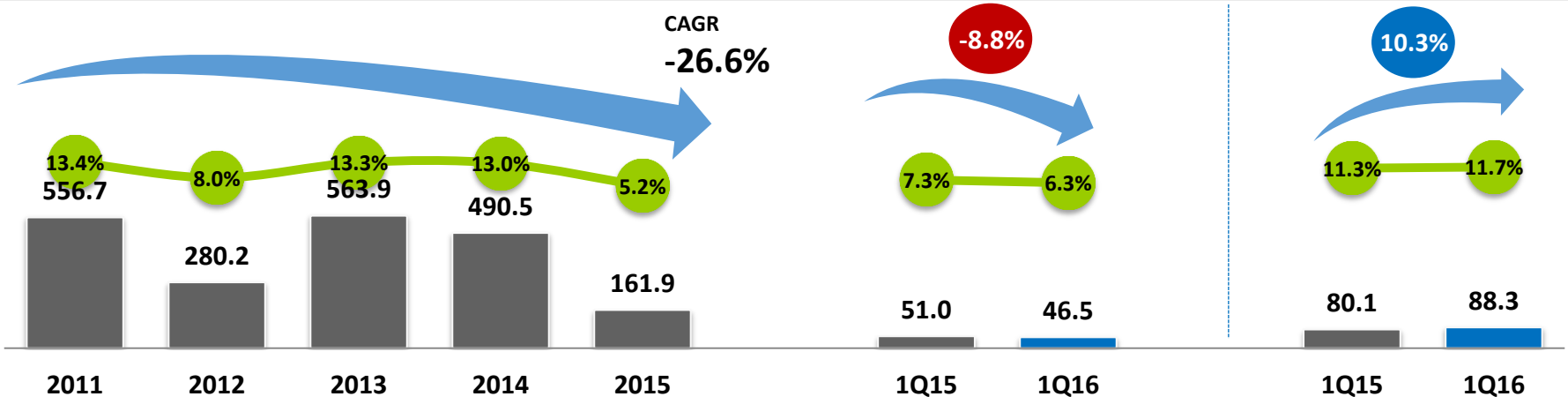


# Financial Results

**EBITDA | EBITDA Margin**

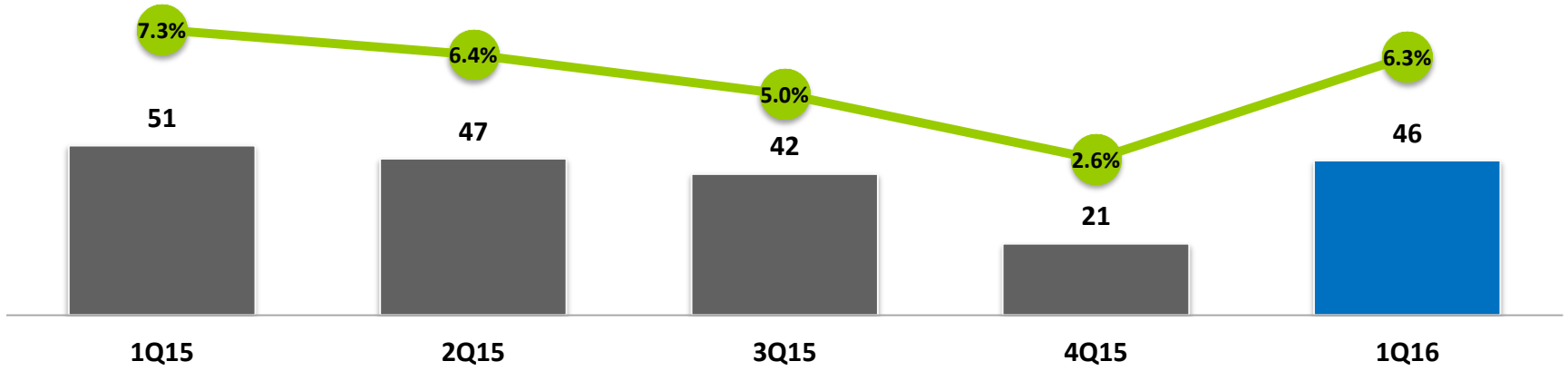
R$ million

Adjusted EBITDA



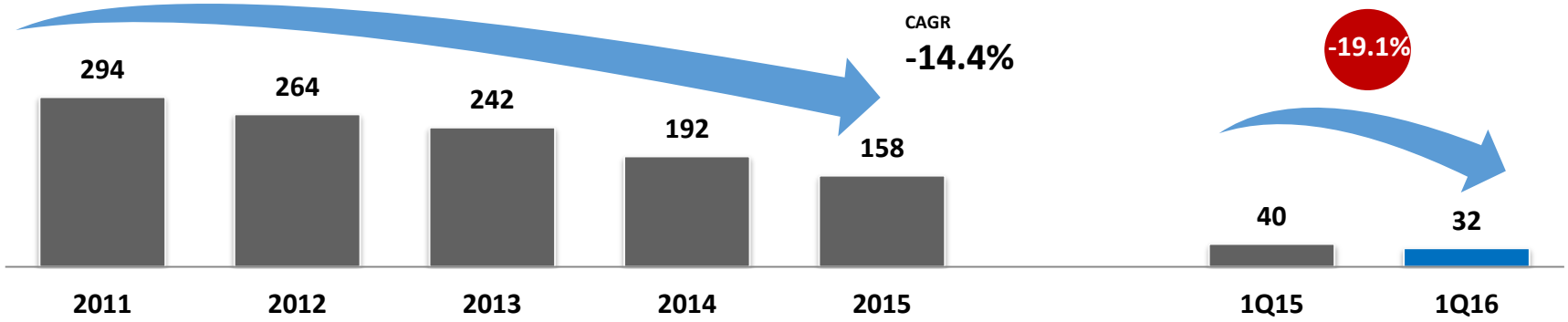

**EBITDA | EBITDA Margins – Quarterly**

R$ million

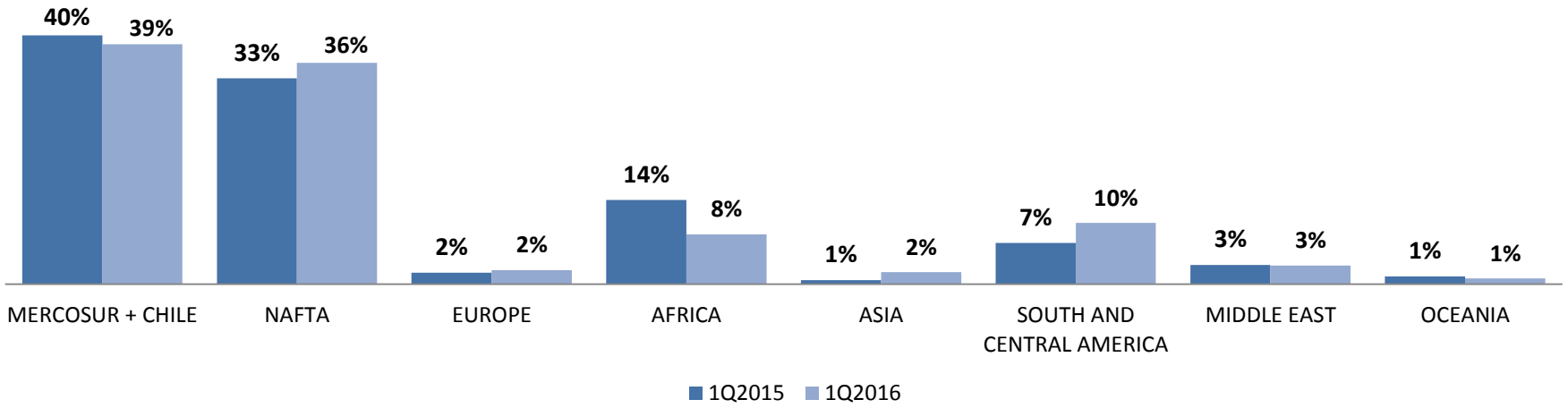


# Operating Results

**Exports**
US$ Million



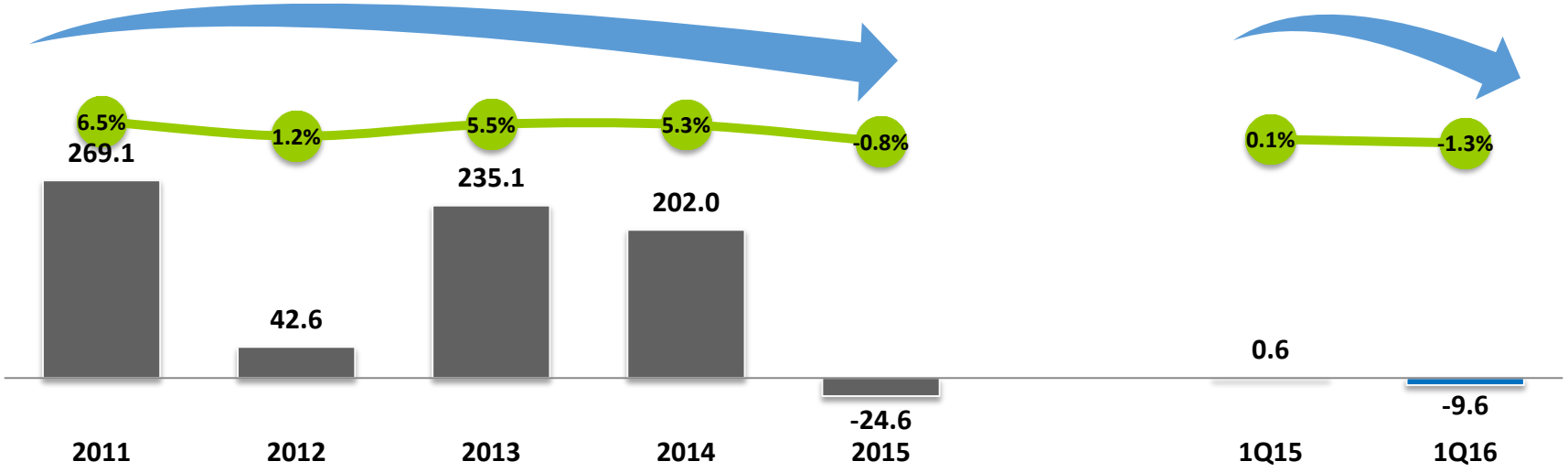

**Exports - Destination by economic bloc**
1Q2016| US$ Million



# Financial Results

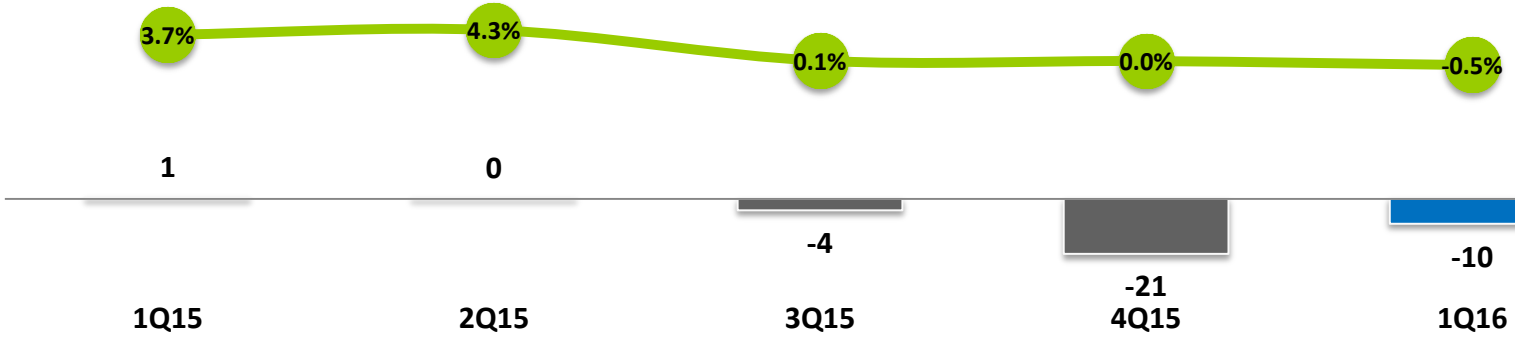
**Net Income| Net Margin**

R$ million




**Net Income| Net Margin – Quarterly**

R$ million

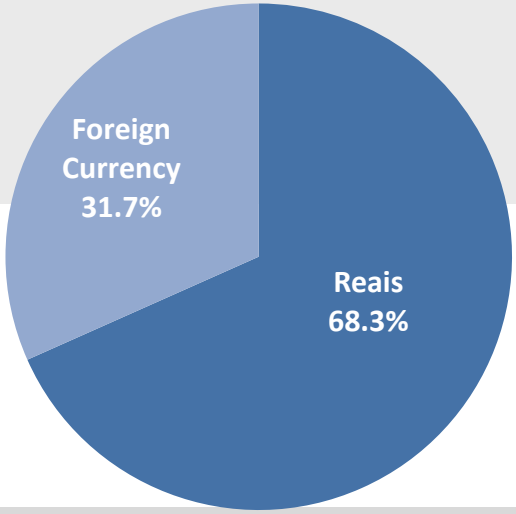


# Financial Results

## Gross Debt Breakdown 1Q2016

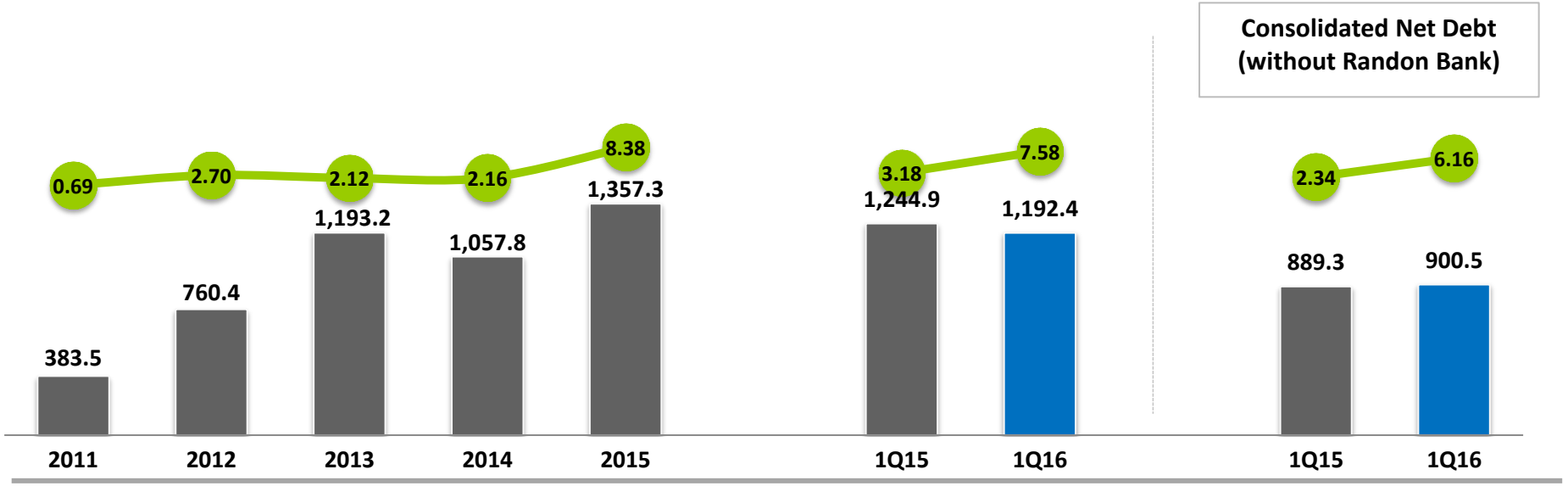
R$ '000 | %

| | |
|---|---|
| Total gross debt | R$ 2,634,389,589 |
| Gross debt in BR currency | R$ 1,800,184,351 |
| Gross debt in foreign currency | R$ 834,205,238 |
| USD rate (Mar. 31,2016) | R$ 3.5589 |




## Debt | Net Debt / EBITDA

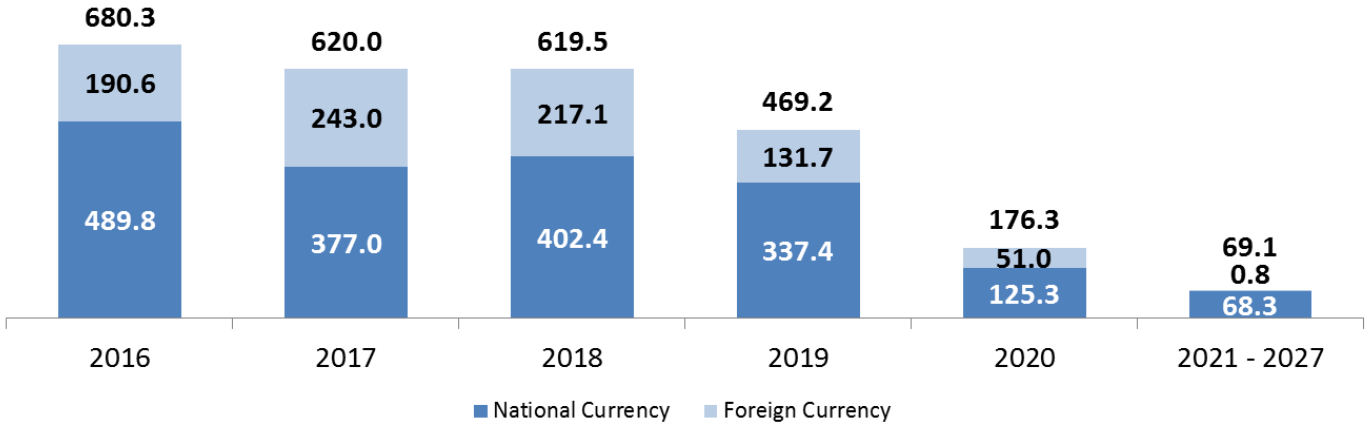
R$ million



# Financial Results

## Schedule of Debt Payment

R$ Million – 1Q2016



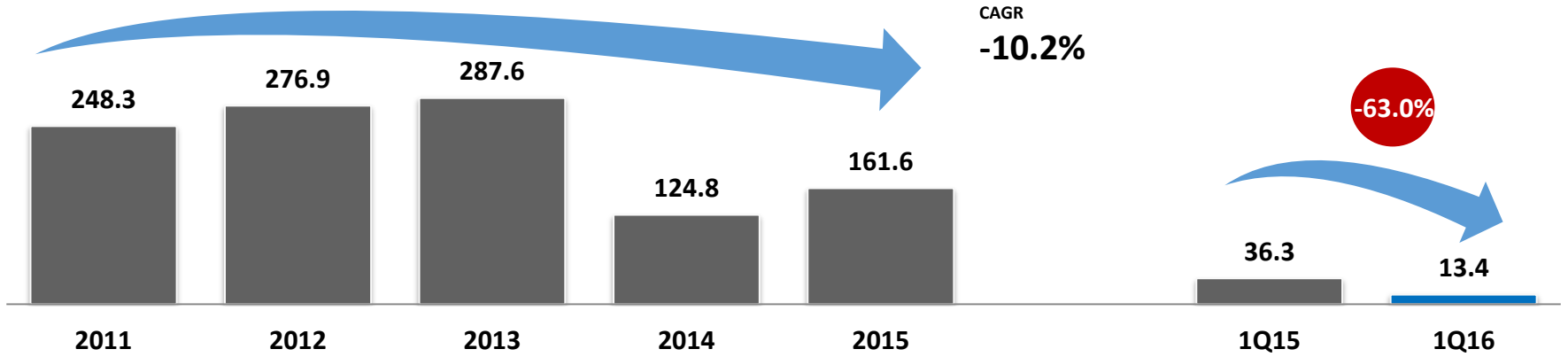

## Covenants

| *COVENANTS* | INDICATOR | Balance on Mar. 31,2016 |
|---|---|---|
| Net Debt /EBITDA (Consolidated without banks) | >= 1.5x | R$ 39.5 Million |
| Net Debt /EBITDA (Consolidated) | >= 2.5x | R$ 388.8 Million |
| Net Debt /EBITDA (Consolidated without Banks) | >= 3.0x | R$ 216.1 Million |
| **TOTAL** | | **R$ 644.5 Million** |

# Financial Results

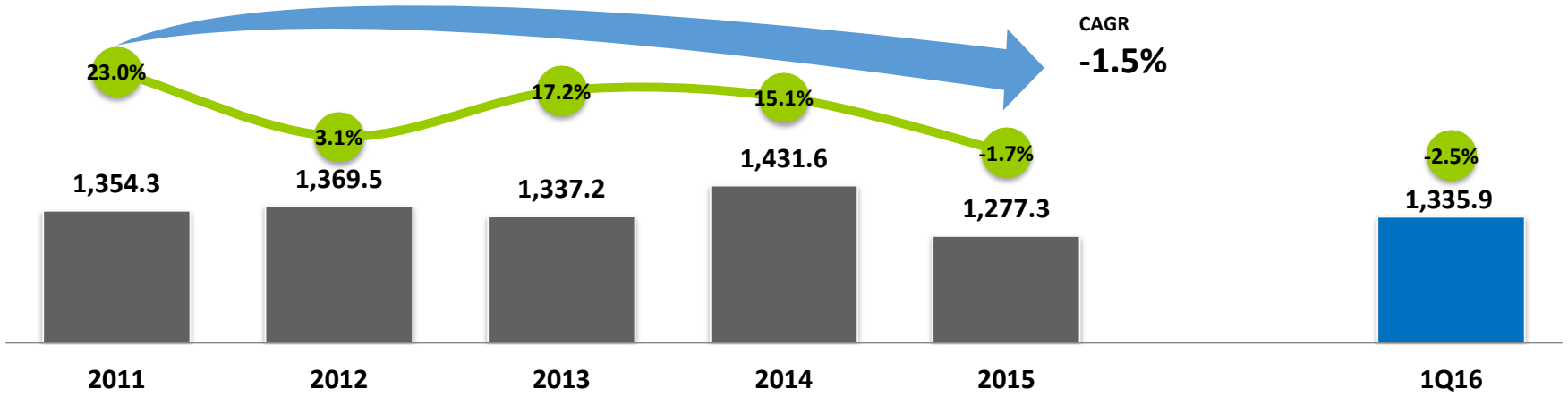
**INVESTMENTS**

R$ million




**Shareholders' Equity | ROE**

R$ million



# Financial Results

## Consolidated Income Statement – Segment

R$ Million/%

| | Vehicles and Trailers/Semi-Trailers | | | Autoparts | | | Financial Services | | | Consolidated | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q2016 | 1Q2015 | Δ% | 1Q2016 | 1Q2015 | Δ% | 1Q2016 | 1Q2015 | Δ% | 1Q2016 | 1Q2015 | Δ% |
| **Gross Revenue** | 471,022 | 351,478 | 34.0% | 409,851 | 479,451 | -14.5% | 38,437 | 35,370 | 8.7% | 919,310 | 866,299 | 6.1% |
| Deduction in Gross Revenue | -94,287 | -59,672 | 58.0% | -87,251 | -107,065 | -18.5% | -3,159 | -2,739 | 15.3% | -184,696 | -169,477 | 9.0% |
| **Net Revenue** | **376,735** | **291,806** | 29.1% | **322,600** | **372,385** | -13.4% | **35,279** | **32,631** | 8.1% | **734,614** | **696,823** | 5.4% |
| **Cost of Sales and Services** | -353,025 | -250,765 | 40.8% | -248,114 | -289,811 | -14.4% | -2,458 | -4,251 | -42.2% | -603,596 | **-544,828** | 10.8% |
| **Gross Profit** | **23,710** | **41,041** | -42.2% | **74,487** | **82,574** | -9.8% | **32,821** | **28,380** | 15.6% | **131,017** | **151,994** | -13.8% |
| **GROSS MARGIN (%)** | **6.3%** | **14.1%** | -7.8 p.p. | **23.1%** | **22.2%** | 0.9 p.p. | **93.0%** | **87.0%** | 6.1 p.p. | **17.8%** | **21.8%** | -4.0 p.p. |
| Operating Expenses | -48,707 | -54,288 | -10.3% | -44,807 | -57,566 | -22.2% | -22,546 | -20,033 | 12.5% | -116,061 | -131,887 | -12.0% |
| **EBIT** | **-24,997** | **-13,247** | 88.7% | **29,679** | **25,008** | 18.7% | **10,275** | **8,347** | 23.1% | **14,957** | **20,108** | -25.6% |
| **EBITDA** | **-14,712** | **-3,238** | 354.3% | **50,795** | **45,713** | 11.1% | **10,397** | **8,494** | 22.4% | **46,481** | **50,969** | -8.8% |
| **EBITDA MARGIN (%)** | **-3.9%** | **-1.1%** | -2.8 p.p. | **15.7%** | **12.3%** | 3.5 p.p. | **29.5%** | **26.0%** | 3.4 p.p. | **6.3%** | **7.3%** | -1.0 p.p. |
| | | | | | | | | | | | | |
| **Adjusted EBITDA** | **19,958** | **15,992** | 24.8% | **57,630** | **55,486** | 3.9% | **10,727** | **8,605** | 24.7% | **88,315** | **80,084** | 10.3% |
| **Adjusted EBITDA Margin (R$)** | **5.1%** | **5.3%** | -0.2 p.p. | **17.7%** | **14.8%** | 2.9 p.p. | **30.4%** | **26.4%** | 4.0 p.p. | **11.7%** | **11.3%** | 0.4 p.p. |

# Financial Results

**Consolidated Income Statement – by Segment/Quarterly**

R$ Million/%

| | 1Q2015 | 2Q2015 | 3Q2015 | 4Q2015 | 2015 | 1Q2016 |
|---|---|---|---|---|---|---|
| **Consolidated Net Revenue** | **696.8** | **734.7** | **853.0** | **814.9** | **3,099.4** | **734.6** |
| % Vehicles and trailers/semi-trailers | 41.9% | 46.8% | 53.7% | 54.9% | 50.0% | 51.3% |
| % Autoparts | 53.4% | 47.1% | 41.9% | 42.1% | 45.8% | 43.9% |
| % Financial Services | 4.7% | 6.1% | 4.4% | 3.0% | 4.2% | 4.8% |
| **Consolidated Gross Profit** | **152.0** | **156.3** | **173.6** | **159.1** | **640.9** | **131.0** |
| % Gross Margin | 21.8% | 21.3% | 20.3% | 19.5% | 20.7% | 17.8% |
| **EBITDA** | **51.0** | **47.0** | **42.5** | **21.4** | **161.9** | **46.5** |
| % EBITDA Margin | 7.3% | 6.4% | 5.0% | 2.6% | 5.2% | 6.3% |
| **Net Income** | **0.6** | **0.3** | **-4.5** | **-21.0** | **-24.6** | **-9.6** |
| % Net Income | 0.1% | 0.0% | -0.5% | -2.6% | -0.8% | -1.3% |