

# Overview 2013



Wilson, Sons



As part of our continuing efforts to reduce the environmental impact of our Company, this printed Overview contains only the main highlights of our business.

The 2013 Consolidated Financial Statements can be found on the Company's website:

**[www.wilsonsons.com.br/ir](http://www.wilsonsons.com.br/ir)**

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# 1 Wilson Sons



## Message from the Board

### Ready to Capture the Demand

The year was marked by our delivery of new business capacity. From the Company's IPO in 2007 through 2013, Wilson Sons completed a large CAPEX cycle of roughly USD1.0 billion invested in the development of Brazilian infrastructure. The Company expanded both Tecons, acquired an important O&G support base, along with the doubling of Guarujá Shipyard capacity, and the renewal of our fleet of tugboats and construction of offshore support vessels, which significantly improved our capacity and strengthened the Company's position as a leading provider in the Port and Maritime Service industries. Through this annual report we wish to share some of our history and reveal Wilson Sons' accomplishments during the year.

Wilson Sons delivered solid results through 2013, with record EBITDA generation of USD182.8 million confirming that we are in the right path. We have improved EBITDA while continuing to invest significantly

in strengthening the business for the future. Net Income was USD44 million with a dividend distribution of USD27 million, equal to 38 cents per share, which is an increase of 50 per cent over the previous year. Wilson Sons remains focused on delivering returns to shareholders and the Board continues the plan to increase the dividend each year through the growth of underlying earnings and has announced a new policy of distributing 50% of net profit provided this does not compromise the policy for growth of the company.

Health, Safety and Environment are a priority for the execution of our overall strategy. We continue programmes to promote best practice safety throughout the Group through training of our personnel and the promotion of a safety oriented environment and culture.



Tecon Salvador

The wider economic situation looks likely to remain challenging, but the Group enters 2014 in a strong position with an impressive business portfolio. Demand from the offshore oil and gas sector remains strong. Our shipyard business has a strong order book from both in house projects and third party orders. During the year, we expect to deliver a further five new tugboats to our towage division as part of our fleet renewal programme. A further six vessels are forecast to be built in 2015 and 2016 all financed by the Fundo da Marinha Mercante (FMM). Our offshore joint venture received one new platform supply vessel (PSV) in April 2014 and expects to expand the fleet further in future years. We started civil works to extend the quay and reform the retro area at Brasco Caju in 2013, this work will continue throughout 2014 and is forecast to be completed in the second quarter of 2015. Our expanded container terminals are well positioned to capture growth with the outlook for volumes benefitting from increased scale.

For all the achievements of 2013, on behalf of the Board, we wish to thank our truly talented employees for their professionalism and determination as well as our business partners - clients, financiers, suppliers and shareholders - for their continued interest and trust in our business.

José Francisco Gouvêa Vieira  
**Chairman of the Board of Directors**

Cezar Baião  
**CEO of Operations in Brazil**





## Business Profile

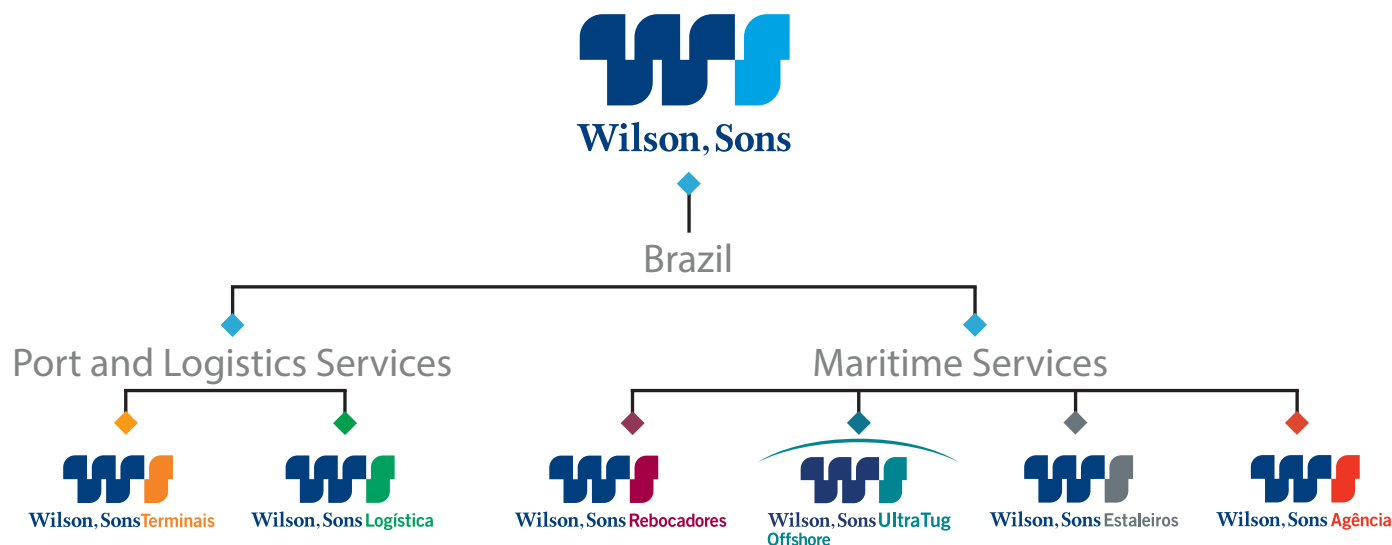
Wilson Sons is one of the largest port, maritime and logistics operators in Brazil offering specialised solutions in the areas of port terminals, maritime towage, offshore support vessels, logistics, shipyards, and shipping agency. The Company maintains long-lasting relationships with over two thousand active clients including shipping companies, importers, exporters, oil and gas companies as well as other participants in more diverse sectors of the economy such as food, pharmaceuticals, paper and cellulose, steel and petrochemicals.

Wilson Sons is a publicly listed company that is headquartered in Bermuda. Its shares have been listed on the BM&FBovespa exchange through Brazilian Depository Receipts (BDRs) since 2007. It is controlled by Ocean Wilson Holdings Limited, which is also a publicly listed company, and has been traded on the London Stock Exchange for over one hundred years.

## Our Markets

Wilson Sons' Brazilian businesses includes two main segments Port & Logistics, and Maritime Services. Through these businesses the Company focuses on two growth drivers: trade flow and the oil & gas industry.

### Business Structure





Briclog quay before civil works

Wilson Sons is one of the largest port, maritime and logistics operators in Brazil offering specialised solutions in the areas of port terminals, maritime towage, offshore support vessels, logistics, shipyards, and shipping agency

## Port and Logistics

This segment is represented by Wilson Sons Terminals and by Wilson Sons Logistics. Wilson Sons Terminals comprises two of Brazil's main container terminals and Brasco, the Company's oil and gas support base. Wilson Sons Logistics specialises in flexible and individualised solutions of all phases of the logistics supply chain. These include storage, multimodal distribution and transport. Its assets include a Logistics Centre in Itapevi (SP) a Logistics Centre in Suape (PE) being prepared to offer bonded warehousing services and a bonded warehouse, in Santo André (SP).

### Wilson Sons Terminals

#### Tecon Rio Grande

Tecon Rio Grande is located in Rio Grande (RS) 420 km from Porto Alegre and has been operated by Wilson Sons since 1997. The terminal has a total area of 670,000 square metres and 900 metres of continuous berth, with an annual shipping capacity estimated at 1.35 million TEU<sup>1</sup>.

In 2013 the Container Terminal celebrated its 16th anniversary under Wilson Sons operation and has had a 13% average annual increase in volume and 14% in Revenues since its first year of operation. Tecon now has six Ship To Shore Cranes (STS), two Mobile Harbour Cranes (MHC), eight Rubber Tire Gantry Cranes (RTG), eighteen Reach Stackers (large forklifts) and forty eight terminal tractors. During 2013, the terminal served six hundred and sixteen ships moving 647.910 TEU.

#### Tecon Salvador

Operated by Wilson Sons since 2000, Tecon Salvador moved 289.605 TEU from four hundred and eighty one ships in 2013. After the inauguration of the terminal's expansion, in November 2012, the terminal possesses 118,000 square metres of area, with a principle berth of 377 metres and 15 metres of draft, and an additional berth of 240 metres with 12 metres of draft.

With the expansion and new equipment, Tecon Salvador is able to attend both Post-Panamax and Super-Post-Panamax ships, increasingly used by shipping companies with routes to Brazil.

The terminal also benefits from investments made by the Government of the state of Bahia, and through the Growth Acceleration Programme (PAC), including dredging of the access channel to the port. Additionally, in November 2013 the Federal and State governments inaugurated a new Expressway linking the Terminal to Bahia State's main highway, thus reducing transit time for cargo and eliminating relevant bottlenecks to and from the terminal.

#### Brasco

Brasco is a logistics support company, specialised in integrated solutions to the oil and gas industry. Brasco is a pioneer in the Brazilian offshore logistic support sector and operates one of the largest private port terminals dedicated to oil and gas upstream support, routinely providing services to the major oil and gas companies operating in the country including Chevron, Statoil, Anadarko and Petrobras.

<sup>1</sup>Unit of measurement equivalent to one 20' container.

Brasco's operations include storage and handling of supplies to maritime platforms. These supplies include parts, equipment, drilling mud, cement, chemical products, food and water. The oil and gas support base also offers aggregated services for the industry, including equipment and personnel. In addition, the O&G base receives, processes, separates and disposes of residues from oil and gas platforms through the Residue Collection Centre.

Its primary operation, strategically located on Conceição Island near Niterói (RJ), allows Brasco to provide support for the Campos, Santos and Espírito Santo Basins.

Brasco's logistics system includes a retro-area in Guaxindiba, São Gonçalo (RJ), regular operations in Salvador (BA), Vitória (ES) and São Luís (MA), and the ability to set up support operations in any location along the coast of Brazil including new exploration blocks in the north and northeast of the country.

Through Brasco, Wilson Sons concluded the acquisition of Briclog (Brasco –Caju), a company also providing port services for the oil and gas industry. The contract for acquisition includes a 30 year lease for a private terminal located in Guanabara Bay (RJ). With these and other measures the Company is targeting strong growth, driven by the synergy among the existing operations, and positioning Brasco as the largest independent logistic operations company for the offshore industry in Brazil. The terminal is already operational with 72 metres of quay. The full capacity will include investments in the construction of an additional 428 metres of quay which, together, will permit the simultaneous berthing of up to 6 support vessels.

## Wilson Sons Logistics

The Logistics business operates in all phases of the logistics supply chain, with services that include storage, distribution and multimodal transport.

Currently, the business focuses on key assets that allow for long term competitive advantage through differentiated service levels to clients, through logistics centres and bonded warehouses.

Wilson Sons' Santo André (SP) Bonded Warehouse supports international trade flow, and is the largest dry port, by value of cargo imported, in the state of São Paulo. The complex is located 70 Km from the Santos Port with a total area of 92,000 square metres, and a total covered area of

34,000 square metres all of which is dedicated to bonded warehouse activity, and capable of receiving, amongst others, cargo under customs control, controlled medications, pharmaceuticals, and healthcare and cosmetics products.

The new logistics centres in Itapevi (SP), with 15,800 square metres of storage area, and Suape (PE), with 22,000 square metres of storage area, will provide services to pharmaceutical, consumer goods and petrochemical industries.

## Maritime Services

The Maritime Services segment consists of Wilson Sons Towage, Shipyard, and Shipping Agency. Also part of the maritime system is Wilson Sons Ultratug Offshore Vessels, a joint venture offering support to the oil and gas exploration and production platforms.

### Wilson Sons Towage

Wilson Sons Towage has the largest and most modern fleet of tugboats in Brazil. Over 80% of the fleet has azimuth propulsion, which provides superior manoeuvrability, safety and speed to operations.

The construction of new tugboats is part of the strategy to increase and renovate the fleet to serve the demand driven by growth in the oil and gas industry and trade flow. In addition to towing services, the business offers special operations, including Salvage, Fire Fighting, Ocean Towage, support to the construction of platforms and FPSOs (Floating Production, Storage and Offloading Vessels).

In 2013, one new tugboat was launched–Telescopium – and five additional vessels are scheduled to be launched in 2014. The Towage business enjoys funding through the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES), and Banco do Brasil, as agents for the Merchant Marine Fund (FMM), with attractive interest rates and extended amortisation. Importantly, in 2012 Wilson Sons signed a contract with Banco do Brasil to provide finance of up to USD150.0M to build 12 azimuth tugs.

### Wilson Sons Shipyards

Located in Guarujá (SP), the combined 39,000 square metre shipyard complex is designed for the construction and maintenance of small and medium sized vessels, mainly for the offshore and port terminal industries. The Guarujá Shipyards are strategically located close to two of Brazil's most important oil basins – Santos (SP) and Campos (RJ).



With the conclusion of the expansion works in April 2013 the capacity more than doubled from 4,500 tons of steel processing per year to 10,000. As a result, the shipyards have an intensification of construction for third parties and currently counts on an order-book of eleven tugboats for Wilson Sons Tugboats and six Offshore Support Vessels (OSVs) being one Remotely Operated Vehicle Support Vessel (ROSV) for Fugro Brasil, one Platform Supply Vessel (PSV) for Geonavegação, two Oil Spill Recovery Vessel (OSRV) for OceanPact, and two Platform Supply Vessels for Wilson Sons Ultratug Offshore. Additionally, the Shipyard has two OSVs under options for construction. This order-book reinforces our strategy to attend the demand created by the growth of the oil & gas industry in Brazil. All vessels have project designed and engineering by the Dutch company Damen and are scheduled to be delivered by 2016.

### Wilson Sons Ultratug Offshore Vessel Joint Venture

Wilson Sons Ultratug Offshore operates offshore support vessels (OSV's) which provide a number of important services to oil and gas platforms including transport equipment, drilling mud, pipes, food, cement, residues, and other materials between offshore platforms and support bases.

In 2013 the Company launched Platform Supply Vessels (PSVs) Tagaz, Mandrião and Prion, while PSV Zarapito commenced operations in April 2014 resulting in a total of nineteen-owned vessels in the fleet. Currently all of the Company's offshore supply vessels are under long-term contracts with Petrobras. The business also provides flag cover to three international vessels servicing the fast growing Oil & Gas industry. The Company has contracts for the construction of five PSVs, being three of them in an international third-party shipyard and the remaining two in Wilson Sons Shipyard, in Guarujá (SP).

### Wilson Sons Agency

Wilson Sons Agency began operations in 1837 as the Company's first business. It is one of the largest independent shipping agencies in the country, operating in Brazil's main ports. It provides services and commercial representation for ship owners, and has exclusive representatives in Europe and the U.S., in addition to the Company's own office in Shanghai, China.

Shipping Agency manages equipment logistics, boarding documents and the scheduling of regular (liner) and non-regular (tramp) ships. Its expertise extends to preparing documents related to sea transport, logistical management of containers and *demurrage* (time required for container return) control.

The Shipping Agency branches service ships, loads and crew supported by the Shared Services Centre (CSC), which provides efficient flow of information between the Company, ship-owners and their clients. The platform also includes document and cost management services, in addition to having the strategic function of gathering relevant information about the industry.

In addition, to dispatch and release services, Shipping Agency offers temporary job services, importation of vessels, parts and pieces, heliport use approval, inspection and certificates from port authorities, issuance of visas, dispatch and coordination of crew change, delivery of spare parts and supplies, on-board pre-inspection and general coordination.

## Company Philosophy and Intangible Assets

### Mission

Develop and provide high value-added solutions for our clients in port, maritime and logistic activities, in a sustainable and innovative way, while, at the same time, valuing the career development of our employees.

### Vision

To be the first choice of our employees, clients, and investors in port, maritime, and logistic segments, growing in a bold, synergetic, and sustainable way.

### Strategy

Grow on the base of core competencies and/or existing assets, strengthening actual businesses and seeking new opportunities in Brazil with consideration for Latin America.

### Principles

- > To stimulate the career development of our employees by creating advancement opportunities, while recognizing their contribution, enthusiasm, and commitment to Wilson Sons.
- > To guarantee customer satisfaction by delivering services with quality, reliability, efficiency, availability, and safety.
- > To assure our shareholders adequate returns on their invested capital, while stimulating continuous reinvestment in the Company's businesses, for long-term growth.
- > To continuously encourage freedom of expression and provide incentives for creativity and the development of technology.
- > To act according to accepted ethical standards of behaviour, with respect to human life, the environment, culture, and the rule of law.



## **Intangible Competitive Advantages**

Wilson Sons has consolidated differentials which distinguish its services amongst other market players and strengthens the Company's business. These differentials therefore help add value to the Company.

### **Brand Strength**

The solid image Wilson Sons enjoys in the market contributes to a close and long-term relationship with clients and other business partners. We are recognised and trusted for the know-how acquired throughout our 176 years of delivering high quality service to the most demanding clients.

### **Human and intellectual capital**

Our employees are committed to the quality of services delivered and are aligned with the values and principles that guide Wilson Sons' vision. The personal and professional potential of each employee is maximised through holistic people management, which includes training and actions for continuous exchange of experiences, with purpose of maintaining intellectual capital in constant evolution.

### **Synergy of the businesses**

The complementary interaction between the business units is one of the keys to its sustainable growth. Evidence of this is that 70% of the Company's top ten clients receive services from three or more business units of the Company.

## **Portfolio of services**

The Company's complete range of services strengthens its image as one of the largest operators in port terminals, logistics and maritime services in Brazil. The portfolio includes specialised solutions in the areas of port terminal, towage, logistics, shipping agency, offshore support vessels for the oil and gas industry, and shipbuilding.

### **Strategic location of assets**

The Company is present in Brazil's main port terminals and the location of its shipyards in Guarujá (SP) and oil and gas support base in Niterói (RJ), are strategically positioned to support vessels for the fast growing oil and gas market. Wilson Sons also distinguishes itself with its shipping agency coverage, offered across the most important ports in Brazil, with exclusive representatives in Europe and the United States, and its own office in Shanghai, China. The Company's container terminals are located in states of great economic importance – Rio Grande do Sul and Bahia.

### **Pioneering Spirit**

The Company was the first of its sector in Brazil to use azimuth propulsion on its tugboats, the first to operate in a publically auctioned private container terminal in country, as well as the first company to receive certification of quality in the shipbuilding sector. The Company has long innovated with local producers to increase local content in the vessels it produces and in recognition won the award for the best Shipyard for local content by Syndarma in 2013.

### **Committed to the environment**

This commitment is expressed in the Company's principles, resulting in practical actions that are part of day-to-day operations.



Logistics centre in Suape (PE)

## History

Wilson Sons' history stretches over 176 years and is one of the most traditional companies in Brazil. Its rich heritage of solidity, ethics and business diversity have helped the Company grow into one of the largest integrated maritime, port, and logistics operators in the country. A few of the Company's milestones are illustrated below:

- **1837** – Wilson, Sons & Company was founded in Salvador (BA) providing **shipping agency services** and trading coal internationally.
- **1869** – Participation in the most ambitious construction projects of the period such as the Brazilian Great Western Railroad (currently part of the Federal Railroad Network).
- **1870** – The solidity of the Company is reflected in its participation in the coal trade as well as in the importation of products such as cotton, wool, linen and silk, the most profitable businesses of that time.
- **1911** – Rio de Janeiro Lighterage Company Limited (John Mackenzie – Trustee) and Wilson Sons & Company Limited sign a merger agreement.
- **1928** – Inauguration of the largest covered warehouse in Latin America, in São Cristóvão (RJ).
- **1936** – Beginning of **towage operations**, with the acquisition of Rio de Janeiro Lighterage Company.
- **1964** – Change of Company name from Rio de Janeiro Lighterage Company (subsidiary of WS Co, Ltd) to Companhia de Saveiros do Rio de Janeiro.
- **1966** – Acquisition of Camuyrano Serviços Marítimos which doubles the size and importance of the fleet. Saveiros and Camuyrano begin to operate as associated companies.
- **1973** – Acquisition of Guarujá **shipyard**, initiating shipbuilding activities.
- **1997** – **Port terminal** operations begin with the successful bid which privatised the container terminal of Rio Grande – Tecon Rio Grande.
- **1999** – Foundation of **Brasco**, an offshore logistics company.
- **2000** – Logistics operations begin with the institution of Wilson Sons Logistics. Acquisition of the **Salvador Container Terminal** through public auction.
- **2003** – **Offshore** operations begin with the launch of first Platform Supply Vessel (PSV) vessel – Albatroz – built by Wilson Sons Shipyards.
- **2007** – Wilson Sons becomes a publicly listed company, with shares traded on BM&FBovespa in the form of BDRs.
- **2008** – Construction of the Third Birth in Tecon Rio Grande, resulting in Brazil's largest container terminal in retro-area.
- **2010** – Acquisition of the remaining 25% of Brasco, bringing Wilson Sons control to 100% of the asset.
- **2012** – Expansion of Tecon Salvador almost doubling the terminal's capacity. Wilson Sons celebrates 175 years since the Company foundation and Tecon Rio Grande celebrates 15 years in operation for the Company.
- **2013** – Conclusion of the Guarujá II shipyard increasing the Company's naval construction capacity from 4,500 tons to 10,000 tons of steel per year. Through the Brasco Logística Offshore Ltda, Wilson Sons concludes the acquisition of the total share capital of Bric Brazilian Intermodal Complex S/A ("Briclog"), base for the support of the offshore oil and gas industry.

## Geographic Regions

### Group presence in Brazil





# Main Indicators

	2012	2013
<b>CONSOLIDATED RESULTS (USD M)</b>		
Net Revenue	610.4	660.1
Inputs and raw material	(72.2)	(94.3)
Personnel Expenses	(221.3)	(208.5)
Other operations expenses	(170.0)	(184.4)
Permanent Assets Sales Results	(0.5)	10.0
EBITDA	146.3	182.8
Depreciation and Amortisation	(55.9)	(58.7)
EBIT	90.4	124.1
Financial Results	(6.3)	(40.2)
Income Tax Expense	(33.6)	(42.3)
Share of Result of Subsidiary	0.7	2.4
Net Income	51.2	44.0
<b>MARGINS (%)</b>		
EBITDA Margins	24.0%	27.7%
EBIT Margins	14.8%	18.8%
Net Margins	8.4%	6.7%
<b>FINANCIAL INDICATORS (USD M)</b>		
Total Assets	1,068.4	1,078.8
Equity	501.9	516.5
Net Debt	227.7	247.8
Net debt/ EBITDA	1.6 x	1.4 x
Return on Equity (ROE)	10.2%	8.5%
Investments - CAPEX	128.9	136.9
<b>MARKET INDICATORS</b>		
Share price variation WSON (%)	25.9%	(3.3%)
Dividends paid previously (USD M)	18.1	18.1
Number of shares	71,144,000	71,144,000
Market Capitalization (USD M)	1,113.7	931.9
<b>OPERATIONS INDICATORS</b>		
Port Terminals-Total number of TEUs ('000)	908.3	937.5
Towage - Number of Maneuvers	52,204	53,869
Offshore - Number of Owned PSVs	14	18
Shipyard - # of vessels built (OSVs + Tugs)	4	4
<b>PRODUCTIVITY INDICATORS</b>		
Number of employees	5.984	5.687
Net Income per employee (USD M)	8,6	7,7
Assets per employee (USD M)	178,5	189,7

# 2 2013 Achievements

## Financials and Economic Indicators

Platform Supply Vessel (PSV) Tagaz

The following comments and analysis are on the financial and economic performance of the Company in 2013. All data, except when indicated, is presented in US dollars. The operational and financial performance of Wilson Sons is directly influenced by two main drivers: (i) the behaviour of Brazilian domestic and international trade flow; and (ii) the dynamics of the Brazilian oil and gas industry.

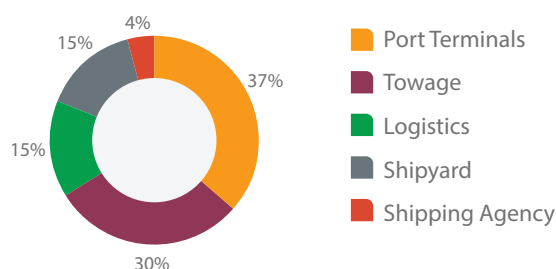
The financial result presented reflects changes in IFRS 10 and 11 from Jan/2013, with the comparative similarly adjusted for the treatment of the share of joint ventures (JV). This treatment includes the effect of recognising the profit / loss of Wilson Sons Ultratug Offshore in a single line item in the Income Statement and Balance Sheet to reflect Company's 50% joint controlled participation rather than the previous treatment with consolidation line by line. However, Allink, a Company's 50% controlled Non-Vessel Operating Common Carrier (NVOCC) operations, which previously included only a 50% share in both Income Statement and Balance Sheet, is now consolidated 100% in Financial Statements, with the 50% minority interest excluded in non-controlling interest line.

### Net Revenue

Annual Net Revenue growth of 8.2% compared to 2012 with highlights in the Shipyards, Towage and Port Terminals segments. In the Shipyards the growth was a function of intensification of shipbuilding activities for third parties after doubling the businesses capacity. The Towage segment was benefited from the service to larger vessels with heavier average deadweight, growth in the number of port manoeuvres and an increased demand for special operations. Port Terminals revenues were driven by growth in container handling, especially in full-import volumes, accompanied by project cargo storage in Tecon Salvador, and increased Brasco spot services which have a higher added value.

### 2013 Net Revenues

USD660.1 M



## Costs and Expenses

Annual Costs and operating expenses of Wilson Sons in 2013 totalled USD477.3M, 2.9 % higher than the previous year (USD464.0M). The amount was primarily impacted by the devaluation of the real against the U.S. dollar in the year, since a large part of the costs are denominated in real.

Personnel expenses were USD208.5M, 5.8% below the USD221.3M recorded the previous year, positively impacted by a reduction in payroll tax rates for both our Towage and Shipyard businesses, along with a lower number of dedicated operations in Logistics.

In 2013, the Profit on Sale of Fixed Assets totalled USD10.0M and includes the sale of non-operating real state as well as equipment in Towage and Logistics businesses.

The Depreciation and amortisation totalled USD58.7M, 5% higher than 2012 (USD55.9M), reflecting higher asset base, a function of recent expansions in Tecon Salvador and the Shipyard.



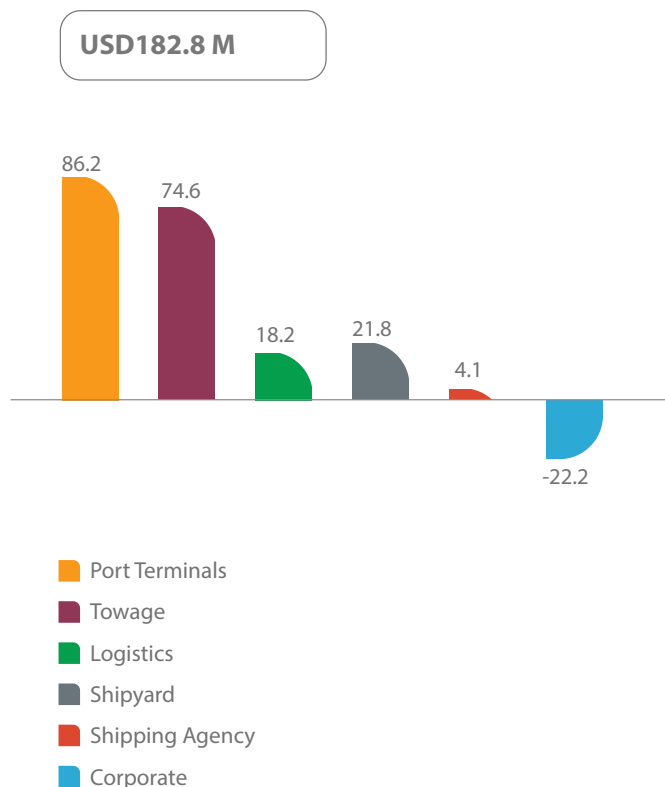
Annual Net Revenue  
growth of 8.2% compared  
to 2012 with highlights in  
the Shipyards, Towage and  
Port Terminals segments



## EBITDA

The Company delivered record EBITDA of USD182.8M in 2013, up 24.9% compared to the previous year due to the solid performance Towage, Shipyards, and Oil and Gas Support Terminals.

### EBITDA 2013



Platform Supply Vessel (PSV) Alcatraz

by the tax legislation. When the BRL depreciates, the future tax deduction allowable for Brazilian tax purposes is the same in Brazilian Real terms, but reduced when converted to the dollar reporting currency. This reduction is accounted for after applying the tax rate of 34% to determine the Deferred Tax (IAS 21).

## CAPEX

Investments totalled USD136.9 million in 2013. The acquisition of the Brasco-Caju (Briclog) Oil & Gas Support Terminal amounted to USD40.2M in 2013 and includes the right to use the area for 30-years and the acquisition of Property Plant, and Equipment (PPE). Brasco-Caju is operational with seventy-two metres of quay. The full potential of the site includes further investment of USD55M to complete an additional four hundred and twenty-eight metres of quay, which will allow the simultaneous berthing of up to six Offshore Support Vessels. Civil works for the terminal expansion are ongoing and totalled USD9.4M in 2013. The completion of Tecon Salvador expansion and the construction of new tugboats were also major contributors to CAPEX activities in 2013.

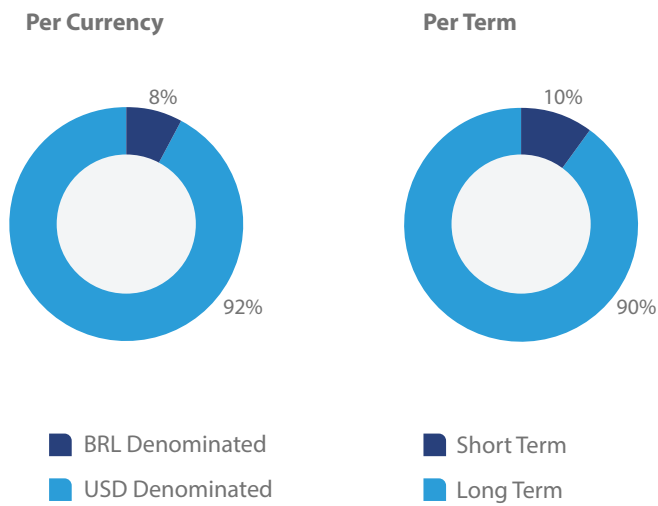
## Net Income

In 2013 the Company recorded consolidated Net Income of USD44.0M, 14% lower than the USD51.2M earned in the previous year. Despite the solid operating performance, Net Income was negatively impacted by strong currency fluctuations that generated losses of USD30.2M in 2013 as a result of Balance Sheet translations of BRL-denominated Net Monetary Assets, disclosed in the Exchange Gain (Loss) line. In addition, there was a negative impact of USD18.7M in the year due to the fact that the Company's Fixed Assets being located in Brazil and therefore having Real currency based tax deductions for the depreciation of the assets over the period allowed



Debt Profile and Cash Position

At year-end 2013, gross debt of Wilson Sons totalled USD378.8M. Net debt, calculated by subtracting the balance of cash and investments (USD130.9M), was amounted to USD247.8M. The debt profile of Wilson Sons shows that 89.5% of the loans are long term and 91.7% are denominated in US dollars, as indicated in the following charts. Regarding the composition of the debt, the total balance of loans from the National Bank for Economic and Social Development (BNDES) and Banco do Brazil, in funds as agents for the Merchant Marine Fund (FMM), totaled USD242.5M, which corresponds to 64.0% of total debt.



Guarujá II Shipyard

# Business Performance

## Port and Logistics System

### Container Terminals and Brasco

In 2013, net revenues from Port Terminals - Tecon Rio Grande, Salvador and Brasco - reached USD241.9M, 6.3 % higher YoY. The Port Terminals EBITDA had slight growth of 1.8 %, reaching USD86.2M.

In Container Terminals (Tecons), net revenues was USD199.2M - 5.1% increase - in line with changes in import levels, which contributed to the increase of the storage activities. The revenues from specific wind farm equipment storage in Tecon Salvador also contributed to this increase.

In addition, EBITDA was benefited by the increase in export levels in both terminals, the evolution of coastal shipping (cabotage), which showed consistent growth in both Tecons growth and reinforced the trend of development of this transportation mode, and capture of Argentinian transshipment volumes from a service previously performed in Uruguay and now provided in Tecon Rio Grande.

Brasco annual Net Revenue and EBITDA grew by 12.6% and 14.9 % respectively. The results were leveraged by the increase in waste management and tank cleaning services, together with better prices and increased spot services.

### Logistics

The Logistics business has shifted its strategy to focus on the offering of integrated logistics solutions based on assets with clearer competitive advantage, such as bonded-warehouses and logistics centres. The fall of 17.3% in annual revenue is due to the end of four dedicated operations during 2012 and one dedicated operation in 2013. Despite the drop in revenues, EBITDA was USD18.2M in 2013, an increase of 4.8% compared to 2012, reflecting the higher costs related to the demobilisation of operations during the comparative period.



Platform Supply Vessel (PSV) Prion

## Maritime Services

### Towage

Net revenues of USD196.6M and EBITDA of USD74.6M in 2013 grew by 10% and 20%, respectively, compared to 2012 due to the higher number of port manoeuvres performed, better mix of price and increased demand for special operations, with emphasis on the movement of oil & gas platforms in maintenance and construction.

### Offshore

The Company's Net Income includes the participation of the Company's 50% participation in the Wilson Sons Ultratug Offshore (WSUT) and the Atlantic Offshore joint ventures, which, as of January 1st, 2013, also reflects changes in IFRS 10 and 11 accounting standards (Joint Arrangements). Net business profit for Offshore Vessels totalled USD2.4M in 2013, with strong growth when compared to 2012, reflecting the larger operating fleet due to the commencement of operations of PSV Tagaz and PSV Prion in 1Q13, together with PSV Mandrião and PSV Alcatraz in 4Q13. These vessels have higher daily rates which contributed to the increased margin.





Tecon Rio Grande

## Shipyard

Net Revenues of USD100.3M were up 61.1% with intensification of shipbuilding activities for third parties after duplication of the shipyards capacity. Four PSVs were delivered to Wilson Sons Ultratug Offshore in 2013 and the beginning of 2014 and a ROVSV (“Remotely Operated Vehicle Support Vessel”) for Fugro is expected to be delivered in September 2014.

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# 3 Sustainability



## Vision of Sustainability

Tugboat Jupiter

Wilson Sons believes in sustainability as a comprehensive concept that should be present in the economic, social and environmental aspects of the organization – creating the sustainability triple bottom line). To achieve this we support management that is focused on long-term results for both the Company and for society.

### Dimensions of Sustainability



From this vision, and with the support of the Brazilian Foundation for Sustainable Development (FBDS), Wilson Sons has continued working on projects and commitments indicated in the sustainability diagnosis initiated in 2008, taking into consideration the economic, social and environmental aspects of the business, as well as the aspects evaluated by the BM&FBovespa Index of Business Sustainability (ISE).

Throughout the year we have invested in internal dissemination of sustainability concepts via bulletin boards, e-newsletters, the internal 'NEW,S magazine column on the Company intranet and a cycle of speeches titled "Sustainability: A Sea of Opportunities".

In addition to these initiatives, the Company has focused on mapping and selection of various indicators to help in publishing a sustainability report from 2014, in accordance with the guidelines of the Global Reporting Initiative (GRI).



# Professionals of the Group

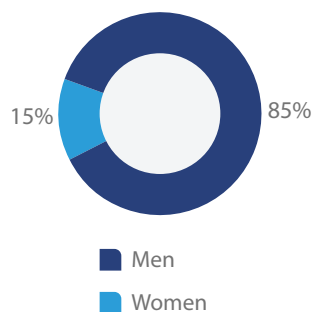
Our goal is to be the first choice for employees. This is our constant challenge and it is an important guide for the Human and Organizational Development Department, which manages people in the Company and is responsible for defining and implementing strategies that align with the organizational culture, working with the business managers who focus on each specific activity.

Our staff in Brazil was composed of 5,687 employees at the end of 2013. There was a small reduction in relation to the prior year due to the phase out of certain Logistics dedicated operations somewhat offset by increases in the number of staff at the Shipyards, Tecon Salvador, Offshore Vessels and Brasco from the expansion of these operations.

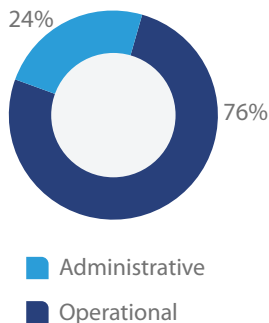
The majority of staff (85%) are men, as commonly seen in the industry. Most professionals (76%) work in operational areas. Below is a graph of our staff profile.

## Principle Staff Indicators

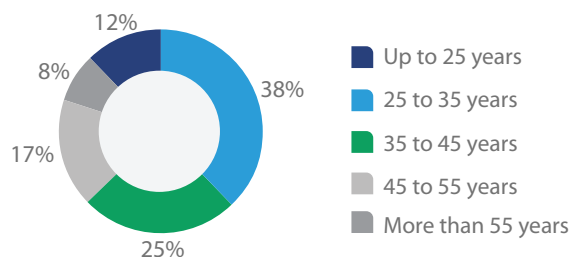
**GENDER (2013)**



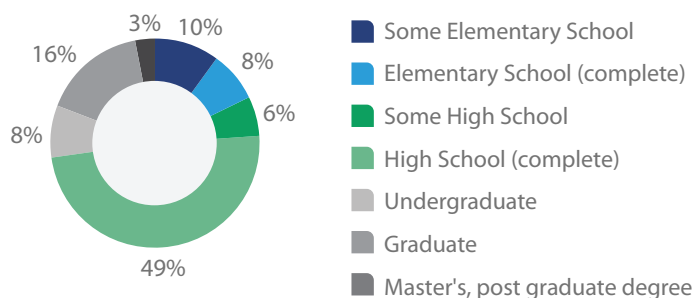
**AREA (2013)**



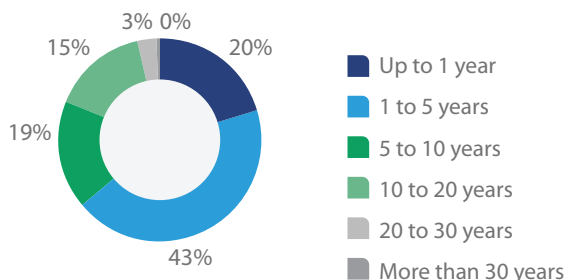
**AGE RANGE (2013)**



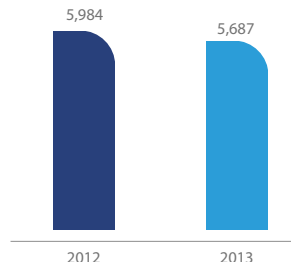
**EDUCATION (2013)**



**YEARS WITH THE COMPANY (2013)**



**NUMBER OF WORKERS - 2012 AND 2013**



## Research on Employee Engagement

The Company conducted important employee engagement research in 2011.

For Wilson Sons, measuring engagement goes beyond evaluating organizational environment. Based on this, it was possible to measure satisfaction and level of staff adherence to Company culture. Voluntary participation in research reached 63%, which is considered high even for prominent companies such as Wilson Sons.

Analysis of results has given Wilson Sons different perspectives and has helped with the development of action plans including all steps from planning to implementation, in the corporation and its businesses.

On a corporate note, the Executive Committee worked together on generating the following pillars: Culture, Leadership, Strategy and Recognition. Each of these has a wide agenda of activities throughout the Group.

In each business, action plans were tailored to specific development needs and the implementation of these actions commenced in 2012 continued throughout 2013 being reported monthly to the Organisational Development Director and quarterly to the Executive Committee and the team responsible for the Management of engagement.

It is worth noting two corporate programmes implemented in 2013 arising out of the action plans and consistent with the corporate vision of becoming the first choice of staff:

To give continuity to this agenda, in 2014 the Company will hold the second edition of the Engagement Survey. With this new snapshot, the action plans will evolve for the coming years, which will mean a new opportunity to improve employee engagement and continually improve the results of the Group's business.

## Internal Recruitment Programme

In July 2013 the Company re-launched the Internal Recruitment Programme with disclosure of all available opportunities of Wilson Sons 100% subsidiaries. Since then, all employees, trainees, apprentices and contractors can apply to open positions for which they meet the prerequisites. In the first months after the re-launch the success of the programme was visible, with forty six reported vacancies and one hundred and seventy eight candidates. Wilson Sons understands the importance of generating internal career opportunities as well as development and recognition of its employees.

## Integration Programme

In October 2013, Wilson Sons launched the integration programme "Boarding Wilson Sons" designed to welcome new talent to the Company, and reinforce the sense of identity within the Wilson Sons Group. Since this launch, each new employee passes three integration steps: receiving a welcome kit, which contains information about the history of the Group's business, plus information on benefits and a letter of the CEO; access to Boarding Wilson Sons e-learning, an online course lasting up to 3 hours; together with participation in an integration class performed by the department head of each business. Each of these steps is designed to contribute to the new employees process of adaptation and socialisation, as well as disseminating Wilson Sons culture.

## Strategic Human Resource Management

Wilson Sons is aware of the dynamics of the job market and therefore the importance of being close to its employees. The Company uses a Platform for Strategic Management of staff. The platform is divided into three separate lines of work – performance evaluation, succession & retention, and compensation. The intention is to help aligning employees' personal and professional goals and those of the Company, and the development of new talent.

In 2012 the Company consolidated the platform and in 2013 incorporated positions of Supervisors and the Tecon Salvador and Shipyards businesses in the management tool. The remaining businesses will be included on the platform by 2015 which will entail relevant gains for the Company regarding their recognition and development, whose performance is of considerable importance to the business and Group's results.

## Performance evaluation

Also integrated into the Platform for Strategic Management of staff and in line with performance management is the Management Development Programme with focus on excellence in people management and improving leadership skills.

In 2012, as a result of the Engagement research, the Management Development Programme was designed in the light of Wilson Sons' culture and in 2013 included the positions of Supervisor. The Management Development Programme for 2013 included development of two modules – Culture Wilson Sons and, Leading yourself and Other People – as well as assessing the culture of all leaders in the Group, representing more than four hundred trained managers, supervisors and directors in twenty three classes conducted from April to September 2013.



Towage Operation Center (COR)

This reflects the comprehensive agenda that has been developed since the revision of Wilson Sons' vision in 2009, that is, to be the first choice of its employees.

## Compensation and Benefits

Since 2004, Wilson Sons has used a methodology which includes annual research aimed at updating the range of salaries adopted by businesses, to manage its positions and salaries. For employees with variable compensation, the Company offers a Profit Sharing Programme (PLR), which includes a specific format for managers, administrative and operations staff. Additionally, the package of benefits offered by the Company includes personal pension plans (defined contribution lump sum or monthly disbursement), life insurance, funeral assistance and other traditional benefits found in collective labour agreements.

## Health, Safety, and Environment (HSE)

Wilson Sons manages the areas of Occupational Health, Safety, and Environment (HSE) in a strategic and responsible way, since it is of fundamental importance for the development of sustainable business.

HSE currently counts on over one hundred and twenty dedicated people, as well as many different management tools which include policies, procedures, instructions, awareness programmes and process review. The drivers for HSE are based on the following concepts: continuous improvement, relationship with interested parties, emergency resolution, risk management, training, legal compliance, leadership and responsibility.

HSE management integrates into the Organizational Development department, which also includes the areas of Communication and Sustainability, and Human and Organizational Development. As for the Group's businesses, HSE management groups have also been created for the Shipyards, Shipping Agency, Towage, Brasco, Logistics, Offshore Support Vessels, Tecon Rio Grande and Tecon Salvador businesses.

# Safety Behavioural Change

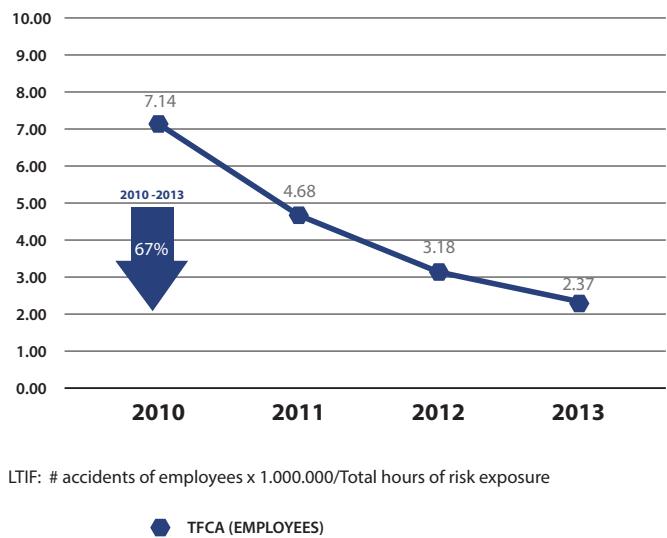
Wilson Sons has demonstrating significant improvement in safety with accident indicators dropping to the lowest levels in recent years despite the growth of the Company during the same period. The graph below describes the drop in accidents in relative terms. No fatal occurrences with employees have been recorded in the last four years.

Committed to safety and environmental protection, Wilson Sons has been implementing a project to change the HSE culture, named “WS+”. It is supported by DuPont, internationally renowned for their HSE management methodology. The programme is based on the establishment and revision of processes and procedure, operational discipline, management of deviations, responsibility of the organization, behavioural approach and engagement of leadership.

The programme was first implemented in the Company's Shipyard in 2011, and was expanded to the main offices, Tecon Rio Grande, Tecon Salvador, Brasco, and Santo André bonded warehouse, together with Towage and Shipping Agency subsidiaries of Belém, Fortaleza, Recife, Salvador, Vitoria, Rio de Janeiro, São Francisco do Sul, Santos, Paranaguá and Rio Grande. All Group businesses will receive the methodology by the end of 2014. Furthermore, the Company established a formal agenda between HSE and the Executive Committee (CEO, Vice Presidents, Institutional Relations Director and Human Resources Director), with monthly meetings dealing exclusively with HSE related issues. This governance structure, in turn, breaks down into other committees and subcommittees reaching the departments of units receiving the programme.

In qualitative terms, the goal of WS + is to achieve a culture of interdependent HSE management, where all professionals are aware of HSE agenda. In quantitative terms, the principal goal of the project is to reduce the frequency and severity accident rates, implement and maintain routines of behavioural observation for HSE practices, among other indicators of performance. Results derived from the WS+ programme confirm its effectiveness: for example, the Wilson Sons frequency of accidents dropped approximately 67% between 2010 and 2013 (as explained in LTIF graph).

## LOST TIME INJURY FREQUENCY RATE (LTIF) AND FATAL INJURIES (EMPLOYEES)



In addition to the WS+ programme, the Group has promoted further actions concerning safety, such as the Brasco Commitment Programme, which recognises the commitment of the teams to programs and rules of safety operations; a campaign for the description of minor accidents in Logistics, in order to increase the level of reporting of minor incidents, and the simulation of emergencies at the main offices, Brasco, and the container terminals in Rio Grande and Salvador.





## You are 100% Programme

With focus on employee health and operational safety, Wilson Sons has developed a drug and alcohol prevention programme, based on assumptions such as transparency, confidentiality, reliability, equality and discipline. The programme begins with the awareness of participants and leadership training, toxicologic tests are applied in various forms: randomly; after accidents; before high risk operations; as follow-ups on first-time positive test results; and through manager referral. In cases of testing positive the employee also receives a warning for breaking safety rules and is referred for medical treatment; attesting positive for a second time will result in the termination of the employee's contract.

## Environmental Commitment

The environmental responsibility of Wilson Sons is demonstrated in various ways, such as: preservation and conscientious use of natural resources, the search for different options aiming to reduce the environmental impact of operations, certifications, adoption of clean technologies, and acquisition of equipment which emits reduced levels of greenhouse effect emissions.

At Tecon Salvador, the highlight was the reactivation of the preferential coastal shipping (cabotage) quay. The quay facilitates cargo movement via this mode of transport which represents an efficient alternative to the road transport representing a drastic reduction in green-house gas emissions.

In the Towage segment, the commencement of the Operations Centre, has contributed to a steady reduction in fuel consumption, with a proportional reduction in the emission of greenhouse gases in 2013, avoiding the emission of eight hundred and ten tons of CO<sub>2</sub> equivalent. Through the Operations Centre, movement of vessels is planned, to take advantage of the proximity of vessels to ships and navigation velocity reduced.

Other initiatives focused on the efficient use of water in the container terminals, shipyards, Brasco and Santo André bonded warehouse. The water reuse projects at Tecon Rio Grande and Tecon Salvador include a system to capture rainwater, together with the recovery, treatment and reuse of wastewater coming from the cleaning process of machines and equipment. In the Santo André bonded warehouse, the system allowing rainwater collection, filter, storage, and delivery is used to clean floors, resulting in an estimated saving of 530m<sup>3</sup> of water per year. In Brasco, the Niterói site implemented a system to reuse water from restrooms, which is collected, treated and reused, with annual estimated savings totalling 1,300 m<sup>3</sup>.

Tugboat Telescopium



## Certifications and Awards

For Wilson Sons, certifications are important instruments for the improvement of processes and quality management, as well as demonstrating the high level of leadership present in the Company. As a result, all businesses have been granted ISO 9001 certifications, which establishes requirements for quality management.

In addition to ISO 9001, other certifications have been granted to specific businesses, based on either an activity with specific rules or on the phases of process development at each business unit. One certification granted to several Wilson Sons Logistics units is the certification for Safety, Health, Environment and Quality evaluation (SASSMAQ), which focuses on management and distribution of chemical products. Another example can be seen in Wilson Sons Ultratug Offshore, which has been certified by the International Safety Management Code (part of the International Convention for Safety at Sea), which represents an international standard for the management and safe exploration of vessels, pollution prevention and the safeguard of workers at sea.

Concerning Environmental Issues, the Brasco unit at Niteroi (RJ) has the ISO 14001 certification, which defines guidance to establish an effective environment management system targeting the balance between profitability and environmental impact reduction. In March 2013, Brasco received OHSAS 18001 certification, which attests the quality of the company's occupational health and safety. This achievement is another step for Brasco in the search for excellence in Health, Safety and Environment (HSE), one of the core pillars of its activity.

Another highlight in 2013 was the second prize in the DuPont Award for Management of Workers' Health and Safety, one of the most important HSE awards in the country. While competing with large companies from various industries, Wilson Sons was recognised for its case on expansion of the WS+ Programme.

	Brasco	Tecon Salvador	Tecon Rio Grande	Logistics	Shipyards	Towage
ISO 9001	X	X	X	X	X	X
ISO 14001	X	In process	In process			
ISO 18001	X					
ISPS Code		X				
Sassmaq				X		

## Social Responsibility

Wilson Sons social commitment can be observed in different actions taken by the Company, and its role of introducing best practices for the sustainable development of the business and society.

The Company is a co-founding member of the Brazilian Council for Social Volunteering (CBVE). It is also member of the Commission for Social Responsibility of the Brazilian Petroleum Institute (IBP), and was the first in its industry to sign the United Nations Global Pact. In Brazil, the action mobilises the business community to adopt socially responsible policies, taking into account ten principles of human rights, labour rights, environmental protection, and the battle against corruption. Visit: [www.pactoglobal.org.br](http://www.pactoglobal.org.br).

Additionally, the Company participates in projects that target respect and value of human life and preservation of historical and cultural assets through financial support and volunteer work.

## Historical Assets

Wilson Sons believes that one of the ways to demonstrate its social responsibility is by preserving its historical assets. For this reason the Company has maintained a Historical Business Centre with records related to over 176 years of Company history.

The iconographic and documented collection has approximately four thousand registered items, which serve as the source of historical information for employees, students and researchers. This catalogue was initiated during the production of a book written to celebrate the Company's 170<sup>th</sup> anniversary.

Company employees can consult this history in person in Rio de Janeiro or in part via the internet. For more information visit: <http://www.wilsonsons.com.br/en/about-group/our-history>



Creating Ties activity

## Volunteering

In addition to impacting the lives of beneficiaries, volunteer work creates internal results, such as personal satisfaction, and the development of team work. With this in mind, Wilson Sons supports and encourages volunteer work that brings the Company closer to the community, by providing resources and employee mobilization.

The Company prioritises support of children and teenagers at risk, a central issue for the United Nations Children's and Adolescents' Rights Convention. The actions are centred on the Creating Ties programme, which has a committee responsible for guiding actions of each business involved. Currently, in addition to the Rio de Janeiro centre, there are volunteer centres in Rio Grande (RS), Paraguá (PR), Guarujá and Santo André (SP).

In 2013, one hundred and ninety eight employees volunteered providing recreational and educational activities for children, youngsters and elderly people. Additionally, volunteers are aiding communities, institutions, and day care centres in Rio Grande (RS), Guarujá (SP), Paranguá (PR), Santo André (SP), Vitória (ES), Rio de Janeiro (RJ), São Sebastião (SP), and São Francisco do Sul (SC). The beneficiaries of the 2013 volunteer activities totalled one thousand and one hundred people.

Wilson Sons social commitment can be observed in different actions taken by the Company, and is associated with its role of introducing best practices for the sustainable development of the business and society



## Support and Sponsorship

**Arms Wide Open** ([www.depeitoaberto.com.br](http://www.depeitoaberto.com.br)): Created by a group of athletes, sports enthusiasts and professionals, Arms Wide Open Sport Incentive Programme is a civil organization of public interest, therefore non-profit that was created in order to meet the needs of sport, education, health and culture, by promoting the integration of public and private institutions, creating professional relationships and educating athletes. Wilson Sons is sponsoring the project in partnership with the Araketu programme and impacts over six hundred children, adolescents and young adults.

**Young Brigade** ([www.brigadamirim.org.br](http://www.brigadamirim.org.br)): Founded in 1989 with the initiative of residents of Ilha Grande, off the coast of Rio de Janeiro, the organization provides employment, health, education and citizenship for young people. With activities among tourists and locals, the Brigade's mission is to preserve nature and raise awareness about the importance of taking care of the region.

**People School** ([www.escoladegente.org.br](http://www.escoladegente.org.br)): Located in Barra da Tijuca, in the city of Rio de Janeiro, the organisation works towards the inclusion of socially vulnerable groups, especially people with disabilities. Their actions involve courses to companies and institutions, training young people and creating a multiplier effect of the social inclusion concept.

**Voluntary Rio** ([www.riovoluntario.org.br](http://www.riovoluntario.org.br)): The NGO is located in the city center of Rio de Janeiro, and focuses on corporate volunteer work. Wilson Sons supports the children's party conducted by project Brasileirinho which consists of nurseries assisted by the entity, and it is also one of the sponsor companies.

**Citizen's Passport** (<http://www.pastoraldomenor.com.br>): Project linked to the Pastoral do Menor which focuses on young people involved with drugs. It is a mobile service consisting of a bus equipped to receive these people in need.

**Ethos Human Rights Working Group:** We launched the Group's commitment letter at the Ethos International Conference. In addition, the Company promotes the meeting "Affirmative Action for the Promotion of Racial Equality."

This working is focused on the improvement and sharing of best business practices, as well as their spread to the wider market, production of materials and reference guides to facilitate corporate action, the dissemination of such content in workshops and seminars and influence public policy through dialogue and cooperation with the government.

**Social Responsibility Commission of the Brazilian Institute of Oil and Biofuels - IBP:** The Commission's activities and assignments include exchange, dissemination, disclosure, implementation and consolidation of concepts, methodologies, techniques, experiences and practices for promoting Social Responsibility Management as a path to sustainable development within the oil and gas industry.



Creating Ties activity



# Corporate Governance

## Ethics and Transparency

Wilson Sons employs best practices in governance, and the sustainability of its businesses and business relationships via principles of clear roles, transparency and ethics. While its shares are listed on the BM&FBovespa exchange through Brazilian Depositary Receipts (BDRs), the Company continues to strive to meet standards of the *Novo Mercado* companies, the most up to date international models, and the experience of its controlling company, Ocean Wilson Holdings Limited, which has been listed on the London Stock Exchange for over a century.

The Company's Code of Ethical Conduct expresses the values that guide corporate governance and relations with all stakeholders. Employees are asked to confirm their knowledge and understanding of the document. In 2012 the Company initiated discussion about the practical application of the principles of ethics and transparency using examples related to everyday activities of the Group.

Wilson Sons has an Internal Audit department responsible for reviewing internal procedures and identification and prevention of major risks related to potential fraud or diversion from controls. In addition, the company has a channel for complaints in which employees of the Company may record and report situations and unethical conduct in the Company, with the area of Internal Audit responsible for its management.

## Investor Relations

Transparency is the guiding principal for Investor Relations (IR) at Wilson Sons. In addition to meeting mandatory compliance requirements for companies listed on the stock exchange, the Company dedicates special attention to communication with this strategic audience, constantly investing in service channel upgrades.

The Company maintains an Investor link on its website ([www.wilsonsons.com.br/ir](http://www.wilsonsons.com.br/ir)). It is regularly updated with information on performance and results. Moreover, Investors can subscribe and receive news updates, market communications, and other additional relevant information. In addition to traditional means of communication, social networks such as Twitter, LinkedIn, Facebook and YouTube, are also employed to assist in disclosing relevant information.

Every quarter Investor Relations organises the dissemination of results, hosting a public teleconference that provides investors an opportunity to communicate directly with the Company's chief officers.

The Wilson Sons "Meet the Management Day", a public meeting to facilitate communication among individual investors, bank representatives and investment fund representatives is held annually and a 2014 edition will be held in June. In 2013, the Company also participated in six non-deal road shows (individual or group meetings with investors) and six site visits (visits to group operations with investors), as well as meeting with individual and small groups of analysts at seven conferences. In these events, one hundred and ninety eight banks and investment funds were contacted.



Wilson Sons employs best practices in governance, and the sustainability of its businesses and business relationships via principles of clear roles, transparency and ethics

# Management Structure

## Board of Directors

Wilson Sons' Board of Directors is comprised of professionals with solid experience in different fields and focuses on promoting long-term returns to shareholders. The Board's responsibility is to define Company strategy, and bring independent judgement on issues of performance and risk, while supervising the Corporate Officers' actions through approval of projects and assessment of results. Additionally, the Board approves each of the quarterly and full-year financial results and dividend announcements.

Company bylaws allow for the formation of the Board of Directors, composed of at least five members, with terms of office of up to three years, with the right to re-election. Currently, there are one independent directors within a total of seven directors, all of which have been appointed for term ending at the Ordinary General Meeting (AGO) of 2015. Council meetings are conducted once every three months, and extraordinarily when convened by any member of the Board.

The number of meetings of the company's Board of Directors and of each board committee held during the year, and the number of meetings attended by each Director were:

## Meetings of Board/Committees

	Board Meeting		Audit Committee Meeting	
	A	B	A	B
José Francisco Gouvêa Vieira	7	7	4	4
William Henry Salomon	6	7	4	4
Cezar Baião	7	7	0	0
Felipe Gutterres	7	7	0	0
Claudio Marote	7	7	4	4
Andres Rozental	6	7	4	4
Paulo Fernando Fleury	5	7	4	4
	45	49	20	20

A = Attendance

B = Number of Meetings during the time the Board Member held office

## MEMBERS

**José Francisco Gouvêa Vieira – Chairman:** Mr. Gouvêa Vieira received a Law Degree from the Catholic University of Rio de Janeiro in 1972. He holds a Masters degree in Law from Columbia University, New York (1978). He has been a Partner with Gouvêa Vieira Advogados since 1971 and has been with the Company since 1991. He has served as Chairman of the Board (1997) and Director of Wilson, Sons de Administração e Comércio (1992), Ocean Wilsons Holdings Limited (1997) and of Ocean Wilsons (Investments) Limited (1997). He is member of the Board of Directors of various companies, including Banco PSA Finance Brasil S.A. (1999), PSA Finance S.A. Arrendamento Mercantil (1999), Concremat – Engenharia e Tecnologia S.A (2008), Cetip Educational (2008) and International Meal Company (2010). He was a member of the Corporate Governance Committee of the American Chamber of Commerce – São Paulo (2005) and honorary consul to the Kingdom of Morocco in Rio de Janeiro (2007).

**William Henry Salomon – Vice Chairman:** Mr. William Henry Salomon graduated in Law from Magdalene College in Cambridge, England where he also received the title of post-graduate degree in Law. In 1987, qualifying with the English Bar, Mr. Salomon served as vice-president on the team of Finsbury Asset Management that merged with Rea Brothers Group in 1995. When Close Brothers Company acquired Rea Brothers Group, he was granted the position of Deputy Chairman of the investment division. In 1999, Mr Salomon established Hansa Capital, where he is the Senior Partner. He is a Director of various UK and international listed companies and is currently Chairman of the New India Investment Trust as well as Director of Hansa Trust. In addition, Mr. Salomon is also Deputy Chairman of Ocean Wilsons Holdings Limited (OWH), the company which holds the controlling share in Wilson Sons; and is a Director of Hanseatic Asset Management LBG.

**Cezar Baião – Board Member:** Mr. Cezar Baião graduated in Economics from the Catholic University of Rio de Janeiro (PUC/RJ). Having joined Wilson Sons in 1994 as CFO, he currently acts as the CEO of operations in Brazil. From 1982 to 1989, he served as Money Market Manager at JP Morgan and also as Finance Director of Grupo Lachmann Agência Marítima, between 1989 and 1994. He holds one of the vice presidency positions at the National Union of Shipping Companies (Syndarma) and acts as adviser to the board of directors at the Brazilian Association of Public-Use Container Terminals (Abratec). Mr. Baião is also member of the Oil & Gas production Committee at the São Paulo Industry Federation (COMPETRO - FIESP) and Business Counsellor of Infrastructure at the Rio de Janeiro Industry Federation (FIRJAN).

**Felipe Gutterres – Board Member:** Mr. Gutterres holds a Harvard Business School diploma in General Management and an MBA from COPPEAD, having previously graduated in Economics from the Federal University of Rio de Janeiro. He joined the Company in 1998 and currently serves as the CFO of the Brazilian Subsidiary and Investor Relations. From 1994 to 1998, Mr. Gutterres held corporate and finance planning positions at Shell Brasil S.A.

**Claudio Marote – Board Member:** Mr. Marote earned a law degree from Faculty of Law of Curitiba (FDC). He also holds diplomas from the following institutions: International Maritime Law from Lloyds of London, England; Executive Development Programme of the Kellogg Institute from Northwestern University, Evanston, Illinois, U.S.A.; Structures and Economic Systems - FDC, Paraná; and in Brazilian Policies and Strategies from the Association of Graduates of the Higher War College, in Santos, São Paulo. He joined the Company in 1964 and has held various executive positions, from branch manager to regional director, to superintendent-director. He began his professional career in 1956 at Agência Marítima Intermares Ltda., a subsidiary of the Bunge BornGroup. He is currently a Director of the Company and a Partner at CMMR – Intermediacao Commercial Ltda.

**Andres Rozental – Board Member:** Mr. Rozental has a Bachelor Degree in International Relations from the University of the Americas in Mexico, and a MSc. in International Economics from the University of Pennsylvania. He was a career diplomat for more than 35 years with the Mexican Foreign Ministry holding a number of senior diplomatic posts. He is the author of four books on Mexican foreign policy and of numerous articles on international affairs. He founded his own consultancy firm, Rozental & Asociados that works with major multinational corporations on their Latin American strategies.

Currently, he is Chairman of the Board of Directors of Arcelor Mittal Mexico and is an Independent Director to Arcelor Mittal Brazil, Ocean Wilson Holdings and Director of Wilson Sons. He is a member of the Board of HSBC Bank in Mexico and serves on the advisory board of Kansas City Southern de México, Airbus de México, Toyota de México and APCO Worldwide in Washington.

**Paulo Fernando Fleury – Independent Board Member:** Dr. Fleury is Professor at the Federal University of Rio de Janeiro and CEO of the ILOS Logistics Institute. He holds degrees in Mechanical Engineering from UFRJ, MSc. in Production Engineering from COPPE\ UFRJ, and a PhD in Industrial Management from Loughborough University of Technology. He was the CEO of the Rio de Janeiro State Development Agency and was responsible for its implementation and management. He was also a visiting researcher at Harvard Business School in 1983 and a guest lecturer at the Sloan School of Management, MIT in 1986. He has many years of experience in teaching, researching and consulting in Logistics and Supply Chain Management.

## Corporate Officers Of The Brazilian Subsidiary

The board of Corporate Officers is composed of qualified professionals responsible for establishing management and operation policies, and meeting goals established by the Board of Directors. The members of this board take part in the Company's daily operations and are involved in the decision making and execution of strategy set by the Board of Directors to meet the interest of shareholders. They bring a wide range of skills and experiences which balances with the Company's objectives and needs. The board includes the CEO and CFO, and two COOs: the first responsible for Port Terminals and Logistics, and the second for Towage, Offshore, Shipping Agency and Shipyard businesses.

## Capital Markets

### Stocks

Wilson Sons is a publicly listed company with Brazilian Depositary Receipts (BDRs) traded on the BM&FBovespa. It is controlled by Ocean Wilsons Holding Limited, a UK based company listed on the London Stock Exchange.

	Amount of stocks (ordinary)	% of capital
Ocean Wilsons Holdings Ltda	41,444,000	58.3%
Other (free float )	29,700,000	41.7%
Total Capital	71,144,000	100%

In 2013, Wilson Sons BDRs (ticker: WSON33) ended the year at R\$30.92, an decrease of 3.3%. During the same period, the São Paulo Stock Exchange Index (Ibovespa) recorded a devaluation of 15.5%.

### Remuneration of Shareholders

In the Annual General Meeting ("AGM") held on April 30, 2014 the payment of a gross distribution in the amount of USD0.38000 per share (total amount USD27,034,720.00) to shareholders of record as at April 30, 2014 was declared. The gross amount to be paid in Reais was R\$0.84854 per BDR, converted to Reais on April 30, 2014.



## Risk Management

Wilson Sons has an Internal Audit team which coordinates the identification, evaluation and classification of different risks intrinsic to the Company's businesses. The group is also responsible for developing solutions to avoid exposure to each potential risk, and to verify if proposed actions are being correctly adopted. This includes cell of Information Security, responsible for identifying risks related to corporate systems linked to business units, in order to attest for confidentiality, integrity, availability and authenticity of information.

The Company also has risk management software that allows managers to follow the application of mitigation processes for financial and operational risks. Every model used is supported by the Enterprise Risk Management methodology (ERM), adopted by the Committee of Sponsoring Organizations (COSO), an international organization dedicated to the establishment and dissemination of best practices in business conduct. As for Information Security, the method is based on COBIT (Control Objectives for Information and related Technology) which consists of a set of guidelines, indicators, processes and best practices for the management - and governance - of information systems.

Wilson Sons maintains an insurance portfolio for prevention of and protection from risks intrinsic to operations, concerning primarily the risks to the assets of our clients, our facilities and equipment, and continuity of operations. These insurance policies, such as Port Operator's Civil Responsibility, Vehicles, Property, Shipping Hulls and Builder Risks are contracted by leading insurers and are renewed periodically. The main risks are divided into the following categories.

### Strategic Risks

The Company is exposed to various unavoidable strategic risks. These include political risk, industrial risk, market risk, and risk related to social and environmental responsibility. In certain situations, it also includes material risks related to the acquisition of fixed assets. This is due to long construction periods and life cycle of assets that are typically made available to the market.

### Financial Risks

Financial risks include market, credit and liquidity risks. The Market Risk Committee has the purpose of applying standards, policies and guidelines specific to market risk. The agenda includes: definition of the criteria, scope of the criteria, methodology to measure and track identified exposures, risk prevention and impact reduction tools. In light of this agenda, the Committee seeks to take actions to minimize the impact of market variables on the Company's cash flow. Other Financial Risks, such as credit and liquidity risk are continuously identified and mitigated by the Finance Department in accordance with standards and procedures set by management.

### Operations Risks

Some areas are subject to working conditions that expose employees to physical risk. Consequently, large part of operational risk is related to the environment and to safety. Additionally, the Company is exposed to operational risks from suppliers, IT and processes. Actions related to sustainability, environmental impact and social responsibility are described in their respective sections of this report.

### Regulatory Risks

Wilson Sons operates in different Brazilian states, each having its own unique regulations. This exposes the Company to a variety of legal and tax risks and those related to government penalties which vary with the regulations of each state.

The Company has an organizational structure designed to identify, monitor and manage the most significant risks, employing best practices when conducting business. Risk management is conducted independently by the business operations units, taking into account the nature of each sector. Additionally, the Board of Corporate Officers and the Board of Directors periodically evaluate the most significant risks and implement appropriate risk management initiatives.

# Glossary

## A

### **ABRATEC**

*Associação Brasileira dos Terminais de Contêineres de Uso Público* (Brazilian National Association of Public Container Terminals).

### **ANTAQ**

*Agência Nacional de Transportes Aquaviários* (National Maritime Transport Agency).

### **ANVISA**

*Agência Nacional de Vigilância Sanitária* (National Health Surveillance Agency)

## B

### **BDR or BDRs**

Brazilian Depositary Receipt, 1 BDR = 1 common share.

### **BM&FBovespa**

São Paulo Stock Exchange

### **BNDES**

*Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Social and Economic Development)

## C

### **CAGR**

Compounded Annual Growth Rate.

### **Company or Wilson Sons**

Concerns Wilson Sons Limited.

### **CVM**

*Comissão de Valores Mobiliários* (Securities and Exchange Commission)

## E

### **EBITDA**

The EBITDA reflects net profit before net financial revenue and expenses, tax, depreciation and amortisation.

## F

### **FMM**

*Fundo da Marinha Mercante* (Merchant Maritime Fund).

## I

### **IFRS**

International Financial Reporting Standards.

## O

### **Organised Ports**

Ports built and equipped to serve the needs of navigation, passenger transport, merchandise storage and transport, which are granted by the Federal Government, with route and port operations under the jurisdiction of a port authority. The port authority is responsible for the administration of the Organised Port.

### **OSV**

Offshore Support Vessel; vessels that support offshore platforms involved in oil and gas exploration and production.

## P

### **PPRA**

*Programa de Prevenção de Riscos Ambientais*  
(Environmental Risks Prevention Programme)

### **PSV**

Platform Supply Vessel; vessel that support oil and gas exploration and production platforms.

## R

### **ROVSV**

Remotely Operated Vehicle Support Vessel; vessel that support oil and gas exploration and production platforms.

### **RTG or RTGs**

Rubber-Tired Gantry cranes; yard equipment in container terminal.

## S

### **SELIC**

*Sistema Especial de Liquidação e Custódia*  
(Special system for settlement and custody).

### **SINDAMAR**

*Sindicato das Agências de Navegação Marítima do Estado de São Paulo* (Shipping Agencies Labor Union of the state of São Paulo).

### **STS**

Ship-to-shore Gantry Cranes – harbour equipment in a container terminal.

## T

### **TEU**

Twenty Foot Equivalent Unit, international measurement system to measure containers, equivalent to 20 feet.

## Corporate Information

### Headquarters - Wilson Sons Limited

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HM11, Bermuda

### Investors Relations

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Tel.: (0xx21) 2126-4107 | Fax: (0xx21) 2126-4190  
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### Independent Auditors

KPMG Independent Auditors

### Securities and Assets Business Markets

São Paulo Stock Exchange (Bovespa)  
Share Code: WSON33 (BDRs)

Luxembourg Stock Exchange (Bourse de Luxembourg)  
Share Code: BMG968101094

## Credits

### Wilson Sons project coordinators

Investors Relations

Communication and Sustainability

### Content

Wilson Sons

### Coordination and graphic project

MZ Group

### Photographs

Wilson Sons archives



Tecon Rio Grande











