

**Operator:**

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to Wilson, Sons Limited 1Q08 results conference call. Today with us we have Mr. Cezar Baião, CEO of the Brazilian subsidiary; Mr. Felipe Gutterres, CFO of the Brazilian subsidiary, Legal Representative & Investor Relations of the Brazilian subsidiary; and Mr. Sérgio Fisher, Port Terminals and Logistics Officer.

We would like to inform you that all participants will be in a listen-only mode during the Company's presentation. After Wilson, Sons remarks, 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 the operator.

Today's live webcast, including both audio and slide show, may be accessed through Wilson, Sons website at [www.wilsonsons.com/ir](http://www.wilsonsons.com/ir). The slide show presented by management today is available on the website, in the investor relations section.

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 conditions, 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 CEO of Wilson, Sons Brazilian subsidiary, Mr. Cezar Baião, who will begin the presentation. Mr. Baião, you may begin your conference.

**Cezar Baião:**

Good afternoon everybody. I would like to start this presentation, saying that we believe to delivered results in line with the market expectations even considering the devaluation of the foreign exchange rate by 18%. I would like also to call your attention to the main drivers that have been leading the Company to the good results we had in this quarter.

Wilson, Sons increased volumes, focused its efforts on more profitable service, got new clients, we managed to increase price, we also provided services to third-party in our shipyards. All these factors combined explain the performance of our Company.

Net revenues jumped to 46.7% in the quarter when it reached US\$121 million against US\$82.6 million in the same period of 2007. Operating profit grew 11.4% when compared with 1Q07. Our EBITDA reached US\$21.7 million, almost 13% higher than the same quarter of 2007. The net income was also strong, US\$13.2 million in this quarter, 10% higher than the same period of 2007.

Considering that we recorded a significant revenue in this quarter in view of the construction of the platform supply vessels for third-parties, the financial highlights for this

period should be adjusted for a proper comparison with the same period of last year when we did not have any revenues derived from third-party services in our shipyard.

If we analyze the results without considering these impacts we would have the net revenue adjusted of US\$104 million in the 1Q08 which represents a growth of 26.5% when compared to the US\$82.6 million in the 1Q07. The adjusted EBITDA was US\$21.2 million in the 1Q08, 11% above the US\$19.1 million in the 1Q07.

Going to the next slide, I would like to share with you some important events. We delivered one new PSV and we have three more under construction in our shipyard. So we will have seven PSVs in our fleet until 2010. We also started the construction of four PSVs for a Chilean Company, Magallanes de Navegação to be delivered until 2011 in a contract for US\$100 million.

Port Terminal, Tecon Rio Grande Expansion, the third berth will be concluded in the 2H08 and some of the equipments, one of the Post-Panamax Granty Cranes is already working on the berth and three out of four RTGs are already working in operation in our yard.

Tecon Salvador equipment also got operation in the 2Q08. I do not know if you all remember but we bought two RTGs for Tecon Salvador and three re-started their operations in the 2Q08.

Price increase: our most important movements were in the Port Terminals and Towage where increased prices with the objective of recovering our margins affected by the USD devaluation. Increase in number of Logistic customers, we added more high-value clients as well as focused on more profitable service.

Now I will pass the floor to Mr. Felipe who will give you more details about each of our division.

**Felipe Gutterres:**

Thank you, Baião. Starting with Port Terminals on slide five, the volumes were 2.8% better in this quarter compared to the 1Q07, in the trend of more deep sea full containers continues. Deep sea full containers grew 5.9% in the quarter compared to 2007. With regards to cargo flow, I have to call your attention to the fact that the export cargos that flow to our port continued to grow consistently when compared to the 1Q07. Tobacco grew 19.4%, frozen chicken 32.8%, rice 38% and spare parts 25%.

Revenues increased by 26% in the quarter and the main explanation for that was price increase, a better mix of containers, a significant growth in import warehousing in particular in Tecon Rio Grande, and a higher cabotage volume in both terms.

These factors were only minimized by the average reduction in the number of contracts in our oil and gas terminals due to the lack of platforms available for operation by foreign companies.

Brasco, our port terminal that serves the oil and gas industry accounted only 3.6% of the total revenue of these segments in the 1Q08, against 8.4% of the same period of last year.

The number of contracts served by Brasco decreased from four in 1Q07 to two in the 1Q08.

In terms of EBITDA, terminals posted a result 35% higher than the same quarter of 2007, from US\$9.5 million to US\$11.8 million and an EBITDA margin of 31.2% pretty much in line with the margin posted in the 1Q07.

Going to the next chart, I will give you more color on Towage.

Towage posted another strong result explained by the increase in special operations, mostly our operations supporting the off-loading costs from the oil platforms as well as other ocean towage and salvage support services. We served 2.3% more maneuvers than last year and increased prices, and as a consequence, we have a higher unit revenue than the same period last year.

Port services accounted for 7.4% of the total revenues in the quarter compared to 3.4% in the 1Q07. Revenues increased by 24% and EBITDA grew 11.4%. The growth in EBITDA was a result basically of the increase in special operations and price increase. On the other hand, this business unit was impacted by FX devaluation, phantom stock option provisions and increase in the wages as a consequence of the Collective Labor Agreement.

Going to the next slide, we focus on our Logistics. You can see that the operational figures present a consistent growth of 15.2% in transport of containers and a significant increase in the number of operations that grew 4.2% in the 1Q08.

These two effects combined with the growth in the scope of services provided to our clients, and the positive foreign exchange variation on the revenues in the Brazilian Reais explain the jump in revenues from almost US\$15 million to US\$22 million in the 1Q08 which is equivalent to a growth of 49.6%.

Our bonded warehouse in Santo André, São Paulo state, was also an important EBITDA generator and took advantage of the high volume of import in storage of higher value-added goods. The EBITDA reached US\$2 million in the 1Q08 delivering 8.8% of EBITDA margin in 2008.

Going to Shipping Agency on slide eight, net revenues grew 6.9% when compared to the 1Q07, despite the decrease in main business drivers of the segments. This result was basically explained by the transition of certain fees previously negotiated in USD to Brazilian Reais. Price increased to liner clients and also increased the agency for tramp clients.

However, there were some events that had a negative impact on Shipping Agency. The most important ones was the loss of one client that decided to have its own agency and also the exchange rate effect, approximately 18%.

The Shipping Agency has almost 100% of its revenue denominated in USD and costs almost 100% denominated in Reais, with the Real devaluated this mismatch obviously affects margins. Furthermore, the results were also impacted by the provisions in the

amount of US\$0.2 million for phantom stock options and profit sharing for the executives of these segments.

All of these effects combined explain the poor performance of this business unit in the quarter, as you can see in the EBITDA graph. The EBITDA went down to US\$0.6 million from US\$1.6 million posted in the 1Q07.

Going to slide nine, I can give you more information on Offshore. The most important remark that I have to make is that, with the start of Fragata operation in April 2007, our new PSV. This new PSV serves Petrobras, a long-term contract, and has a margin around 30% higher with the first two PSV we have in our sales. This explains the growth in volumes and revenues. These factors explain the rise in the number of days of operations in the 51% and in 76.2 % of net revenues.

On the other hand, the USD devaluation, the escalation in maintenance expenses and the higher crew costs have been impacting also margins, decreasing the EBITDA margin from 45% to 36% as you can see in the graph in your right.

Turning to non-segmented activities on slide 10, I have to call your attention to the beginning of the construction of four PSV for Magallanes de Navegação in our shipyard as Cezar had already mentioned. However, the Company made a provision for phantom stock options and for profit sharing to the executives in the amount of US\$0.6 million.

Other factors were the disposal of the main assets, the discontinuation of the business of Dragaport in December, in the 1Q07, Dragaport raised positive results, obviously comparing to the 1Q08 we did not have the same amount. And the foreign exchange devaluation back on expenses that are 100% denominated in Reais in this business segment. Excluding the effect of construction of third-party, EBITDA would amount to negative US\$5.9 million in the 1Q08, a decrease of US\$1.7 million when compared to 1Q07.

Going to next slide, we can have an analysis of the net income behavior; net income increased 10% as we build up the main movements explained during the presentation.

In these explanations, where were basically the good results from Port Terminals, Towage, Logistics and also the revenues generated by the construction from third-parties in the shipyard. However the increase in costs of inputs and raw materials in the shipyard and the rise in personnel expenses and other operational expenses impacted at the foreign exchange depreciation combined with the increase in the head-count and Collective Labor Agreement, we do not see the growth we had in revenues in the bottom-line. We posted a growth of 10% but this growth was lower than the ones that we have in revenues because of the factors that we have already mentioned.

Going to the next chart, we can focus on capital expenditure and leverage. We increased our capital expenditure to support the expansion site of the Company. Wilson invested US\$4 million more this quarter than the same quarter of last year, which represents a growth of 30.2%.

The segment that we invested the most was Offshore, which we invested US\$6.4 million out of US\$17 million total in the 1Q08, followed by Port Terminal with US\$6.1 million.

In terms of leverage, Wilson decreased by US\$5.4 million in 1Q08 our debt, compared to the prior quarter, there were no additional funds disbursed by BNDES in this quarter. And we closed the quarter with a net cash of US\$48.4 million.

Now I would like to turn the floor back to Mr. Baião.

**Cezar Baião:**

Thank you, Felipe. To finish this presentation, I would like to leave you with some messages. I would like to say that I am very happy with the positive trends of our business model. I would like also to emphasize that we are very positive that Wilson, Sons will take advantage and benefit from the booming of the offshore oil and gas industry in Brazil.

So I am sure that the strong results delivered in the period and our continuous growth is evident of the ability of our Company to deal effectively with these environments. So once again, I take this opportunity to thank all of our employees that worked really hard to generate the results we presented this quarter and to the management that is totally committed to the profitability of the group as well to increase the shareholders' value.

So now we could go to the Q&A.

**Mark Jason, Invesco Aim:**

Hi, good morning. My first question for you is, I would like to get a little bit better understanding on why usually you are using shipyard to produce ship for the Chilean Company. Given that there are so much oil in Brazil and it seems to me that there is a lot more growth that you could use those ships for if you made them for yourself. So I would like a little more understanding of that.

**Cezar Baião:**

Very good question. Our shipyard, when we got this contract to Magallanes, we had space and capacity available for third-party. So we took the advantage of after having won four PSVs in a contract with Petrobras, we still have capacity. And the same Chilean Company for the same public standard wants another port. And we had capacity available with it, and we thought that would be good idea to provide and add more value in our shipyard.

Of course, that if a new tender comes and we again, manage to get new vessels our shipyard will be only providing services to our services. Our business model up to now impacted these which first we go to attend a public, try to win the tender and then we build the vessel. Up to now, we are not operating this port markets, so that is why we brought contracts to this tenders and we go to our shipyard to build PSV.

Since our shipyard has capacity we provide services to third-party. If we manage to win more PSVs, we will fulfill our capacity only for us.

**Mark Jason:**

OK, I understand, so basically you are waiting to get a contract before you use the capacity to build your own PSV.

**Cezar Baião:**

Up to now, that was the strategy. If you have a very small fleet it is very dangerous that you build for the spot market. At that time we only had two PSVs to build one for the spot market, you would put 1/3 of your fleet in risks. But after seven PSVs that very soon we are going to have, we are already thinking to build one for the spot market. Because then the risk is much lower, then if we had only two.

**Mark Jason:**

OK.

**Felipe Gutterres:**

During the tender, when we won, the four PSVs that we are building, we won the maximum that we could. So, the second place was the Chilean company. So why not take advantage of our wide capacity of our space in shipyard to make some money producing vessels to them.

**Cezar Baião:**

And just also for information last week, Petrobras issued a new tender for Platform Supply Vessels, another type of supply vessels, anchored and etc. And in this new tender, Petrobras is allowing maximum of eight vessels per operator. So, now instead of maximum four bidder, we can bid up to eight. So for sure, if you manage to win eight vessels, we are going to have our shipyard only building for ourselves.

**Mark Jason:**

But after you complete this order for the Chilean Company?

**Cezar Baião:**

Yes. But at the same time, we are already analyzing and studying alternatives to increase our shipyard capacity. So our strategy is to double our actual shipyard capacity, mainly focused in the growth of the oil and gas industry in Brazil and on the new tender that Petrobras has already announced that they will put in the market. It is going to be a total of 146 vessels and they will come with 24 vessels each tender.

**Mark Jason:**

And how long will it take you to complete these Chilean ships?

**Cezar Baião:**

For the Chilean, the last one we will be delivered in 2011, and four that we are building for ourselves in 2010.

**Mark Jason:**

OK, and when will you double the capacity of the shipyard?

**Cezar Baião:**

We think that in the next 24 to 30 months we manage to have our capacity increased by 100% in our shipyards. All the tenders of Petrobras they give to the bidders at least three years to deliver the vessels, at least, the first vessel.

**Mark Jason:**

OK. I was wondering if I could ask a few more questions. The next question I have is related to personnel expenses, which we saw a pretty big jump at least year over year, 49%. And where do you see it going forward? Do you see continue growth in personnel expenses? And just to get a better understanding of where we are heading, it seems like you have some contract negotiations, where do you see it heading from here?

**Felipe Gutterres:**

Probably we will continue having this behavior. Why? First because of the exchange rate devaluation, these expenses are in Reais. So when you have USD devaluation, obviously you have more expenses in USD. Second, the Company is growing, our operations are growing. So because of that we have to hire more people, we have a head-count increase and also for the construction to third-parties, we have to have more people working for us.

These factors, combined with the Collective Labor Agreement, that increased the wages by 3% to 5% this year, we probably will continue seeing the personnel expenses going up. The issue that we have here is that obviously we will have to focus on our margins to achieve them in the same level or increasing. And how? We will have to increase our revenues, focus on the high profitable services and also manage to change the needs of our revenues in USD and in Reais when it is possible.

**Mark Jason:**

OK, so you are trying to change it, to make it more favorable in terms of eliminating the risk?

**Felipe Gutterres:**

In terms of revenues in Brazilian Real and USD?

**Mark Jason:**

Yes.

**Felipe Gutterres:**

It is a natural effect. If you look at Logistics figures, you can see that in terms of revenues we increased very significantly comparing 1Q08 with 1Q07. Basically these revenues are in Reais. So when you look at the total Company, obviously we are increasing our revenues in Reais. And when we can, as we did in the ship agency, we are changing some revenue denominated in USD to Reais.

**Mark Jason:**

And one more question I have for you relating to volumes in the port. I want to understand basically, you had great pricing power, I think that was pretty clear that you increased prices but we did see that volumes only increased somewhat like 3%. And I want a better understanding of what you see going forward, do you see more of the same thing going forward in terms of pricing, looking strong versus volumes on the weaker side or do you think you can increase the volumes going forward?

**Sérgio Fisher:**

We think that the number of containers is still going to grow more than that because nowadays our capacity is under limit. And with the expansion of Rio Grande with one more berth and also with new equipment, it will generate a 60% more capacity in Tecon Rio Grande that we expect to be used in the next four years. And also Salvador we just increased our capacity in 15% because of the new RTGs. Then we believe that we can get more containers on that.

**Mark Jason:**

So your capacity utilization at the port is 100% right now?

**Sérgio Fisher:**

Yes.

**Mark Jason:**

OK, thank you very much.

**Rusty Johnson, Harding Loevner:**

What can we expect from the new capacity investments, first three and cranes in terms of the TEU volumes in 2008 and 2009? Thank you.

**Cezar Baião:**

As I explained, we are investing in Rio Grande to have 60% more capacity and to achieve that we are going to fulfill this capacity in about four years.

**John Rawlings, Latin American:**

Good morning gentlemen. This relates to the shipyards, which you have also given parts to Mark to ask about new Petrobras orders for over 140 vessels. I know the shipyard already has a lot of orders and a lot of ships being built there, vessels and PSVs and tugboats. But what are the expansion plans to accommodate such large orders from Petrobras? Thank you.

**Cezar Baião:**

We still have some capacity in our shipyard, but you are right. We are very close to our maximum capacity. So for sure, we will increase our capacity and we are analyzing some sites alternatives to increase the shipyard capacity and our strategy is to double the actual shipyard capacity.

And no doubt, that we are doing that focusing in this very growth, oil and gas industry that we have in Brazil and for sure, like Petrobras has already announced these 140 vessels, by doubling our shipyard capacity we will be very competitive on those bids.

**John Rawlings:**

OK, thank you, I wish you good luck in the expansion, thank you.

**Question from webcast:**

Would you please explain a bit more about the large growth in logistic revenue against a smaller increase in operational indicators?

**Sérgio Fisher:**

Yes. We grew a lot, just to give an idea, even increasing just 4% in terms of number of customers on the logistics, our revenue increased 58% and the EBITDA terms increased 69% which represent that we increased this type service within our normal customers. And also in our bonded warehouse, we have a huge increase; we grew almost 55% in revenues and 72% in EBITDA terms.

**Question from the webcast:**

Could you give some ideas about the expansion of Tecon Salvador?

**Sérgio Fisher:**

We applied to the Government a project to expand the container terminal of Salvador. This apply consists in increase the yard capacity in 75%, putting more 55,000 m<sup>2</sup> and also to increase the size of our container berth from 210m to 527m, this will double the capacity of Tecon Salvador allowing big vessels to come in, because in the same project we are asking the Government to dredge the port of Salvador to 14m. And this will allow the big vessels to come to Salvador and to bring more cargo to Salvador.

**Alex Baez, Neon Liberty Capital Management:**

Good morning gentlemen, can you give us an idea of what is the value of your shipyard? If you were to restart a new, how much money will it take for you to get to have the same, to replicate the facilities that you have? And also I wanted to ask you regarding the dredging, I thought that you had a dredging business but I understand you sold it and I wanted to find out why did you sell it.

**Cezar Baião:**

OK, Alex. Related to investment in our shipyard capacity, although we are in the beginning of the study, we are forecasting US\$30 million to US\$35 million investment if we consider a greenfield project. We are analyzing all the alternatives but to grow our greenfield project to double the actual capacity of the shipyard, we will be probably investing something between US\$30 million to US\$35 million in a new shipyard.

Related to the dredging division, we used to have 1/3 of a dredging Company in Brazil, which in December we sold the remaining two assets of the company which were the two dredgers. Although it is a very potential good business in Brazil, that has been potential for more than 10 years, nothing happened in terms of dredge in Brazil and after losing money for consecutive years, we decided to sell the dredgers; we had a good opportunity and we decided to sell and we are not interested in going back to this business anymore. It is not part of our strategy.

**Alex Baez:**

Thank you.

**Mark Jason:**

Just a follow-up question on your expansion of Rio Grande; how does the expansion work? When do you expect the additional capacity? You said it is over four years, so I would like to get a better understanding of when that is happening.

**Cezar Baião:**

The third berth will be ready on August, September of this year. Like I mentioned during the conference, besides the third berth, we also acquired some new equipments, like two Post-Panamax Gantry Cranes, and one is already in the berth operating. Besides the two Gantry Cranes we also acquired four RTGs, which three out of those four are already operational. So related to the equipment we are very close to what we have planned. But the berth, we are going to wait another four months.

**Mark Jason:**

Four months? OK.

**Cezar Baião:**

Up to September.

**Mark Jason:**

And then within four months you will increase your capacity by, you said, 60%?

**Cezar Baião:**

Yes, like Fisher said, when the berth is ready, combining the berth plus equipment, the terminal capacity will be increased by 60%.

**Mark Jason:**

So we should expect, I mean, it will not immediately ramp up to full capacity, do you expect a slow ramp up here or how much time will it take before you get to a more significant capacity utilization, up to a 100%?

**Cezar Baião:**

All the infrastructure investments, I mean, you increase the capacity and the demand comes right after. If the demand does not come in the same velocity like you increase your capacity. We, like Fisher mentioned before, we see that in three to four years, we will fulfill this extra capacity that we are delivering in the 2H08 in Rio Grande.

**Mark Jason:**

Thank you very much.

**Ganson Evans, Impala Asset Management:**

Hi, guys, how are you?

**Cezar Baião:**

How are you Ganson, long time no talk.

**Ganson Evans:**

Well, I have been watching and listening. I had a question I wanted to make sure I understood it correctly. Did you say that Petrobras limits the number of PSVs that any operator can operate with them?

**Cezar Baião:**

Yes, per tender. Petrobras limits the number of PSVs that per tender an operator can win. So this new tender, they come with 24 vessels and one single bidder can have maximum of eight out of those 24.

**Ganson Evans:**

Ok, so that is ...

**Cezar Baião:**

It is per bid, you can have 100 PSVs. But first tender you can maximum win eight.

**Ganson Evans:**

OK, thank you very much, that is very helpful.

**Operator:**

There appear to be no further questions. I would now like to turn the floor back to management for any closing remarks.

**Cezar Baião:**

OK, so I would like to thank you all again and we are again pretty sure that we are going to deliver another good result in 2008. Thank you everybody.

**Operator:**

Thank you. This thus concludes today's Wilson, Sons conference call. You may now disconnect, and have a wonderful day.

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