

Operator:

Good morning and thank you for waiting. Welcome to Randon S/A Implementos e Participações 1Q21 results. With us here, we have Mr. Daniel Raul Randon, the CEO, Paulo Prignolato, the CFO, Emerson Fernando de Souza, Fras-le's IR, M&A and Managing Director, Esteban Angeletti, Corporate Finance and IR Director and the IR team.

We inform that this event is being recorded and all participants will be in listen-only mode during the company's presentation. Next, we will have the Q&A when further instructions will be supplied. Should any participant need assistance during the call, please, press *0 to reach the operator.

This event is also being broadcast live via webcast and may be accessed through the Randon website at ri.randon.com.br where the presentation is also available. Participants may view the slides in any order they wish. The replay will be available shortly after the event is concluded.

Those following the presentation via the webcast may post their questions on our website. They will be answered by the RI team after the conference is finished.

Before proceeding, let me mention that forward-looking statements are based on beliefs and assumptions of Randon's Management and on information currently available to the company.

They involve risks and uncertainties because they relate to future and, therefore, depend on circumstances that may or may not occur. Investors and analysts should understand conditions related to macroeconomic conditions, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to the president Mr. Daniel Raul Randon who will begin the presentation. Mr. Daniel, you may proceed.

Daniel Raul Randon:

Good morning, welcome to the conference call for earnings. Today we will talk about the 1Q21. I will share the presentation with our CFO and IR Director Paulo Prignolato and also the Director for Finance and IR, Esteban

Angeletti. I would like to thank you all for being with us and I invite you to participate in the Q&A session.

Our agenda today will be the highlights of the quarter, talking a little bit about the behavior of the market, our consolidated performance and detailing the results per segment. Apart from this, we will bring information about stock market, sustainability and innovation.

On slide number 4, we have the main highlights, but before, I would like to talk about our business. We can say we delivered one of the bests quarters in the company's history, with records in revenue and margin.

In the last few years, we had an in-depth transformation. We plotted each step of this journey, looking at the aspects of the sustainability of the business, where people are fundamental part to leverage the change.

Having clear goals and transparency and spreading the strategy towards the teams makes all the difference. Innovating is in our DNA, and we created an environment that motivates innovation in our companies, to be open minded and looking and change makes us grow and renovates us every day.

We made acquisition of companies and we founded others. We expanded the portfolio of products and we accessed new geographies. In the companies that were already part of our group, we continued investing in technology to be more and more efficient and productive.

We are also in search of synergy between the businesses and common activities, which allowed us to do more with less. The market has helped, and it is booming, it is very strong, both in semi-trailers and auto parts, enabling important progress in volume in our lines.

Even the export market began to buy in a more intense way because of the favorable exchange rate and the good expectations that vaccination brough. In a nutshell, the market is buying but it is useless to have a lot of demand if we don't do our homework and if we are not prepared to take care of the needs and expectations of our clients.

It is equally important to be able to have capacity to adapt to the changes in the scenario and the challenges that come up. In this context, we can mention covid-19 and now has come back even stronger in 2021. With a lot

of responsibility, we keep taking care of our people and have intensified prevention campaigns.

We also have the pressure from the supply chain, it was necessary to use a lot of energy and work in our supply department to guarantee the delivery of inputs and minimize the impacts in the production process. Apart from this, we have had intense price negotiations of materials, trying to mitigate the effect on margins and on the price of the product for the end client.

I would like to close by saying that we had an excellent quarter, and it is important to celebrate the results, which are the fruit of a job well done by the 13 thousand employees that make everything happen in our company.

We also have a robust portfolio of orders, which gives us visibility and trust for the next quarter. We need to keep alert, especially in relation to the scarcity of raw material and inflation, which continues to put pressure on business.

But we know that following our journey of sustainable growth with a team that is well prepared to grow and prosper, expanding our fronts in innovation and diversification, we will overcome these difficulties and we will continue strengthening our objective.

Now I pass the floor to Paulo and he will continue with the presentation.

Paulo Prignolato:

Thank you, Daniel, good morning to all and thank you for being here with us this morning. I invite you all to go to slide number 5, where we have the details of the revenue for division, product, geography and market.

On the first graph on the upper left part, you can see the distribution of net revenue per business division. The auto part division continues to be the most relevant one from the company and increased its share in 1Q21, especially due to the acquisition of Nakata and the better demand for OEMs.

Analyzing per products, semi-trailers came first with 36% of the consolidated net revenue with a good moment for the segment. In auto parts, we highlight Fras-le, which became more representative. Adding to friction materials and other products controlled by Fras-le, we have 33%, second in consolidated.

Now on the revenue per geography, we see that there is almost a draw between the countries in the region of United States, Mexico and Canada with 37% and Chile and Mercosur with 35%.

In the first region, the highlight goes to the sale of braking systems and friction materials to the US markets. In Mercosur and Chile, most of the revenue came from the sale of semi-trailers.

When we look at the segments, the diversified model of our business also can be seen. We see that half is linked to OEMs but with many categories of products within these groups, semi-trailers being the most relevant. The other half is divided in after-market parts, export market and services which are less cyclic and are more balancing the Brazilians to our results.

Now I invite you to go onto the next slide and we will see some economic and market aspects. As you can see on the first table, the performance of the market in 1Q21 was excellent. There was expressive growth in the production of sales of semi-trailers, above 60%.

This happened due to many factors which we will mention during the presentation but here, I would like to remind you that the compared base in 1Q20 was lower. In 1Q20, we had seasonality, vacation periods and also shutdowns and lockdowns due to Covid. The truck market has a smaller growth than semi-trailers, but still significant, around 30%.

Here we can highlight two points for the lower level of growth. In 1Q20, there were no shutdowns by OEMs due to the pandemic, this happened as of April. Now, in the current quarter, due to the scarcity and due to the effects of the second wave of COVID-19, OEMs paralyzed their operations at the end of March, reducing volumes produced in that period.

Exports of both products were greater than in 2020. Apart from the smaller comparative base, the export market took a little longer to pick up, but when it came back, it was in a more intense way.

Now going on to the economic indicators, we have expectations of growth of our GDP, increase of the interest rate SELIC, which should close the year at 5.5%, higher inflation and very high exchange, R\$5.30 per dollar, which is positive for exports. And Harvey with a new record, with more than 273.8

million tons in this cycle, reinforcing the demand from agribusinesses, which for semi-trailers is 70% of our sales.

Now going to slide number 7 to talk about net revenue. The net revenue in 1Q21 reached R\$1.9 billion, an increase of 63.8% in relation to the same period in 2020.

Looking at the blue column on the right, we have the growth per division. The auto parts division had an increase of 73.7% in comparison with the previous year and the main reason for this growth are: strong sales volumes for OEMs and aftermarket parts, the new revenue coming from Nakata, CNCS and Fundituba which were not part of the company in the 1Q20 and the increase in exports of 32.4%.

In the OEM division, we had a growth of 55% with an increase of 40% in volume sold and an increase in sales to the export market, an extra 29.6%. In services, the growth was 24%, related to the increase of other operations of Randon Companies.

Going onto slide number 8, we have the revenues of the export market, a consolidated export market coming from exports and also controlled companies abroad.

In 1Q21, we reached US \$67.4 million, an increase of 28.7% in comparison to Q120 and 13.6% increase in relation to 2Q20. The exchange rate evaluation, the price increase of some commodities and vaccination against COVID-19 were important factors for the recovery of sales in the export market.

Today we have a portfolio of orders for more than 120 days in some product lines. But some markets still have challenges like Argentina, which has problems due to the financial situation of the country as mentioned on other opportunities. To obtain the entry of Brazilian products in Argentina is a constant challenge and we don't see any change in the situation in the short term.

Now, let's go to slide 9 to talk about consolidated EBITDA. As you may observe, our consolidated EBITDA reached R\$349.3 million in this quarter, with a margin of 18.3%. The growth of 226.5% is due especially to the strong

demand, favorable exchange rate and dilution of fixed costs because of the larger volume.

Another factor that contributed for this difference is that in Q120, the non-recurring expenses negatively affected the EBITDA during that period by R\$43 million. Now, in 1Q21, we had non-recurring revenues that really helped EBITDA, both in the auto parts division, being the reversal of the impairment of the indirect controlled Fanacif for the amount of R\$4.3 million due to a review in the calculation of expenses in 2020.

And also, Castertech to exclude ICMS tax from the calculation based on PIS and COFINS, and this represent a R\$10.5 million in the 1Q21. To make this comparison without these effects, we also show the adjusted EBITDA which was R\$344.1 million, an increase of 122.7% in comparison with the 1Q20 and with an adjusted EBITDA margin of 17.5%.

Now, in relation to the drop of EBITDA in relation to 4Q20, remember that in that quarter, we had relevant non-recurring revenue from taxes.

Now I invite you to go to slide number 10 to analyze the net profit. In the 1Q21 we reached a net profit of R\$134.1 million with the net margin of 7%. The increase in productivity has been the result of a great effort on the part of the company, as we will detail: investments to make the company more efficient and competitive: acquisition to expand revenue and portfolio; expansion of synergies between units and processes; long-term planning and execution of good plans and efficient financial management.

Now, I would like to talk about debt and working capital on the next slide. You may observe on the graph on the upper left corner the history of the net debt without Banco Randon. At the end of the 1Q21, it was R\$1.4 billion with the leverage of 0.97 times the EBITDA of the last 12 months.

The increase in the debt in the last quarter in relation to the closing of 2020 is mainly due to the increase in NCG, of R\$553.6 million, most of this to support the growth of the level of activity of the company. The accounts that had the highest impacts were inventory clients, suppliers and taxes.

Analyzing the gross debt, we observe an increase in the period and here I would like to comment that in 1Q21, we anticipated loans of R\$200 million to bring you debts that will mature in the second quarter.

The average cost of debt in domestic currency also had an increase in 1Q21 in relation 2020, reaching 4.2% a year especially due to the increase in the CDI and bank spreads. The cost of the debt in foreign currency remains practically the same.

On slide 12, we have the composition of our investments. We invested R\$122.8 million, 40% being R\$50 million in Randon Bank and 43.4% especially in industrial automation and for capacity expansion.

Going on to the next slide, you have information about capital market and liquidity. In 1Q21, the daily liquidity of our share RAPT4 was R\$44 million in comparison with R\$43 million in 1Q20.

You will notice on the graph that in the last five years, the increase in daily liquidity going from R\$8.1 million in 2016 to R\$44 million in 2020 places us, our company, as one of the companies with the best liquidity revenue in the segment.

Also, the shareholder base increased, currently it is made up of 35 thousand shareholders: 37.7% from the controlling group, 25.5% from foreigners, 18.7% from institutional investors and 12.1% from individuals.

Now concerning 2020, we paid increased on our capital JCP worth R\$7.8 million and with distributed dividends now in April worth R\$120.4 million, uprooting the last meeting.

Before passing the floor to Esteban, I would like to make an additional comment about the judgment of the Supreme Court excluding ICMS from other taxes.

As mentioned by the press this morning, some may not have understood about the votes, saying that companies would only be able to have credits five years before the date of the decision, so as of 2012.

But we must clarify that after consulting our legal consultancy, the decision says that companies can receive these taxes back for five years after they began with the lawsuit. We did it in 2006, so we can go back until December 2001, and have tax credits as of that date.

To simply follow this from the beginning, and with this decision of the Supreme Court, we can say that in case of Randon, we should have no changes in the values calculated and recorded until now, but it is important to stress that we should wait to see the decision in the press.

Now, I would like to pass the floor to Esteban to talk about each segment.

Esteban Angeletti:

Thank you, Paulo, good morning to all and thank you for being with us in this conference call. Beginning with the OEM division, I would like to highlight that the net revenue reached R\$769.3 million, a progress of 34.8% in volume of semi-trailers sold in the domestic market and 99.4% to the export market, totally 7918 units in the quarter.

The revenues from the export market reached R\$22.8 million in the 1Q21 with an increase of 41% in comparison with the same period in 2020, especially due to the recovery of sales in Chile and other countries in the Mercosur, and also price increases and cost control to mitigate the impact of the inflation on the margin.

Agribusiness maintained 70% of our sales in semi-trailers, market share 32.2% due to pressure from volumes in the market. Also, portfolio products on average 120 days. Railway cars had a low volume of sales in 1Q21, but we have the deliveries of a larger volume of units for the 2Q21.

In a nutshell, it was a very positive quarter for Randon Implements, our activities, expanding productions, we are being more competitive, and we are taking care of the booming demand of the market.

Now on the next slide we will see data about auto parts. We reach R\$1.1 billion in net revenue with the company in distribution in 1Q21. We are presenting an increase of 73.7% in comparison with the same quarter.

The main factors for this increase were the increase in volume in all the product lines motivated by the recovery of production and sales of trucks, the good performance of the aftermarket and the renew of distributors inventories, growth of sales to the export market with a favorable exchange rate and more revenue from controlled companies, especially Nakata, which contributed with R\$129.5 million in this quarter.

The EBITDA of this division reached R\$234.4 million, R\$15.2 million of non-recurring revenue already explained. The portfolio of orders shows good volume for the next months, but the maintenance of margins is a challenge due to the pressure from price increases in raw materials.

On the next slide, we have services. In this division, we had a net revenue of R\$61.8 million, most of it coming from Randon Pool sales Consortiums. Currently, the revenue from the service segment represents 3.2% of the consolidated in Randon.

Our intention is to expand this number in the next few years. Banco Randon has increased the number of operations and its goal is to be a more digital bank due to the new format of financial institutions.

Apart from financial services, we also have the digital services led by Randon Ventures which has four startups with investments and five with co-investments, totaling R\$16.4 million invested. The most recent movement was the investment in the startup ABBIAMO, with focus in logistics related to consumer experience.

Now I would like to pass the floor to Mr. Daniel to talk about sustainability.

Daniel Raul Randon:

ESG is a topic that has become even more relevant for Randon companies. We always believe that this is only possible to do having a balanced relationship with natural resources, people and society in general and now we will make even more progress.

I would like to invite you to be with us at our event ESG Ambition on June 1st at 3:30 PM. In our call, we will talk about our pillars and public commitments with sustainability. In the next few days, you will receive the invitation for this event through our mailing in investor relations. If you are not registered there, please register yourself. We will give you a summary of the ESG governance.

I invite you now to go to slide 18. On April the 14th, we had our first meeting in the hybrid format. We elected a new counselor for management, Ana Carolina Strobel, who has a lot of experience in entrepreneurship, innovation

and digital transformation and she will contribute a lot for our company's future projects. We are very happy to have once again a woman in our council, making it more diverse and richer.

On April the 29th, the management council elected the new board which has, as you may remember, Daniel Ely. He is our CTO, Chief Transformation Officer, and member of the executive committee. He is responsible also for the services division.

We have made a change in its strategy. The division will now be called Financial and Digital Services division. This change contemplates the progress that has happened in financial services, together with digital initiatives which are already in progress in the company. Our objective is to bring even more innovation and transformation for the segments, apart from opportunities for new businesses.

With this change in financial and digital services, I would like to reinforce that innovating is what really takes us forward. Apart from services, we have other fronts in innovation that are not only for processes and solutions, but the way we work.

Now in April, we were recognized by *Marcas de QuemDecide* as the brand that innovates the most and has the best recall among brands in our state.

I would like to conclude saying that to Randon, it is very important to guarantee the present, delivering good results. And we know that our investors are a fundamental part of this journey.

Therefore, we want to thank our investors who are with us in this audio conference, who believe in our company and our objectives: To connect people and riches, generating prosperity.

Operator, we can begin the Q&A session. Thank you very much.

Operator:

Ladies and gentlemen, we would like to begin the Q&A session. To ask a question, please dial *1. To remove the question please dial *2.

Pedro Santana, Bradesco BBI:

Good morning, thank you for the presentation. I have two questions. You mention in the release that you were able to maintain the inventories. I would like to know the planning for the purchase of raw materials in 2021 and also if you could please talk about the orders for railway cars this year and next year.

Daniel Raul Randon:

Thank you for being with us, Pedro. Concerning the first question on the average the price, it has been a challenge to try to mitigate the effects of inflation. You know that we always try to do this internally by gains in efficiency and gains in scale, but this year the pressure is very strong, so we have to increase our prices and pass this increase on to our clients.

It is important to know that the market is favorable, we see a booming market. Our main client, which is agribusiness, have demanded a lot of products, thus we have more space to increase prices. We have seen our competitors also doing the same, but we believe it is sustainable for the next few months.

Now, there is an issue with raw materials, it has been a challenge every day because of higher prices. We do not believe this mismatch of price and costs will continue. We believe that the trend is to consume inventories at a higher average cost so there should be a compression of margins in the second semester.

Concerning railway cars, the scenario is more favorable than last year. The market as a whole has been demanding 1500 units. We have 300 orders in our portfolios, they will be delivered in the next quarters. For 2022, we believe the scenario can be even better, it can get to 3000 units.

That is why we are increasing our capacity and our plant in Araraquara to make road implements and railway cars. When it was founded, it was a hybrid plant, dedicated to implements and railway cars, but not both at the same time. With these investments, we have a dedicated line for railway cars, our plant in Araraquara is at a strategic area next to railways and this makes us have an important logistics. The fact that we have a dedicated line for railway cars makes us more competitive also. Thank you.

Anderson Meneses, Alkin Research:

Good afternoon, thank you for the opportunity. I would like to know about market share and OEMs. We have seen a drop of 34% and almost 2% despite the good performance. The market grew, but I am concerned about this greater gap. I would like to know why these competitors are winning market share, how do you see this? Thank you.

Daniel Raul Randon:

Thank you for the question. It is important to talk about market share. We continue with the objective to have a market share of 36 or 40%. And this result is not satisfactory, we continue seeking for a market share of 36 to 40%.

What happens is, in booming markets and in a fast-moving market like we have seen last year, especially in the second semester, it is difficult for us to have the capacity to take care of all this market growth. And in these moments, smaller competitors take advantage of this to place their products in the market and conquer market share.

We increased our capacity, today we have a nominal capacity of 150 products per day. The pandemic hurt us due to the fact that we had to respect the distancing measures. For us, this is unnegotiable because we are committed to our employees' health, so we respected the measure, decreasing our output. We believe that for the next quarters, we will recover this market share getting close to 35/40%, this continues to be our objective. Thank you.

Fernanda Oliveira, BTG Pactual:

Congratulations for the results and thank you for taking my question. I would like to explore the topic of competition. Could you please comment if you will continue raising prices because a more competitive environment should be bad for prices? Are you considering the higher competition when you plan to increase prices?

And with the booming market for semi-trailers, where does the demand come from? Apart from agribusiness, is it e-commerce increasing demand as well? What are the products that are being sold? Dump trucks or what kind of trucks?

Daniel Raul Randon:

Thank you for being with us, Fernanda. Concerning your first question on competition, we have seen new competitors and old competitors coming back. I would like to mention that we believe the market is going through an evolution in terms of volume. If you remember, the normal volume would be 55 to 60 thousand units and now, in the last few years, we believe that this market is closer to 70 thousand units. The market is growing, expanding.

We also know that our market is cyclic, we have to be alert to the drops in demand as we saw during 2015, 2016 and 2017, which put significant pressure on prices. Anyway, I can tell you that Randon has always tried to increase productivity with lower fixed costs, and this helps us to be more resilient when there is a downturn in the market and also during times that put pressure on prices.

With the new entries, we did not see pressure on prices yet, we believe that due to their low scale of production, they don't have the capacity to have low costs like us, but we are always monitoring this.

Concerning your second question, the demand for semi-trailers, more than 70% of our portfolio is going to agribusiness semi-trailers. We know that agro harvest this year and next year has been a very good surprise in Brazil and they are always expanding and growing, this sector has been less volatile.

But apart from agro, consumer groups have been another segment that has brought us good surprises. We have also sold closed semi-trailers for industrialized products. We launched a family that is more efficient, lighter and it is doing well, we had a very good demand. The value of demand for these lighter products was very high.

Jonathan Koutras, JP Morgan:

Good morning, thank you for taking my question. First, an update in synergies with Nakata. Will it help in the EBIDTA margins and gross margins? And also, your leverage is very low, the company is well capitalized. Looking forward, do you believe there will be other M&As? Do you see the market as strong? Could you update the guidance? Thank you.

Daniel Raul Randon:

Jonathan, thank you for the question. I will share the first question with Hemerson, who is with us here and his morning thing this closely.

Hemerson Souza:

Good morning Jonathan, thank you for your question. We have been maintaining an agenda and we have detailed all the synergies with Nakata. The synergies of Nakata have certain size. We have not reported anything about this, we are waiting to do things in a better way. I can tell you we are very aligned with the projections we made at the beginning when we announce the acquisition.

We made a conference call specifically about the acquisition. We are very motivated; we believe we will have more synergies than we expected. The synergies of Nakata are not all evident in our results. We will have more in the future and we will show this in detail in a conference call, showing also details in our conference call. We will do this, and we will be available as soon as we have more data. Thank you.

Paulo Prignolato:

Jonathan, good morning. This is Paulo Prignolato. Thank you for your questions and for participating. Concerning your question on the guidance for this year, our idea for the time being is to maintain the same guidance especially due to some uncertainties linked to the second semester of 2021. So, we are maintaining the guidance that was published.

Concerning other possibilities of investments, M&A and our leverage, in reality we always communicate to the market that our intention is to work with the leverage close to 1 without including Randon Bank and for some periods, we want to get to a maximum of 2 when we have investments in M&As.

This year, our work includes focusing, as Hemerson said, using the synergies of the companies we have acquired. During the last few months, we mentioned some small size M&A projects. We understand that, for the year, we should be close to this, with a leverage close to 1 without considering the debts of Randon bank. Thank you.

Joao Pinholato, Santander (webcast):

Thank you. I would like to congratulate the management for the results, and I would like to know your vision concerning export revenue. Is it sustainable in the long term?

Daniel Raul Randon:

Well, are also very happy with higher revenue from the export market here. We have plants in India, in the US and China, plants in Argentina, Peru, distribution in Columbia and Argentina. The regarding export market, we have a focus on expanding this market in the long term.

We have exported since the 70s and it's always part of our strategy. Currently, our revenue corresponds to 20% of the consolidated net revenue of the company and we wish to take it to 30% as a way of reducing volatility of the business and dependence on the domestic in mastic market.

I hope I answered your question and we are all available for other details.

Operator:

The conference call is concluded. We thank you very much for the participation and we wish you a good day.