Operator

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the conference call for Wilson Sons Limited Fourth Quarter 2014 Results. Today with us we have Mr. Cezar Baiao, CEO of Operations in Brazil, Mr. Felipe Gutterres, CFO of the Brazilian Subsidiary and Investor Relations,

Mr. Sergio Fisher, COO, Ports, Terminals and Logistics and Arnaldo Calbucci, COO of Towage Offshore Vessels Shipyards and Ship Agency. 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. (Operator Instructions) 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.

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 the 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 CFO of the Brazilian Subsidiary and Investor Relations, Mr. Felipe Gutterres, who will begin the presentation. Mr. Gutterres, you may begin your comments now, sir.

Felipe Gutterres

Thank you. Good morning everyone, I am here with Cezar Baião, Arnaldo Calbucci and Sergio Fisher for our conference call on the 2014 results together with some of the long term highlights of what has been achieved in the company over the last decade to help demonstrate how the company has advanced, in particular, since our Initial Public Offering in 2007.

Please turn to slide number 3 of our presentation for a brief summary of our consolidated results

Wilson Sons 2014 IFRS Net Revenue of US$ 633 million would be proforma, with consolidation of our Offshore Vessels Joint Venture, US$ 710 million. This reflects an annual compound growth rate of 12.6% over the last decade. We are very happy with the Towage and Shipyard revenue increase in 2014 although total revenue isslightly below 2013 revenues due principally due to:

– weaker BRL impacting Port Terminal's revenues.

– the soft international demand and low Brazil GDP growth, which have pressured movements at both Tecons; and

– fewer dedicated operations in Logistics.

For EBITDA, I again highlight the long term trend over the last decade and include our Offshore Vessels Joint Venture. When we remember that the 2013 comparative had nine million in one off gains from the sale of non-operational real estate we can quickly see the level of growth over the last decade and what was achieved in 2014. The 10 year compound annual growth rate is 15.3% in EBITDA including the Offshore Vessels Joint Venture.

I think this helps contextualise where we are as a company and, while each of the businesses we have has performed differently depending on their individual circumstances, the real take away I would like to leave in this introductory slide is the strength and resilience that the whole company has been able to achieve over this period. Although the current challenging economic environment including weak international demand and low local GDP growth, together with lower oil prices represents a negative backdrop we remain positive in the long term prospects of our company.

Moving now to slide 4,

I present a quick summary of the annual Net Revenue and EBITDA highlights by business.

- The **Container Terminals** revenues were lower with a weaker BRL and lower deep sea volumes however EBITDA was flat as ancillary services with increased overall volumes and a slightly better full to empty mix
- The **Brasco Oil & Gas Support Terminal** revenues and EBITDA decreased against the comparative as a result of a reduction in support to exploration with the end of four operations: two in Bahia (Salvador and Ilheus) and other two short operations in Niterói base. EBITDA Margin did however improve with a change in service mix and cost optimization efforts together with the end of another low margin operation in Niterói.
- In **Logistics**, we had a revenue and EBITDA reduction as a result of the end of dedicated operations and increased competition that our Santo André bonded warehouse faces from additional airport and port terminal bonded capacity in the São Paulo area. The business continues to focus its strategy on bonded-warehouses.

- **Towage** revenues and EBITDA increased as a consequence of higher numbers of harbour manoeuvres and evolution of market share.
- **Shipyard** Revenues increased although with lower EBITDA given the lower margins and the stage and type of vessels
- Solid growth in **Offshore Support Vessels** reflects a larger operating fleet with own vessel operational days up 24% and newer vessels with higher daily rates.

Turning to slide 5

Here, I would like to present a quick slide of some of our Capex including a measure of 2014 Return On Capital Employed and the principal projects throughout our investment cycle since the IPO.

In terms of Capex there has been a significant amount invested across a range of projects in all our businesses which has contributed to the new level at which the company operates. Not only new levels of service for our clients with new berth space, new drydock facilities, new larger tugboats, new bonded warehousing and new offshore support vessels for example, but new opportunities for our staff, for the communities within which we operate, greater returns for the country and commensurate returns for our shareholders.

This slide may help with analysis our infrastructure investments and give a little insight into their behaviour over time. ROCE measures return against the book value of assets in the business. As these assets achieve higher utilisation the ROCE will increase. Thus, newer infrastructure will tend to have lower ROCE than older infrastructure, even though they are possibly better businesses.

As mentioned in our last conference call, we generally seek IRR minimums on our projects rather than ROCE but this measure may help understand how we are managing our businesses and investments. We look for long term assets that have some strategic competitive advantage in the markets that we operate to create above average annual returns.

So moving to the next slide

We can see some of our debt metrics. Obviously the returns of all assets need to repay the cost of capital whether, in the form of debt finance, or the equity return our shareholders require. The stable fixed returns and long amortisation that our debt providers receive also has a beneficial effect on the returns we are able to generate for shareholders. Although this leveraging process naturally coincided with our previously mentioned large CAPEX cycle, you can see that even with the Offshore joint venture included we still have a very manageable net debt to EBITDA and the service of our debt is easily manageable with the strong operating cash flows of the company the history of which is evident on the next slide.

The Operating cash flow increase that has occurred over the long term of the company can obviously sustain the increased dividends evident in our results to date and prospects for future dividend increases continue solid despite the difficult macroeconomic back drop that I mentioned in the introduction to this presentation. As Baião recently mentioned “We are still positive with long term growth, but, in order to enhance competitiveness, we will be diligently looking at ways to increase the services to customers, utilising a greater proportion of installed capacity, reducing costs and improving efficiency”.

On slide 8

I would like to talk a little about the first two months of operating data.

Firstly, Container Terminals for the first two months have been weaker than expected with both terminals negatively affected by truck drivers strike and the carnival period. In 2014 carnival was in March but in 2015 it was in February and volumes are negatively affected as this is a period of extended holiday for the productive industries. Full volumes are 3% down across the two months and lower margin empty volumes are 12.6% down for the same period but volumes in February were up in total 2%.

Tecon Rio Grande import and cabotage volumes were respectively up due to increased movements of resins and electronics. Export volumes, however, were down as a consequence of reduced frozen chicken and resins cargoes,

Tecon Salvador import and cabotage volumes have also performed well driven by cellulose and beverages. On the negative side, export cargoes are still suffering from reduced industrial activities in the State of Bahia.

In **Towage** Harbour Manoeuvres presented strong growth due to port support operations in the state of Pará, which began in Sept/14, and evolution of market share in the Santos, with the growth of the operating fleet in the port. I draw your attention to the fact that the operations in Para are being conducted with leased

For **Offshore Vessels** growth in operating data is a function of the Increased operational fleet during the past twelve-months, with the entry of one new owned vessel. One contract has already been renewed this year for a period of two years and we are in the process of seeking new contracts for three vessels with contracts to renew from June 2015. All other vessels currently in the fleet have contract through 2015. Obviously with the movement in the price of oil over the last six months there is a significant interest in how the marked is being affected. Where the market evolves depends very much on the levels of production, development and exploration. You can see from public information that Brazilian oil production continues at levels seen prior to the oil market turmoil and that really forms the basis for the underlying demand for vessels. New exploration for increase in production has come into question given the challenges of the industry and the demand for vessels without contracts but there has been some positive news on this front with discussion on the 13th concession bid round although this would likely only result in demand a couple of years down the track after seismic and other planning works are completed. Another positive to counterbalance a lot of the recent negative sentiment of late is the fact that the weaker Brazilian Real reduces our costs and the 50% of revenues of our vessels linked to Brazilian Real which obviously makes the offer more competitive in a USD driven oil market.

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

Operator

Thank you. The floor is now open for questions.
Mr. Robin Byde from Cantor Fitzgerald would like to make a question.

Robin Byde

Hi, everybody. This is Robert in London. I hope you all well. I got a few questions actually, shall I just take them one-by-one. So the first one is on Capex, slide five. Thank you very much for showing the 2015 budget, but as we look out a bit further to 2016 and 2017, should we forecast the Capex would decline fairly quickly or will Capex stay at fairly high levels for all forecasting years if you like?

Cézar Baião

Hi, Robin. Here we start at just general briefing, but I mean I can pass to Felipe for some more details. Yes, we can forecast for '16 and '17 big block on Capex, part of this Capex on each portion of this 2015 Capex is Capex already committed related to new offshore vessels in some and some equipments for the port activities. But for '16 and '17 we might see lower Capex. Felipe would you like to give some more detail?

Felipe Gutterres

No, basically is what you've said 2016 we can have something around what we had in 2014 in terms of capital expenditure excluding offshore and then down again for 2017.

Cezar Baião

And besides that, Robin just Baião here, beside the offshore vessels and the port equipment mainly for Rio Grande we also have the conclusion of the civil construction at Brasco Caju or Briclog.

Robin Byde

Right, that's clear. Thank you. And then secondly, I was just asking you about transhipment volumes, particularly relating to Argentina. Could you talk a little bit more about those volumes, how large are they as a percentage of the total volumes that you handle? And what is the outlook for growth from that source over the next few years?

Cézar Baião

Yeah. It's Cezar Baião. We expect throughout 2015 more or less the same amount of transhipment of last year, even there is a harvest in Argentina is a little bit delay, but we expect the same amount.

Felipe Gutterres

Transhipment, I think it's about around 12% of the total volume of both container terminals combined.

Robin Byde

Thank you. And then just on the Brasco business and utilization of new capacity. You've talked in your statements about delayed investment plan by the IOCs. Can you add any color of that? How much is the ramp up delayed, is it possible to putting numbers to that?

Cezar Baião

Quite difficult, Robin. What we could say is that the ramp-up to full fill these new capacity view it takes longer than we forecast before. But very difficult to say with this dramatically oil price drop, what is going to happen with this Capex plan of the IOCs. I think it's a great asset quite well located, we have no doubt that we're going to full fill this capacity, I mean we are positive about the medium and long-term of these assets, but for the real short-term this capacity will takes longer to be full filled.

Robin Byde

Okay, thank you. And then just finally, on the logistics business, I mean I understand the transition that you're making to more bonded warehouses, but the margin decline has been dramatic. Looking forward, what do you think is a sustainable level of margin for that divisional? What do you targeting as a margin at EBITDA for the logistics division? Please.

Cezar Baião

Well, we are thinking that with bonded warehouses with our margin going to stay in the future of about 10%.

Felipe Gutterres

It is our target for EBITDA margin.

Robin Byde

Okay.

Felipe Gutterres

Profit margin.

Robin Byde

And when do you think because the transition is been going on for some time now, and how you just thinking..when do you think you'll get that target?

Cezar Baião

So, roundly of 2016.

Robin Byde

Right. Thank you very much. That's all, my questions answered and hopefully we will see you in London soon.

Cezar Baião

Yes. Thank you Robin.

Felipe Gutterres

Thank you, Robin.

Robin Byde

Sure, guys.

Operator

Mr. John Ferreira from Nau Securities would like to make a question.

John Ferreira

Hello gentlemen thank you for the call today. I've actually just two brief questions. Have you seen any signs yet that the ordering process for PSVs by Petrobras may be disrupted or possible delayed for this year? And the second question was what level of capacity utilization we should expect for both the shipyard and the oil and gas terminal business in the course of 2015? Thank you.

Arnaldo Calbucci

John, this is Arnaldo Calbucci. Well, for sure what we foresee for the new building program of Petrobras is some delay, we do not expect that Petrobras is going issue new bids in this year or beginning of next year. But in our schedule, we are building two PSVs with contract with them and also three PSVs in China. So we are confident that in the future not the near future, Petrobras issue again tenders for the Brazilian flagged vessels.

Regarding the shipyard, we have an order book that allow us to have the shipyard almost full for this year and the need of next year, for sure, we are working on new orders, but we have the possibility to operating on the repair the dry docking business. So there is huge demand for dry-docking in Brazil and lack of facilities, so, if we face a slowdown in the orders for new buildings, we can use our capacity to do with that. Okay.

Felipe Gutterres

Related to Brasco, I mean it's more or less the same answer that, I just gave to Robin. All of you know for the short term that is going to take some more time to full fill the capacity -- the extra capacity that you built to Brasco. We only delivered this new capacity in Brasco, in the oil and gas terminal on the second semester, but it's going to take longer than we forecast.

John Ferreira

Thank you very much gentlemen.

Operator

As there are no questions, I would like to turn the floor over to the company for final consideration.

Felipe Gutterres

Okay. I'd like to thank you all for being here with us and our colleagues that are here also participating. Thank you very much.

Operator

Thank you. Wilson Sons conference Call finished. Have a nice day.