

RESULTS
2Q16 / 1H16

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 – 2Q16

	2Q2016	2Q2015	Δ%	1H2016	1H2015	Δ%
PRODUCTION	**28,513**	**33,102**	**-13.9%**	**54,891**	**71,613**	**-23.4%**
Trucks (*)	16,099	18,317	-12.1%	31,299	41,630	-24.8%
Buses (*)	4,900	6,179	-20.7%	9,239	13,865	-33.4%
Trailers/ Semi-Trailers (***)	7,514	8,606	-12.7%	14,353	16,118	-11.0%
SALES (DOMESTIC MARKET)	**21,916**	**30,171**	**-27.4%**	**43,788**	**61,636**	**-29.0%**
Trucks (*)	12,478	17,987	-30.6%	25,589	37,295	-31.4%
Buses (*)	2,963	4,458	-33.5%	5,683	9,665	-41.2%
Trailers/ Semi-Trailers (**)	6,475	7,726	-16.2%	12,516	14,676	-14.7%

* Data from Anfavea Newsletter.

** Data from ANFIR Statistics.

*** Data from ANFIR+Aliceweb

Highlights – 2Q16

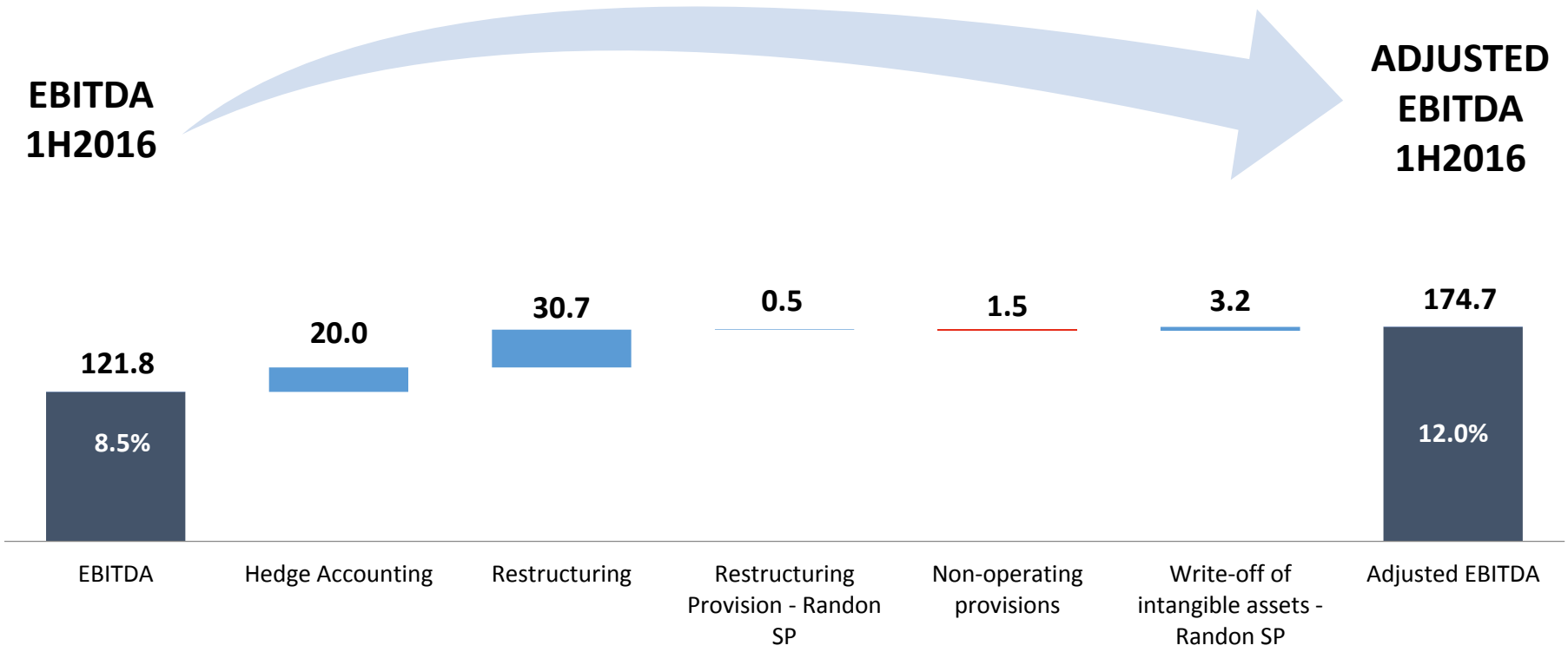
	2Q2016	2Q2015	Δ%	1H2016	1H2015	Δ%
Total Gross Revenue (*)	984,152	1,015,785	-3.1%	2,004,665	2,010,537	-0.3%
Domestic market	834,472	898,930	-7.2%	1,732,960	1,777,195	-2.5%
Foreign market	149,680	116,855	28.1%	271,705	233,342	16.4%
Foreign market in *US$*	42,042	37,895	10.9%	74,228	77,656	-4.4%
Consolidated Net Revenue	696,752	734,727	-5.2%	1,431,366	1,431,549	0.0%
Consolidated Gross Profit	162,366	156,283	3.9%	293,383	308,277	-4.8%
Gross Margin (%)	23.3%	21.3%	2.0 p.p.	20.5%	21.5%	-1.0 p.p.
Consolidated Net Profit	6,867	274	2401.9%	-2,689	832	-423.3%
Net Margin (%)	1.0%	0.0%	0.9 p.p.	-0.2%	0.1%	-0.2 p.p.
Consolidated EBITDA	75,300	47,025	60.1%	121,781	97,994	24.3%
EBITDA Margin (%)	10.8%	6.4%	4.4 p.p.	8.5%	6.8%	1.7 p.p.
Adjusted EBITDA	86,357	54,299	59.0%	174,672	134,383	30.0%
Adjusted EBITDA Margin (%)	12.4%	7.4%	5.0 p.p.	12.0%	9.4%	2.6 p.p.

(*) Without elimination of intercompany sales.

Values in thousands of Reais

Highlights – 1H16

NON-RECURRING EFFECTS



Adjusted Statements of Income

	2Q2016	AV%	2Q2016 ADJ	AV%	1H2016	AV%	1H2016 ADJ	AV%
(+) Hedge Accounting	-	0.0%	570	0.1%	-	0.0%	19,985	1.4%
Consolidated Net Revenue	**696,752**	**100.0%**	**697,322**	**100.0%**	**1,431,366**	**100.0%**	**1,451,351**	**100.0%**
(+) COGS Restructuring	-	0.0%	14,151	2.0%	-	0.0%	26,598	1.8%
(+) COGS Restructuring Provision	-	0.0%	-3,430	-0.5%	-	0.0%	-	0.0%
Cost of Sales and Services	**-534,386**	**-76.7%**	**-523,665**	**-75.1%**	**-1,137,983**	**-79.5%**	**-1,111,385**	**-76.6%**
Gross Profit	**162,366**	**23.3%**	**173,657**	**24.9%**	**293,383**	**20.5%**	**339,966**	**23.4%**
Operating Expenses	-116,751	-16.8%	-116,751	-16.7%	-232,811	-16.3%	-232,811	-16.0%
(+) SG&A Restructuring	-	0.0%	1,187	0.2%	-	0.0%	4,109	0.3%
(+) SG&A Restructuring Provision	-	0.0%	-1,046	-0.1%	-	0.0%	521	0.0%
(+) Write-off of intangible assets	-	0.0%	-	0.0%	-	0.0%	3,183	0.2%
(+) Non-operating provisions	-	0.0%	-375	-0.1%	-	0.0%	-1,505	-0.1%
Operating Expenses	**-116,751**	**-16.8%**	**-116,985**	**-16.8%**	**-232,811**	**-16.3%**	**-226,503**	**-15.6%**
EBIT	**45,615**	**6.5%**	**56,672**	**8.1%**	**60,572**	**4.2%**	**113,463**	**7.8%**
EBITDA	**75,300**	**10.8%**	**86,357**	**12.4%**	**121,781**	**8.5%**	**174,672**	**12.0%**

Overview – 2Q16

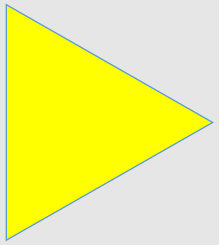
BUSINESS ENVIRONMENT

- ✓ **The 2Q2016 still reflects a very low market for production and sales of vehicles and trailers;**
- ✓ **Truck sales reached 25,589 units in 1H2016, a drop of 31.4% year over year;**
- ✓ **The number of trailers and semi-trailers sold amounted to 12,516 units in 1H2016, 14.7% less than that of 1H2015;**
- ✓ **Higher confidence level for both entrepreneurs and consumers reinforce the expectation for a more favorable economic scenario in the months to come.**

Overview – 2Q16

BUSINESS SEGMENTS – TRAILERS/SEMI-TRAILERS

TRAILERS/SEMI-TRAILERS



- **LOW BUT STABLE MARKET VOLUMES;**
- **MARKETSHARE = 28.2% IN 2Q2016 | 25.6% IN 2Q2015;**
- **INTENSE COMMERCIAL COMPETITION;**
- **SLOW RECOVERY OF PRICES.**

Overview – 2Q16

BUSINESS SEGMENTS – VEHICLES AND ROAD EQUIPMENT

RAIL FREIGHT CARS



- NUMBER OF RAILCARS PRODUCED REACHED 429 UNITS IN 2Q2016, A RAISE OF 12.3% COMPARED TO 2Q2015;
- FIRM ORDERS FOR THE NEXT QUARTER;
- ONGONING QUOTATIONS.

SPECIALTY VEHICLES

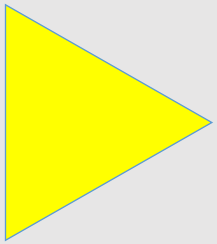


- THE SHUTDOWN OF INFRASTRUCTURE AND CONSTRUCTION PROJECTS ARE STRONGLY AFFECTING THE SECTOR;
- SALES DECREASED 58.9% IN 2Q2016 (COMPARED TO 2Q2015).

Overview – 2Q16

BUSINESS SEGMENTS – AUTOPARTS

AUTOPARTS

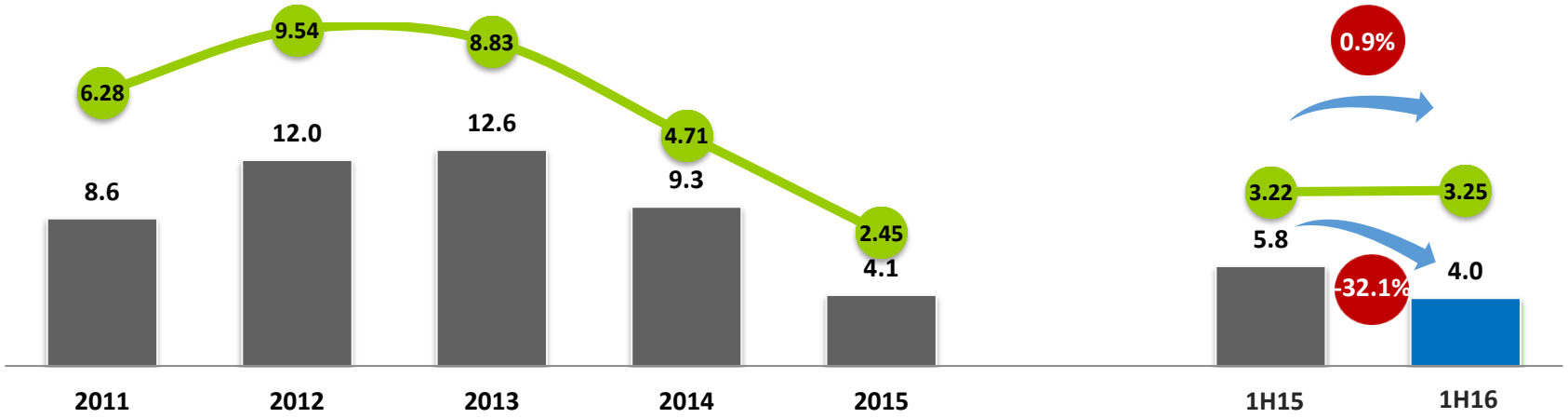


- OEMs INDICATE STABLE MARKET VOLUMES, BUT IDDLE CAPACITY ON FACTORIES REMAIN IN HIGH LEVELS;
- VOLUMES PRODUCED BY THE COMPANY THIS QUARTER WERE HIGHER THAN 1Q2016, DESPITE THE SLOW DOMESTIC MARKET;
- EXPORTS AND AFTERMARKET SUPPORT THE CONSISTENCY OF RESULTS AND REINFORCE GOOD PERSPECTIVES FOR THE YEAR.

Capital Markets

RAPT4 Price/Daily Liquidity

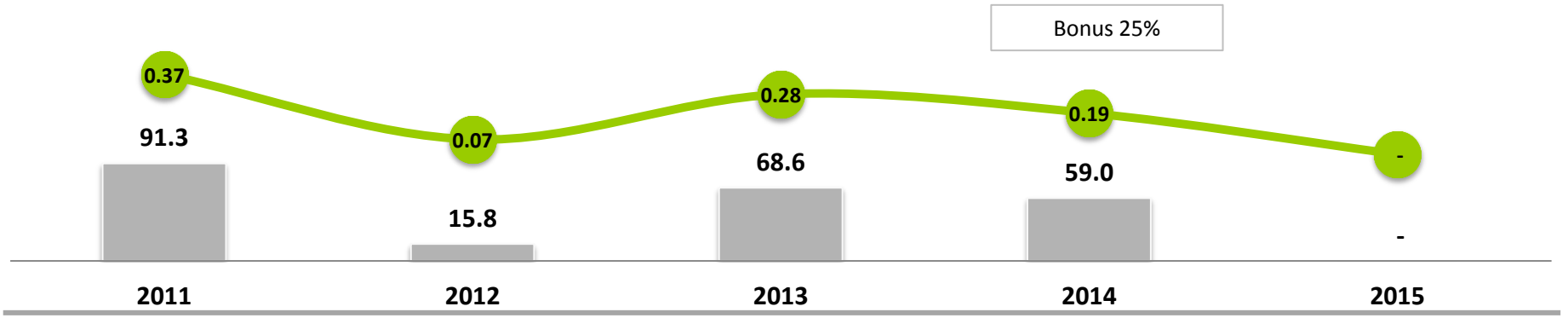
R$ per share | R$'000



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

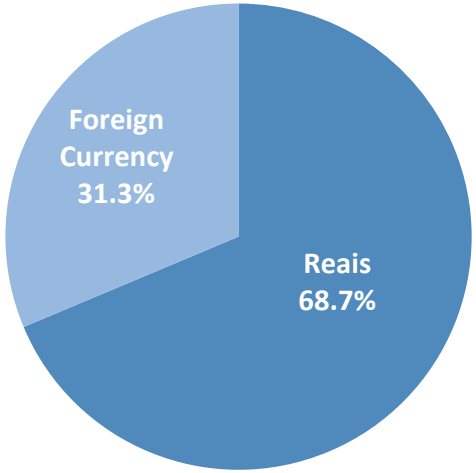


Financial Results

Gross Debt Breakdown 1H2016

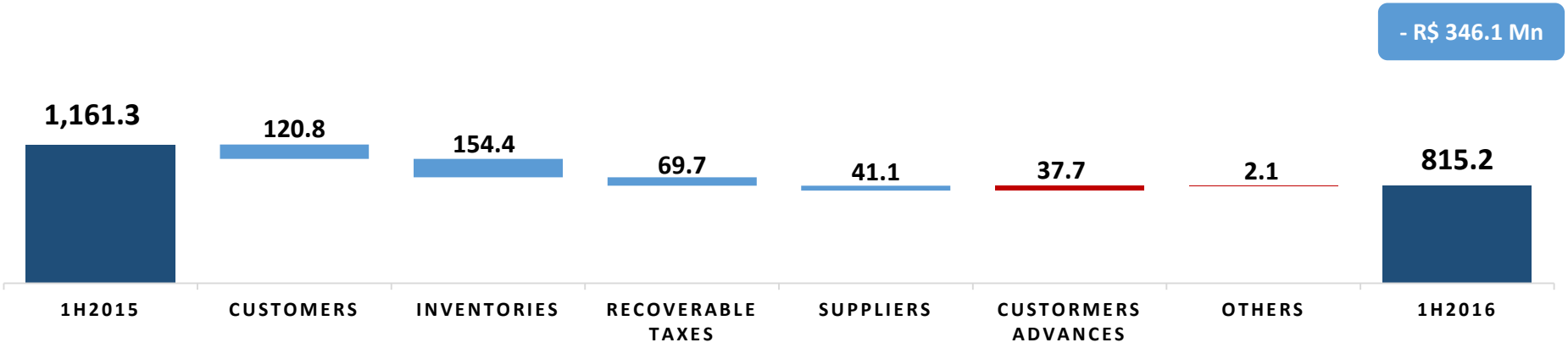
R$'000 | %

Total gross debt	R$ 2,379,707,600
Gross debt in BR currency	R$ 1,634,028,077
Gross debt in foreign currency	R$ 745,679,523
USD rate (Jun. 30, 2016)	R$ 3.2089



Consolidated Working Capital

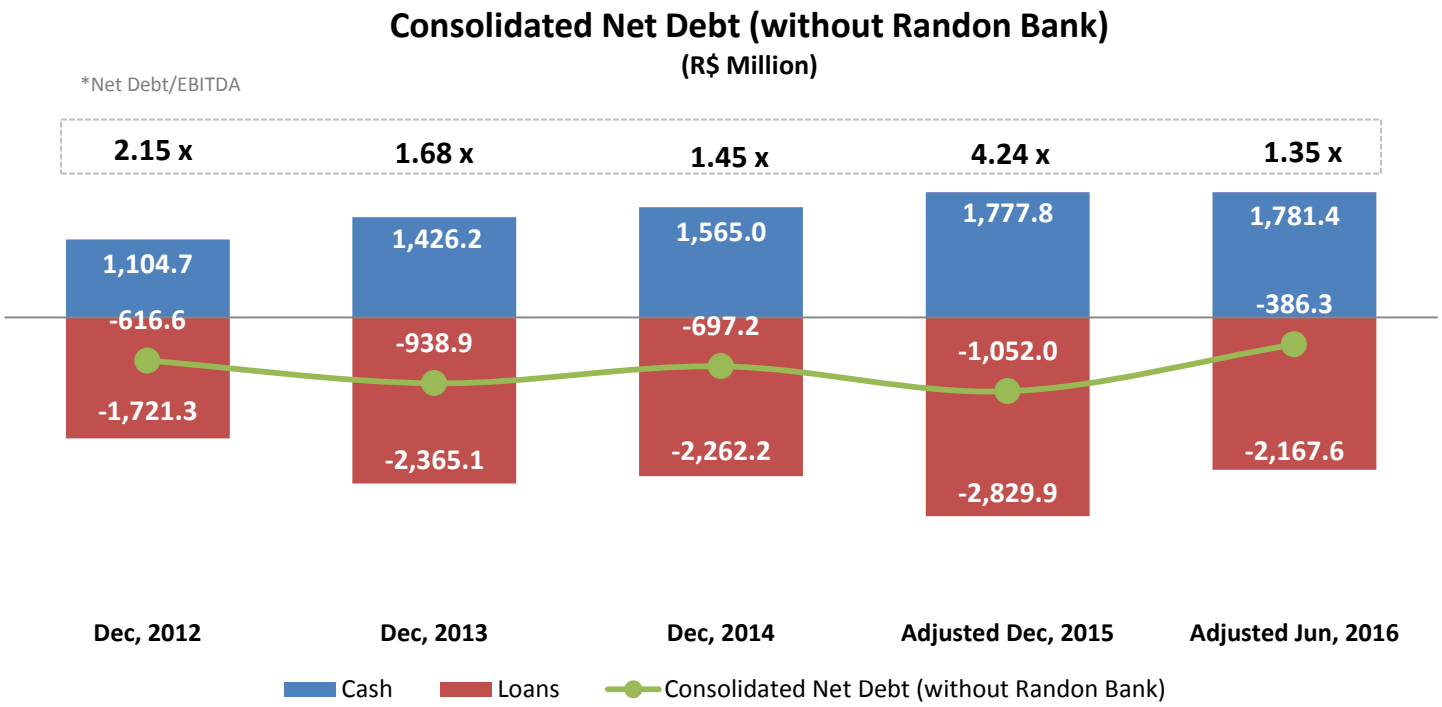
R$ Million – 1H2016



Financial Results

Consolidated Net Debt (without Randon Bank)

R$ Million – 1H2016



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 1H2016 amounts to R$ 658.1 million, a multiple of 3.54x EBITDA over the last 12 Months (2.20x if considering the EBITDA adjusted to the non-recurring effects of the period).
Consolidated net debt (without Randon Bank) at the end of 1H2016 amounts to R$ 386.3 million, a multiple of 2.23x EBITDA over the last 12 Months (1.35x if considering the EBITDA adjusted to the non-recurring effects of the period).

Outlook

- **Brazilian economic growth forecast:**
  -3.23% in 2016 and +1.10% in 2017.*

- **Harvest–** national production of grains is estimated in 189.3 millions tons, 8.9% lower than in prior cycle. **

- **Economy**:
  - Unstable political scenario keeps affecting the economy;
  - Higher entrepreneur and consumer confidence levels;
  - Strong need of public initiatives to promote businesses.

- **Results 2Q16:**
  - Stable sales volumes with a slight increase in some segments, mainly in autoparts;
  - Company is adjusted to the size of the market;
  - Higher cash generation and strong debt reduction.

Source: * BACEN / FOCUS Report (Aug 05,2016)
** 10th SAFRA-survey 2015/2016 - Conab

Outlook

GUIDANCE REVIEW 2016

	Guidance 2016
Total Gross Revenue	R$ 4.0 bn
Consolidated Net Revenue	R$ 2.9 bn
Investments	R$ 60 mn
Revenues from abroad	US$ 260 mn
Imports	US$ 45 mn

Possible Questions

Non-recurring effects – 3Q16

- Work force is adjusted to market demand levels;
- Hedge Accounting has a higher impact on EBITDA in the months of march and september;
- Writte-off of assets from Randon Guarulhos plant;
- Provisions for dealers on judicial recovery (Chapter 11);

Investor Relations

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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



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GRAPHICS SUPPORT



RESULTS

2Q16 / 1H16

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Operating Results

Physical Volume Sales | Breakdown of Revenues by Segment

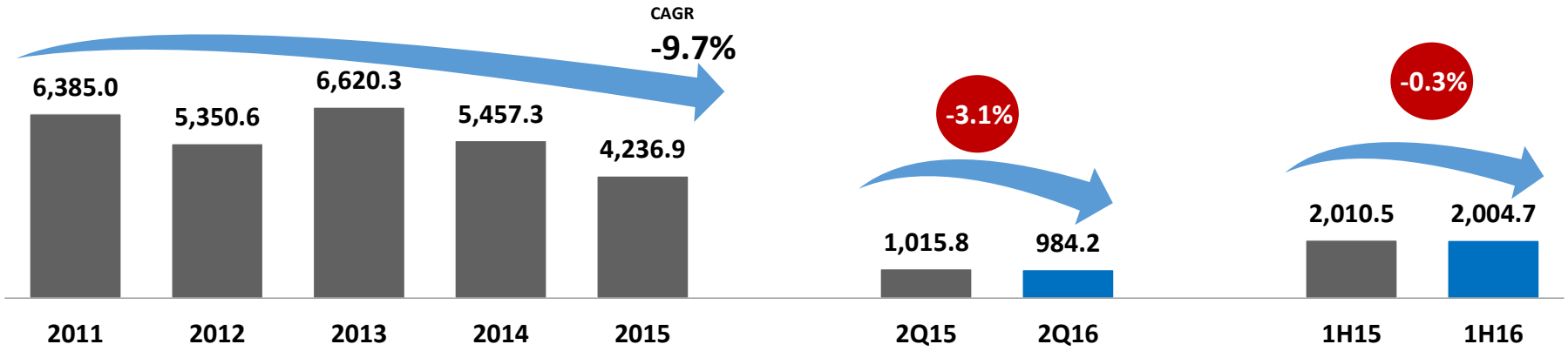
	2Q2016		2Q2015		Δ% Un.	1H2016		1H2015		Δ% Un.
	Un.	% CNR	Un.	% CNR		Un.	% CNR	Un.	% CNR	
Vehicles and Road Equipment		**44.2%**		**47.9%**			**44.2%**		**45.0%**	
Trailers/ Semi-Trailers (un.)	2,696	66.9%	2,633	59.3%	2.4%	4,999	66.9%	4,697	57.2%	6.4%
Specialty Vehicles (un.)	44	2.5%	107	4.4%	-58.9%	89	2.5%	206	7.2%	-56.8%
Rail freight cars (un.)	429	30.5%	382	36.3%	12.3%	1,155	30.5%	786	35.6%	46.9%
Autoparts		**50.6%**		**47.1%**			**50.6%**		**50.2%**	
Friction Material (ton.)	16,431	60.9%	18,412	56.9%	-10.8%	33,209	60.9%	35,529	54.6%	-6.5%
Brakes (un.)	114,682	14.3%	123,687	14.6%	-7.3%	212,615	14.3%	264,280	14.8%	-19.5%
Coupling Systems (un.)	13,160	6.0%	12,015	5.1%	9.5%	26,139	6.0%	26,464	5.4%	-1.2%
Suspension and Undercarriage Systems (un.)	31,561	18.6%	51,675	23.1%	-38.9%	59,590	18.6%	101,777	24.9%	-41.5%
Castings (ton.)	4,065	0.2%	4,025	0.3%	1.0%	8,032	0.2%	9,214	0.2%	-12.8%
Financial Services		**5.2%**		**5.0%**			**5.2%**		**4.8%**	
Coop-payment plan quotas sold	3,277	76.0%	3,617	67.8%	-9.4%	5,470	76.0%	5,999	67.1%	-8.8%
Randon Investimentos (Randon Bank)	-	24.0%	-	32.2%	0.0%	-	24.0%	-	32.9%	0.0%

Financial Results

Total Gross Revenue

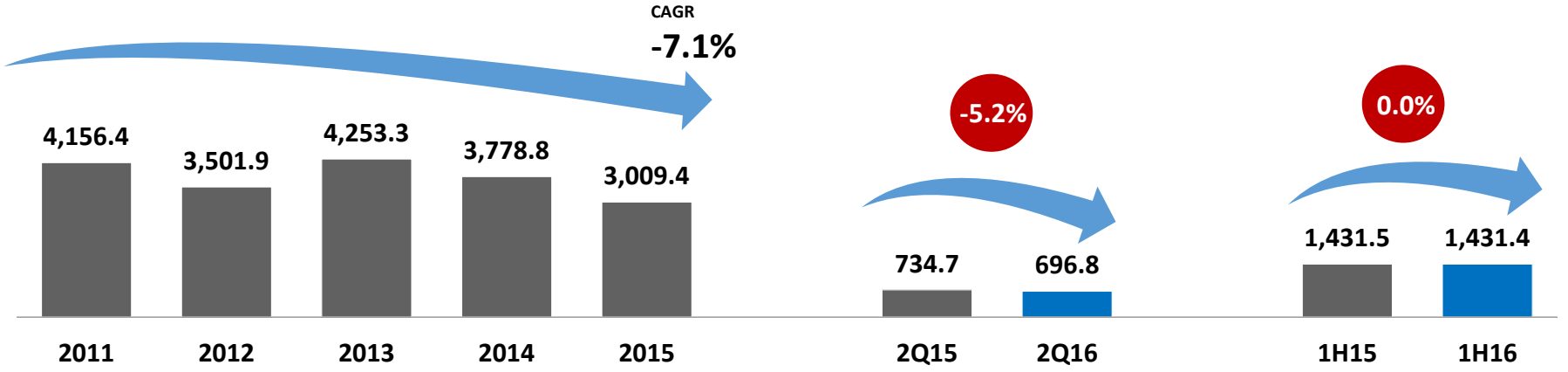
Including intercompany sales

R$ million



Consolidated Net Revenue

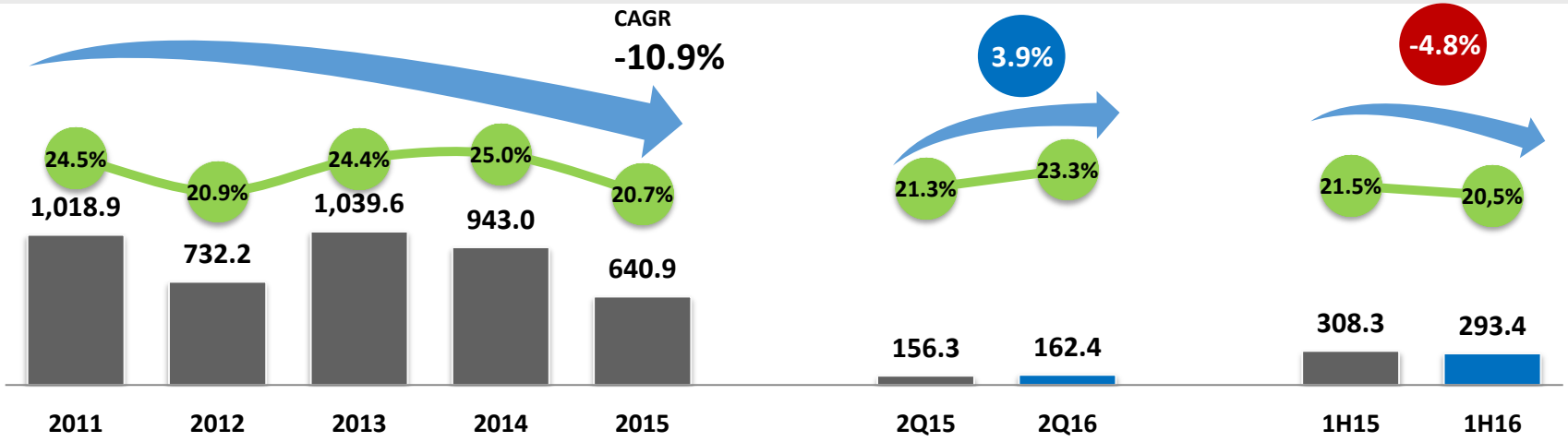
R$ million



Financial Results

Gross Profit| Gross Margin

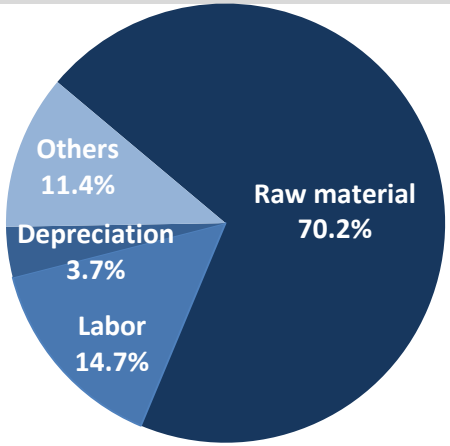
R$ million



Consolidated Breakdown of COGS

1H2016| R$ million

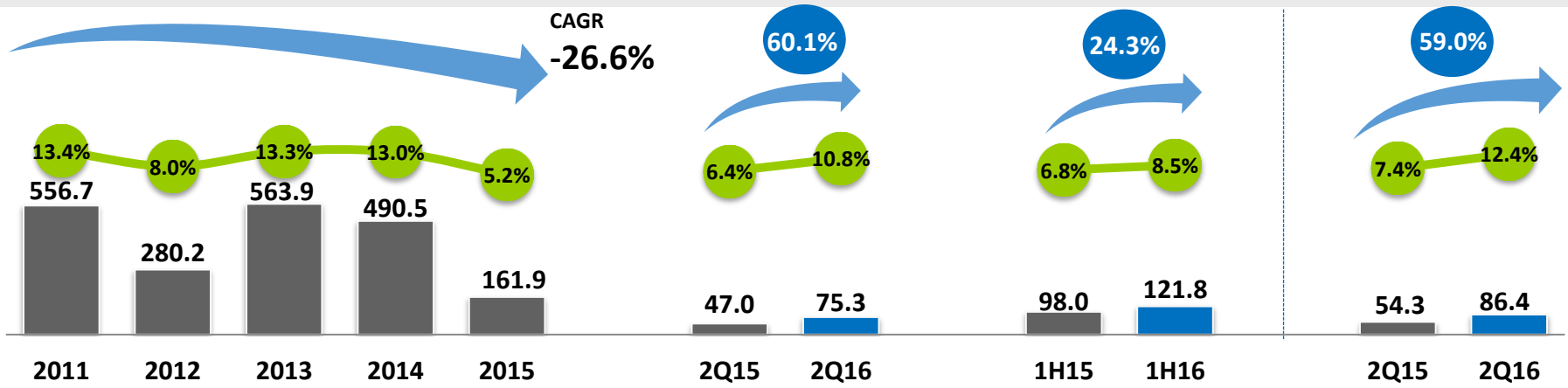
COGS 1H2016
R$ 1.1 billion
(79.5% of CNR)



Financial Results

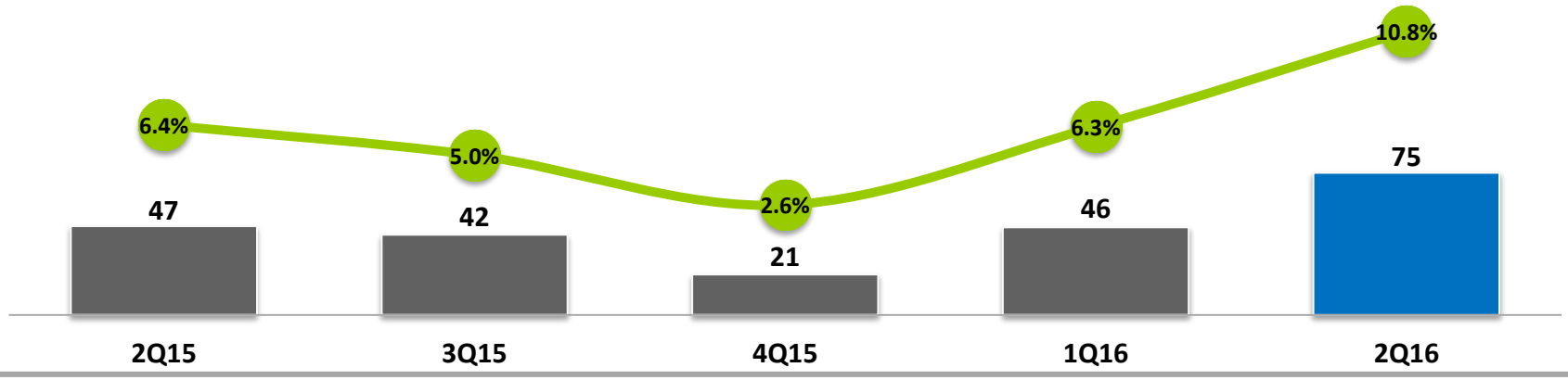
EBITDA | EBITDA Margin

R$ million



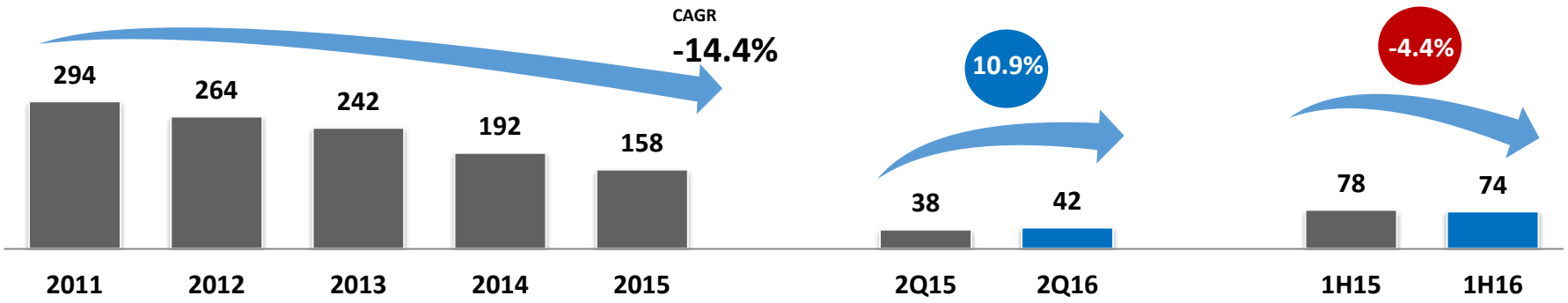
EBITDA | EBITDA Margins – Quarterly

R$ million

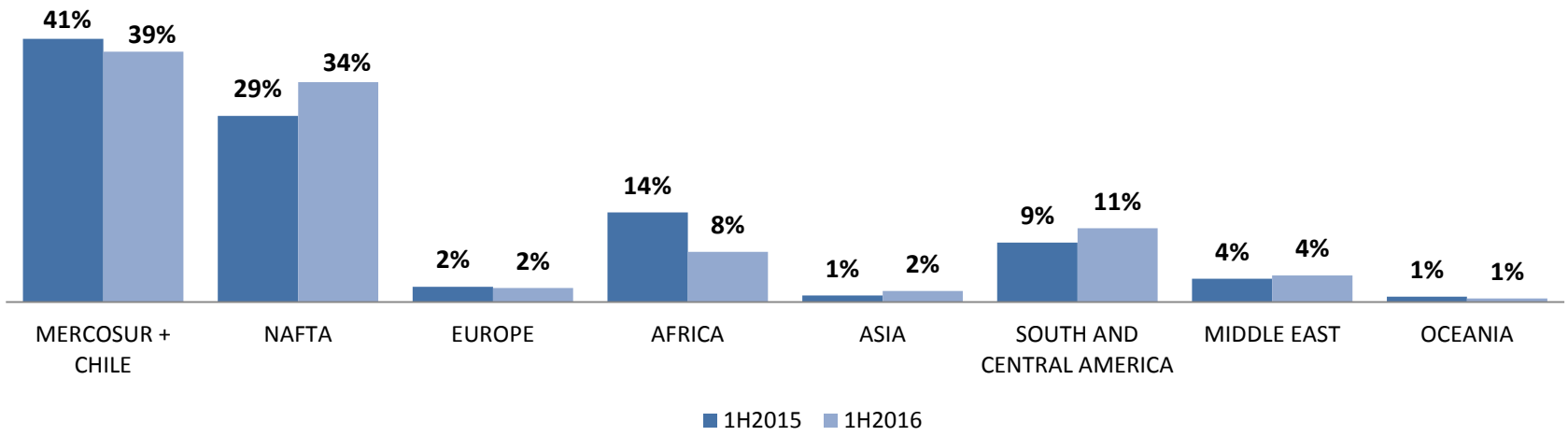


Operating Results

Exports
US$ Million



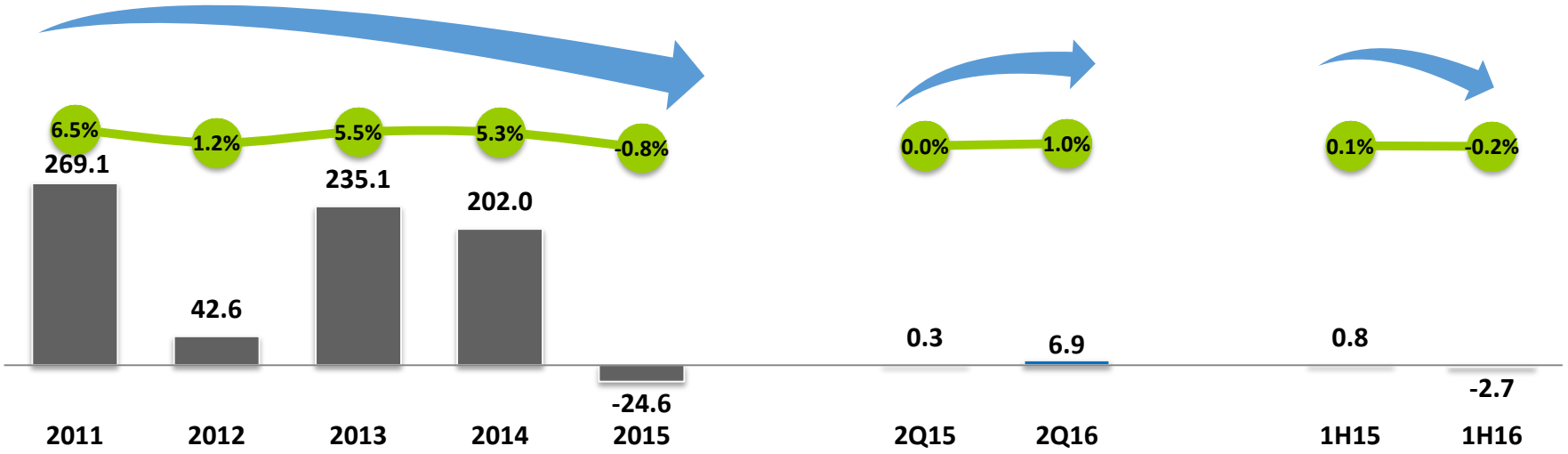
Exports - Destination by economic bloc
1H2016| US$ Million



Financial Results

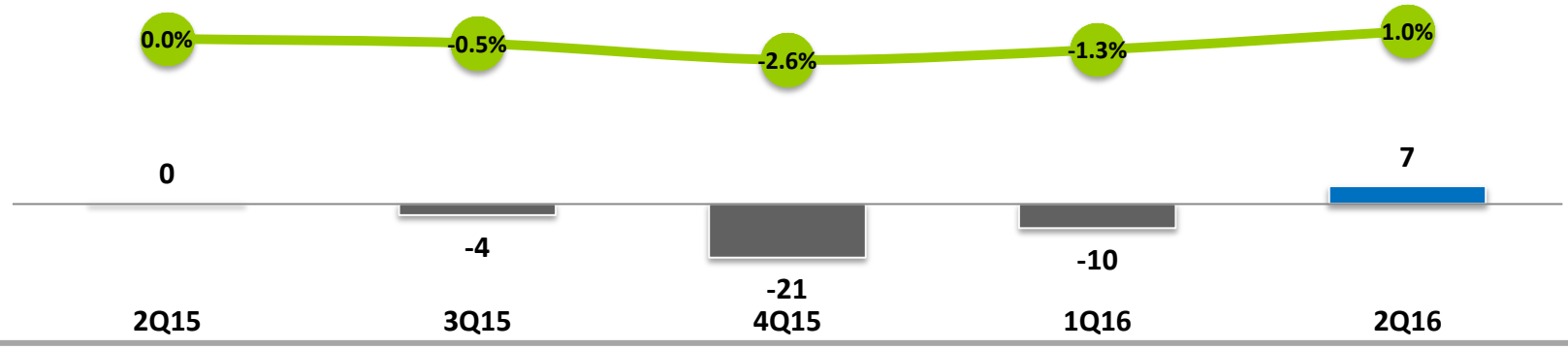
Net Income| Net Margin

R$ million



Net Income| Net Margin – Quarterly

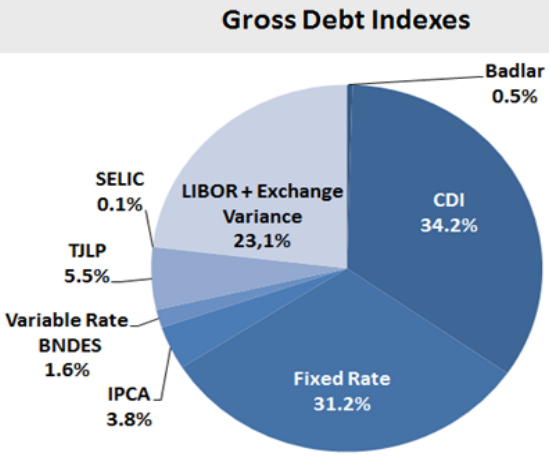
R$ million

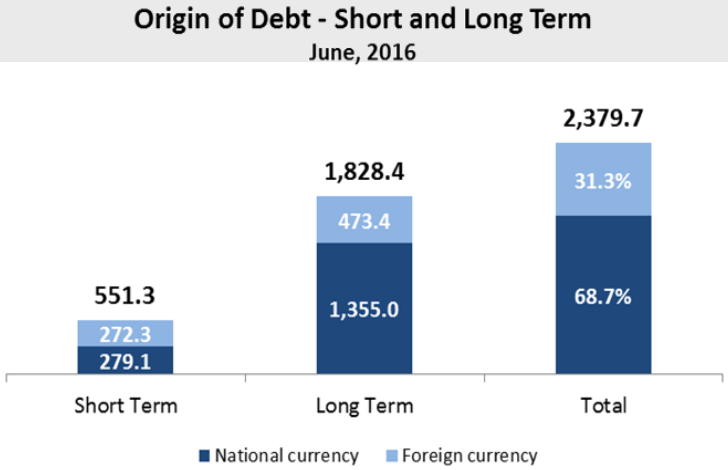


Financial Results

Gross Debt Breakdown 1H2016

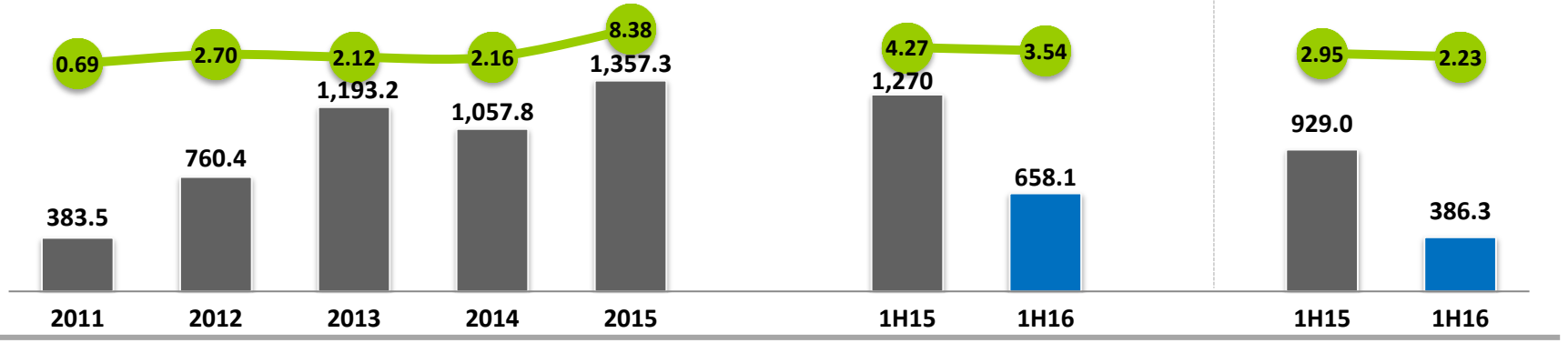
R$ '000 | %





Debt | Net Debt / EBITDA

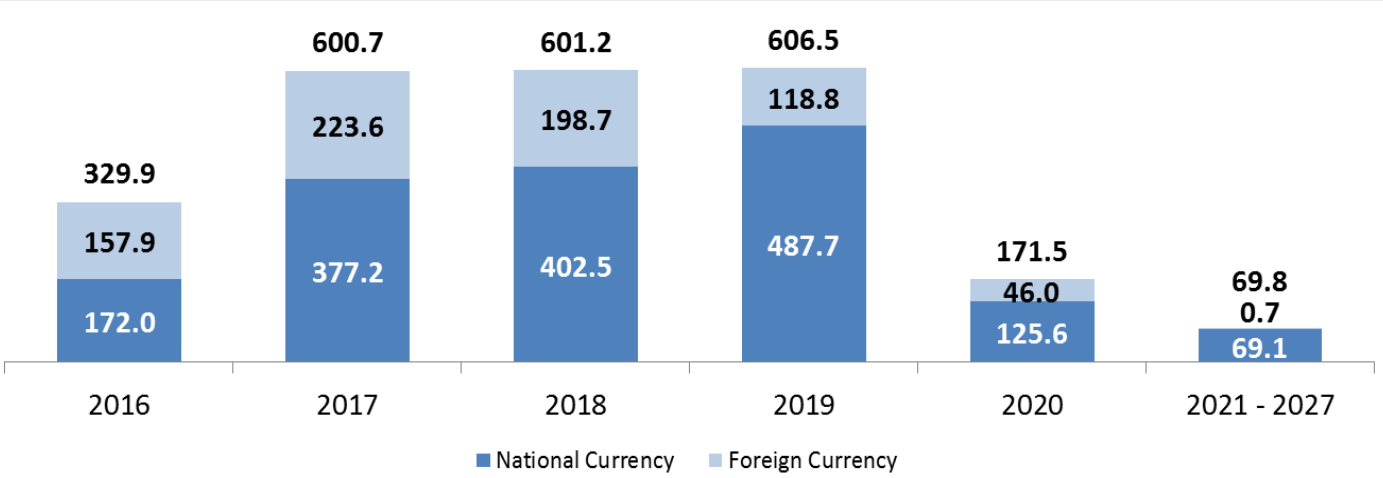
R$ million



Financial Results

Schedule of Debt Payment

R$ Million – 1H2016



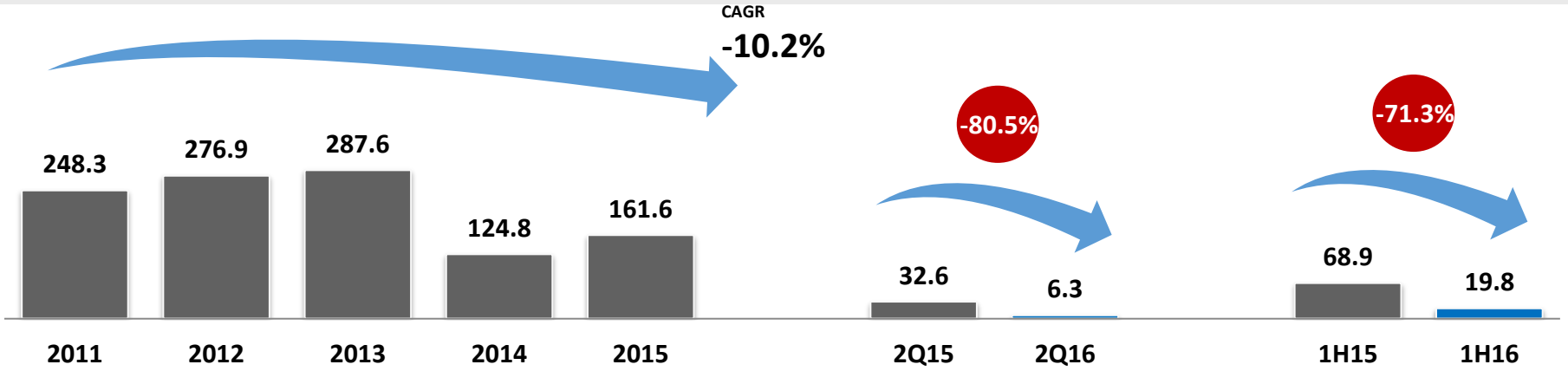
Covenants

COVENANTS	INDICATOR	Balance on Jun. 30,2016
Net Debt /EBITDA (Consolidated without banks)	>= 1.5x	R$ 26.2 Million
Net Debt /EBITDA (Consolidated)	>= 2.5x	R$ 355.5 Million
Net Debt /EBITDA (Consolidated without Banks)	>= 3.0x	R$ 192.6 Million
TOTAL		**R$ 574.2 Million**

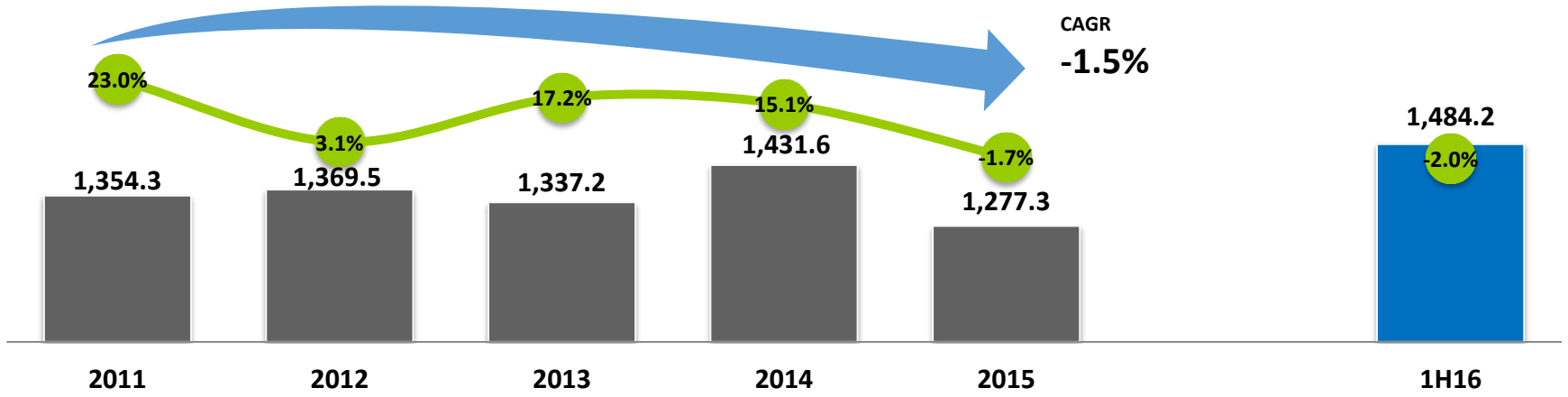
Financial Results

+R$ 158.1 Million
Investment in Fras-le
(Capital Increase)

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		
	2Q2016	2Q2015	Δ%	2Q2016	2Q2015	Δ%	2Q2016	2Q2015	Δ%	2Q2016	2Q2015	Δ%
Grosse Revenue	379,583	416,265	-8.8%	453,247	443,745	2.1%	39,626	48,040	-17.5%	872,456	908,049	-3.9%
Deduction in Gross Revenue	-71,402	-72,482	-1.5%	-100,827	-97,514	3.4%	-3,475	-3,327	4.5%	-175,704	-173,323	1.4%
Net Revenue	**308,182**	**343,782**	-10.4%	**352,420**	**346,231**	1.8%	**36,150**	**44,713**	-19.1%	**696,752**	**734,727**	-5.2%
Cost of Sales and Services	-275,762	-301,366	-8.5%	-256,338	-272,576	-6.0%	-2,287	-4,502	-49.2%	-534,386	**-578,444**	-7.6%
Gross Profit	**32,420**	**42,417**	-23.6%	**96,082**	**73,655**	30.4%	**33,864**	**40,211**	-15.8%	**162,366**	**156,283**	3.9%
GROSS MARGIN (%)	**10.5%**	**12.3%**	-1.8 p.p.	**27.3%**	**21.3%**	6.0 p.p.	**93.7%**	**89.9%**	3.7 p.p.	**23.3%**	**21.3%**	2.0 p.p.
Operating Expenses	-45,076	-42,341	6.5%	-46,581	-61,134	-23.8%	-25,094	-36,822	-31.8%	-116,751	-140,297	-16.8%
EBIT	**-12,656**	**76**	-16763.6%	**49,501**	**12,521**	295.3%	**8,769**	**3,389**	158.8%	**45,615**	**15,986**	185.3%
EBITDA	**-2,939**	**9,225**	-131.9%	**69,352**	**33,271**	108.4%	**8,887**	**4,529**	96.2%	**75,300**	**47,025**	60.1%
EBITDA MARGIN (%)	**-1.0%**	**2.7%**	-3.6 p.p.	**19.7%**	**9.6%**	10.1 p.p.	**24.6%**	**10.1%**	14.5 p.p.	**10.8%**	**6.4%**	4.4 p.p.
Adjusted EBITDA	**6,240**	**10,801**	-42.2%	**70,912**	**34,829**	103.6%	**9,205**	**8,670**	6.2%	**86,357**	**54,299**	59.0%
Adjusted EBITDA Margin (R$)	**2.0%**	**3.1%**	-1.0 p.p.	**20.1%**	**10.1%**	10.1 p.p.	**25.5%**	**23.8%**	1.6 p.p.	**12.4%**	**7.4%**	5.0 p.p.

Financial Results

Consolidated Income Statement – by Segment/Quarterly

R$ Million/%

	2Q2015	3Q2015	4Q2015	2015	1Q2016	2Q2016
Consolidated Net Revenue	**734.7**	**853.0**	**814.9**	**3,099.4**	**734.6**	**696.8**
% Vehicles and trailers/semi-trailers	46.8%	53.7%	54.9%	50.0%	51.3%	44.2%
% Autoparts	47.1%	41.9%	42.1%	45.8%	43.9%	50.6%
% Financial Services	6.1%	4.4%	3.0%	4.2%	4.8%	5.2%
Consolidated Gross Profit	**156.3**	**173.6**	**159.1**	**640.9**	**131.0**	**162.4**
% Gross Margin	21.3%	20.3%	19.5%	20.7%	17.8%	23.3%
EBITDA	**47.0**	**42.5**	**21.4**	**161.9**	**46.5**	**75.3**
% EBITDA Margin	6.4%	5.0%	2.6%	5.2%	6.3%	10.8%
Net Income	**0.3**	**-4.5**	**-21.0**	**-24.6**	**-9.6**	**6.9**
% Net Income	0.0%	-0.5%	-2.6%	-0.8%	-1.3%	1.0%