

Operator

Good morning, ladies and gentlemen. Welcome to the conference call for Wilson Sons Limited 2Q 2016 results. With us we have **Mr. Cezar Baião**, CEO of Operations in Brazil and **Mr. Sergio Fisher**, COO Port Terminals and Logistics, **Mr. Arnaldo Calbucci**, COO of Maritime Services and **Mr. Fernando Salek**, CFO of the Brazilian subsidiary and Investor Relations.

As a reminder, we will have simultaneous translation for those who wish to listen to the English version. All participants will be in a listen-only mode during the Company's presentation after which, there will be a question and answer session for industry analysts. Page two of the presentation contains all the usual forward-looking statement disclaimers for your reference.

Now, I will turn the conference over to **Mr. Fernando Salek**, who will begin the presentation.

Fernando Salek

Thank you. Welcome you to our conference call results for the second quarter 2016.

Let's start with slide number 3, where I present the lost time injury frequency rate from 2010 to June 2016 Wilson Sons Group.

In this period, we see that there was a decrease of 91% in the lost time injury frequency rate, which shows the commitment we have with security in our operations, not only with our employees, but also with contractors and other service providers.

Our objective, which we consider realistic, is to achieve the rate of 0.5 accidents by 2022, reaching a level of world-class security, however our desire is to reach zero accidents. For this, we will continue to work with absolute focus in safety of our business and operations.

Turning to slide 4

Here I summarise our consolidated results.

Wilson Sons 2Q16 proforma Net Revenues with the Offshore Vessels Joint Venture were US\$129.8 M. In this quarter, the Company's total revenue decreased 12.4% mainly due to:

- Weaker average R\$ exchange rate impacting Port Terminal and other business revenues;
- Reduced level of Shipyard activity; and
- Reduced Logistics operations.

Proforma EBITDA for the quarter was 8% lower than the comparative mainly due to the current Brazilian macroeconomic scenario.

Looking at the investments made during the year, we can see that our CAPEX was mainly concentrated in the business of Container Terminal, as we will discuss later in this presentation.

Turning now to slide 5

Here we present a quick summary of the highlights of the quarter by business

- Export volumes in both **Container Terminals** were positively impacted by the dollar appreciation and the growth in the movement of some products, such as resins in Rio Grande and polymers in Salvador. However, this exchange impact changed the revenue mix as it made imports less competitive, consequent impacts in the warehousing of both terminals.
- In **Brasco** the revenues and EBITDA increased against the comparative. Revenues were positively impacted by the operations of waste management and EBITDA was positively impacted by measures to cut costs and general expenses together with the dollar appreciation. Analysing the operations, there was a decrease in the number of vessel turnarounds, although revenues were positively impacted by waste management operations.
- In **Logistics**, we had a revenue reduction as a result of our strategy to terminate some dedicated operations in 2015 and due to the negative impact of lower operational volumes in 2016. The business also suffered with the Real devaluation, which negatively impacted the imports and consequently the results of our bonded warehouses and Allink.
- In **Towage**, the revenues decreased due to the impact of the exchange rate devaluation, as approximately 20% of clients have contracts in BRL. Looking at the operational results, there was a decrease in the number of harbour manoeuvres due to the market weakness and the increased competition in some ports. In the case of special operations, there was a revenue decrease as the comparative period includes the firefighting operation in the Port of Santos. The EBITDA margin increased as a result of the combination of measures to reduce costs and expenses, the positive impact of the Real devaluation on costs and the increased size of the ships being attended.
- The **Shipyard** revenues were negatively impacted by the reduced third party shipbuilding activities. EBITDA was positively impacted as current vessels are projects with repeated specification and therefore offer better margins.
- In the case of **Offshore Support Vessels** there was a decrease in the number of days in operation mainly because the vessel Mandrião was offhire and other three vessels were dry docked during 2Q16. Currently, we have two vessels available in the spot market: Mandrião and Pardela, which have already finished the process of registration in the Brazilian Special Register (REB). The vessel Larus, delivered in the 2Q16, is already in operation with a 6 year contract that began in August.

Moving now to slide 6

In this slide, when we look over the past eleven years, we see that the Company has consistently grown in revenue and EBITDA, despite the significant exchange variations during this period.

This consistent growth is a result of our resilient business model, diversification of the business and clients and the quality of investments accomplished over the period, that allowed the improvement in the quality of our operations. These all serve to help differentiate our business in the competitive markets in which we operate and all are even more important in this moment of economic recession such as that Brazil is facing. In the proforma EBITDA we highlight the importance in the proportion of contribution from Container Terminals, Towage and Offshore Vessels, that represent 95% of the total business EBITDA reported in the first semester of 2016.

Regarding the CAPEX, there is a evident reduction after the completion of the cycle of investments which allowed us expanded our capacity in all of our businesses, but in the first six months of 2016 the CAPEX was exceptionally increased as a result of the acquisition of 6 tugboats for \$19.4M such a opportunity we chose to materialize. Additionally, the company invested 3 Ship-to-shore and 11 Rubber tyred gantry to be delivered between Q4 2016 and 1Q2017 for Port Terminals operations. The first parcel, already paid, of US\$15.7mi reflects 35 % of the total, remaining still a final parcel of US\$22,4mi expected in the end of 2016 or beginning of 2017.

Moving now to slide 7

Here we analyse the operational data of Container Terminals, Towage and Offshore Support Vessels in the first seven months of 2016.

Container Terminals performed well, driven mainly by exports, which had double digit growth in both terminals in the first seven months of 2016, and cabotage, which has shown strong results. These exports were driven by the dollar appreciation and the growth of handling some specific cargoes in the terminals, such as polymers in Salvador and resins in Rio Grande, as mentioned previously.

In the case of **Towage**, a decrease of 4.3% in the number of harbour manoeuvres is a result of the consolidation of container ship liners. We would like to emphasize here that, although there was a reduction in the number of operations, there was a growth of 2.7% for the average deadweight, which represents an increase in the size of vessels attended by our Tugboats, positively impacting our revenues.

Offshore Support Vessels had a decrease of 8.2% in the number of days in operation as some of our vessels experienced offhire in the first seven months of 2016 and others were dry docking during some days. Despite the challenging environment for the O&G industry, we believe that the coming months of 2016 will be in line with 2015, considering the security we have with existing contracts.

In this last slide we have the volume cargo handled in Brazilian ports since 2002.

The main takeaway here is that the growth of containers is expressively higher than the other types of cargo, which confirms the message that we continuously try to pass, not only in relation to the performance of our container terminals, but also as the growth potential we have for the future. The slide also shows the possibility of growth of the harbour manoeuvres with a solid cargo handling trend in Brazilian ports.

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

Operator

Thank you. We will start now the Q&A session. We have a question in English. Mr. Andrew Mitchell from Edison would like to ask a question.

Andrew Mitchell

Thank you very much. Can I ask two questions please. One, could you tell us bit more about the contested environment in towage and whether that's actually becoming more difficult or whether it's fairly steady now? And secondly on the logistics business, could you explain what the provision in the second quarter related to and confirm whether that is really just a one-off cost or whether there is further cost to come? Thank you.

Arnaldo Calbucci

Answering about the towage market. The market is going in with some negative impact because of the situation, the decrease are not significant as Fernando mentioned. We had a reduction in the volume of the manoeuvres around 4% that was offset by the deadweight of the ships. We don't expect a major change in this scenario, probably a small recovery with the recovery of the Brazilian market and perhaps an increase with something around the competition in the industry in the near future.

Sérgio Fisher

And for to the logistic contingencies, there can still be some contingencies in the future quarters. But this is something that we are still to analyze and formalize.

Victor Mizusaki

Good morning. I have two questions. The first, recently it was announced a contract with Terminals & Logistics, could you explain a little bit, the size of this operation and the fact that now you have this operation and if this can impact on the average price? And the second question,

we have seen many discussions concerning the possible consolidation now in the sector of terminals. Do you see any opportunities in this area?

César Baião

We didn't quite understand the first question. Could you repeat it, please?

Victor Mizusaki

If I'm not mistaken recently Wilson closed a contract with the Terminals & Logistics for the operations in the Port of Açu. My question was, what is the size of this operation and now that you have an operation inside, if the average price of the services rendered there, if it could decrease because of this?

Arnaldo Calbucci

We are already operating in Açu more than a year and a half and we we won the bid that we did for a 10-year contract. And there will be no significant decrease in average prices there. Obviously we cannot provide details in terms of values, but what we expect is that the volume in this port increases helping us to increase our operations as well.

César Baião

And as for your second question about the container terminals, we believe that for from some reasons of being a very fragmented with several operations that the consolidation is a problem. And the second reason is that here in the market, we also believe that when coming to the market, somehow this initiatives can induce this consolidation. We will be doing a close follow-up of this, we have full interest in participating in this survey and this consolidation.

Victor Mizusaki

Thank you.

Rodrigo Glatt

Considering the positive prospective of generation cash flow and leveraging the Company, can you increase the payment of dividends?

César Baião

I would like Fernando to answer this question.

Fernando Salek

Rodrigo, actually our policy of dividends right now, that has been approved is a very aggressive policy already distributing 50% of our net profit. And we wanted to meet to this policy actually in terms of the current situation, despite we already seeing some signals of improvement. It is a situation that still demands some caution. So we don't have a cash flow position yet to attend this.

Operadora

We now close the Q&A session. I would like to turn the floor back to the Company for the final considerations.

The Wilson Sons conference call is closed. We thank you for your participation. Have a nice day.