



Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson, Sons Limited 4Q and 2010 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. 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 an operator.

Today's live webcast, including both audio and slideshow, 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 the presentation. Mr. Baião, you may begin your comments now, sir.

Cezar Baião:

OK, thank you. Good morning, everyone. Thank you for being with us today. I am here with Felipe Gutterres and Arnaldo Calbucci to comment on Wilson, Sons' results for the 4Q and the full year 2010.

If you can, please, turn over to slide number three of our conference call presentation for a brief summary of our consolidated results. We delivered all-time record revenues of US\$159 million for the quarter and US\$576 million for the full year. The Brazilian economy and the Oil & Gas industry continue to thrive, driving exceptional results for the container terminals, Brasco, and Logistics. Similarly, international trade flow is expected to increase 16% for 2011 according to the latest Central Bank estimates. All of our drivers are expected to grow strongly and provide fuel for the Company as a whole.

EBITDA is up 8.3% for the quarter, but down 5.4% for the year. The main reasons are higher fiscal credits received in 2009 than in 2010, proportional consolidation of the joint venture from May 2010, and higher provisions for our phantom stock options.



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The net income of US\$8.7 million for the quarter and US\$70.5 million for the year were impacted by lower financial revenues and higher financial expenses. For 2011, we are optimistic with the latest Central Bank estimates, expecting a strong growth in the international trade flows in Brazil, in the order of 16%. Moreover, investments already announced by the Oil & Gas industry and GDP estimates for 2011 reinforce our confidence, providing us with fuel to grow all of our businesses.

Moving now to the next slide, slide four. In terms of individual business, the highlights for the period are port terminal revenues are up close to 31% quarter on quarter and 30% yearly, with positive pricing, container volumes, and full-to-empty mix being the principal reasons. Exports have continued to be constrained by a strong Real, but imports, cabotage, and transshipment volumes continue strong. Brasco had an exceptional year, with 85% revenue growth for the quarter. The expansion of Tecon Salvador continues with civil work completion expected in the 1Q12.

Towage revenues increased 10% quarter on quarter and 7% yearly compared to 2009, due to high demand for special operations and harbor maneuvers. Five new tugboats were delivered during the year of 2010.

In offshore, quarterly revenues are down 65% as a result of the joint venture formation and the commencement of four long-term contracts with lower associated daily rates in June 2010. The total fleet and operating days increased with the delivery of Talha-Mar, our tenth vessel.

In the shipyard business, revenues are up 51% as a result of faster build programs and the consistent demand for vessels from the offshore joint venture. Civil works continue at the Guarujá II facility with completion expected in early 2012.

The shipping agency business grew volumes and revenues, but continued to suffer from higher personnel costs and a strong Real.

For our logistics business, the new operations contributed to a significant increase in both revenues and EBITDA, while imports assisted the bonded warehousing side of the business.

Now, Felipe will talk about the results of each of our business units in more detail.

Felipe Gutterres:

Thanks Baião. Starting with port terminals, on slide five. Port terminals revenues reached an all-time record of US\$228 million for the year, with container volumes reaching an all-time high as well. 929,000 TEUs were moved during the year, with the strongest contribution coming from cabotage volumes, imports, and transshipment.

New equipment delivered to Rio Grande at the end of 2010 became operational in the 1Q11, improving productivity with faster vessel turnarounds. Productivity, in some cases, has exceeded 100 container movements per hour.



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Brasco, again, outperformed with demand from long-term clients. Revenues at Brasco grew more than 84% for both the quarter and the year. EBITDA growth of 27% for the quarter and 31% for the year was achieved by a balance of mix and pricing.

Moving now to the next slide, slide number six. The towage business saw revenues growing 10% and 7% in the quarter and year, respectively. The trend of increasing special operations was clear, and for the full year they amounted to almost 16% of total towage revenues.

EBITDA margins for the quarter are lower principally as a result of fiscal credits received in 2009, which were not repeated in 2010. Additionally, this business is impacted by a strong Brazilian Real, as the majority of costs are Real-denominated and revenues are USD-denominated.

The service potential and vessel security for our clients in this business continue to increase with five new tugboats delivered in the year.

Turning over to slide seven now we talk about offshore. The offshore results for the 4Q10 include the effects of the formation of the joint venture. Additionally, nine of the ten vessels were operating in long-term contracts at yearend, which had an impact on the performance compared to 2009. Just to give an example, in 2009 four of the seven vessels were operating with higher daily rates on the spot market at yearend, and only three were in long-term contracts last year.

EBITDA margin for the year was 47%, impacted by the JV formation in May 2010 and the aforementioned migration from spot to long-term contracts. During the year, the financing of an additional 13 Offshore Support Vessels was secured from the Fundo Marinha Mercante, through the BNDES as agent, and this will allow the continued development of our fleet, which is expected to reach 24 Offshore Support Vessels by 2015. The christening of PSV Torda this month brings our offshore fleet to 11 vessels now.

Moving now to the next slide, number eight. Shipyard revenues rose 51% in the quarter and 58% for the year, with consistent production for the joint venture.

The outlook for this business is notable when we take into account some relevant public information, such as the CESPEG study. On the bottom half of this slide, we show that the Brazilian shipbuilding capacity for OSVs will be at 21 per year in 2015, while demand coming from Petrobras, OGX, and international oil companies for the next ten years will be around 45 vessels per year.

This mismatch between supply and demand creates a great opportunity for our shipyard business and also our offshore business.

Moving now to slide nine, now we present shipping agency. Shipping agency revenues increased 15% for the quarter and 16% for the year, with continued higher domestic and international shipping demand. EBITDA margins decreased mainly as a result of the strength in the Brazilian currency, as 100% of the costs of this business are Real-denominated and the majority of the revenues are USD-based.



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Going to slide number ten. Logistics revenues increased 67% for the quarter and 35% annually, with increases in the number of operations, volumes of transport operations, and the bonded warehousing taking advantage of increased imports due a strong Brazilian Real.

Capacity, intelligence, and technical knowhow continue to be the core competitive advantages of this business, and the challenge we have going forward is to maximize both the synergies with our other business units and the focus on the most profitable operations.

Going now to slide 11. The Company's corporate activities include head office and group support functions together with costs not allocated to the individual business operations. The corporate figures in 2010 were impacted by a 3% increase in average headcount for the year combined with the impact of collective labor agreements; provisions for cash-settled stock options with a delta of US\$3.4 million for the quarter and US\$1.7 million for the year against 2009; expenses related to the implementation of our enterprise-wide resource planning system amounting to US\$700 thousand for the quarter and US\$1.7 million for the year; and a stronger Brazilian Real. FX rate in 2009 was R\$1.74, in 2010 it was R\$1.66.

Turning to the next slide, slide number 12. Our consolidated EBITDA of US\$30.4 million for the quarter was up 8% due to positive results in port terminals, shipyard, and logistics. Full year EBITDA of US\$121 million declined 5% as a result of the offshore joint venture formation, higher provisions for the cash-settled stock option plan, and reduced fiscal credit receipts particularly in the towage business that happened obviously in 2009 and were not repeated in 2010. If we exclude all of these effects, the EBITDA of 2010 would be US\$130 million against something around US\$117 million in 2009, which would give us a double-digit growth, instead of the 5% down as we present here.

Going to slide 13. Our consolidated net income declined 40% for the quarter and 22% for the year. A decrease in financial revenues is a result of the Real appreciation in 2010 when compared to 2009, and the subsequent effects from the valuation of monetary items, such as cash denominated in Reais. The increased depreciation for both the quarter and the year is a direct result of larger fleets and other investments in assets.

For the full year, we should point out the US\$20 million gain on the formation of the joint venture that happened in the 2Q10, which had a significant positive impact on the annual net income.

Moving now to slide 14. CAPEX totaled a record US\$167 million for the year. If we include the US\$14.5 million downpayment to Codeba, the Bahia port authority, related to the expansion of Tecon Salvador and the US\$9 million for the remaining 25% interest in Brasco, our total investments for 2010 would be almost US\$190 million.

In offshore, we have delivered three PSVs in 2010, this month we delivered PSV Torda, the 11th vessel of the fleet; in towage we continue to renew and expand our fleet, with five tugboats delivered in the year; in port terminals we completed civil works for Tecon Rio Grande and purchased two ship-to-shore container cranes and four rubber-tire gantry



cranes. The new equipment arrived at the terminal in late 2010 and became operational last month. And in logistics, we invested in equipment for new client in-house operations.

Turning to the next slide with a summary of the Company's cash and debt positions, on slide 15. Talking about debt, 91% is long term, 76% is funded by the Fundo da Marinha Mercante under facilities provided by BNDES and Banco do Brasil as agents, 85% of our debt is denominated in USD, and 91% of it is long term. A net debt of US\$170 million at yearend implies a net debt/EBITDA ratio of 1.4x, with the weighted average cost of debt of 4.4%, which is very attractive. At yearend we had US\$389 million in undrawn borrowing facilities that will occur during 2011 and 2012.

On the next slide Baião will give a status update on two of the more significant projects that will continue through 2011. Baião?

Cezar Baião:

Thank you, Felipe. The first picture of this page is the expansion of Tecon Salvador, where we have seen impressive growth in recent quarters and are very positive in respect of the potential of the facility. The three ship-to-shore portainer cranes and six rubber-tire gantry cranes, which have been ordered, have delivery dates for the end of 2011 and will contribute to a capacity of close to 600,000 TEUs per year for this terminal.

The image you can see demonstrates the equipment used to provide a separation between the quay and the container ships, which allows the simultaneous reinforcement of the quay and loading and unloading of containers in our terminals. Retroarea leveling and other civil works are under way. The government dredging of the access channel has been completed and dredging for our berths to 15 m will commence upon completion of the quay reinforcement. This will allow unrestrained access to post-panamax ships. It is an important development for both Wilson, Sons and the entire Northeast region of Brazil.

The second photo on this slide is the ongoing expansion of our Guarujá shipyard that will double the shipbuilding capacity. Civil works continue steadily on the project and we expect to have the additional capacity in early 2012.

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

Mark Jason, Invesco:

Hi. My question is relating to towage; outside of special operations, can you discuss pricing and how that is being impacted by competition right now?

Cezar Baião:

Regarding special operations, as we have the most comprehensive fleet in Brazil, for sure we have a big advantage to take part in this market. We are the leaders and we have more units available to perform this kind of operations. Most of the other competitors do not have spare units to compete with us.



Mark Jason:

But my question was asking outside of that. I know that you guys have a great business in your special operations, but outside of that, in just regular towage, can you talk about pricing and competition right now? Do you see it as getting stronger, or do you see things leveling off, or has that impacted price on regular towage?

Cezar Baião:

For sure the market is very competitive at the moment, but the pressure on prices is slowing down, due to the volume of harbor towage maneuvers that is increasing, and most of the capacity of all the competitors is almost at the end. We think that there is not room for further reductions on the pricing from now on.

Mark Jason:

Great. Very clear. Thank you.

Kevin Lapwood, Seymour Pierce:

Good afternoon. Could I ask firstly what you expect the capital expenditure to be in the current year?

Felipe Gutterres:

Kevin, our CAPEX expenditure for this year is going to be something around US\$250 million, and it is important also to say that the year after it is going to be another US\$250 million. After that we might go back to a more maintenance CAPEX, which is lower than that.

Kevin Lapwood:

Splendid. Thank you very much.

Cezar Baião:

Maybe it is important also to say, Kevin, that most of this CAPEX is being funded through Fundo da Marinha Mercante in very good terms. Our cost of finance using those funds is very cheap.

Kevin Lapwood:

Indeed. Thank you.

Bruno Amorim, Santander:

Good morning. Just a follow-up question: could you, please, provide us with a guidance for maintenance CAPEX going forward? Thank you.



Felipe Gutterres:

Yes, Bruno. You can consider US\$45 million.

Bruno Amorim:

OK. Thank you very much.

Kevin Lapwood, Seymour Pierce:

There are a couple of divisions that were adversely affected by the strengthening of the Real, and I am speaking in particular about the towage business and the agency business. Obviously there is a mismatch between the costs you are paying and the amounts you received in revenue. What plans are there in order to, particularly in the agency business, where you actually lost money in the 4Q? What plans are there to resolve that? Is there capacity to increase prices in your market, or do you just have to cut costs?

Cezar Baião:

The strategy is to try to do both. Since we do not see on the short term the scenario of the Brazilian foreign exchange rate changing dramatically, we do not see USD in Brazil going up, we should reinforce our strategy in trying to do both, I mean trying to increase price a little bit, and pay a lot of attention to costs. I would say our strategy is to try both things.

Although in towage, immediately after Smit built 18 tugs in Brazil, increasing the competition a little bit, it is not that easy to increase price in towage today, but we are still working on that, and we see some room to increase towage price as well.

Kevin Lapwood:

Thank you. I am sorry to halt the proceeding, gentlemen, but turning to the port sector, obviously you must be very encouraged by the fact that you have achieved an all-time record in volume through the ports. In Rio Grande in particular, how close are you to full capacity there at the moment? And are there any plans to increase the capacity there when you finish the capacity increase in Salvador?

Cezar Baião:

Kevin, in Rio Grande we have recently increased capacity, in 2009 we increased capacity to 1.2 million, 1.3 million TEUs. So today in Rio Grande we have plenty of capacity, we are moving close to 700,000 TEUs, and we can go up to 1.2 million TEUs, plenty of room to grow in Rio Grande.

In Salvador we achieved capacity two or three years ago, and that is why we are now investing in the terminal, we want to double the capacity of the terminal from 300,000 TEUs to 600,000 TEUs. So by the time this expansion is ready and completed, we are going to double Salvador capacity.

Kevin Lapwood:



Cezar, the new shipyard from Rio Grande, could you perhaps update us on the progress there? Have you actually start building yet, or are you still in the preconstruction phase?

Cezar Baião:

Let us talk first about Guarujá. We have started already the construction, and the civil works of the expansion in Guarujá, and we are going to deliver this expansion on the 1Q12. So by 1Q12 we are going to be able to build the double of vessels that we are building today, so we are going to double our capacity in ship building activities.

In Rio Grande we are still waiting for some authorizations. The land we have got had two pieces, one that belongs to the State Government of Rio Grande do Sul, which we have already the title of this piece; the second piece is much smaller, but very important, it is the piece of land that faces the sea, faces the water, and this is a federal land that we still need some authorization from the Federal Government. So we are waiting for that. Right after we get this authorization, we start the civil construction.

Kevin Lapwood:

Any idea of when that might be?

Cezar Baião:

I would not like to give you a schedule, Kevin. I really do not know. Six to 12 months; I do not know.

Kevin Lapwood:

OK.

Harry Roberts, Garcia Consulting:

Good morning everyone. First, congratulations on the result. I would like to ask a question: do you think Brasco can continue to grow at rates of, say, 80%?

Cezar Baião:

This has been an exceptional growth for Brasco, and although we do not want to make a forecast for the future sales growth of this business, we could say that we are very optimistic about Brasco's growth. 85% is not an easy rate to repeat, but we are very positive about Brasco.

One of the examples in our confidence in this business is that we recently acquired an area of 80,000 m² to support Brasco. It shows the confidence we have in this business, so we are very positive. I would not like to give a forecast, and I would not like to say that we are going to keep growing at 85%, because this is really a high rate of growth, but we are going to grow a lot at Brasco.

Felipe Gutterres:



Just to add something, the dynamics of the oil and gas industry in Brazil is amazing. So obviously Brasco is completely connected to this dynamics, and we will take advantage on that. So we are very positive.

Harry Roberts:

OK. Thanks.

Operator:

This concludes the question and answer session of this conference call. As there are no further questions at this time we would like to turn the floor back over to Mr. Cezar Baião for his closing remarks.

Cezar Baião:

Our ongoing investments in the fleet development, the expansion of both Tecon Salvador and our shipyard in Guarujá, as well as our other projects, will continue to facilitate the Company's long-term growth and the generation of value for our stakeholders.

The all-time record revenues for 2010 are a strong reflection of the demand for our services, and the dedication of our team to deliver the best services to our clients.

Finally, as always we would like to thank all of our stakeholders for their confidence in Wilson, Sons' management team. Thank you all. Bye.

Operator:

And we thank you, sir, and to the rest of management for your time. This concludes today's conference call of Wilson, Sons Ltd. 4Q and 2010 results. You may disconnect your lines at this time. Thank you.

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