**Operator:**

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to the América Latina Logística's 2Q10 and 1H10 earnings conference call. Today with us we have Bernardo Hees, CEO; Paulo Basílio, COO; and Rodrigo Campos, CFO and IRO for ALL.

We would like to inform you that this event is being recorded and all participants will be in a 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 a simultaneous webcast that may be accessed through ALL's IR website at 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's 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:**

Good morning, ladies and gentlemen. Thanks for the interest in ALL. We are here – I, Paulo and Rodrigo – to present the 1H10 results. And we are actually pleased with the way we have been performing so far, with strong results coming from a weaker year we had last year, and actually not only the performance has been in line with our expectations, but the prospective we have for the 2H of the year and the projects we are developing aside our day-to-day business have been developing very well. We are going to comment on that later on.

I am going to let Paulo, who is actually leading the Company on a day-to-day basis, to give the presentation, the first part, going through the business unit results and opening the ALL results for the 1H in much more detail. And then Rodrigo is going to comment on the financials and the rate of development we have for the business. And I come back at the end at the question and answer session. So, I am going to let Paulo continue the presentation. Please, Paulo.

**Paulo Basílio:**

Thank you, Bernardo. Let us start in slide two, with the highlights of the 2Q. We can start with the EBITDA results. Our EBITDA in the 2Q was up 11%, reaching R$433 million. When you consider the 1H, when EBITDA was up 14%, reaching R$730 million. Our EBITDA margin closed the semester very close to 51%.

This is the first bullet that we discussed, our EBITDA operational results, and then we can go to the volume discussions. As we anticipated in the first call in April, we have a weak commercialization and we decided to allocate our railcar fleet to the sugar volumes in the State of São Paulo in a shorter distance than the Mato Grosso. These railcars, when allocated in the shorter distance, they have a better productivity when compared to the long distance. So, the Brazilian volumes in the 2Q were up 3%. In the 1H of the year, the volumes were up 4.5%, mainly due to this change in the fleet.

Then taking into consideration the volume that we have in the Port of Santos, our volumes were up 20% when you compare to 2009, mainly because of the business strategy to allocate the fleet in the sugar volumes in the State of São Paulo.

In Argentina, we are having a good year, very strong year, with an increase in crop of around 40%. Our volumes were up 16% in the 2Q. And as a result, our net income reached R$154 million in the consolidated term.

Now, I am going to discuss a little bit our business unit, starting in slide three with agricultural commodities. Our volumes in agricultural commodities measured in RTK were flat when you compare it to 2009, with a decrease of 18% in soybean and an increase of 140% in sugar and 28% in fertilizers, our main return cargo.

Our market share was up from 50% to 63%, and it is important to consider the market share that we had in Santos as a consequence of the traffic destination on the first slide, our market share in Port of Santos increased from 39% to 59% this year.

Going to the next slide, slide four, we can see the results of this business unit, the agricultural commodities business unit. In the 2Q, our gross revenues were up 3.2%, reaching R$615 million. Our yields were up 3.6% and our EBITDA was up 6.7%, reaching R$315 million in the 2Q. Considering the 1H, our gross revenues were up 7.5%, reaching R$1.06 billion. Our yield was up 5.8% and our EBITDA increased 10%, reaching R$531 million.

In the table that you can see in slide four, we can see exactly the change in volumes that we faced in the 2Q. The soy volumes decreased 18% when you compare to 2009, and a huge increase in sugar volumes because of the weak commercialization in the soybean that comes from the State of Mato Grosso.

Going to slide five, we start to discuss our industrial products business unit. Starting with the 2Q, our gross revenue increased 15%, reaching R$221 million. Our yields increased 2% and our EBITDA increased to 20%, reaching R$106 million. We had a very strong quarter in industrial products. When taking the figures in the 1H, our gross revenues increased 17%, reaching almost R$430 million, and our EBITDA increased to 21%, reaching R$183 million in the 1H10.

Considering the industrial products business unit, our volume in the 2Q increased 13%, and we can break this volume into 21% of growth in intermodal flow and 8% in pure rail flow. And we can highlight here two segments where we had a very strong performance that are the wood segment, mainly pulp, and the steel segment, both of them with a growth over 33% when you compare to last year.

In the 1H of the year, the volumes grew 12%, and we can break this into 22% intermodal and 6% pure rail, just to highlight the same two segments with a very huge performance when you compare to 2009.

In slide six, we are discussing here the main figures of the two units that we have, the highway services and the Argentina operations. Starting with the highway services business unit, we had a strong quarter. The volume increased 18% mainly because of our new product in GM and our new contract with FIAT. Our EBITDA increased 103%. And when you consider the 1H of the year, our volume in this unit increased 13% and our EBITDA increased 78%, reaching R$6.5 million.

Going to discuss a little bit Argentina, as I said we had a strong beginning of harvest in Argentina, where 2Q volumes increased 16%, our EBITDA increased from R$3 million to R$8 million. And our EBITDA in the 1H of the year increased from R$1 million to R$9 million, mainly due to the high volume that we had.

So we had a good quarter in both Argentina and our highway services operations, mainly in Argentina because of the favorable agriculture market that we face, with a huge increase in crop, over 40% when you compare to 2009. Although we still have concerns in the long-term political and economic situation in Argentina, we are very positive with the perspective that we have for this year and our operation there.

That being said, I will pass to Rodrigo to go over the numbers and the figures that we have in the quarter and year-to-date.

**Rodrigo Campos:**

Thank you, Paulo. Starting from gross revenues in slide seven, we have been growing revenues historically at a rate of 25%. This is more or less 12% to 13% revenue growth, yields operating a little bit ahead of inflation, and acquisitions. In the 1H10, we increased revenues 10%, which, as explained by Paulo, means volume growth a little bit higher than 2% and an yield increase over 5%.

In slide eight, we see EBITDA moving along the time. Our average growth of EBITDA year over year is 49%; this is average per year. And in 2010, it increased 14% from R$638 million to R$729 million, and we improved our margins from 49% to 51%. So, we gained 2 p.p. of margin. It is important to remember that in 2009 we had a difficult year in terms of yields, which also reflected in our margins. So, we are recording margins in 2010 to a more normal level.

In slide nine, we see that we have a good increase in terms of net income. Our net income increased from R$38 million to R$154 million, and it reflects mainly the EBITDA increase, the operational income increase, and also the improvement in financial results due to our low net debt.

In slide ten, we show our balance sheet here. Our net debt/EBITDA increased from 1.8x in the end of 2009 to 2.9x net debt/EBITDA, which was expected given that this year we have CAPEX around R$1 billion, given that we have our project of Rondonópolis with an expected CAPEX review at R$300 million. So, we have R$700 million of organic growth CAPEX and we have R$300 million from Rondonópolis, which is additional to our normal organic growth. So, given this, our net debt increased.

In the next slide, just to make some additional comments here, I would like to talk a little bit about market for the 2H of the year, which tends to be very strong. The crop in this unit – take soybean, for example – it should increase 18% in our area, with the middle of the year crop starting very strong in Mato Grosso. So, we should have a very favorable market, especially when you compare with last year, particularly in the 4Q.

Another comment is in our long-term projects that are developing well. We keep building, the railways from Alto Araguaia to Rondonópolis is under our schedule. And the project with Rumo is starting to be operational and we expect that volumes will grow with the CAPEX schedule, around next two to four years.

The third comment that I would like to make is that there was some news in the last days about regulatory changes in the rail segment in Brazil. And we saw that there was a lot of news and a lot of misunderstanding on this subject. So, it is important to put much more color on the discussion here.

The first thing that is important is to separate the new concession, the new railroads that are projects that are in PAC-1 or PAC-2, the acceleration program of the Government, from the existing concessions, which are the concessions that were privatized in 1997 and 1998. So, it is a very clear separation here that must be made.

For the new concessions, what the Government is talking about is to create a new model of concession, separating the infrastructure, the rail tracks, from the transportation in the rail segment. So, we would have a player that would build the rail tracks that would also raise the rail tracks and other players that would explore the railway transportation. This operation is something close to what we have in Spain, for example, a new model of concession.

Even in this new model, assuming the new model, we see that as a good opportunity for ALL, considering that clearly when we look to rail operation the key factors are knowhow and scale, and both things we have. I think we are the most competitive player to operate those new rail networks, if it happens without having to build the rail track, which really is not our business. Our business is not to build rail tracks, but operate rail tracks. So, this is a good opportunity to explore new concessions with the scale that we have.

In the second part, looking to the existing concession, first thing we must have in mind is that there is already a concession model that cannot be changed and there is a contract that must be respected. Saying that, the things that are being discussed and that are in discussion with the Government are, first, the low density tracks, tracks in which the density of cargo is low, and we are looking for alternatives in order to improve the utilization of these tracks. And just to remember, this is the main subject and we have been discussing that with the Government for a long time and we are already discussing to give back some of the tracks that have low density in order that it could be used, for example, for passenger transportation instead of cargo or any other kind of model that could better utilize these tracks.

The other thing that is already being discussed for some time is right of ways. When we look to this year there are very few volumes in right of ways. There is not a meaningful amount of interchange between the concessions, so when you look to (…), for example, you see that market share of the railway increased with the distance, which is natural. In long distances, the rail segment is more competitive and becomes more competitive in larger distances. But in this deal, as the concessionaires are very focused on their areas, and you do not have these interchanges, this market share grows until 500 km to 600 km, and after that it starts to go down, which is the discussion. So, we believe that this could be something to improve the productivity and the effectiveness of the rail segment in Brazil.

And finally, we would like to talk about the infrastructural project that we are working hardly on them, and the containers terminals and mining segment. We cannot give too much color on these projects and on the schedule of these projects, considering that those projects are not operational yet. But opportunities on the container business, and we have a market share of 11% in a market that should be, as seen in the soybean crop in Brazil, huge. And the same, the opportunity that we have in the iron ore and coalmine area, are also very huge and a very material volume considering the volumes and the scale.

So, what I can say is that we are working hard on that. We are keeping advancing there. And with that, I would like to open for questions. Thank you.

**Debbie Bobovnikova, JPMorgan:**

Good morning, everyone. Thank you for the color on the regulatory issues. I actually just wanted to start off by following up on that. Can you give us a little bit more color; I know there was a meeting yesterday, I believe it was in Brasília, to discuss some of the new proposals by the Government. Can you give us a little bit more color about how the discussions went? And also any key date for a next step that we should be looking for for the announcement of both the new regulatory framework and also any potential changes with these kinds of amendments to the existing framework on interconnection and underutilized tracks?

And then finally on that same topic, just wanted to understand better, you mentioned that the Government is trying to kind of mimic the existing Spanish model for concessions. Do you have any view of those concessions from your opinion? Are those concessions working well? Are they more profitable than, let us say, other examples in the US or Europe? Is that a model that can be easily adopted in Brazil, or is there any color you can give us on that issue?

**Bernardo Hees:**

Good morning, Debbie. Just to complement the explanation Rodrigo was giving in the regulatory issue that I think was quite complete. Remember that the Government is already talking to us and the discussions have been for a while in ways to improve the productivity and improve the volumes in the rail system, which is something quite welcome in any form it is achieved. And they are more concerned really in the expansion of the rail line, and that is why Rodrigo just explained the discussion between new concession and the existing contracts.

In the new concession, which was part of your question, they are saying that they are going to have a model that is more similar to the European model. We still do not have too much detail, but it is more related to what Spain has done and other countries in Europe, where the government owns the rail, the permanent way. And he opens the capacity of the permanent way for rail operators.

What I think is quite an opportunity for us because we are really not in the business of building rail. That is not really our business. The Rondonópolis project was very attractive and very positive, but we had 10 million, 15 million tons in that area of grain. By the Government building the rail and letting operators to run the trains, we think it is positive because we do not have the CAPEX in doing so and we have a competitive advantage position that I think we are quite strong by being a very competitive operator, by having the knowhow of how to do it, and by actually having already the experience of running trains and having the assets of rolling stock, of railcars, locomotives and so on.

So, the new business model, after we give the Government the role of building the rail and selling the capacity to the private capturer to afford private operator. As I said before, we will be able to do that as well. We still do not have the 100% of detail of how this is going to be put in place, but it seems to us quite an opportunity, given that what we wanted to do really is to be an operator. That is what we do for a living. So, that is the first part.

And on the second part of your question, on the existing contracts, and actually today and yesterday the Minister of Transportation was quite clear on that in his speech and in all of the papers today, he is saying that they are discussing together with the concessionaires ways to improve the system and to bring more investment and to bring more cargo to the existing system.

What for us is very welcome again because he again assured that 100% of the contract is going to be respected. We never doubted that, but it was good to hear that from the Minister that is actually leading the conversation with us. And what we want to do is actually to take the part of our system that the cargo density is pretty small and to do something similar to what they are talking about the new concession, to say, “Hey, if the cargo density is too small and does not attract the private system, can they do something? Can they take it back and ask new operators to run it?”. What is quite good for us again because if I am allowed to give back the existing track that has very small cargo density and I can become an operator in the second step, that is something that, if terms are right, can be again attractive for us.

And on the right of weight, again that is something that you already have the existing contracts. They are only talking about ways to make it clear, how it can be applied between the rail operators that have today. So, all the details have been discussed. So, for us things are in the positive direction. Like I said, and Rodrigo said, we do not have the whole picture of how it is going to be and so on. But again for us, given that we are participating in the discussion, we have a meeting on Tuesday, we are going to have a next meeting next week and so on. We are all looking to provide the same infrastructure in Brazil that means more investments, more volumes to the rail system.

So, that is how I wanted to clarify. I do not know if I touched all the questions you had, Debbie.

**Debbie Bobovnikova:**

Yes. Thank you. So, the next meeting is next week; is there any timeframe that the Government has put out for actually completing these discussions that you know of?

**Bernardo Hees:**

No, not really, Debbie. We already have been discussing again for quite a while. They wanted to speed up this process. We are ready for that. Again, all this splitting between new concessions and the existing contract, and the Government has been actually splitting the discussion between these two parts. But we are actually willing to move fast on that, given that we really believe that can be positive for us.

**Debbie Bobovnikova:**

OK, great. If I can just ask two other quick questions, one is on your concession fees. You obviously had a very good improvement in margins in the quarter. And I was just wondering because the mix of your products actually worsened. You went from transporting longer distance grains to having more of the shorter distance sugar. And I would imagine you are less efficient and less competitive versus the trucks and the sugar than you are in the grain side. And yet you were able to overcome that and still show a very good efficiency ratio within a good margin. So, I am just wondering if you can comment a little bit more on how much of that improvement in margins and efficiency was a one-off because we are seeing an incredibly strong sugar harvest, maybe there was a spike in sugar prices in a freight market, and how much of it is structural improvement in efficiency that will carry over into future quarters. That is one question.

And then the next question is just on the working capital. We saw that your accounts payable days came down significantly and your accounts receivable increased. So overall, your working capital balance worsened. Once again, how much of that is one-off and how much of that should carry over into the coming quarters? Thanks.

**Paulo Basílio:**

Hi, Debbie. You are right. When you consider the long-distance flows that we have we are not productive. But this productivity that we have in the long operation is not related to the capacity to increase volumes, because our rail cars are more productive than the cycle of the rail cars is smaller, so they can produce almost 80% more in the long operation when you compare, in this case, the State of Mato Grosso to sugar.

The margins are pretty much the same. So, what we are seeing in the future, the final part answer your question, is that we are again coming back to a more normal commercialization in the Mato Grosso flows. And we are starting the harvest of corn, so we are expecting to see a 2H10 coming back to the normal commercialization in the grain product.

And I will ask Rodrigo to answer the working capital question.

**Rodrigo Campos:**

Debbie, when we take working capital, when we take accounts receivable, this was a more and seasonal effect, given that we did not have a meaningful change in days of payment from our clients. What happened here is that at the end of last year, mainly in December, we had very low revenues, much less than expected, and we are now with much more strong levels of revenues, which had an impact.

And the second effect in accounts receivable refers to the higher increase in industrial flows, which had a naturally longer days of payment as compared to agricultural flows, which is more around seven, eight days. So, that should affect in accounts receivables.

In suppliers, we have more effects; we are paying maybe a part of our CAPEX in cash. We are having some discounts related to that. This is something that could create some good prospective for the CAPEX on the year, given that we are having some saving on the price. So, it would be something that is good.

And when you take the structural season, in terms of clients I think it is some operational that is seasonal and should come back in terms of accounts receivable, so it should increase along the 2H. And in terms of suppliers, there is still some effect related to the good CAPEX that we used to buy more long days of payments. But if you study case by case, it is depending on these kinds, depending on economic benefits of that.

**Debbie Bobovnikova:**

Thank you, Rodrigo. And just can you comment on what is the difference in accounts receivable in your agriculture customers versus industrial customers? You have seven to ten days in agriculture, how much should we think for industrial?

**Rodrigo Campos:**

This is seven to eight days in agricultural and industrial is more than 25 days.

**Debbie Bobovnikova:**

OK, great. Thank you very much.

**Nick Sebrell, Morgan Stanley:**

Hi, Bernardo, Paulo, and Rodrigo. I was wondering if you could talk a little bit more about the grain exports in the 2H. Obviously, soy was rather soft in the 1H. We expect that to hit the floor in the 2H. What have you been seeing so far? We are halfway through August, just about. The July and August trends you see and the forward orders you see coming through, let us say, for next month, are they in line with what you would expect, given what we saw in the 1H and it bounced back in the 2H? That is the first question.

And then I was wondering if you could talk more generally about capacity. If we look a couple of years ago and look at the average capacity that you had and then think about where that is going next year, what is the average growth rate of your capacity, stripping out your special projects, because you said before that Rumo, that the mining projects that were to happen would be on top of your standard growth. What is the average CAGR here of your capacity growth over several years? And then in line with that, when you think about your network and your average over the year, what is your capacity utilization on average? Is it 90%? Is it 80%?

**Paulo Basílio:**

Hi, Nick. I will start answering your first question. Let me take into consideration the volume of the export in grain mainly. Just remember, the exportation numbers in the recent months, we can see that some months before that, because they are transporting this volume. So, as we anticipated in the last call, we were filling orders with a reduction in commercialization and now we are seeing the commercialization coming back to a normal level. To answer your first question, yeah, this is pretty much in line with the expected in that time. So, we are not changing the idea that we have for the year, talking about volumes.

Talking about capacity, our organic growth that we have in the long-term guidance that we give is something around 10% per year. And we have enough capacity to support this small non-infrastructural investment in all the main lines that we have. And we have other projects, huge projects, sometimes a huge increase in volumes, like the iron ore project in Corumbá, in which we need to achieve the capacity of this stretch, we need to increase the level of rail cars changing the terminal.

There are two different kinds of projects. When we talk about the organic growth, we have enough capacity to do that. And when we consider each one of the strategic projects we have, it relates with expansion of capacity that we need to perform the volume. And we are having with Rumo projects a very huge expansion in capacity, mainly in the large gauge quarter that we have because we are depreciating 250 km of line in the State of São Paulo. CAPEX coming from Rumo.

So, you are asking about any problem related to capacity in the main projects that we have and all the issues that we can see with to fix the problems, we addressed the issue with the projects, with the CAPEX to solve the issue in the same project with the client.

**Nick Sebrell:**

OK. But if you look at the long-term trend for capacity, is it in line with your long-term guidance for growth or is it a little bit different, say 10% per year CAGR capacity growth? And when you think about the utilization, is it more accurate to say 80% or 90%, or is there a number you can come up with?

**Rodrigo Campos:**

Nick, the best way to answer that is to split in two parts. We have a more organic type of growth, which is this CAPEX of R$700 million, in order to expand capacity organic growth at least 10% per year. And we have all these projects that we mentioned. We mentioned Rumo, which is already signed and the CAPEX started, which are in infrastructure investments related with that. There will be containers (…) that we are still working on that, so it is hard to talk about the time and even the size of the capacity, where I believe the client is still – we cannot talk about that here actually.

Clearly, at least 10% in our organic growth and we have other projects that will depend a lot on the schedule of these projects and as these projects happen.

But clearly these are additional volumes, additional growth than our normal organic growth, completely additional. And this is something that we should see project by project. We could take the project with Rumo; when we have the duplication to Port of Santos, if we include the capacity, 78% in terms of volumes that could go to Port of Santos, just to have that in mind. Given that, you have a lot of years of growth until we reach the rate in terms of capacity in our rail network, without talking about all the productivity gains that it will bring to our railway network.

This non-infrastructural type of project, they have different characteristics and different schedules, so it is harder to talk about capacity in long term of this project.

**Nick Sebrell:**

Got it. Thank you.

**Larry de Maria, Sterne Agee:**

Good morning. Thank you. I have two questions. First off, obviously, it is early but soybean plantings are coming up. I am just curious about how you guys are thinking about looking at the next year, looking into September and the potential running effect about what kind of crops we should be expecting on the soybean side, and in general, you can cut into corners as well?

And then also, it looks like through June Brazil has exported about 20 million tons of grains, which leaves about 10 million more to go. And then you guys underperformed on the soy and corn versus the actual exports in the 1H. How significantly do you think that you will outperform the market shares in the 2H on the grain side, if you could help me on that? Thanks.

**Rodrigo Campos:**

Hi, Larry. Today, just to break down your question, the first half about next year, it is not very clear for us what will be the size of the crop in the next year. We are positive because we see that we can have again a good crop in Mato Grosso and we can stabilize with the crop in the other states in the South, like Paraná and Rio Grande do Sul.

When you consider the corn crop, we are expecting achieving good volumes in the 2H of this year. We are starting to see that. We have a lot of actions of the Government and we start to transport these volumes to the Port of Santos mainly. And we still have the sugar that we can perform during the 2H of the year.

And the last part of your question was about the market share?

**Larry de Maria:**

Yeah. It just looks like in terms of 2H grains that we have already exported those 20 million tons through June, which is more obviously through July. So, it is probably strong in August, potentially in September. And then July was strong. And then it may drop off a bit, which will imply you guys probably will have to significantly outperform in the market share. I am curious as to think how much you guys will outperform in the market share in the 2H on some of the major grain exports?

**Rodrigo Campos:**

Well, what you seen in July, the volume that we transported in the months before July, which was practically in June, because we too depend on the time that the terminal will ship the volume. So, it is not very related to time like that. We have the exportation numbers figured in July. It is not related with net transportation number of July.

What we can tell you that is easier to understand, I believe it is easier to say that starting in June, we start to recover the commercialization of the products for the 2H. This is I would say the most important thing. And we are returning to a normal level that we were expecting to see.

**Larry de Maria:**

OK, thanks. And then in the 2Q, your soy was down 18% versus the market exports, down I think you said about 10% or 12%, obviously underperformed. Is that only because you switched cars over to sugar?

**Paulo Basílio:**

We increased a lot our market share because of the growth that we have in the Port of Santos was 20%. When you consider the market share, we are talking about tons. When you are talking about our volumes, we are talking about revenue per mile. So, we have an effect of (….). But you are right, we migrated our fleet to the sugar market and increased our market share and increased our volumes in the Port of Santos.

**Rodrigo Campos:**

And what is important is that we increased our market share in soybean and corn a lot. And given the weak commercialization, we also moved our rail cars to the sugar and increased also our market share in sugar. So, we increased market share in both.

**Larry de Maria:**

Got you. OK, so it was down mostly because of the RTK. Got you.

**Nick Sebrell, Morgan Stanley:**

Hi. Thanks for taking my follow-up. Could you talk a little bit more about Rumo, the traffic and expected growth and yield impact? If we strip out Rumo, what would the yield year-over-year have been, the change that is in agriculture sector? If you can give a number, any description of that would be nice.

And I think you guys moved something like 2.5 million tons this quarter to Port of Santos via the Rumo JV; if you could confirm that. And when we look forward to the 3Q and the 4Q, I know you just said that you expect more sugar to come, but should we expect a gradual increase? Or are we right now at a level where that level should remain consistent with the 3Q? That would be helpful as well.

**Rodrigo Campos:**

In terms of Rumo, we cannot give too much color on specific clients. So, we try not to give numbers about specific clients. What I can say is that the effect of Rumo is not material yet in the yields and so on. Of course, we have a contract that gives a discount to them, and we are right on that. But the magnitude is not material yet.

In terms of perspective for the 2H, the volumes to Rumo will follow the CAPEX schedule, so our perspective is to grow volumes. But it is important to understand that the main reason behind the movement that will be from soybean and corn to sugar was related as lack of market in the soybean and corn in the 2Q. So, these are more temporary things, so of course we will move back our rail cars to transport soybean and corn, and we did already do that right now. But structurally, it is true. After the things at Rumo become more normal, the CAPEX will go on and we will transport more and more sugar volumes to the Port of Santos. But the big effect in the 2Q was related to this more temporary effect.

**Nick Sebrell:**

Thanks for that. So, could you continue and talk a little bit about the challenges regarding the stretch of rail to Santos? What is the status of improving the flow through or around São Paulo, city? Because obviously that is a major flow point. You mentioned that you grow the capacity of the stretch to the Port of Santos for 78% per year; is the improvement there more about duplicating track, or what exactly is the challenge there?

**Rodrigo Campos:**

The project with Rumo, in order to reach all the capacity we agreed with Rumo, there is a depreciation of the (…) to the Port of Santos. So yes, there is a depreciation that should be completed in two years. This is a large portion of the CAPEX that Rumo is doing in our rail network. We are talking about R$1.2 billion CAPEX total and R$550 million we would be spending in duplicating the weight to the Port of Santos. So, it will give a huge additional capacity on the rail network, it would create with efficient sugar corridor and will also have a huge impact in long cargo that goes to Port of Santos. So, we will have a huge impact in soybean, corn, and fertilizer. So, the corridor will be much more productive, so we will have a big productivity increase, and with the same network we will produce much more in sugar and other flows also. So, the CAPEX is already in the contract with Rumo.

**Nick Sebrell:**

OK. Now, the rail line that goes through or around São Paulo. You share that with the commuter rail lines, right? They use it during the day and you use it during the night?

**Rodrigo Campos:**

Yes.

**Paulo Basílio:**

Hi, Nick. There is another concessionary that shares these rail lines with passenger rail lines in São Paulo. They go to Santos without crossing the City. So, our rail line comes from Mato Grosso, from the interior of the State of São Paulo to the Port of Santos without crossing the City of São Paulo. There is another concessionary, which is MRF that is a rail line that crosses São Paulo, and we are discussing with the Government how to separate this and to create another way to cross the City.

**Operator:**

And there are no further questions at this time. This concludes the Q&A session for today. I will now turn the floor back over to Mr. Bernardo Hees for any final consideration. Mr. Hees, you may give your final considerations.

**Bernardo Hees:**

I just wanted to thank for all the interest in ALL, and to say that we are going to be 100% available. If further questions or ideas come up, we can improve the business and to clarify any issues you may have. Thanks very much. Have a nice day.

**Operator:**

Thank you. This concludes today's ALL earnings conference call. You may disconnect your lines at this time, and have a great day.