



**Operator:**

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson, Sons Limited Second Quarter and First Half of 2011 results. Today with us we have Mr. Cezar Baião, CEO of the Brazilian Subsidiary, Mr. Felipe Gutterres, CFO of the Brazilian subsidiary and Investor Relations, and Mr. Sergio Fisher, Port Terminals and Logistics 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 slideshow, may be accessed online through the Wilson, Sons Investor Relations website, at [www.wilsonsons.com.br/ir](http://www.wilsonsons.com.br/ir)

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Wilson, Sons management and on information currently available to the Company. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that conditions related to macroeconomic environment, industry and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

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

**Cezar Baião:**

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 second quarter and first half of 2011. If you can please turn over to slide number 3 of our conference call presentation for a brief summary of our consolidated results.

Wilson Sons delivered once again record revenues of over \$182 million dollars for the quarter and close to \$340 million for the six-month period.

The Brazilian Real is still very strong and continues to help our businesses that are linked to imports and warehousing, such as our container terminals and our bonded-warehousing operation in São Paulo, the EADI - Santo André.

The oil & gas industry development in Brazil is noticeable, driving good results for our operations linked to it. Brasco, for example, is experiencing intense activity. This

business also announced, during the quarter, a contract for the acquisition of Briclog, a supply base operator in Rio de Janeiro. The expanding Brazilian economy continues to reflect positively in the results of our Logistics business and our cabotage volumes. EBITDA is up over 32% for the half-year period with Port terminals, Logistics, and Shipyards all performing strongly. The net income of \$13.7 million dollars for the quarter is down compared to 2Q10. We remind you that net income for the second quarter of 2010 included non-recurring gains that occurred when the offshore joint venture was formalized, so the comparison is distorted. If we exclude these non-recurring events, net income for Q2 2010 would have been around \$14 million dollars, which is basically in line with 2Q11.

Moving now to the next slide, slide number 4 of our presentation. In terms of individual business highlights for the six-month period:

Port terminal revenues are 37% up for the half-year comparison, with better pricing, growing warehousing of imported cargo at both container terminals, and another impressive quarter for Brasco.

For our logistics business, revenues are up substantially for the first half of the year, close to 70% increase. We not only added new in-house operations but also experienced significant increases in imports which, in turn, continue to benefit the EADI Santo André, our bonded warehousing operation located only 60 kilometers away from the Port of Santos.

Towage revenues increased over 3% year-to-date, with a higher number of harbor manoeuvres and more special operations. But at the same time, the business is being impacted by a strong Real and a more competitive environment.

In Offshore, half-year revenues are down 13%, a result of the Joint Venture formation at the end of the second quarter of 2010. A larger fleet translated into more days in operation. PSV Cormoran was delivered in July and all 12 PSVs are now in long-term contracts with Petrobras.

The Shipyard business saw its revenues increasing over 200% as a result of a greater number of vessels being built to third-parties. This is because in Q2 2010 we were building vessels mostly for our own. After the formation of the JV, 50% of all shipyard construction for WSUT is considered third-party.

The shipping agency business again grew volumes and revenues, but continues to suffer from a strong Real that impacts personnel costs. Now, I will pass it on to Felipe.

**Felipe Gutterres:**

Thank you Baião, on slide 5 we see the net income breakdown for 2Q11 and 1H11.

First we isolate the USD 20.4 million dollars gain on disposal of investment, which is a non-recurring entry related to the formation of the offshore JV. By doing that we can see that net income is in line with 2Q10 and actually grew over 60% on the half-year comparison.

EBITDA improved USD 9.3 million dollars and USD 18.1 million dollars for the quarter and half-year. The best performances came from Port Terminals, Logistics, and Shipyard. But higher provisions for the cash-settled stock options plan negatively impacted 2Q11, a result of the movement in the share price for the quarter. Depreciation costs increased due to a larger asset base. And financial revenues rose as a result of the USD/Real exchange rate movement and its effect on the valuation of our monetary items denominated in Real, mostly cash. Income tax expenses increased for the half-year as a direct result of higher taxable income for 2H11.

Moving now to the next slide, slide number 6, I make some comments on capital expenditures. The capital expenditures for the quarter of \$50 million dollars and for the half-year period of over \$104 million dollars are comprised of, mainly, Offshore and Towage fleet renewal and expansion, civil works for Tecon Salvador, and the Guarujá II Shipyard construction.

The expansion of Tecon Salvador continues on track. The quay reinforcement was completed in the second quarter, retro area paving is under way; and dredging of the terminal is coming up next, all to prepare the site to receive the new equipment scheduled for delivery by the end of this year.

In Offshore, we have delivered PSV Cormoran right after the quarter-end and now have a fleet of 12 wholly-owned PSVs and 2 chartered Anchor Handlers. The next PSV delivery, Sterna, is expected by the end of this year.

We have announced, 2 weeks ago, the purchase of 3 tugboats from Navemar, and another three tugboats are already being constructed in our shipyard.

Civil works at the Guarujá II site has paused as announced on June 8<sup>th</sup> 2011 and we are taking all legal measures to resume construction.

The Company's plan is to continue to fund the majority of its capital expenditures through the Fundo de Marinha Mercante, as you will see on the next slide.

Turning to the next slide, slide number 7, I'll give you some color on debt and cash. So, on this slide, we have a summary of the company's cash and debt position.

The majority of the Company's debt, 74%, is provided by BNDES and Banco do Brasil as agents for the Fundo da Marinha Mercante. Additionally, 86% of our debt is denominated in US dollars and 90% of it is long-term. Our Net Debt of \$254.7 million dollars. At quarter-end, we had \$420.6 million in undrawn borrowing facilities which provides us comfort for the execution of our investment plan.

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

**Operator:**

Thank you. The call is now open to questions. If you have a question, please press \*1. Mr. Kevin Lapwood, from Seymour Pierce, would like to ask a question.

**Kevin Lapwood (Seymour Pierce):**

Cezar and Felipe, good morning to you. The results are very good. Firstly, where is the presentation, I can't actually find it on the website. Second, do you have any idea how long the legal process is to resolve the Guarujá II dispute will continue for?

**Cezar Baião:**

Hi Kevin, I'm sure the presentation is in the website, but we can help you later on, I'm sorry about that. Related to the legal case in Guarujá II expansion, although it is quite difficult to forecast these things, or when we are going to solve this, legal cases, etcetera, we are positive that it's going to be soon. All I can say is that we are positive that it's going to be soon and, more important, this will not cause any problem to us related to construction of offshore vessels, construction of tugs, etcetera, so we are still very positive we are going to solve this soon and our actual facility can deliver and keep building tugs and PSVs like we are doing up to today, more or less, 2-3 PSVs per year and another 5 tugs.

**Kevin Lapwood (Seymour Pierce):**

Thank you.

**Operator:**

Mrs. Jackie Broers, from Utilico Investments would like to ask a question.

**Jacqueline Broers (Utilico Investments):**

We are also looking for the presentation on the website, not sure where exactly it is. Two questions I had, one's regarding the towage business, you indicated on the press release that there's more competition, explain more about that. And the second question was regarding your actual volumes going through your business of port terminals and the decrease in transshipment volumes due to a change in shipowner's choice, if you could please give us a little more color on that, as well, that's the 2 questions from our side.

**Cezar Baião:**

Ok, Jackie, this is Cezar, but I can also, related to your question regarding the port terminals, I can also ask here Sergio Fisher to add something. Sorry about the problem related to the presentation and we're going to check what happened. Your first question is related to towage, I understood, the main impact that we had in our towage results is the strength in the Brazilian Real. 70% of towage revenues are linked to dollar and 95% of the towage costs are linked to the Brazilian Real. So, because of the appreciation of the Brazilian Real, this hurts our towage margins. Although the competition has been increasing in Brazil in the last two years, it was not the main reason that in the first semester for our, not good results, our towage results. It's more the impact of the Real in our margins. Related to the volumes in the terminals, the thing that is good is that the full containers volumes, the deep-sea, and cabotage, they have increased. The only reduction that we had in volumes related to the two terminals occurred in the transshipment volumes. Transshipment volumes, although we do lie to

have those increased, they have a much smaller margin than the full containers in the deep-sea and cabotage. Maybe, Fisher, do you want to add something?

**Sergio Fisher:**

No, that is it.

**Cezar Baião:**

That is it, Jacquie. We agree, we had a reduction in transshipment but, again, the most important thing for us is to have good volumes in the full containers for deep-sea and cabotage.

**Felipe Gutterres:**

Related to the presentation, if you go to our website, there's a pop-up related to the conference call and if you press there, you go straight to the presentation.

**Operator:**

If you like to ask a question, please press \*1. Mr. Kevin Lapwood, from Seymour Pierce, would like to ask a question.

**Kevin Lapwood (Seymour Pierce):**

Good morning. The question is on the Logistics division which has again performed exceptionally well. Are we looking at any particular, extraordinary reason for the increase in revenue and EBITDA in Logistics? Was there anything that happened last year that would be driving the performance at the moment? And how long could we expect to see significant, double-digit growth to continue for?

**Cezar Baião:**

Kevin, I will ask Fisher to answer you, I mean, but we are quite happy with the result in Logistics. For a long time we have been looking at our Logistics division and how we could do better but I think we finally got a better model than the previous years. I will ask Sergio Fisher, our vice-president for Logistics to answer that.

**Sergio Fisher:**

The main difference for the increase in revenues is that we have more clients in dedicated operations in Logistics and, also, we have an increase in the volumes of imports on our bonded-warehouse in Santo André. These are the two most important things.

**Kevin Lapwood (Seymour Pierce):**

How close are you to reach capacity at the bonded-warehouse? Will you need to add more capacity in order to keep these levels of growth?

**Sergio Fisher:**

In our site in Santo André, we have 33,000 square meters of warehousing, but only 22,000 bonded. We are in the process to bond the other 11,000, which will add 50% more capacity on the terminal.

**Kevin Lapwood (Seymour Pierce):**

Any time scale on that?

**Sergio Fisher:**

Yes, we are in the process, we are working on, perhaps, more 6 months to achieve that.

**Kevin Lapwood (Seymour Pierce):**

Excelent. Thank you.

**Operator:**

Remember, if you like to ask a question, please press \*1. This will be the last instruction, if you like to ask a question, please press \*1. If there are no more questions, I would like to turn the word over to Mr. Cezar Baião for final considerations. Mr. Baião, you may proceed.

**Cezar Baião:**

Ok. We will carry on our investment plan as we continue to be very optimistic with the fundamentals in which the Company operates, even with the recent macroeconomic developments. We continue to believe in the growth of the imports and exports in Brazil, the growth in the international trade flow, the expansion of the oil & gas industry, and in the development of the Brazilian domestic economy.

A clear understanding of what is important to our Company has kept us delivering consistent results quarter after quarter. This quarter is no different: due to the dedication of our people, one more time we have delivered good record results. We, again, thank all of our employees and stakeholders for the trust they have in Wilson, Sons management team. Thank you all very much.

**Operator:**

Thank you. The Wilson, Sons conference call has finished. Have a nice day.