

Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to América Latina Logística 3Qresults conference call. Today with us we have Mr. Bernardo Hees, the CEO, Sérgio Pedreiro, the CFO and Investor Relations Officer and Rodrigo Campos, Controller and Investor Relations Manager of 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 section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator. 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 begin the presentation. Mr. Hees, you may begin the conference.

Bernardo Hees, CEO, América Latina Logística (ALL):

Good morning. Thanks for the interest in ALL. We are pleased to present the 3Q results that we showed the market last week. As usual, I will start the presentation going through the business units results before handing on to Sérgio, who is going to comment on the financials.

I think this quarter had several things that are very positive for the Company

First of all, our turnaround process for (...) that used to be Brasil Ferrovias has been following the original plan, and we have achieved very solid operational improvement in safety, reliability of our (...), reducing transit time.

The second thing to highlight is the growth in volume, especially in Brazil, the stronger quarter we had in the year. And, as we said, as year passes and the turnaround process continues, we get our operation more reliable, we can provide more service to our clients and our volumes are going to continue to grow (...)2007.

The third thing to highlight is the contracts, the long-term contracts that we have already started to sign in the Northern part of our operation.

In this quarter, we signed with VCP, the biggest pulp and paper producer in Brazil, and we signed a twenty-year agreement with investments of (...) in the line that used to be the Novoeste, that connects Mato Grosso do Sul to Santos.

We already talked to client with the same direction, for long-term contracts. MMX is one of them, and there are other contracts on the way. So I think this is a very positive quarter.

And as you can see, from a results' point of view, on chart no two, Brazil's volumes increased by 13% in the 3Q, and our volume reached the 9% in the 9M, reaching over 2.6 billion RTK.

The second positive result is that our EBITDAR increased over 15% in the 3Q, and our margin continues to be over 50% in the quarter. In the consolidated 9M, our EBITDAR increased over 32%, reaching almost R\$830 million, and our margin improved by 11 p.p., reaching 51.5%.

Our net income also increased significantly against last year, reflecting not only the much more control of cost after the consolidation with Brasil Ferrovias, but also we had one-time gain of SUDAM, the abolition of interest expenses on that financing that we achieved in the 3Q. That was very positive, and in the 9M07 we already achieved almost R\$200 million.

I think the negative fact for the quarter and also for year is our Argentine operation that had another record decreasing volume, very impacted by the energy shortage that the country is suffering, affecting pretty much the grain industry, several factories shutting down during the night, and the (...) operation in Rosario, especially, having just two shifts and not the normal three-shift operation. That affected pretty much our cycle, our (...) cycle, and we did not achieve the target of volume growth we wanted to achieve.

Moving to chart three, and talking about agricultural commodities; business units. We had a very positive quarter, our volumes increasing over 13%, and our market share increasing from 47% to 50% in 3Q, and volumes (...), increasing by 5% in the same period.

If you see our market share by port, you can see that we went from 30%, in Santos, to 36%, already reflecting the most reliable and the gain in operations indicator we had in our Northern network.

In chart four, we see the gain in EBITDAR, in agricultural commodities, gaining 18% in the 3Q, and our EBITDAR margin gaining 3.7 p.p., reaching a little over 59% in the quarter.

Our average yield continues to reduce in agricultural commodities, mainly due to two main effects: first of all, as we gain in our rail operation, we continue to reduce the drayage service, especially the (...) service that we had by truck. We continue to do more rail and less truck service, what is very positive from the EBITDAR margin point of view; that reduces our yield.

The second effect: we continue to increase our return cargo, especially fertilizers and wheat.

As you can see in the table, our fertilizers increased by 16% in 3Q; our wheat increased by over 28% in the 3Q, reducing our average yield, but with a very positive impact on a profitability basis.

From the chart, it is very important to highlight the growth we had on corn, especially because there is a change in the way the crop behaves in Brazil. We used to have only the soybean crop in Mato Grosso and Mato Grosso do Sul. Now we have the soybean and we have the corn. And that is a trend we believe is going to stay for the forthcoming years, especially because you have two different types of yield: you have the soybean in the 1H, you should have the corn in the 2H, as we are having this year.

On the industrial product side, on chart five, you can see that we continue to have a positive year. We grew 11% volume in the 3Q, over 13% in the 9M07, especially in containers, wood products and food products.

The good news about this quarter is that you have a very positive growth in volumes that are pure rail, especially fuel products, such as alcohol and diesel in the internal market, and also the gains (...) that we are growing year-over-year by more than 3% in the South of Brazil

So, it is a positive quarter for the industrial sector. Our EBITDA increased over 19%, reaching R\$75 million, and our EBITDA margin reached 50% in the 3Q.

In the 9M, our revenue reached R\$416 million, and our yield increase by 1.5%. That is due to the mix of industrial sector. As we grow more the intermodal, our average yield is a little more than (...).

The other business sector that we have; first of all, the highway service; we continue to focus on the most profitable operations we have, so you can see that our EBITDA increases 61% in the 3Q, reaching R\$3.3 million, and our EBITDA grew from 7% to 11% in the 3Q. That is the 9M; it reflects the shift (...) last year, for one profitable operation, and by focusing only on growing profitable operations, especially our automotive service in the Mercosul, with the operation of Renault, with the operation of General Motors and the operation of Scania.

The Argentine operation, I would say, is the negative fact in our result. We declined our EBITDAR by 30%, 3Q07 against 3Q06, and that mainly reflects the energy shortage that the country is going through, and also the increase in wage that we have negotiated with the Union. But as you have diesel prices in Argentina that are fixed by the government, and completely out of international market... The trucking industry did not pass through any increase in cost and we were not able to do so, so we lost in profitability.

Even the revenue increase we had in 3Q by 6% was not able to offset this negative effect that was the increase in wages, and the shortage in energy.

That is the summary of this positive 3Q. As I mentioned before, I am going to pass to Sérgio, to go to the financials. And then, we are going to be able to answer any further questions. Please, Sergio.

Sérgio Pedreiro:

Thank you. Good morning.

On page eight, we see consolidated results starting with consolidated gross revenue. We see historic growth of 25% year-over-year, and 9M07, a 4% increase on gross revenues vis-à-vis the same period of 2006; a volume growth of around 8%, and an average reduction in revenues per RTK that results in the 4% revenue growth.

The reduction in revenue per RTK is driven by two factors: number one, a change in mix; with the acquisition of Brasil Ferrovias, we have, today, a network that reaches much further into the production area, allowing us to (...) less drayage services and less trucking connections, therefore, reducing the average revenue per ton. But is a positive impact on margin.

Also we had a very significant increase in volumes of fertilizers, which (...) a return cargo have a lower average revenue per ton, but also a very good (...) in margins.

In addition to these two effects of changing, the performance of the Argentina operation, weaker than what we expected, also had the negative impact in our revenue growth so far in the year.

On next page, on page number nine, you can see the consolidated EBITDAR growth at a historical 59% year-over-year. And for the 9M07, a 32% increase in EBITDAR vis-à-vis the same period of last year, and an EBITDAR margin of 52% for the 9M, showing a very good margin expansion vis-à-vis the same period of last year, reflecting not only the positive impact of increased return cargo and less usage of trucks, but also reflecting the significant cost reduction that was implemented in Brasil Ferrovias, the company we acquired last year.

Page number 10, you see the same trend for the EBITDA. Just as a reminder, the "R" stands for the rental expenses related to rail car that we lease from our clients. And the EBITDA, without the "R" increased to 31%, reaching a margin of 42% for the 9M.

On page 11, we see net income for the 9M at R\$197 million, a significant increase over the net loss of R\$100 million for the 9M06.

This also was impacted positively by an extraordinary gain of R\$90 million in this same period related to reduction of interest expenses on (...) financing agreement that we have.

On page 12, we see a historic leverage in terms of net debt/EBITDA. After the acquisition of Brasil Ferrovias, we increased leverage of 3.8x, we are closing this 9M period at 3.2x, and should continue to gradually reduce that leverage over time as we move forward.

On page 13, some comments before we open up for questions.

It is important to highlight volume growth for 2007; we are confident we reach our guidance of 10% for the consolidated volume including Brazil and Argentina.

Brazil should actually grow closer to 12%. The weak performance in Argentina will bring consolidated volume growth in the neighborhood of 10%.

We have recently signed an important agreement, a long-term agreement in the Brasil Ferrovias area of operation, as we are also developing jointly with MMX, with possibility of iron ore shipment from the Mato Grosso do Sul to the Santos area, also in the Brasil Ferrovias area of operation.

We are already investing in locomotive and rail car preparation for next year, and even though it is early to evaluate, all the prospects indicate increase in the cultivated area and also expected increase in these gross volumes for next year, creating a very positive scenario for 2008.

With that, I would like to open up for questions. Thank you.

Ivan Fadel, Credit Suisse:

Good afternoon. I have two questions.

One would be that ALL has been accelerating its growth rate, which is very good, but in order to reach the 10% growth rate guided by the Company in 2007, we need to see volumes now going to a rate of about 15% or so, if I am not mistaken. Do you think that is achievable? What would be the drivers for that growth in the 4Q? And, perhaps, if we can see similar growth rates in 2008.

The second question would be what is the plan for Novoeste, given that there is great capacity and great volumes outlook for that region? If they alone invest in the railway to ramp it up in terms of the capacity, especially to get iron ore volumes, which is one of the plan, and how much is this cost, as a preliminary figure? Thank you.

Bernardo Hees:

Thanks for the question. I am going to (...) the question about the contract and the 2007 volume, and Sergio is going to talk a little about the guidance for 2008.

On the 2007 volume, we are pretty content; as Sergio already mentioned, especially because we planned to have a very strong quarter, the 4Q, and it is already happening. Our growth in volume in October is over 20% in Brazil.

So, we think this reality of having corn and soybean until the end of the year, which is something new for Brazil, that should stand with the international prices that are today, for the commodities, we should have a really strong quarter, as we had already the capacity, as we continue to grow and to have better operation indicators in our northern network.

So, the 4Q should give us the 10% growth consolidated as Sergio mentioned.

To the contract side of Novoeste, that was your second part of your question; we should continue to do the strategy that we did with VCP, to have an investment with the client; to have a contract that is an umbrella, that you know that you are going to have the volumes. By having this contract, we are going to invest and our clients are going to invest.

With this contract with VCP, we have been investing in rail lines, in rail cars; we are going to be investing in rail lines and locomotives. So, we have the volumes in take-or-pay contracts, and we split the CAPEX required for Novoeste.

That is the same strategy that we did with VCP. We are going to continue to do it, and that is something we are discussing with MMX. About moving iron ore from the Northern part of Mato Grosso do Sul to Santos.

That is something that takes time to discuss, because the level of investment is big, but as we do a take-or-pay agreement with the client, the risk the Company has is very small.

Ivan Fadel:

Great. If I can follow up quickly; it is a very interesting point.

I believe both MMX and VCP would be sharing a great part in line. What is the strategy to share investments with potential new clients within Novoeste region? Because once VCP is there moving pulp, I believe that other volumes, maybe not iron ore, maybe they have to (...) in other rail tracks, or not, but other volumes could share that investment. Is there any other potential investor for that particular line, other than MMX and VCP?

Bernardo Hees:

Actually, you are right. We are discussing with different segments, with different clients. We are having several discussions now with soybean producers in that area.

(...) discussing alcohol and fuel products with some of our clients (...) Brazil in order to remove the volumes from Campo Grande, and we have different pulp and paper producers that are thinking about bringing new factories in Mato Grosso do Sul.

And with them, we are discussing in the same direction. The good thing about VCP and MMX is that we want to (...) the investment and we want to have a more capable rail line in Mato Grosso do Sul, I can have new clients with a much better margin, because the CAPEX is already done.

So we need to have clients that function like anchors that can share the CAPEX with us and then bring new clients with a better profitability to the system.

(...) started to have different projects that function like anchors that share the CAPEX with us and then look for new clients in order to shift the capacity and add more to the existing system. That is the main... And we are talking to different clients in different segments for Novoeste and also for the reason of Mato Grosso in the (...).

Ivan Fadel:

That was very clear. Thank you.

Bernardo Hees:

Sergio, do you want to comment on 2008?

Sérgio Pedreiro:

Yes. For 2008, we expect volume to increase in the range of 12% to 14%. And as Bernardo said, we are seeing already very good volumes in the 4Q; October increased 20% year-over-year, consolidating and improving Argentina, and we should continue to see that for the remainder of the quarter, which will bring us to our guidance for this year. And we should see, next year, a very good volume increase again.

Ivan Fadel:

How would that the split between agricultural commodities and industrial? Do you have (...)?

Sérgio Perrier:

It should not be very different between the two of them; industrial tends to grow a little bit faster on a lower base, but there should not be a large difference more.

Ivan Fadel:

OK. Thank you very much.

Felipe Hirai, Merrill Lynch:

Good morning, everyone. I would like to follow up on the previous question, on the guidance for 2008, volumes. So you said that the growth should be between 12% and 14% on a consolidated basis. What is the numbers split between Brazil and the Argentinean operation?

And then I have two other questions. The first one, if you could give us also guidance and how you are looking at the yields for 2008. You said that you have already started the negotiations. So, if you could just give us a guidance on how much you think that you could increase.

My last question would be what kind of risk you are looking at in 2008. In 2007, we saw that you had some problems with the integration of Brasil Ferrovias and ALL (...) operations, and if you are looking at any difference risk for 2008. Thank you.

Bernardo Hees:

I want to comment on the risk for the trend for 2008, and then Sergio can detail a little more on the guidance.

I think the risks we had in 2007 are pretty much different than in 2008, because in 2007 we had the whole consolidation process in place. And as we have always said, it takes about three years. And as we have already seen the operations (...) of the Northern network much more positive than in the beginning of the year, we should have the capacity to address the crop for 2008 (...), as we have already shown in 3Q and are showing in the 4Q.

So, the consolidation process is on going to continue basis, the process of getting the indicators better and better by reducing the (...) in the level, improving the safety level by gaining (...) of our locomotives, by reducing our transit time from the countryside to the port. But that is our day-to-day job.

The level we are today gives us a lot of confidence, as Sergio has already mentioned, for the 2008 volume.

For sure it is early to talk about the size of crop for 2008. At the time, what we had so far is positive, with growing areas of plantation and an expectation of crop of sugar, corn and soybean very important for Brazil. But it is very early to have a clear view. So it would be better to wait a little more to comment on that, but we still have, as mentioned, a lot of market share to gain, especially in the Northern network and also on the industrial side.

So, I think we are confident by doing the right investment, as Sergio has already mentioned as well, by driving the locomotives and the rail car (...) that we should be able to do the volumes we are targeting for next year.

Sérgio Pedreiro:

To complement on that, for next year, we expect yields to be in line with inflation. So you should see that... In this range of 3% to 4% increase. And given the fact that we are going to be looking at the same network result any structural change as we had this year, we should not see significant changes in mix affecting that overall increase in tariff as it translates to average (...) volume in the total for the Company.

You asked about the split between Brazil and Argentina; in Argentina, we do not expect any significant improvement in the overall situation in the short term. We should see, in the short term, and probably for most of next year, a very situation as we had this year, meaning a (...) scenario and a weak performance, which will drag the volume in the range of 1% to 2% when you compare Brazil vis-à-vis the consolidated, meaning that Brazil should be around 15%, and, consolidated, we expect, 12% to 14%, around 13%.

Felipe Hirai:

Thank you.

Operator:

There appears to be no further questions. I would like to turn the floor back over to Mr. Bernardo Hees, for any closing remarks.

Bernardo Hees:

I just want to thank you for the interest in ALL, and say that Sergio, all the management team and I are available for further questions you may have. Thank you. Have a good day.

Operator:

Thank you. This concludes today's América Latina Logística 3Q07 results' conference call. You may now disconnect.

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