

## Operator

Good morning, ladies and gentlemen. Welcome to the conference call for Wilson Sons Limited 4Q and 2015 results. With us we have **Mr. Cezar Baião**, CEO of Operations in Brazil and **Mr. Sergio Fisher**, COO Port Terminals and Logistics and **Mr. Fernando Deveza** (Interim CFO in Brazil).

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. Cezar Baião**, who will begin the presentation.

## Cezar Baião

Thank you. On behalf of Sergio Fisher and myself, I would like to introduce you to Fernando Deveza, our Interim CFO who will conduct our conference call today.

## Fernando Deveza

Thank you. Good morning, ladies and gentlemen. It is a pleasure to participate in this conference call for the fourth quarter and 2015 results. Welcome everybody.

Please turn to slide 3 of our presentation for a summary of the quarter highlights by business.

- Export volumes in both **Container Terminals** were positively impacted by the dollar appreciation and the higher operational efficiency contributed to the margin improvement, which was also positively impacted by the scale improvements. Although EBITDA and revenues are negatively impacted by the dollar appreciation, margins improved as the currency impact on costs is greater than revenues.
- In **Brasco** the revenues and EBITDA decreased against the comparative, despite the increase in the number of vessel turnarounds. The currency devaluation contributed directly to weaker results reported in dollar. However, margins were benefited by the higher value added spot operations and cost reductions.
- In **Logistics**, we had a revenue reduction as a result of the strategy terminate some dedicated operations. This generated negative impacts of contingencies and loss on disposal of property, plant and equipment.
- In **Towage** the harbour manoeuvres were down when compared to the 4Q14 with some vessels dedicated to Special Operations throughout the quarter. In addition there was the consolidation of container ship liners and devaluation of the Brazilian Real contributing to lower revenues. However, there was an increase in the EBITDA margin, as a result of the growth in high margin special operations, a stronger dollar and dilution of fixed costs.
- The **Shipyard** revenues were impacted by the dollar appreciation and reduced third party shipbuilding activities.
- In the case of **Offshore Support Vessels**, there was a decrease in the number of days in operation. However, the percentage margins improved due to the currency impact on costs greater than on revenues.

On this slide number 4, I summarise our consolidated results in the year.

Wilson Sons 2015 proforma Net Revenue with the Offshore Vessels Joint Venture were US\$579.9 M. During this year, the Company's total revenue was lower than the comparative mainly due to:

- BRL depreciation against US Dollar, which impacted the Businesses' revenues; and
- Fewer dedicated operations in Logistics and reduced orderbook in the Shipyard.

We may highlight that the Revenues in Brazilian Reais increased 15% in 2015.

The proforma EBITDA in the year was 5% higher than 2014. In Brazilian Reais EBITDA increased 48.5%. Towage had the highest EBITDA growth of the businesses in 2015 vs. 2014 due to the improved scale of special operations, which contributed to the dilution of fixed costs.

Looking at the investments made during the year, we can see that the Capex was largely concentrated in New Towage vessels and Port Terminal equipment.

Moving now to slide 5

On this slide, we see the Company's results from 2004 to 2015. One of the main highlights is the solid result of the Company, consistently growing EBITDA double-digits. Also, we would like to point out that the reduction of CAPEX in 2015 is a result of completing a significant cycle of investments expanding our capacity in almost all business units.

Revenues decreased against the comparative explained by weaker BRL impacting Port Terminal's revenues, reduced orderbook in the Shipyard and fewer dedicated operations in Logistics. However, if we consider the Revenues in Brazilian Real, we can see that the Company grew 13% in 2015 in comparison to 2014, which is very significant considering the challenging year for the Brazilian economy and it demonstrates, once again, the resilience of our business model.

Looking at the proforma EBITDA by business in 2015, we highlight the contribution of Container Terminals, Towage and Offshore Support Vessels with these three businesses responsible for 91% of the Company's EBITDA.

Moving now to slide 6

Here we analyse the operational data of Container Terminals, Towage and Offshore Support Vessels, from 2010 to 2015.

**Container Terminals** had significant growth in operational volumes last year, reaching record annual movements of 1 million TEU for Rio Grande and Salvador in 2015. One of the highlights of the year was the export volumes, benefited by Real devaluation and the positive impact of some cargoes in both terminals, such as cellulose in Salvador and resins in Rio Grande. Considering the volumes of both terminals over the last 6 years, the highest CAGR was cabotage, with 7.4% and greatest growth potential over the next years.

In **Towage** the 2.6% CAGR of harbour manoeuvres from 2010 to 2015 highlights the importance of the Towage business that increased not only in terms of number of vessels but also in the number of ports and clients attended. Other highlights are the 5% CAGR of the vessels average deadweight and the increased number of special operations in recent years, as is the case of the Port of Açu and the fire fighting in the Port of Santos.

**Offshore Support Vessels** were down in 2015 compared to 2014 as some vessels experienced offhire days at the end of the year. However, analyzing the last 5 years, we have a positive double-digit CARG, which emphasizes our competitive advantages including our Brazilian flag vessels, that have priority in this market. Moreover, we can say that, despite the challenging environment we have been able to operate and grow consistently.

Moving now to slide 7.

This slide shows the consistency of our operating cash flows with expressive double-digit CARG.

Considering that we have already completed a considerable cycle of investments, in these 2 graphs we can see that we have the capacity to generate free cash flow and which has been permitted Wilson Sons to pay increasing dividends to shareholders in recent years, as we shall see in the next slide of the presentation.

On slide number 8 we show the dividends that have been paid in dollars since 2004. The double-digit CAGR confirms the Company's commitment to the market and its shareholders. This slide also shows the dividends proposed for payment in 2016, in reference to the results of 2015 amounting to 35.6 million dollars.

Our take-away here is that, despite the challenges faced, we can see the robustness of the Company and its businesses, always seeking to grow consistently.

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 now begin our Q&A session. Our first call is from Mr. Gilberto Cazal from Votorantim Bank.

**Gilberto Carvalho**

Good morning.

**Augusto Cezar Tavares Baiao**

Good morning.

**Gilberto Carvalho**

Good morning. This is Gilberto Carvalho from Votorantim Bank, and I'd like to know what your perspective is for the year of 2016 in the container terminals business? What is your perspective for this year considering the economy?

**Sergio Fisher**

Good morning.

This is Sergio Fisher. Our prospective for 2016 is that the volumes of containers might be slightly higher than 2015, basically due to the growth in exports because of the currency exchange rate. On the other hand, we'll have a reduction in imports, but we expect that exports will grow more than the imports will be reduced.

**Gilberto Carvalho**

Okay, thank you.

**Sergio Fisher**

Thank you, Gilberto.

**Operator**

We have a question from the English Language Conference. Mr. Andrew Mitchell from Edison will have a question.

**Andrew Mitchell**

Yes, thank you. Good morning.

**Augusto Cezar Tavares Baiao**

Thank you. Good morning.

**Andrew Mitchell**

Can I ask that your capital spending expectations for the current year compared with the proforma 114 for last year and, specifically looking ahead, the likely timing and cost the of Tecon Salvador expansion?

**Augusto Cezar Tavares Baiao**

Well, I can answer, Andrew. The likely CapEx we'll have for 2016 is very in line with 2015's amount. Just as a reminder, we had a significant reduction in CapEx in 2015 and in 2016, the amount should be similar. It's a long CapEx cycle which is over now and for the next few years, we will have lower CapEx values in comparison to the previous investment cycle we had a few years ago. Now about Salvador, we have the first approval by safety of our expansion project at the end of last year. Right now, it's being looked into in detail by ANTAQ which is the regulating agency, and after that the process will go back to SEP for its final approval. We have no control over these approval's deadlines. So it's difficult to answer what that date is for the final approval. But the process is now moving. The total CapEx for this expansion is BRL450 million, divided into two phases. About two-thirds of it will be spent in the first

phase, one-third in the second phase, and this will likely change depending on the moved volumes. So this will only happen, if we have a certain volume reached.

### Webcast

We have another question from the webcast. What's the status of the renewal process in Salvador?

### Sérgio Fisher

As Mr. Cezar just said, this project, the expansion and renewal has already been approved by SEP. The authority, it's been sent to ANTAQ and it's being analyzed. After that, it will be sent back to SEP for its final approval. So of course, we can't control this process and therefore we don't know when it will be concluded.

### Operator

We have a question from the English language conference. Mr. Andrew Mitchell from Edison will have the question.

### Andrew Mitchell

Thank you. Just a couple of quick further questions. Firstly on the efficiencies, the hedge account was reduced by 10% in the fourth quarter. I was wondering if you can see much more scope for that in the current year. And secondly, going back to the Salvador expansion, could you just let me know what percentage increase in capacities that's envisaged to achieve?

**Augusto Cezar Tavares Baiao**

Okay, Andrew. To answer your first question on efficiency, we're all facing the current scenario, which shows the economy is slowing down in Brazil. We'll be continuing to look towards cost efficiency projects. So we may have a new evaluation of the organizational structure or something of the sort, but cost efficiency will definitely be in our agenda as it was in 2015. Capacity for the Salvador terminal after its expansion or after the first phase of its expansion has nearly doubled. This project being concluded, the capacity will basically double in Salvador.

**Operator**

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

**Augusto Cezar Tavares Baiao**

Okay. I'd like to take this opportunity to once again thank all of our employees at Wilson Sons for the results they've provided in 2015. It was a very challenging year in which all employees had to give their best for us to reach the extraordinary results we showed. I'd also like to take this opportunity to thank all of our clients and shareholders for the trust they have in our company. I'd also like to say that we'll continue to fight in 2016 to deliver good results despite such a challenging scenario we have moving forward. Thank you.

#### Operator

Wilson Sons Limited conference call is finished. We'd like to thank you for your participation and wish you a nice day.