**Operator**

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson Sons Limited 4Q 2013 results. Today with us we have Mr. Cézar Baião, CEO of Operations in BraziL and Mr. Felipe Guterres, CFO of the Brazilian subsidiary and Investor Relations. 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**

Good morning everyone. First of all I would like to say thank you for joining us in this conference call. I am here with Cézar Baião to comment on Wilson, Sons' 4Q13 and 2013 results. Please turn to slide number 3 of our presentation for a brief summary of our consolidated results

The Company achieved solid Net Revenues of USD 184.6 million in the quarter, which was 12% higher than last year with the major contributions coming from:

- Strong growth in Container Terminals volumes, highlighting the increase in levels of exports in Tecon Rio Grande, with resins and tobacco, and Tecon Salvador, with copper and cellulose. In addition, developments in import levels at both terminals contributed to the increase in warehousing activities. Tecon Rio Grande had also a benefit of capturing transhipment of Argentine export cargo service previously performed in Uruguayan ports and now executed in Rio Grande.

- Strong volumes in Towage, which were helped by a better international trade flow, 4% up, together with the beginning of operations in Itajai port. Ships with greater deadweight also improved revenues; and

- Intensification of third-party shipbuilding activities, especially to the ROVSV for Fugro, which is expected to be delivered in August of this year.

Once more, the company broke its annual EBITDA record which reached USD 183 million as a consequence of a solid operational performance, especially in O&G Terminals, Towage, and Shipyards.

The quarterly and annual Net Income however, was negatively impacted by strong currency fluctuations, with 5% and 15% BRL depreciation against US Dollar in 4Q13 and 2013, respectively.

CAPEX for the year of USD 137 million includes the acquisition of Brasco-Cajú (Briclog) Oil and Gas Support Terminal which, together with the civil works for the expansion, totalled USD 49.6 million. Other contributors to CAPEX were USD 21.0 million invested at Tecon Salvador expansion and USD 27.3 million for new tugboats.

Moving now to, slide number 4, we present Annual Net Revenues and EBITDA highlights by business.

**Container Terminals** revenues were up 15% due to strong import and coastal shipping volumes, increase in warehousing activities and project cargo storage in Salvador.

In **Oil & Gas Support Base ("Brasco")** the good results were driven by waste management and tank cleaning activities, together with an increase in spot services, and a better pricing mix.

In **Logistics**, revenue reduction was a result of the end of 4 dedicated operations during 2012 and 1 dedicated operation in 2013. A slight increase in EBITDA however, was a consequence of demobilization costs during the comparative year.

**Towage** revenues increased almost 10% mainly as a result of higher harbour manoeuvre volumes, larger vessels attended, and the growth of special operations, especially those related to the support to oil & gas platform assistance and construction.

**Shipyards** saw its revenues increasing 61% and EBITDA 45% as a result of Intensification of shipbuilding activities for third parties. The Shipyard order book currently counts on 6 OSV´s for third parties being: 1 ROVSV for Fugro, 1 PSV for Geonavegação, and 4 OSRVs for OceanPact. This orderbook reinforces Wilson Sons' strategy to take advantage of the demand driven by the growth of Brazilian O&G industry. It's important to point out that two OSRV´s previously disclosed on July 2 2013, have not reached effectiveness due to a non-compliance with some contract clauses by the client. Those two contracts are not considered in the orderbook I mentioned.

**Offshore Support Vessels** revenues improved 16% benefiting from the increased days in operation due to the commencement of operations of PSV Tagaz in 1Q13 and PSV Prion, Mandrião and Alcatraz in 4Q13. These vessels have higher daily rates which contributed to the margin increase.

Moving now to slide number 5.

From 2007 through 2013, the Company underwent an intensive investment cycle with the completion of a large number of significant investments. In light of this, from 2014 onwards the Company is expecting a reduction of CAPEX and increase in free cash generation going forward.

The following business highlights are expected in the near term:

- Continue and strong commercial focus at Tecon Salvador and Rio Grande, which have operated at 48% and 55% capacity in 2013 respectively and therefore, well positioned to attract new shipping lines and cargoes;
- Evolution of the civil works to expand the Brasco-Cajú quay to meet the growing demand of the Upstream Oil & Gas market in Guanabara Bay;
- Delivery of 5 new azimuth tugboats with 70 tons of bollard pull;
- Operation of 19 Offshore vessels under long-term contracts with Petrobras, with average daily rate growth for the PSV fleet;
- Intensification of construction of offshore vessels for third parties in Shipyards, and
- Lower level of Logistics revenue due to the expected ending of 4 dedicated logistics operations

At this time, I would like to invite you to move to the Q&A portion of today's Conference Call.

**Operator**

Thank you. The floor is open for questions.

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

**Mr. Robin Byde of Cantor Fitzgerald**

Hi, Cezar. Hello, everybody. I've got a few questions actually. Just kicking off on CAPEX. So, you reported $137 million for 2013, can you give us some guidance for the level of gross CAPEX for 2014? Perhaps also giving some detail by division. And then just specifically on Brasco, I just note that you're spending $55 million across 2014 and 2015. I mean, how much of that is in '14 and how much of that is in '15? Thanks.

**Cézar Baião**

Hi, Robin. The total CAPEX for 2014 is more or less $125 million. Brasco CAPEX, the total is more or less $50 million, which is about 60% for '14 and 40% in '15. You asked also details on the $125 million CAPEX for 2014. Do you have this detail Felipe?

**Felipe Gutterres**

What we can say is that we will have investments in the Towage division, because we are building more vessels for our Towage division. We'll have this Brasco investment and some equipment for the container terminal.

**Mr. Robin Byde of Cantor Fitzgerald**

Great, thank you. And then, secondly, I was going to ask you about corporate costs. So, excluding the one-off property gain in 2013, beyond the line, cost was still down about 20% year-on-year. So, I'm just thinking for this year, for 2014, what is the sort of base line level of corporate cost? It looks like it could be about $30 million, is that about right?

**Felipe Gutterres**

We are working hard to have corporate costs down. Obviously in 2012 we had the SAP project impact. 2013 we have same cost related to this project as well, but not in the same amount that we had in 2012. In 2013 we had FX impact on cost, because these costs are in R$. So, obviously with the higher FX rates, we had a lower corporate cost. But we believe that we will have corporate costs going down smoothly going forward.

**Robin Byde from Cantor Fitzgerald**

Okay, thank you. And just on the Logistics business. Have you now come to the end of the process of shrinking that division? Do you think from here the Logistics business will now start to grow again?

**Cézar Baião:**

No. We still have some dedicated operations to be finished. I think still have another four that will be finished during this year and maybe in the beginning of ‘15 also.

**Operator**

Okay. So, we still expect revenues to reduce year-on-year?

**Cézar Baião**

Yeah. In ‘14 and maybe in the first half of ‘15 we still have one to be finished.

**Felipe Gutterres**

And EBITDA also going down.

**Operator:**

Right. And then, I was just going to ask you about the payroll taxes. Obviously, you had a nice positive impact in 2013 from reduced payroll taxes. Have you now seen the full benefits of that? Will you get an additional benefit in 2014?

**Cézar Baião**

The benefits that we got in '13 will be continued in '14 and we might see some improvement on the container terminals payroll tax, but what we had in '13 will continue in '14, for sure.

**Robin Byde from Cantor Fitzgerald**

Okay, thank you. And then, just finally, another question on cost. I just noticed in the Shipyard, your raw material costs were up about 30%. Obviously, you've been expanding that facility so you'd expect raw material costs to rise. But, do you expect a similar level of increase in 2014?

**Felipe Gutterres**

Robin, it is basically a result of the number of assets we are building. So if we have the same quantity of vessels under construction, probably we'll have the same movement we had in 2013 on the same amount depending, obviously, on the size of the vessel and the amount, the cost of the vessel.

**Robin Byde from Cantor Fitzgerald**

Great. Okay. That was very clear. Thank you very much, gentlemen.

**Felipe Gutterres**

Thank you, Robin.

**Robin Byde of Cantor Fitzgerald**

Thank you.

**Operator**

Mr. Ge Sun from Invesco would like to make a question.

**Ge Sun from Invesco**

Yes. Hello?

**Felipe Gutterres**

Yes.

**Ge Sun from Invesco**

Yeah, okay. First, congratulations for a strong quarter and a year. I have questions on, just add more color on the CAPEX and you mentioned that during 2014 there will be 125 million, is that including the offshore business or does not?

**Cézar Baião**

Yes, including the Offshore business.

**Ge Sun from Invesco**

Okay. That is 50% of offshore business. Okay, that's good. Second, on the question of the Shipyard, I'm sorry, not Shipyard, the Oil & Gas Terminal, I noticed in the fourth quarter, there is a margin decline on the fourth quarter compared to a year ago, as margin decline also quarter-over-quarter, would you able to explain and give more color to that margin decline?

**Felipe Gutterres**

Basically depends on a lot of business variables, depends on the number of clients we have, number of spot operations we have, and, obviously, this is a business that is more R$ related, so we have some effects on that as well. So, we had also the impact of the acquisition of Brasco-Caju where we have the cost of Brasco-Caju without the full operation of Brasco-Caju yet. So obviously, this impacted margins negatively.

**Ge Sun from Invesco**

Okay. It’s the new acquisition, but that also should impact the third quarter, right, because the acquisition, I remember, is in May or if I remember correctly, May or?

**Cézar Baião**

It was in July. Yeah.

**Ge Sun from Invesco**

July, okay. So the third quarter should also saw expansion expense as same as fourth quarter, so the third quarter, remember, had a strong margin of above 30%, but in the fourth quarter, it declined to lower than 20%. I was wondering if there is any seasonal effect, slow in the fourth quarter, it's not low utilization, and it's still not very clear.

**Cézar Baião**

Basically, what we have again related to Brasco-Caju was that we had a significant reduction of the operation of a client that we service there, and obviously with business margin, because we kept the cost fixed with the expansion and we have lower port operations.

**Ge Sun from Invesco**

Okay. So, do you still have some restructuring change of business in the new terminal?

**Felipe Gutterres**

Yeah. It will take a little time. Yeah, it will take a little time to have margins building up again.

**Ge Sun from Invesco**

So in a longer term, can we see a more stable margin above 30% in the O&G Terminal?

**Felipe Gutterres**

That's our expectation, yeah.

**Ge Sun from Invesco**

Okay, I see. So the last question on the Shipyard business, I noticed that you're building boats for third-party. But in your own PSVs you outsourced to different shipyard. I guess, there should be overseas shipyard because it looks like it's going to be Brazilian, I mean, foreign flag, right? I just wondering what's the logic of you're building the boats for other companies, but you are you're outsourcing your own PSVs to third-party shipyard?

**Cézar Baião**

Yes, I mean, in Brazil you have a market for the Brazilian flag vessels, but you do have a market for the foreign flag vessels. So the strategy of building some vessels (very few part of our fleet), outside Brazil is to compete in those bids for foreign flag vessels. Besides that, it also good to have foreign flag vessels because is a type of vessels that you have more flexibility to operate abroad with those vessels once we decide.

**Ge Sun from Invesco**

Okay. So, basically, you have a chance to operate in other markets besides Brazil?

**Cézar Baião**

Yeah. With foreign flag vessels, yes.

**Ge Sun from Invesco**

Okay, I see. Got it. Thank you so much.

**Cézar Baião**

Thank you.

**Operator**

Mrs. Jacqueline Broers from Utilico would like to make a question.

**Jacqueline Broers from Utilico**

Yeah, hi guys. Congratulations on the increased dividend and also the good results. I just had a quick question, wanted to know, I mean, obviously, we saw 4Q container volumes being up substantial in prior quarters. Just wanted to know what we can expect for the growth in two years in Rio Grande and Salvador in 2014?

**Felipe Gutterres**

Yeah. You can see that we have a substantial growth in the first two months of this year in comparison to last year. Fourth quarter was very good in terms of volumes as well. So we expect to achieve the volume growing in 2014 in our container terminals.

**Jacqueline Broers from Utilico**

Any indication of how much we can expect 2014 to be?

**Felipe Gutterres**

We don't give this guidance, but we believe that it will be low two digits.

**Jacqueline Broers from Utilico**

Okay. And just, I understand that some of the benefit at Rio Grande was because of dispute Argentina having with Uruguay at the moment. But, I mean, some of these also coming from benefits I suppose from the weaker reais, is that correct?

**Cézar Baião**

Yes, it also helped us to be more competitive. But the main reason was the Argentina government decision and also with this larger vessels calling South American ports we have competitive advantage against the Uruguayan ports, because our infrastructure in Rio Grande is much better than the terminals in Uruguay and our draft in Rio Grande is also much better than the ones you can find in Uruguay. So, we do believe that with these competitive advantage, talking about infrastructure, we can be more efficient moving those transhipment containers in Rio Grande. But, they are more competitive in price than us, the Uruguayan terminals.

**Jacqueline Broers from Utilico**

So, is it fair, please correct me if I'm wrong, is it fair to say the dispute in Argentina and Uruguay resolves itself, then we will see a reduction in volumes?

**Cézar Baião**

It depends. If the vessels keep growing, I think we are going to keep the volumes.

**Jacqueline Broers from Utilico**

Okay. Fair enough. Another question I had, it was just in Towage, I mean, it seems to be very much sort of affected by spot rate contracts, is that correct?

**Felipe Gutterres**

Yes, we took advantage a lot from special operations in 2013. Yeah. Sorry, it's so important, as you can see in the last five years, to enlarge the portion of special operations in our mix.

**Cézar Baião**

Besides that, we had a small increase in the deadweight of the vessels which also helped the revenues in Towage.

**Jacqueline Broers from Utilico**

Yeah. Is there anyway going forward, I mean, I think spot rate contracts made up of 35%, I think, of your total revenues? And is there anyway, I mean, these spot contracts seem to be more profitable or is it just, you have no way of sort of actually telling what's going to come in?

**Cézar Baião:**

Is difficult to measure because it’s not kind of being a long-term contract or spot market, it’s about special operation and it's difficult to forecast the special operation. Special operation, as a salvage accident, things like that, is difficult to forecast. We do believe that with the volume in the Oil & Gas industry growing, we do believe to see more special operation linked to the Oil & Gas industry.

**Jacqueline Broers from Utilico**

Okay. So and just one quick final question, I mean, we also saw the increase in dividend payout and then you've stated that your policy will get to approximately 50%. When you say approximately is that 45% upward 55%, or is it 40% up 60%, or can say depends on the situation?

**Cézar Baião**

It 45 to 55. Yeah, around 50%.

**Jacqueline Broers from Utilico**

Thank you very much.

**Cézar Baião**

Thank you.

**Operator**

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

**Robin Byde from Cantor Fitzgerald**

Hi, guys, again, just one final follow-up. Just on property disposals, obviously, you booked 10 million gain in 2013, have you still got a large pipeline of properties to be sold now or with the main ones done this year, last year?

**Cézar Baião:**

No, no, we don't have a pipeline of a new real-state to be sold.

**Robin Byde from Cantor Fitzgerald**

Great, that's clear. Thank you.

**Cézar Baião**

Thank you.

**Operator**

We have a question from the webcast from Nau Securities. Could you please describe the seasonality of container business?

**Cézar Baião**

Yes. Usually second semester has more volumes than we see in the first semester. It has been like that for more than ten years, second semesters, higher movements than second semesters.

**Operator**

Thank you. Wilson Sons conference call is finished. Have a nice day.