

Operator

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson Sons Limited 1Q 2014 results. Today with us we have Mr. Felipe Guterres, CFO of the Brazilian subsidiary and Investor Relations and Mr. Arnaldo Calbucci, COO of Towage, Offshore, Shipyards and Ship Agency. We would like to inform you that all participants will be in a listen-only mode during the Company's presentation. After remarks by the Company's management, there will be a question and answer session for industry analysts. At that time, further instructions will be given. Should any participant need assistance during this call, please press *0 to reach an operator.

Today's live webcast, including both audio and slideshow, may be accessed online through the Wilson, Sons Investor Relations website, at www.wilsonsons.com.br/ir

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Wilson, Sons management and on information currently available to the Company. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that conditions related to macroeconomic environment, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to the CFO of the Brazilian Subsidiary & Investor Relations, Mr. Felipe Gutterres, who will begin the presentation. Mr Gutterres, you may begin your comments now, sir.

Felipe Gutterres

Thank you. Good morning everyone. First of all I would like to say thank you for joining us in this conference call. I am here to comment on Wilson Sons' 1Q14 figures. Please turn to slide number 3 of our presentation for a brief summary of our consolidated results

Wilson Sons Net Revenues of USD 147.7 million in the quarter, was in line with the comparative period principally due to the depreciation of the Brazilian Real considering that 62% of the Company's revenues are BRL denominated, being offset by the effects of:

- Towage benefiting from ships with heavier average deadweight and a higher number of harbour manoeuvres;
- Growth in container handling, specifically full-export volumes in Tecon Salvador and transshipment activities in Tecon Rio Grande; and
- Better mix of services in the O&G Terminal, together with new short-term client contracts,

EBITDA reached USD 40.2 million, 12% higher than the comparative, as a consequence of this operational performance. Additionally, Net Income was positively impacted by strong currency fluctuations in the quarter.

CAPEX of USD 27.5M was a result of the expansion of the Brasco-Cajú Oil & Gas Terminal, as well as the construction of tugboats and the remaining civil works of Tecon Salvador. The Company expects to invest about USD 113M in 2014, excluding the Offshore Vessels business which is not consolidated for IFRS, with the most significant capital expenditure allocated in:

- Construction of five tugboats;
- Brasco-Cajú Oil & Gas Support Terminal expansion; and
- Maintenance and improvements in Container Terminals.

Moving now to slide 4, I present Quarter Net Revenues and EBITDA highlights by business.

Container Terminal revenues were negatively impacted by the devaluation of the Brazilian currency, but higher volumes and the reduction in payroll tax rates contributed to the margin increase in 1Q14

Strong revenues increase in Oil & Gas Support Base ("Brasco") due to a better mix of services with solid environmental services growth, and short-term client contracts also explained the performance of the quarter.

In Logistics, we had a revenue reduction as result of the end of two dedicated operations in the last twelve months. And, obviously, EBITDA margins were hindered by demobilization costs of one in-house operation together with the start-up costs of the new Suape warehouse currently being converted for the provision of bonded services.

Towage revenues and EBITDA increased as a consequence of higher harbour manoeuvres and larger vessels attended.

Shipyard revenues for the quarter were slightly below 1Q13 due to the different stages of vessels in construction. The delays in the delivery of certain vessels, a result of the fire which occurred in the warehouse of Guarujá II in May/2013, contributed to the reduction of the margin for the period. The Shipyard order book currently includes: four OSV's for third-party clients, two PSV's for WSUT, and eleven tugboats for our Towage business. Moreover the Shipyard has an additional two OSRV's under options for construction. This order-book reinforces our strategy to take advantage of the demand driven by the growth of Brazilian O&G industry.

Consistent growth in Offshore Support Vessels reflects a larger operating fleet due to the commencement of operations of three PSV's (Prion, Mandrião and Alcatraz) in 4Q13. These vessels have higher daily rates which contributed to the increased margin. The Net Income, however, was negatively impacted by exchange rate movements on deferred taxes.

Now moving to slide number 5. The April operating data released continues to show solid volume increases in our main operations, with:

- Container Terminals, handling 89,1 thousand TEUs in Apr/14, up 20% YoY, with increasing Argentinean transshipment volumes in Rio Grande.
- 4,618 harbour manoeuvres in Apr/14 were up 6%, with average deadweight attended increasing 12%.
- Higher days in operation in the Offshore Vessels Joint Venture segment, with 19 operational offshore supply vessels in the fleet (vs. 15 in Apr/13) also explain the performance in the period

At this point we will be glad to answer any questions you might have. So feel free to direct your questions to any person participating in this conference call.

Operator

Thank you. The floor is now open for questions. If you have a question, please press *1.

Mr. Robin Byde from Cantor Fitzgerald would like to make a question.

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

Excuse me. I'm not hearing you well.

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

Yeah. So you're asking about the capital expenditure for the offshore business, right?

Robin Byde from Cantor Fitzgerald

Yes. Exactly. (technical difficulty)

Felipe Gutterres

Yeah. It should be between \$7 million and \$10 million, this year.

Robin Byde from Cantor Fitzgerald

Okay. Thank you. (technical difficulty).

Felipe Gutterres

So, you're asking about the Shipyard.

Robin Byde from Cantor Fitzgerald

Yes. Exactly. The margins were quite depressed in the first quarter. So when is expected to be recovered?

Felipe Gutterres

Probably, the second quarter will have the same impact of margins in the Shipyard. We should have a recovery in the second half of the year.

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

Yeah. There is a risk related to these Argentinian cargoes, transshipment cargoes that we are moving in Rio Grande, but we don't think that anything will happen before the Argentinian general elections that will happen in October 2015. And even then, the factor that shipowners are increasingly bringing bigger ships, means that Uruguayan ports depth which is less than 10 meters, it's not the proper infrastructure to serve these big ships, which reinforces Rio Grande opportunity of retaining a significant part of this transshipment volume.

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

Sorry, can you repeat that one?

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

Sorry. We do not get you.

Robin Byde from Cantor Fitzgerald

(technical difficulty)

Felipe Gutterres

(technical difficulty)

Robin Byde from Cantor Fitzgerald

These are my questions. So that's fine. Thanks very much guys.

Felipe Gutterres

Thank you.

Operator

Remembering. If you have a question, please press *1.

Mr. Sebastian Davidson from Focus, would like to make a question.

Sebastian Davidson from Focus

Hi guys. I just had a quick question on the Brasco business. In the Earnings Release it was said that there was strong growth driven by the environmental services and short term client contracts. So I was wondering if you could expand based on the visibility going forward.

Felipe Gutterres

Yeah. We provide some waste management and some environmental services at Brasco. It's one of our focus there, strategic focus. So we will continue taking advantage of our good quality services to our clients on these kind of services, and these short term contracts always are source of optimizing the utilization of our key and utilization of the terminal. So obviously, when we have space, we will continue taking advantage of the short-term contracts that we have with the IOCs and other operators in the market. So you probably will continue seeing increase in environmental services and short-term contracts.

Sebastian Davidson from Focus

Okay. That's great. And what sort of visibility do you have on short-term ones?

Felipe Gutterres

What do you mean by visibility of on this short-term?

Sebastian Davidson from Focus

How long would a short term contract be versus what would be visible long-term?

Felipe Gutterres

Less than one year. Less than one year.

Sebastian Davidson from Focus

All Right. Okay. Perfect. That's great. Thanks very much.

Felipe Gutterres

You're welcome.

Operator

Next is Jacqueline Broers from Utilico would like to make a question.

Jacqueline Broers from Utilico

Yeah. Hello, this is Jacqueline Broers from Utilico. Just a very quick question, if you look at revenues from the container terminal business, on the revenue per TEU basis for the first quarter 2014 we obviously see a reduction and could you see an increase in volume, but also your net revenue hasn't increased. I just want to understand, how much is that due to weakness in the Reais and how much is that due to a reduction in pricing for each TEU container, because I see an increase in transshipment which typically you earn less from.

Felipe Gutterres

Jacqueline, basically a combination of two main factors; one is obviously the Reais depreciation or the exchange rate impact, and the other is result of the mix. So we moved more transshipment volume, which has a lower margin and the mix of full-to-empty container was lower, or worse if you wish, than what we had in the first quarter 2013. So this explains why you have revenues or lower revenues per TEU in the first quarter 2014 compared to last year.

Jacqueline Broers from Utilico

Yeah. I can understand that. What I am trying to really understand is how much of the revenue per TEU reduction a result of pricing reduction from transshipment rather than the exchange rate?

Felipe Gutterres

The exchange rate is about 10%.

Jacqueline Broers from Utilico

10%. Okay. Thank you.

Operator

Mr. Arthur Byrnes from Deltec would like to make a question.

Arthur Byrnes from Deltec

This is just a question about possibilities. Is there are any pending legislation or talk of legislation in Brazil that would either affect you negatively or positively or is the coast clear?

Felipe Gutterres

In terms of regulatory frameworks you ask, right?

Arthur Byrnes from Deltec

That's what I'm asking.

Felipe Gutterres

Yeah. Not on our radar; so the change in the regulatory framework in port factor happened last year. So what we are doing now is that we are playing under this new regulatory framework already. We don't see any change or significant change in the regulatory framework of our other business units.

Arthur Byrnes from Deltec

Well. Great. Thank you very much.

Felipe Gutterres

You're welcome.

Operator

Remembering. If you have a question, please press *1.

Webcast question from Francisco Barriga from GBM. What is the expected CAPEX for 2015?

Felipe Gutterres

Yeah. Our expected capital expenditure for 2015 is around \$100 million.

Operator

Webcast question from Romas Viesulas from Nau Securities.

Thanks for the presentation. Two questions; first: Tecon Salvador - given recent increases in capacity which higher levels of historic utilization, it's a little surprising to see loss of business to other terminals. Why has business not being more consistent and what is the guidance? Two: any update on decision by authorities for second terminal at Salvador? Many Thanks

Felipe Gutterres

In terms of volumes, we don't believe that analyzing one month explained the trend that we have in Salvador and we always said that the ramp up in Salvador should take three years. So what we have is that year-to-date Salvador's 5% better than last year. Obviously April was not a good month, but we're working hard to have volumes growing in our container terminals. And obviously, in Salvador we have increased our capacity. We basically do not have a significant loss to other terminals in Salvador, but it was in April about cargo in general. Regarding guidance, basically what we have is that we don't give any guidance, but we believe that and we are working hard to have volumes growing in our container terminals as I mentioned and obviously in Salvador as well. In terms of the second terminal in Salvador, we continue discussing with the authorities and with the government, saying that it's much more efficient for the trade, for the country to have bigger terminals, more efficient with proper infrastructure, it makes much more sense than having small container terminals with a small quay to serve big ships, with not proper or inadequate infrastructure servicing all the stakeholders in the international trade in Brazil and in this specific state where we operate, Bahia. We believe that this argument is basically aligned with the government, the federal government announced when they changed the regulatory framework in Brazil to increase efficiency and capacity in our ports. So we continue to discuss with the authorities. We believe that we have a very good argument and we believe that after some time is a long process we can succeed.

Operator

(Operator Instructions) Thank you. Wilson Sons conference call is finished. Have a nice day.