Operator:

Good morning ladies and gentlemen. At this time we would like to welcome everyone to América Latina Logística 2Q results conference call. Today with us we have: Bernardo Hees, the CEO; Sérgio Pedreiro, the CFO and Investor Relations Officer; and Rodrigo Campos, Controller for the Company.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After ALL's remarks are completed, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

We have simultaneous webcast that may be accessed through ALL's IR website: www.all-logistica.com/ir. The slide presentation may be downloaded from this website; please feel free to flip through the slides during the conference call. There will be a replay facility for this call for one week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of ALL management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of ALL and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Bernardo Hees, who will start the presentation. Mr. Hees, you may begin the conference.

Bernardo Hees:

Thanks very much for the interest in ALL. It is a pleasure to present this strong 1H results and as usual, I am going to summarize the key issues behind the results we are presenting. In the first part, going through the business units results and then I am going to pass to Sérgio that is going to comment on the financials and we open up for questions and additional comments.

As you can see in chart two, we have a combination of factors that provides the results we are presenting. First of all, the strong Brazilian volume growth, that grew over 18% RTK in the 1H08, over 18.5 % in the 2Q08, that was driven by a strong commodity market and industrial market capturing market share from existing flows since we are able to do so in the 1H08, and in the turnaround that we did last year, with more than part of our operation is already providing the return as we are achieving the volumes with more asset reliability, better safety standards, better diesel consumption, and so on.

Combined with that, we have a strong 1H of yield increase, growing over 6% in our operation and that is a combination of the diesel pass through. Remember that we have a diesel increase in the end of April, and because of our contract strategy, we succeed in passing through all the diesel increase to our clients combined as well with a better transportation freight mix, that gave us this strong yield increase.

The combination of the volume increase with the yield increase provided us with the EBIDTAR growing almost 22 % in the 1H08, EBIDTA growing 31% reaching almost R$540 million in this 1H08. So it is a positive combination of strong growth and gains in yield that provide the results representing in this 1H08.

I think the downside of this semester continues to be Argentina, that actually, from the six months of the year, we could only operate for three months. We have almost 90 days of the farmers blocking not only the railroads, but the highways, in a blockade, not allowing any flows of grains and during some time not even other cargos like containers and steel and so on. That affected our volumes in Argentina. I think we were able to offset that by the Brazilian operations, but that being said, the three months that we operate were very strong and very positive against last year, but we had a poor semester due to this external factor that was the blocking of the railroads by the farmers.

The good news on this side is that at the end of June, they already lifted the blockade and not only that, probably you have heard about that, the farmers in Argentina voted against the tax on the grain export, so we really do not see in near future, any risks of the strike coming back and blocking our railroads. So we should have, I would say, a normal operating condition for Argentina in the 2H08.

To summarize what has been the result of the 1H, I am going to go through the business units of our business.

On chart three, we see the agriculture commodities business unit, where we have a volume increase of over 20% in the 2Q08, reaching 6.5 billion RTK in the 2Q08, and our market share achieved 50% in the 2Q08. Remember that these market share that we are talking about are the segments that we serve and the flows that we serve, not talking about expansion of segment like we did in cotton, or like we did in frozen products and so on. Those are the segments that we serve and the flows that we serve today. So still far below what should be the bulk market share transportation freight, but we are already growing in almost all large ports we served in the 1H.

And as you can see from chart four, our EBIDTAR in the agricultural commodities increased over 25% in the 1H08, and our revenue grew 26%, reaching almost R$900 million in this 1H08. The main product that has been growing significantly on a strong base, we have the soy bean, soy meal, and so, we are already growing strong in corn and sugar from a weaker base, so it is a very positive 1H, in a positive market scenario, especially because the grains in Brazil are expanding, not only on productivity terms but also on the plantation of land and so. The expectations are that we should be able to continue to grow at the pace we have been growing.

On the industrial side, you can see in chart five, we continue our trend of growing 14% volumes in the 1H08, I think the news here are actually the growth in pure rail flows. As you remember, we have been growing more in intermodal flows than pure rail flows in the past and in this 1H08, we took the advantage of a very positive macro market scenario and we grew on the construction and fuel products that are addressed to rail flows, very significantly, and that is good in margin terms, that those have better margins and also, on the industrial in intermodal flows we continue to grow in our pace between 13% and 15% that we have been growing every quarter.

On chart six, you can see the profitability achieved, our EBIDTA increased 20.1% in 1H08, and our revenues growing more than 20%, reaching R$350 million in this 1H08, also with the gain in yield, the same thing showed on the grain side and that not only the diesel passed through with this change of the mix taking advantage of this growing market of fuel products and the construction segment.

The other business units that we serve, we have the highway service, as you can see in chart seven, here we continue the trend that we are already showing for almost 1.5 year, of volume growth and productivity growth, and actually we have been leaving every quarter all the clients and the flows that are not in the profitability level that we want to be.

Probably we are going to continue to see we leaving some flows in the highway services and even some clients that are not very profitable, concentrating ourselves on the dedicated operation, with dedicate fleet with some clients with a better profitability range. And that is exactly what we have been achieving. Our volumes grew 17% in this 1H08, our EBIDTA grew almost 60%, and our margin achieved 14.5% in this 1H08.

On the Argentine business, we already commented at the beginning, our volumes decreased 9% in the 1h, that is completely connected with the farmers' protests against the high export taxes imposed by the Government of Argentina. They blocked the major roads and railroad flows, not allowing any movement of goods within Argentina in order to reach the main ports of the country.

As I said before, the months that we could operate we had a good performance against last year, and that is what make us confident that we should have a positive 2H, given that they already lifted the blockades and we are not seeing an environment that they should be coming back to this type of process. Our EBIDTA for sure decreased in Argentina, in Peso terms, related to the volumes that we achieved in the 1H08.

That summarizes this positive 1H, and I am going to pass to Sérgio that is going to go through the financials. Please, Sérgio.

Sérgio Pedreiro:

Thank you, Bernardo. Starting on page number eight, we see a growth of consolidated revenues, 1H08 22% over 25% of 2007, driven mainly the strong volume growth we saw in our Brazilian operation, together, with the yield improvement as we passed through the increase in the diesel price, more than compensating the fall back in Argentina, for the reasons that Bernardo commented.

On page number nine, we see EBIDTAR growing at 22% and achieving a margin of 51% in the 1H08.

On next page we show EBIDTA growing faster at 31% year over year and 44% margin. The EBIDTA after the rental of the railcar, the expenses of the rail cars, it is actually growing faster than that EBIDTAR. The reason for that, you will recall that last year we increased our CAPEX to acquire railcars that were leased or rented from the clients but were on very expensive contracts and very high rental costs, this have a negative impact in our CAPEX last year but is now helping us show lower cost in terms of rental car expenses, and to the improvement of EBIDTA at 31% year over year for the 1H.

On page 11, which shows net income at R$128 million for the 1H08, a significant improvement over the same period of last year.

On page 12, leverage in terms of net debt to EBIDTA gradually falling down, we were at 2.7 x at the end of June and that should continue to improve and gradually go down until the end of the year.

On the last page, on page 13, before we open up for questions, I would like to comment on the following points. We will maintain our guidance for volume growth in the range of 12% to 14% for 2008, CAPEX in the range of R$700 million for the year, we have already stated to invest looking for the 2009 volume, we have already bought about 50 locomotives and we have recently signed agreement for the expansion of our network from Alto Araguaia which is the further North that we have reached today, moving a little bit further North and towards the west to the city of Rondonópolis. That project will be financed by the BNDES as we are currently negotiating the terms of the best financing.

With that we are open for question, thank you.

Nick Sebrell, Morgan Stanley:

Good afternoon gentlemen. First question has to do with market share by ports. You mentioned that your market shares do not necessarily include bulk products that you do not service or do not carry. I was wondering what bulk commodities go through Santos that you might carry in the future but that you do not today, my first question.

And a second question on CAPEX. You mentioned R$700 million this year. I imagine that it will be similar in future years? Do you see any potential impact on future year CAPEX levels, if commodities get little less expensive, and what is your FX exposure in exchange rate for CAPEX?

Bernardo Hees:

Thanks, Nick, for the question. On the market share, you are right. That there are some segments that we do not serve today on the grain side, especially the Goiás state area, Southern Goiás is a part of soybean and corn and both are flows that we are not serving today and also the sugar of the Southern Minas Gerais and Northern West part of São Paulo, the Riberão Preto area to the North.

Those are areas that we are not serving today, that we do not count in our market share, that we should be expanding in the near future. There are also some products but the volumes are not too expressive like cotton and so on, and other ones that are reaching the ports but are not really big volumes. But those are part of the volumes we are not counting in our market share today, I want Sérgio to comment on the CAPEX.

Sérgio Pedreiro:

Nick, the R$700 million that we expect this year should continue as we go forward, however with some adjustments for inflationary effect. To think of the impact of foreign exchange, I would assume something around 30% of our CAPEX is steel related and therefore a change in the steel prices would affect but that is not really related to the foreign exchange. The majority of our investments is sourced locally with the exception of rails and locomotives that would be included in the 30%.

Nick Sebrell:

OK, so the locomotive is actually a part of that 30%.

Sérgio Pedreiro:

Yeah.

Nick Sebrell:

OK. Just wanted to make sure I understood. And then if you would include those regions that you do not serve right now, but you might later in the Santos market share, how would it change, would it go from 49% to 40% or would it be a smaller change?

Sérgio Pedreiro:

That would be higher than that, we would be achieving about 40%, we would lose about 10% of market share, that is for sure.

Nick Sebrell:

All right. Thank you guys.

Andrew West, Harding Lovener;

Hello, good afternoon. Nice set of results. What I would like to dig in a little bit in your cost dynamics and sort of disaggregate the cost impact that is coming from general inflation, sort of the cost increases you might be having if volumes were flat versus the sort of incremental cost that you have to address on higher volumes?

And when I am thinking about this I am leaving out the depreciation and rental costs, which I think are a separate issues. Could you walk me through how the increased volumes are, in other words, what is driving the sort of decreasing cost per revenue ton kilometer on the system? How long is that dynamic going to last? Or we could expect to see declining cost per revenue ton kilometer? And when would you have to start sort of adding new inputs at an increasing rate as volumes increase?

Bernardo Hees:

Andrew, before handing over to Rodrigo here, who is going to answer on the cost structure, that is your question, I think one of the strong fundamentals are that we have been able to achieve so far, includes fixed cost, what is not always the case. For sure, to grow in the business we are going to be adding new engineering conductors and there are some costs, there is a relation with the volumes but I would say that even with this inflationary scenario that you have mentioned and the pressure on steel products and so, we should be able to keep this fundamental of having our fixed costs growing on a really marginal basis. That being said, Rodrigo, can you comment on that, please?

Rodrigo Campos:

Andrew, opening up a little bit, breaking our cost into what is fixed and what is variable. I think three lines are pretty much variable which are fuel, outsourced and contracted fleet which is cost related to trucking connection and the order which is related to logistic cost and loading and so on. So these three lines are pretty much variable, they should grow with the volumes.

And you have other lines which should grow partially with volumes, one is labor, which should grow but not at the same proportion of volume growth and maintenance; lines that should grow but not at the same rate of volumes. And we have SG&A which is the line that should be pretty much a fixed cost. So that is the breakdown in what is fixed and what is variable.

Andrew West;

Then to get a little bit more into that, when you have real great, sort of cost benefits, when all you are doing is sort of adding cars to an engine, so sort of what sort of level of cars per train are you running now versus what you think they could run out? Or, it’s sort of, at what point of new volumes you really have to just start? You do not have to make the train run longer, you just have to sort of add trains when the cost becomes more variable versus sort of like if almost no additional if you just increase the length of the train. Could you give me an idea about how that dynamic is working for you?

Bernardo Hees:

Andrew, you are right, we have a lot of productivity to gain in operational terms, so we have been gaining productivity. When you see our results in the past, you see that we gained productivity in railcars at 10% per year in the past and we see room to gain 6% to 7% in terms of productivity, in terms of RTK per railcar, which is a pretty good room to grow in terms of railcars and we have productivity to gain as well in terms of cost when we take our main cost hike, which is fuel. We have been gaining in terms of average consumption 2% per year, and we see room to gain in terms of cost as well. So you are right, we really have to gain in terms of the running of our assets and in terms of cost as well.

Andrew West:

How long until you get to the point where you have added so much volume that you really have to start throwing more cost to keep it going? In other words like, what sort of capacity utilization level are you at versus sort of what you could use without really adding many people or sort of semi-variable expenses, is that two or three years away for you to get to that point or what?

Rodrigo Campos:

Andrew, the best way to answer your question actually is to compare the cargo density that we really have with other railroads, like the Class 1 in America and so. And we really think we should be able to be doing at least 4x more volumes than we do today. Especially because our cargo density is still pretty low. So definitely we are going to be adding size, applying technology, changing the rail track and so, but we really do not see this target in the near future. We should not be taking this kind of way, we are going to have pretty good room to continue to grow, as we invest correctly and continue to gain in productivity and capture market share.

Andrew West:

In terms of sort of the next year or two, are you anticipating any significant makeshift that would have an effect on yield per RTK?

Rodrigo Campos:

Not really. We had a shift last year with the growth of fertilizers that change our yields and actually increased our EBIDTA margin, but we do not see that changing again so significantly. So, the mix of our products definitely is going to change year to year but we should not see a significant move on that.

Andrew West:

OK. Thanks a lot.

Nick Sebrell, Morgan Stanley:

Thanks for taking my follow up. Three parts on my follow up. First, you touched in SG&A before, what was behind the big increase year over year?

Second, if you could just mention percentage of cars right now that are rented versus owned, I mean, how many cars you are paying railcar rental on? And then going forward, what percentage of your new cars is going to be rental versus your own?

One last question if you could talk a little bit about LLX Porto Brazil, what is the status of that? And do you have permission to build it? And there has been a lot of news locally that, you know, the law, whether they will change it and forbid mixed usage of that port, whether that changes the business plans for the port?

Bernardo Hees:

Nick, starting from the SG&A, when you compare 2007 with 2008, there is an important factor that in 2007 we had almost R$30 million of scrap selling. So this was an extraordinary revenue in 2007. So this level of R$50 million per semester is recurrent, and which we could expect for the future in terms of SG&A.

Nick Sebrell:

Are you foreseeing any more scrap selling or similar going forward?

Bernardo Hees:

We have that in a recurrent way but much less than we had in 2007, maybe R$3 million per quarter or something around that.

Nick Sebrell:

OK.

Bernardo Hees:

In terms of railcars we expect that a 100% of railcars will come from this kind of arrangements that we do with our clients.

Nick Sebrell:

100%.

Bernardo Hees:

100%.

Nick Sebrell:

Perfect.

Bernardo Hees:

In the LLX question, Nick, as you know we have a MOU, we already have been in negotiation with them in order to provide the rail transportation from Corumbá to the port, so the main question is about Port Brazil and when it is going to be ready. We actually do not know that, what we know is what we have been talking with the LLX people, they are very confident with the plan of having the port ready in 2012.

That being said we should be able to negotiate all the operational agreement that should be negotiated in order to have the Company ready for that. What means that we have until the end of 2010, we have to have a binding agreement with them, in order to allow them to do all the CAPEX required to provide for the rail, and we are going to be its operators.

The main question in this project, that is not connected to all models and the projections we gave, is to have the port ready. As I said before, we are not in the front line with that, we are just negotiating with LLX and we already have a preliminary agreement to have the transportation ready, if the port plans are on schedule.

Nick Sebrell:

OK. And just going back to the rental car or railcar rental question, what percentage of your currently fleet is leased and what is owned?

Bernardo Hees:

We have 4,500 leased railcars, out of 30,000.

Nick Sebrell:

Perfect. Thank you.

Arthur Byrnes, Deltec:

Has the recent sort of drafting prices of commodities, I am talking about July and August, changed your volumes any?

Sérgio Pedreiro:

Not much really, Arthur. We really do not have any relation with the price of the commodity. Our relation is much more on the pricing side. With the volumes of the crop side and that being said Brazil has been growing not only productivity-wise but land plantation-wise in the last two years. In that front I think it is going to continue to happen for ten years, even with the drop of the commodity, the margins and the price are very attractive.

They were extremely high and it was a wonderful scenario for the farmers, but the scenario continues to be very positive on the levels that are being trading today. So, we do not have relation with that, our concern is more that Brazil continues to expand the crop side, not only the market share because you have market share to capture, but to continue having pressure on the price side.

Arthur Byrnes:

Very good. Thank you.

Bernardo Carneiro, Deutsche Bank:

Good morning, everyone. I was taking a look at the breakdown of financial expenses in CVM filing. In the past year you used to report a breakdown including interest paid to suppliers, because of long deferrals of payment with your suppliers, but this time in the 2Q, I could not see that breakdown of the financial expenses line, there is only the other line.

In the other line there is R$70 million of financial expenses in this quarter. I would like to know if you could provide some breakdown of this other items and if it does include some interest paid to suppliers or things related to the relationship with your suppliers. And how much, in million of Reais, is that related to this sign and interest to suppliers? Thank you.

Rodrigo Campos:

Bernardo, what we generally do is to open another line if it is more than 20% of the total financial expenses. So when it is the case, we generally open that other line. The R$70 million of other expenses includes the suppliers, and approximately half of that is suppliers, we have other things as the monetary corrections of some liability, some provisions that we have related to labor and some liabilities related to payment of leasing and concessions in railways.

Bernardo Carneiro:

OK. Thank you.

Yeshwant Holker, Artha Capital:

Hi, guys, congratulations on the result. Could you just discuss what the current trends are in your sort of cost competitiveness versus sending cargo by trucks? And then secondly, I do not know if you may know this or not but, do you have a sense as to what the percentage of cost transportation accounts for agricultural producers in different crops like soy or another one? Thanks.

Sérgio Pedreiro:

On the competitiveness, we have been able to maintain a small discount on the grain side, that is about 5%, so far, even with the pass through of the diesel, the trucks have been passed through as well, so we kept that on average, that depends on a monthly basis. But if you see an average during the year, it is going to be about 5% discount on grain, on the industrial side that has been between 10% and 15% on average depending on the segment, and that has not been changed so far. Even with us taking and growing, the market continue to be settled by the truckers. So we still own this competitiveness and that did not change even with the diesel increase at the end of April.

On the cost side for the producers, it is harder for us to tell but I know that the logistics cost account for about 20% to 25% of that cost on total terms. I do not know if I answered your question, what I know that it is going to be between 20% and 25% of total costs for the farmers in logistics.

Yeshwant Holker:

OK. Thank you.

Catalina Rocha, Quest:

Hello. Good afternoon. I was not in the beginning of the call so I do not know if you opened the G&A expenses a little bit more, but could you do it a little bit, to know exactly why the G&A has increased in 63% year over year?

Sérgio Pedreiro:

Catalina, when you see the 1H08, this number of R$50 million is something that we could consider as a reference for the following years, this R$50 million per semester. What happened when you compare with last year is that we had extraordinary revenues from scrap savings amounting to almost R$30 million in 1H07. So that twists the base of comparison.

Catalina Rocha:

OK. Thanks. And another question is, what is the breakdown of products of construction, when you say the industrialized cargo, you have increased the construction so, which is the main product?

Sérgio Pedreiro:

Catalina, that is mainly cement, we have some others, one on the construction side that is clinker and other one, but cement is going to be about 80% of that.

Catalina Rocha:

OK, just as I imagined, because iron is not in this cargo, it is on iron side, isn't it?

Sérgio Pedreiro:

That is going to be steel. Construction we are going to be talking about gray cement, clinker, bulk and all the supply to produce cement, like scoria, calcareous and so on, but those would be accounting for 20%, 80% of construction is cement only.

Catalina Rocha:

OK. Thank you very much.

Operator:

At this time there are no further questions, I will return the call back over to Mr. Hees for any closing remarks.

Bernardo Hees:

I just would like to thank for the interest in ALL and say that Sérgio Pedreiro, Rodrigo and I are available here, if further comments or questions come along. Thank you very much and have a good day.

Operator:

That concludes today's presentation. Thank you for participating, and you may now disconnect.