Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson Sons Limited 1Q10 results. Today with us are Mr. Cezar Baião, CEO of the Brazilian subsidiary; Mr. Felipe Gutterres, CFO of the Brazilian subsidiary and Investor Relations; Mr. Sergio Fisher, Port Terminal and Logistic Director.

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

Today's live webcast, including both audio and slide show, may be accessed online through Wilson, Sons investor relations website, at www.wilsonsons.com.br/ir. The slide show presented today by the Company's management is also available on the Company's investor relations website for download.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Wilson, Sons management and on information currently available to the Company. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur.

Investors should understand that conditions related to macroeconomic environment, industry and other factors could also cause results to differ materially from those expressed in such forward looking statements.

Now, I will turn the conference over to the CEO of the Brazilian subsidiary, Mr. Cezar Baião, who will begin this presentation. Mr. Baião, you may begin your comments now.

Cezar Baião:

OK. Thank you. Good morning, everyone. Thank you for being with us today. I am here with Felipe Gutterres and Sergio Fisher to comment on Wilson, Sons' results for the 1Q10. Now, I would like to invite you to turn over to slide number three of our conference call presentation for a brief summary of our consolidated results.

I begin by saying that the mixed 1Q results saw strength in volumes and revenues although with softer margins. While Brazil's domestic economy has continued to show growth, a strong Brazilian Real and the global financial crisis have meant continued pressure on exporters and ship owners. These, along with reduced warehousing volume have reduced margins this quarter compared to the same quarter last year.

The decrease in EBITDA also included the effects of contingent provision for civil, tax and labor claims amounting to US$2.5 million and, lease cost paid to Magallanes' for Petrel & Skua PSVs which are contracted to the Wilson Sons fleet until the joint venture closes.

In terms of net income the net financial revenues for the quarter include a foreign exchange loss on investments of US$4 million as a result of the weaker Brazilian Real at the 31st March 2010 compared to 31st December 2009.

Moving now to the next slide of our conference call presentation, slide number four. In terms of highlights for the period, port terminal volumes increased 16.4% from the 1Q09 and contributed revenue growth of 28.1% with Brasco posting exceptional revenue growth of 47.5% for the quarter against the comparative period for 2009.

In towage, we continued in our market leading position increasing the percentage of special operations. These special operations represented almost 15% of towage revenues for the quarter.

In the offshore segment, new PSV Bigua was delivered in the quarter and entered in long-term contract. The total fleet increased from five at the end of the 1Q09 to eight PSVs at the end of the 1Q10, helping to build revenues in this segment which were almost 33% up against the comparative period. Initial feedback for the latest round of Petrobras support vessels bid process shows there have been some extremely competitive bids and, even though the bid process has not officially closed we believe it is unlikely the Wilson, Sons Ultratug JV will be successful in obtaining long term contracts in this round. Although disappointed, we remain optimistic on future rounds and spot market opportunities.

In terms of our logistics business, we maintained our strategy towards high-margin in house solutions commencing a new operation in the petrochemical industry which helped drive revenue growth of 6.4% over the 1Q09. The shipping agency business grew volumes and as such revenues increased almost 29%.

In our shipyard business, we have now received license for installation for the additional 17,000 m² in Guarujá to facilitate the Company´s strategy of long-term growth for not only this business but for the offshore and towage fleet of the Company.

Now, I will hand it over to Felipe, who will comment on each of our business units.

Felipe Gutterres:

Thank you, Baião. Let me start with port terminals, on slide five. Following the resilient growth in our container terminals volumes in 2009, we are glad to report that business volumes in the 1Q10 have posted a gain of 16.4% for the quarter to drive revenue growth of 28.1%.

EBITDA growth of 19.5% was lower than revenue growth due to the mix of containers, reduced levels of high margin storage and superior growth in the lower margin cabotage explain the principle causes of softer EBITDA margins.

Assisted by a strong Real, deep-sea cargo in Rio Grande benefited from import of parts and machinery, chemicals, and plastics which offset slight reductions in export volume for rice, frozen meat, and tobacco compared to the corresponding period of 1Q09. Cabotage volumes grew with significant contributions in chemical resin, aluminum, and machine part cargoes.

At Tecon Salvador, deep-sea cargo benefited from strong movements of tires, chemical products, and pulp and paper. For cabotage, volumes of chemicals, ores, grains, pulps, and rubbers were the source of growth.

The Brasco oil and gas services terminal demonstrated continued growth posting revenues up 47.5% and EBITDA up 28.9% for the quarter over 1Q09. Spot revenue growth remains the primary reason for the growth in the business.

Going to the next slide, slide number six, I give you some color on towage. In the towage business double digit net revenue growth in the 1Q included the continuing trend of increased special operations now 14.9% of towage net revenues. New vessels with greater capabilities also helped drive revenue growth, however EBITDA margin for this segment suffered from strength in the Real as the majority of costs are denominated in Reais and the revenues in USD. When 1Q10 average Real/USD exchange rate of R$1.80 for the quarter is compared to the 1Q09 average exchange rate of R$2.31, the impact in towage is negative US$1.2 million.

Going to the next chart, I will talk about offshore. The offshore business produced revenue growth of 32.8% over the comparative quarter. Growth in offshore revenue was principally due to the larger fleet in operation, eight PSVs, four PSVs assigned to long-term contracts and four at high-margin spot rates. Out of these eight vessels, two are owned by Magallanes and chartered by Wilson, Sons.
Margins for the quarter reduced to 35.3% largely due to a combination of the lease cost paid to Magallanes' for Petrel & Skua PSVs, a larger proportion of the fleet in long term contracts and softer spot margins.

In the latest round of the Petrobras fleet renewal program, as Baião mentioned, the initial indication of bid prices shows that there have been some extremely competitive bids, particularly from the smaller players. As such, even though the bid process has not officially closed, we believe it is unlikely the Wilson, Sons Ultratug Joint Venture will be successful in obtaining any contracts in this round. Although disappointed with this possibility, we believe there are a number of opportunities that includes new Petrobras rounds and constructions for the spot market. We also believe that we have some ingredients or some competitive advantages that are key for the success of this business such as expertise, exceptional client relationship, funding and our wholly owned shipyard.

Moving now to the next slide, slide number eight, now we focus on logistics. Revenues increased 6.4% over the comparative as the business segment continued to focus on higher margin in-house logistics operations. Operation numbers increased with the commencement of a new contract in the petrochemical industry and extension of existing contracts in the paper and cellulose industry.

Similar to the effects on high margin storage in our container terminals, logistics EBITDA is down 17.6% compared to the corresponding quarter of 2009. 1Q10 EBITDA for logistics warehousing activities were US$1.1 million lower than the 1Q09, the same dynamics we saw at port terminals. The costs associated with start-up operations also affected margins in logistics.

Going to slide number 10, we now focus on shipping agency. Shipping agency net revenues increased in the 1Q10 with increases in the number of vessel calls, bills of lading and containers controlled in comparison with same quarter last year. The segment had an increase in personnel costs due to collective labor agreements as well as the stronger Real. As this business has more revenues in USD and costs almost 100% in Reais when we have this FX behavior, margins get hurt.

Turning over to slide 10, we discuss here our shipyard activities which we have now separated from our corporate expenses. We, last week, communicated the license for the new 17,000 m² expansion of our Guarujá shipyard operations which will effectively double our capacity for this business. When considered alongside our planned 120,000 m² facility in Rio Grande, you gain some perspective of the increased importance of this business for the generation of value through the construction and maintenance of our growing fleets of tugs and offshore vessels.

This quarter 2010 shipyard revenues were down 9.4%, as a result of slightly greater third-party construction activities in the 1Q09 that did not happen in the 1Q10. The EBITDA decline of 69.5% comes from a one-off adjustment of US$3.4 million related to contingencies released in the 1Q09. Excluding this adjustment, EBITDA margin for the 1Q09 would have been 18.1%, more or less in line with what we posted in 2010.

Going now to slide 11, our corporate slide essentially lays out costs associated with the head office and group support functions together with any business revenues or costs not segmented into the six key business already outlined. The slide presents a breakdown of items which, combined, had a net negative impact on 1Q results. These costs generally suffer from the strength in Brazilian Real relative to the reporting currency of USD, mainly because costs here are denominated in Reais. This FX impact in corporate was negative in US$1.5 million. Corporate expenses were also impacted by accounting provision for phantom stock options which had a negative effect of US$0.4 million and also we had a settlement of a legal proceeding which had a negative impact of US$ 1 million.

On the next couple of slides, we will take a closer look at the main drivers which contributed to the Company's EBITDA and net income results, as well as some key CAPEX and leverage indicators. Going to slide 12, now with respect to our key consolidated financials, Wilson, Sons delivered revenues of US$121.4 million, an increase of 17.2% as port terminals, towage, offshore, logistics, and shipping agency, all took advantage from volume growth. However the EBITDA result was lower at US$23.8 million, decreasing 23.7% largely a result of declines in warehousing and auxiliary services pressuring container terminal and logistics; contingent provision for civil, tax and labor claims amounting to US$2.5 million in the period; negotiations with ship owners and clients on re-pricing to maintain margin continue constrained by the impact on their business from the global financial crisis while cost inflation continued as expected; non-recurring release of contingencies in the 1Q09 totaling US$3.4 million for the shipyard; and increasing percentage of vessels in long term contracts and softer spot market for offshore have contributed to movement in margins; however the leases of PSV´s Petrel and Skua are also significant margin impact for this business segment, offshore.

Going to slide 13, 1Q net income also declined, the items highlighted here on this step-chart provide you with some added perspective on the bottom-line drivers, first lower operating margins as described by business unit; higher personnel was driven by headcount, collective labor agreements and the stronger Brazilian Real; other operating expenses were impacted by stronger Brazilian Real increasing these costs by US$7.8 million; they were also impacted by reversal of tax and contingent provisions in the shipyard business amounting to US$3.4 million and the lease that we have already mentioned, the lease related to the cost paid to Magallanes' for Petrel & Skua which are contracted to the Wilson, Sons fleet; and finally net financial revenues were negative, mainly explained by the net negative impact from FX changes on cash investments denominated in Reais.

Going to slide 14, capital expenditure totaled US$35.3 million, mostly due to ongoing investments in fleet expansion, the addition and realignment of 50 m of berth at Tecon Rio Grande together with purchase of other equipment for port terminals and logistics, and logistics mainly through its start-up operations also contributed to capital investments during the quarter.

On the next slide, I would like to conclude our presentation with a summary of the Company's cash and debt positions. On slide 15, cash and debt positions are detailed on this slide. Cash generation of Wilson business platform is a key strength. Cash and equivalents increased to US$195.8 million, as a result of continued operational cash generation and efficient financing of the Group's capital investment program.

Debt, 92% of which is denominated in USD, increased to US$282 million as a result of debt draw downs under facilities provided by BNDES as agent for the Fundo de Marinha Mercante, 84% of that is funded through the FMM. For the part linked to USD the loans carry fixed interest rates between 2.64% and 5% per year, 91.7% of total debt was due in the long-term.

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

Question from the Internet:

Beyond the revenue increase of 47.5%, what are the prospects for growth for Brasco such as capacity?

Sergio Fischer:

We started the new operation in March in Vitória, operating for an international air company there, and this will increase more our revenues in Brasco, and also we are going to start a big operation in the port of Rio de Janeiro, supporting all the drilling of Petrobras on the Bacia de Santos.

Richard Sanchez, ODS-Petrodata:

Hi. I have a question about spot market. I was interested in how many vessels do you plant to keep in the spot market this coming year and whether or not your cabotage trading privileges are able to be invoked in the spot market, like are you able to block vessels when you are competing for spot jobs?

Cezar Baião:

OK, Richard today the vessels that we have in the spot market will be soon entering in a long-term contract with Petrobras. So today, 100% of the vessels that we have in the spot market will be soon operating under a long-term contract with Petrobras. We do have a spot market that will be delivered in 2012 that will be able to play in the spot market, but this vessel is still under construction.

Richard Sanchez:

I had one other question. My question is, who is the customer for the spot market? Is it also Petrobras with the short-term requirements or is it some of the private companies?

Cezar Baião:

The ones that we have now in the spot, two are with Anadarko, an international oil company, and two with Petrobras, but as I said, those four vessels will be soon transferred to a long-term contract with Petrobras.

Richard Sanchez:

Alright. Thank you very much for answering my questions.

Question from the Internet:

Can you explain more about this latest Petrobras bid and if, for instance, Wilson, Sons does not really win any vessels, what is the strategy going forward?

Cezar Baião:

OK. We have some alternatives. We can also decide to build more vessels for the spot market, since we still believe that Petrobras needs a lot of vessels, and at least on the vessels that we bided the companies that were better classified, they are newcomers, they have never operated offshore vessels before and we do believe that one of them might not perform and deliver vessels at the right time.

Again, we would also have a good opportunity like in the past to have vessels in the spot market to be hired to Petrobras if one of those newcomers does not perform. So we can go to the spot market and we can also wait for the next bid of Petrobras since Petrobras has already announced they need over 135 vessels they will soon in the next six to nine months put another round for more vessels and we will be better prepared.

Another important issue is that our shipyard capacity today is quite on our limit, so we would only have availability to build more vessels in our shipyard from 2012 on, so for the next round we can be more competitive since from 2012 on we will have more capacity. We do not have more capacity to delivery vessels in 2010 and 2011. That is it.

Question from the Internet:

Can you give us an update on the Wilson, Sons UT joint venture? When is it going to be finalized?

Felipe Gutterres:

Yes. We got the approvals from BNDES, Petrobras and all of the agencies that we needed so we are working now to resolve the main issues to close the JV and calculated the ultimate settlement price, or the difference in value vessels contributed by each JV partner, but we hope that we will have all the process finalized by June.

Operator:

It appears that we have no further questions. This concludes the question and answer session for the conference call. At this time, I would like to turn the floor back over to Mr. Cezar Baião for his closing remarks.

Cezar Baião:

OK. We believe, although the growth of our business volumes and revenues are mixed with lower EBITDA and net profit, the results for the quarter continue to demonstrate the Company's commitment to a sustainable business performance and long-term growth strategy through the generation of value for our stakeholders.

Finally, as always, we would like to thank all these shareholders for their contribution and their confidence in Wilson, Sons' management team. I am convinced that we share the same vision for the Company's future. Thank you.

Operator:

Thank you. This concludes today's conference call of Wilson, Sons Limited 1Q10 results. You may disconnect your lines at this time, and have a great day.