Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson Sons Limited 2Q10 results. Today with us are Mr. Cezar Baião, CEO of the Brazilian subsidiary; Mr. Felipe Gutterres, CFO of the Brazilian subsidiary and Investor Relations; and Mr. Arnaldo Calbucci, Towage, Offshore, Shipyards and Shipping Agency 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 the 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 affect the 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 conference now.

Cezar Baião:

OK. Thank you. Good morning, everyone. Thank you for being with us today. I am here with Felipe and Arnaldo to comment on Wilson, Sons' results for this 2Q. 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 2Q results saw strength in volumes and revenues with Brazil's cabotage trade and oil and gas driving solid demand for our port terminals and towage for this first half of the year. The Brazilian oil and gas industry continues to flourish driving exceptional results for Brasco and creating a competitive outlook for our offshore business. The strong Brazilian Real has continued to constrain exporters and therefore our deep sea and warehousing volumes. This has an impact in margins this quarter compared to the same quarter last year, but it was more than offset by the effect of a one-off profit on the formation of the JV amounting to US$10.4 million in the shipyard business.

The net income of US$31 million for the quarter was impacted by a profit on sale for the formation of the JV of US$10 million along with the shipyard profit already mentioned.

Excluding both one-time effects, net income for the 2Q10 would have been US$14.1 million.

Moving now to the next slide, slide number four, in terms of the individual business segments, the highlights for the period are:

Port terminal revenues were up nearly 29% for both the quarter and year to date despite a slight quarter-on-quarter decrease in volumes. Volumes were constrained by a strong Real and the comparative period of the 2Q09 includes the positive effect of the rebound from the financial crisis. Brasco posted an exceptional revenue growth of 112% for the quarter against the comparative period for 2009.
Towage revenues increased by 4.5% quarter on quarter and 8% year to date compared to 2009, due mainly to the high demand for special operations.
In Offshore, the immediate effect of the Wilson, Sons UltraTug JV has meant revenues and EBITDA are lower this quarter than the corresponding 2009 period. Beyond this JV formation effect, the continued growth of the fleet is evident with new PSV Fulmar delivered in May 2010, and the total fleet increasing from six to nine between the 2Q09 and the 2Q10.
In our Shipyard business, we have now closed the contracts for the civil works for the new Guarujá shipyard facility which, when operational, will double the Company's existing capacity. The progress on the Rio Grande shipyard project continues with the receipt of the preliminary license.
The Shipping Agency business grew volumes and as such revenues increased 14%.
For our Logistics business, new operations and larger volumes drove revenue growth of 28% over the 1Q09 and almost 17% year to date.

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

Felipe Gutterres:

Thank you, Baião. Let me start with port terminals, on slide five. Overall port terminal revenues overcame a slight quarter-on-quarter decrease in volumes to increase 29% for both the quarter and year to date. The 2Q10 compared to last year's volume showed a decline of 1.5% but the underlying trend of growth is however visible when we look at year-to-date figures where we posted a gain of 6%.

Domestic cabotage took advantage of strong domestic demand although exporters had to contemn with a stronger Real. The Real strength incentivized imports in view of exports, cabotage transportation has been positively impacted by this trend as import movements are usually concentrated in main ports and then distributed to other parts of the Country which boosts cabotage. Cabotage volumes are up 14% quarter on quarter and year to date against the respective period of 2009. EBITDA growth of 36% for the quarter, 29% year to date particularly a result of strong demand in our Brasco oil and gas port facilities of Rio de Janeiro, Niterói, Vitória and São Luís.

Revenue at Brasco grew 112% in the quarter over 2009 and grew year to date 84.4% as spot turnaround tripled to 18 in the quarter and went from 12 in the 1H09 to 45 for the 1H10. During the quarter, Wilson, Sons acquired for US$8.7 million the remaining 25% of Brasco increasing its participation to 100%.

Moving now to the next slide, on slide six, the towage business saw revenue growth of 4.5% in the quarter and 8.4% year to date, continuing to benefit from the trend of increase in special operations which year to date amounted to 14.1% of total towage net revenues. New vessels with greater capabilities also helped drive revenue growth, however EBITDA margin continues to suffer from the strength in the Real as the majority of costs are denominated in Reais and revenues in USD, price agreements with ship owners for 2010 are still suffering with the weakness in 2009 global demand, and tax credits in the quarter which were R$1.6 million lower than 2009 and year to date R$3.1 million lower because this year we did not have the same tax credit that we had last year.

Turning over to slide seven, the offshore results for the 2Q10 include the effect of the formation of the Wilson, Sons UltraTug Joint-Venture. Following the start of the joint venture, the offshore business reports proportionally with a 50% participation in the new entity, the proportional consolidation of the JV has produced a decline of 15.2% in Wilson, Sons consolidated offshore numbers this quarter but will flow to long-term growth as the combined resources, expertise and operational experience of our partners added to the competitive advantages we already enjoy in this area. Year-to-date revenues are up 5.9%, largely as a result of a larger fleet in operation, all nine PSVs are now assigned to long-term contracts. Margins for the quarter were 56% with the most significant positive impact being the formalization of the joint venture after which Wilson, Sons offshore no longer pays charter cost to Magallanes for PSVs Petrel and Skua. A reduction in margins from the vessels entering in June in long-term contracts was not as significant as this positive effect on the removal of the charter cost.

Moving now to the next slide, number eight, we discuss here our shipyard activity. The shipyard revenues, operating profits and EBITDA all include a one-off entry of US$10.4 million related to the formation of the Wilson, Sons UltraTug Joint-Venture. In the path, costs related to the construction of our own PSVs to our offshore segment were considered intercompany profits and therefore are not showed in the shipyard results. Following IFRS consolidation rules, when Wilson, Sons transfers its assets, the PSVs vessels, to the newly created JV entity, the Company has to recognize those profits that were excluded as intercompany profits before. Excluding the one-time entry discussed above, net revenues, operating profits and EBITDA for the 2Q10 would have been US$2.8 million, US$100,000 and US$100,000 respectively and represents a slight variation due to the stage and vessels in construction across the periods in comparison.

Moving now to slide nine, shipping agency revenue increased by 14.3% for the quarter and 20.9% year to date. Generally taking advantage of both higher domestic and international shipping demand. Gains in the quarter and year came from all volume indicators, vessel calls, bills of lading and containers controlled.

Moving to slide number 10, I focus here on logistics. As a whole, logistics revenues increased 28% for the quarter and 16.5% year to date over last year. Operation numbers increased with new contracts and with mining, pharmaceutical, petrochemical, steel and transport operations, all posting improved operational volumes. New in-house contracts in the steel and mining industries will begin in the 3Q10 and continue to contribute to Wilson, Sons growth strategy for this business.

Now, going to slide number 11, we see the corporate results. The corporate slide lays out separately the costs associated with the head-office and group support. Corporate expenses increased by US$2.1 million for the 2Q10 and US$5.2 million generally suffering from the strength in the Brazilian Real relative to the report in currency of USD. Other operating expenses increased by US$1.8 million for the 2Q and US$2.6 million year to date, impacted by a payout for settlement of legal proceedings. Personnel expenses increased slightly by US$0.2 million quarter on quarter and it was flat in our view.

On the next couple of slides we will take a closer look at the main contributions of the Company's EBITDA and net income results as well as some key capital expenditure and leverage indicators. So, now going to slide 12, with respect to our key consolidated financials, Wilson, Sons delivered quarterly revenues of US$141.5 million, an increase of 22.7% for the quarter and 20.7% year to date, as the majority of our business units increased volumes. EBITDA for the quarter was 16.6% higher at US$42.1 million impacted by the US$10.4 million effect of the shipyard profit as a result of the joint-venture formation and the solid growth in port terminals driven by the oil and gas terminals. Year-to-date EBITDA is down 2.1% with the fact in towage impacted by margin constrains, offshore impacted by the formation of the joint venture and corporate impacted by a stronger Real as costs are denominated in Real.

Now moving to slide 13, 2Q net income declined 6% for the quarter and 24% year to date with the comparative 2009, which was significantly impacted by exchange gains on Real-denominated assets and the effect of deferred income tax, while Q210 counted on the deemed US$10 million profit on the disposal of investment and US$10.4 million pre-tax profit in shipyard operating results through the formation of the Wilson, Sons UltraTug Offshore Joint-Venture.

Moving now to slide 14, CAPEX totaled US$25.5 million mostly due to ongoing investments in fleet expansion and civil works at Tecon Rio Grande, together with purchase of equipments for port terminals and for some startup operations in logistics.

On the next slide I would like to conclude our presentation with a summary of the Company's cash and debt position. On slide 15, the vast majority of the Company's debt is funded under facilities provided by BNDES as agent for the Fundo de Marinha Mercante and Banco do Brasil now. As a result, 90% of the debt which is denominated in USD and 91.7% of the total debt was due in the long term. The weighted average cost of debt is very attractive at 4.2%. Debt at the end of the quarter was down from US$282 million in the 1Q to US$270 million this quarter as a result of the formation of the Wilson, Sons UltraTug Joint-Venture. Cash and equivalents decreased to US$148 million as a result of the payment of US$22.6 million in dividends, acquisition of the Brasco minority interest for US$8.7 million and capital expenditures of the Company during the period.

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

Richard Sanchez, ODS Petro Data:

Good morning gentlemen. I have a question about your new builds, the next new build coming out of the yard, I believe, when is that expected to deliver?

Cezar Baião:

Richard, the PSV Fulmar was just delivered in May, end of May, the next one, PSV Talha-Mar, is going to be in October 2010, then the other one, PSV Torda, is going to be February 2011 and then the other one, is going to be June or July 2011 and then the other one at the end of 2011, November of 2011. Those are the next four, October, 2010; February, 2011; June/July, 2011; and November 2011. All of them are PSVs.

Richard Sanchez:

And are you planning on bidding on any more vessels?

Cezar Baião:

Yes. For sure. Petrobras is planning to put more tenders in the market up to the end of this year and for sure we will be participating, no doubt.

Richard Sanchez:

Thank you very much for answering my questions.

Joana Rodrigues, Performance Investment:

Good morning everyone. Thank you for the call. I just have a quick question, can you explain the status of your shipyard expansion?

Arnaldo Calbucci:

OK. As announced, our shipyard expansion in Guarujá had the environmental license for installation and we have now approved the contract for the civil works. Our expectation on those civil works is that they will be completed in early 2012, and it will significantly add to our shipbuilding by doubling our capacity to meet the demand we have in our tugboats and offshore fleet. The Rio Grande shipyard has a preliminary license issued and we are waiting for the license for installation. Once approved the construction time is in the order of two years.

Joana Rodrigues:

OK. Thank you.

Operator:

Ladies and gentlemen, this concludes the question and answer session for the conference call. As there are no further questions at this time, I will now turn the call back over to Mr. Baião for his closing remarks.

Cezar Baião:

OK. We believe that the growth of our business volumes and revenues reflect the strong demand across our business platform, this has driven strong EBITDA and net profit as well as facilitating the completion of two notable corporate transactions that were Brasco and the JV that continues the Company's commitment with long-term growth through the generation of value for our stakeholders. Finally, as always, we would like to thank all these stakeholders for their contribution and confidence in Wilson, Sons management team. Thank you.

Operator:

Thank you. This concludes today's conference call on Wilson, Sons Limited 2Q10 results. You may disconnect your lines at this time, and have a great day.