Operator:

Good morning, and welcome everyone to PDG 2Q15 Result Conference Call. Today with us we have Mr. Carlos Piani, CEO; Mr. Rafael Espírito Santo, CFO and IRO; and Mr. Antônio Guedes, COO.

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

We would like to inform that questions can only be asked by telephone, so if you were connected through the webcast, you should e-mail your questions directly to the IR team at ri@pdg.com.br. Today's live webcast including both audio and slide show may be access through PDG's website at www.pdg.com.br/ir. You can also download the presentation from that url.

Before proceeding, we would like to mention that forward-looking statements made during this presentation contain the Company's business perspectives and other targets like economic and performance target are based on assumptions on PDG's management and also 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 materialize. Investors should have in mind that general economic conditions, industry conditions and other operating factors could also affect the future results of PDG and lead to results, which will differ materially from those expressed in these forward-looking statements.

I would now like to turn the floor over to Mr. Carlos Piani, CEO, who will begin the presentation. Please Mr. Piani, you have the floor.

Carlos Piani:

Good morning, everyone. I like to first thank you all for participating in our earnings call for the 2Q15.

Our agenda has four parts today and first I will be talking about the highlights of the quarter and about our change in management. Then Antônio Guedes, our COO, will be talking about our operational evolution and after that Rafael Espírito Santo, our CFO, will talk about the financial trend. At last, we will move on the Q&A session.

So let us move to page number four where we have the highlights for the 2Q. First, we had a cash generation of R$78 million, totaling R$488 million in the half, which was impacted by a change in the banks transfer policy only to minority shareholders, which will be addressed by Rafael later on.

Also, we have successfully completed our capital increase operation: we raised R$500 million with the compliance of around 80% of our shareholder base.

Third, we have continued our process of deleveraging with a reduction of 9% of our net debt. Our rollover process is moving along and we expect to finalize and conclude the process throughout the 3Q of this year.

Fourth, we have reduced by 52% our cost to be incurred from projects launched before 2013 over 1Q, giving continuity to our process of decreasing costs.

Finally, we have concluded our ZBB, Zero-Based Budgeting project. We have changed our management structure and have reduced at around 23% our headcount.

In this quarter, we also had an impact of the layoffs liabilities, but starting in the 3Q, we will have the benefits arising from that project. Guedes and Rafael will detail those points when we move onto the operating and financial part.

Moving on to the next slide, I will be talking about the management change. In the last few months, we informed the market that Marco Kheirallah, our former CFO and myself would leave the Company. Those decisions were made independently, but they understood that a cycle has been completed at PDG.

We arrived at the Company in September 2012 and our mission was reposition the Company strategically, consolidate its controlled companies, recruit new leadership and execute a large number of existing projects, reduce leveraging and turn the Company leaner to get it ready for a new growth cycle.

I strongly believe we have managed to achieve those objectives. Through three years we have redefined our strategic position in terms of choosing where to operate and choosing new investment criteria. That led to a concentration of launches in São Paulo and Rio and the cancellation of 48 projects, which amounted to R$2 million in PSV.

The companies Goldfarb, Agre, PHL and ASA have all consolidated under one operating Company. We have recruited a new leadership of excellent quality to lead the Company now.

We have finished hundreds of projects, delivered 60,000 units to our clients, and that accounts to 90% of projects which existed before 2013, thus eliminating the risk of older projects.

We have reduced the leverage on and off balance sheet in over R$6 billion, especially through the reduction in cost and other financing. And lastly, reducing expense in G&A by 53%, from R$568 million in 2012, R$264 million this quarter. The Company is now more efficient and leaner.

So, I, again, believe we have accomplished a lot in the past two years, but there is still a lot to come. Despite this great evolution, the market is more challenging given the macroeconomic scenario. With Kheirallah leaving, I have discussed with the Board how to adapt our leadership to this new moment.

We have concluded that given the change in the financial area, it will be also timely to change the CEO position. With that, the Board has invited Mr. Trigueiro, a partner of GP Investments to succeed myself.

I met Márcio 14 years ago, when he worked in the banking industry and we were board members in a tech company. Márcio is a very experienced professional and I am sure he will do a great job in leading the Company going forward.

For Kheirallah's position, Márcio invited Mauricio Teixeira, a former CFO who worked with Márcio for the last three years. Kheirallah and myself will continue to support the Company as Board members.

The transition process is already ongoing and they will officially takeover on August 17. I believe with these new two leaders, the Company will be well positioned to continue its monetizing process and also its deleveraging process to eventually resume growth.

I now give the floor over to Guedes, who will be talking about our operating results in the quarter.

Antônio Guedes:

Good morning, everyone. We will start on slide number seven talking about our process. It is worth mentioned that throughout the 2Q we did not launch any projects. We are focused in reducing risk through delivering our products launched before 2013.

We closed this quarter with just 34 projects which were launched before 2013, totaling 296 projects delivered between the early 2012 and the end of the present quarter without any change in budget. Until the end of this year, we will have finalized all projects which were launched before 2013, thus reducing the complexity and the execution risk of the Company.

On slide number eight, we see that the cost being occurred totaled R$1.1 billion in the 2Q of this year, a drop of 55% when compared to the 2Q14, and 23% when compared to the 1Q of this year.

Considering just the cost to be incurred for the projects launched after 2012, the cost of incurred closed the 2Q15, at R$287 million, a drop of 52% when compared to the new R$594 million posted in the 1Q of this year.

In what concerns the cost to be incurred of R$7.1 billion posted at the end of 2012, the drop was of 96%. We continue to reduce execution risk quarter-by-quarter, and we are getting close to delivering all projects launched before 2013.

Moving onto the next slide to page nine, it is about the 2Q15. The Company posted R$350 million in sales, 30% below the 1Q, when we had our "*Na Ponta do Lapis"* sales campaign. That reflects a more difficult economic scenario and also a difficult scenario for the industry.

And, of course, this quarter came right after a quarter where we had a very strong sales campaign. In the semester, gross sales ranged to R$852 million, 30% below 1H14 when we posted R$1.2 billion.

In this quarter, our cancellations reached R$279 million, an increase of 10% when compared to the 1Q15, and just 1.5% above the number registered in the 2Q14. The increase in cancellations still reflects the stage where we delivered more units, besides stricter credits for the industry and increasing rates, and a decrease in the maximum limit for financing.

Considering the reduction in gross sales and an increase in cancellations, we posted a net sales of R$319 million in the semester.

Moving on to slide number 10, focus on sales, 21% of our inventory between the 2Q14, and the 2Q of this year, by 1% between the 1Q15 and the 2Q of this year. The inventory should be delivered by the end of the year, so a drop of 34% between the 2Q14 and the 2Q15, and an increase of 7% between the 1Q15 and the 2Q15, driven by cancellations which took place in the period.

We will keep our focus on the sales inventory, especially the one which generates immediate cash.

The next slide addresses cancellations, we have a high level of resale, 87% of resale. Besides that, we have managed to make up for inflation with an average price of 6.7% above the original PSV, which was in line with the 1Q15, as you can see in the chart on the left hand side.

Moving on to slide number 12, we have the mortgage transfer, because of a more challenging economic scenario and a more difficult credit scenario, with an increase of rates and all of that, clients find it more difficult to raise money with the banks. So, the number of mortgage transfers in this quarter was 3,470 units, in line with the 2Q14, but 19% down from the transfer posted in the 1Q of this year.

In the half, 7,743 units were transferred, in line with the figures posted in the same period of last year. We have been delivering higher volumes of units that generates a significant inventory footprint for us. So the trend is for this number to accelerate towards the end of the year.

I will now give the floor the Mr. Espírito Santo who will be talking about the financial trend.

Rafael Espírito Santo:

Good morning, everyone. Slide number 14, we show our G&A trends. There is a down trend in the past month, as Piani said, PDG concluded the first ZBB, which entailed significant change in our administrative structure.

Since this happened in June, most of those results will be reached throughout the 2H, but even taking into account labor liabilities incurred in the 1H because of that adjustment, G&A was 6% below the previous half.

On the next slide you see our cash evolution as measured. This is the fourth consecutive quarter where we have a positive cash generation. It is important to mention that cash generation in this quarter was negatively impacted by some extraordinary events, which are not related directly to our operation. If we exclude those events, we would have reached a gain of R$216 million in the quarter.

Moving on to slide 16, we have our total leveraging, taking to account not only net debt, but also our cost to be incurred for construction, which was the Company's largest obligation at the end of 2012 and which was considerably reduced or has been reduced since then.

Since 2012, we have managed to reduce by R$6.2 billion in leveraging figures, thus reducing the Company's risk level.

Next we have our construction financing. The operational cash generation is used to pay off the construction. We have amortized more than R$0.5 billion in 2015, R$300 million just in the 2Q. As we transfer those units, those financing lines are expected to be significantly reduced in the coming quarter.

In the next slide, we have the corporate debt schedule, we have dealt with our needs of refinancing in the 1H, and for the 2H I can tell you that negotiations are fully advanced, we are talking to banks and they are now negotiating the final terms and should have that ready soon.

In slide number 19, we have another figure, which we keep close eye to, which is our net asset value, the reduction of the Company's market value. Even considering the increase in capital, it did not reflect in the intrinsic value.

With that I give the floor back to Piani for his final remarks.

Carlos Piani:

So let us move on to the Q&A session, before I give my final remarks please.

Luís Stacchini, Credit Suisse:

Good morning everyone. I have two questions, the first about strategy to accelerate the monetization of receivables. What are you doing for that? Are you thinking about adopting a more aggressive strategy, given the fact that banks are more restrictive now as well?

Also in terms of the debt rollover, you have shown us a schedule to amortize slightly different from what appears in the release, so if you could give us some color concerning the rollover and some more detail in terms of maturity for the next half. Thank you.

Carlos Piani:

I will tackle the first question and then Rafael will talk about the rollover policy. We have focused our efforts on monetizing our assets, as I said, both for receivables and in the conversion of the transfers. Several actions going on, today we have a daily routine of following up on those activities. We have been more flexible to allow for that conversion.

So, sometimes we use a chart to make sure we have no losses, where we have a price appreciation, we invert, we are more aggressive and less condescending, if you will, in terms of cancelations, so when we cancel, we try to resell as fast as we can. Today we try to complement pro soluto, given that default on housing financing is really small, even considering the scenario. So it is a set of initiatives, set actions.

So perhaps, Guedes could talk about the campaign we have conducted.

Antônio Guedes:

Two actions we have conducted for that. One which is called “Right Now PDG” and that clients which are about to make the transfer, and we spent a day with them, we involve, we engage everyone in the Company, so we can make that transfer happen as fast as possible.

And the other campaign is “PDG Facilita”, where you have different parcels, you award those who pay on time and we also have commercial initiatives, we have, also, a table, which is not based on transfer. So, it all depends on where the product is located, it depends on the liquidity level of the project.

So, it is a set of strategies being adopted, and we look at those carefully as we make our decisions. So we have a full agenda engagement of, as I said, everyone on the team.

Rafael Espírito Santo:

Concerning the debt rollover, as I said, we are moving forward, we are reaching an end to the negotiations. We have not had new formalization, so the difference in the chart that you saw between the release and the presentation, it is because we are already considering negotiations which have moved further along for 2016 especially. But indeed we are getting close to the end of the process.

Luís Stacchini:

OK Thank you. Rafael, if I may, concerning that redeemable preferred shares at R$300 million, when will those shares be redeemable? Are they on that schedule as well? Thank you.

Rafael Espírito Santo:

Those shares were the instrument which PDG financed the Company in the past. We are working with a large bank, and they have a right to a fixed dividend. They would be redeemable as of June.

We are negotiating that, we have managed to extend that term, and the idea is to change the instruments, then to use a real debt instrument. So those are not yet reflected in our schedule.

To answer your queries, it all depends on the ongoing negotiations we have with several banks, the idea is to extend that in the area or around 18 months.

Luís Stacchini:

OK. Thank you. Have a nice day.

Operator:

The Q&A session is now over. I would like to give the floor over to Mr. Piani for his final remarks.

Carlos Piani:

This is my last conference as CEO, I would like to take opportunity to thank everyone who helped us get where we are, our shareholders, board members, creditors, partners, suppliers and specially our team of collaborators, of associates, without them the transformation would not have been possible. Our employees behaved as real owners for the last three years. I am very proud to have been part of this team. I am sure and confident that with this team Márcio will be able to move even further throughout the next years.

I wish you all much success. I now close. Thank you again for participating in our earnings call for the 2Q. And have all a nice day.

Operator:

Now PDG conference call for the 2Q results is now over. You can now disconnect your lines. Thank you.