

RESULTS CONFERENCE CALL TRANSCRIPT

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PARTICIPANTS

Mr. Cezar Baião – *CEO of Operations in Brazil*

Mr. Fernando Salek – *CFO of the Brazilian Subsidiaries and Investor Relations*

Mr. Arnaldo Calbucci - *COO of Maritime Services*

Mr. Sergio Fisher - *COO of Port Terminals & Logistics Services*

PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the conference call for the Wilson Sons Limited's 3rd Quarter 2017 results. Today with us we have Mr. Cezar Baião, CEO of Operations in Brazil, Mr. Arnaldo Calbucci, COO of Maritime Services, Mr. Sergio Fisher, COO of Port Terminals and Logistics services, and Mr. Fernando Salek, CFO of the Brazilian subsidiaries and Investor Relations.

As a reminder, this conference is being recorded and we will have simultaneous translation for those who wish to listen to the English version. During the Company's presentation, all participants will be connected in a listen-only mode. Then we will begin the question and answer session for industry analysts.

Before proceeding, we would like to mention that page 2 of the presentation contains the usual forward-looking statements for your reference.

Now, I would like to turn the conference over to Mr. Fernando Salek.

Fernando Salek – *CFO of the Brazilian Subsidiaries and Investor Relations*

Thank you. Good morning everyone. Welcome to our results conference call for the 3rd Quarter of 2017.

Let's start with slide 3. Here I present the Group's safety performance between 2010 and 2017, with the Lost-Time Injury Frequency Rate.

In this period, we had a 97% reduction in the rate, reaching the historical record of 0.2 lost-time injuries per one million man-hours worked, which demonstrates our commitment to safety in all our operations.

In addition to the safety of our employees, since the Accident Prevention Factor ("FAP") came into force in 2010, the health and safety improvements in the Company have generated reductions of R\$ 3.6 million in social security costs, benefiting all stakeholders.

Turning to slide 4

Here we summarize our consolidated results.

Considering the Offshore Vessels joint venture, the Group's Pro Forma Net Revenue amounted to US\$149.5 million in the quarter. Compared to 3Q16, we had a 3.4% increase mainly driven by improved overall volumes and warehousing revenues from Container Terminals.

EBITDA was 3.6% higher than in 3Q16, as a result of the more profitable operational mix across both Terminals, contributing to improved margins.

The Company's Pro Forma CAPEX reduced substantially compared to 3Q16, as the Company recently concluded a significant investment cycle of capacity expansion. Capital expenditure was mainly concentrated in the maintenance of operations.

We now move to slide 5.

Here I present a summary of the quarterly highlights by business unit.

Container Terminal results were mainly driven by an increase of overall volumes and warehousing revenues. EBITDA benefited from an improved revenue mix with increased import warehousing volumes.

As expected, the challenging environment in the Oil & Gas sector negatively impacted Brasco's results in the quarter. Improved layup operations only partially offset the decline in vessel turnarounds.

In Logistics, we had an improvement in bonded warehousing revenues, although margins remained weak given the macroeconomic backdrop.

In the Towage business, revenues from harbour manoeuvres were benefited by a better average price and handling of larger vessels, compensating the decrease of special operations.

Shipyard revenues and EBITDA decreased against the comparative, reflecting the reduced third-party shipbuilding activities. After the quarter end, the Company delivered SST-Aruá to a third party, the second tugboat of a total order of 4 vessels.

In the Offshore Vessels business, days in operation decreased in the quarter, negatively impacted by the temporary suspension of PSVs Skua and Biguá commencing in mid-September.

Following on to slide 6.

On this slide, I present the historical results since 2006, which shows a solid EBITDA evolution and a positive accumulated nine-month period for 2017. Regarding the composition of EBITDA, the Towage and Container Terminals businesses together account for 81%, reflecting the reduced exposure to the Oil & Gas sector.

Moving to slide 7.

On this slide, we highlight the Company's CAPEX reduction, reflecting the conclusion of a significant investment cycle for capacity expansion in almost all our units, as we anticipated, and the guidance of CAPEX for next two years, basically composed of Sustaining CAPEX and Tecon Salvador's expansion.

The CAPEX amount destined for Salvador's expansion in 2018 will depend on the start date of the civil works, which in turn is subject to completion of the environmental licensing process.

Following on to slide 8.

On this slide we can see some of our liquidity and leverage ratios.

The metrics show that Net Debt / EBITDA ratio decreased slightly compared to the previous quarter. All liquidity ratios remain strong. There was an increase in cash as a result of the positive operational cash flow and the seasonality

Now we move on to slide 9.

On this slide we outline the operating data registered in October for Container Terminals, Towage and Offshore Vessels businesses.

In October, the Container Terminals moved a total record of 101.5k TEUs.

In Rio Grande, overall volumes increased of 12.7%, confirming the improved operational mix seen in the first half. Imports increased 12.1% driven by Spare Parts and Steel Products. Exports grew 9.8% with higher volumes of Tobacco, Wood and Rice. Cabotage had an increase of 50.3%, with highlight being the Rice and Resins segments. Transshipment volumes and container shifting grew 13.7%, with the Santa Clara inland waterway service strongly contributing.

In Salvador, overall volumes increased 9.3% against the comparative. Exports were in line, with higher volumes of Tires and Ores. Import volumes grew 8.0%, positive impacted by weaker volumes of Chemicals, Rubber and Derivates. Cabotage volumes grew 38.9%, with good performance of Polymers and Rice segments. Transshipment volumes and container shifting increased 14.6%.

In the Towage business, the number of manoeuvres remained in line with the comparative period.

In the Offshore Vessels business, there was a decrease of days in operation, negatively impacted by the temporary suspension of PSVs Skua and Biguá commencing in mid-September and the vessels Atobá, Pelicano, Petrel e Fulmar in October.

The presentation ends here, and I would like to invite you to the Q&A session. Thank you.

QUESTIONS AND ANSWERS

Operator

Excuse me ladies and gentlemen, we will now begin the Q&A session. The first question comes from Mr. Samuel Alves from BTG Pactual. You can ask your question now.

Samuel Alves - Analyst, BTG Pactual

Thank you, and Good Morning. My question is about the Towage segment. Could you tell us about the competitive landscape? We've noticed that the margins have gone down, also impacted by exchange rate effects. Could you tell us a bit more about pricing? Do you expect a future scenario of increased pressure on prices? I think that would be very helpful. Thank you.

Arnaldo Calbucci - COO of Maritime Services

Samuel, this is Arnaldo speaking. What we have experienced so far, specifically in Q317, largely reflects the reduced demand for special operations. Obviously, we've had some competition in port operations, but results were in line in terms of volume and increased in terms of pricing in the quarter. We expect a more competitive environment in port operations with the delivery of new tugboats from Svitzer. We are not expecting any significant changes, but it hasn't happened so far.

Samuel Alves - Analyst, BTG Pactual

Great, thank you.

Operator

Our next question comes from Mr. Rob Bye from Cantor Fitzgerald.

Rob Bye - Analyst, Cantor Fitzgerald

Good morning, everyone. Three questions, please. The first question, is regarding the Container Terminals and the October operational data. What's driving the big improvement in volumes? Is this due to an improvement in the economy generally or are there one-off factors, or was October 2016 particularly weak? The second question, just on the issue of the payroll tax relief. Is the measure to restore this relief now permanent or should we factor in this extra charge for future years? And then the third question, just on the Offshore Support Vessels. I've been looking at the most recent charter schedule, and if I'm correct, there are now no re-charterings due in 2018, is that correct? So, no new contracts to be signed in 2018? Thank you.

Cezar Baião – CEO of Operations in Brazil

Hi, Rob, this is Cezar Baião. In relation to your first question regarding container volumes, recently disclosed in October this year, volumes were very good and an important sign is that full containers have also gone up very significantly. So, when compared to the previous year, October 2016 volumes were at normal levels and it was not a bad month. This is an exciting level of growth and also a sign that the Brazilian economy is recovering. Volumes were very profitable as we handled more full containers, which gives us better margins.

I'm going to let Fernando answer your second question.

Fernando Salek – *CFO of the Brazilian Subsidiaries and Investor Relations*

Rob, your question on payroll tax, there was a change in mid-2017 suspending payroll tax reliefs, which was then interrupted and had an impact only in July. What we have today is the current legislation that maintains the exemption, but the government intends to end it for 2018. Even though the current legislation still maintains the tax reliefs, due to recent political reasons, we expect the payroll taxes to be reinstated in 2018.

Cezar Baião – *CEO of Operations in Brazil*

Rob, could you please repeat your third question regarding Offshore Vessels?

Rob Byde - *Analyst, Cantor Fitzgerald*

Sure. So, I just wanted to check if you now have any renegotiations to conduct in 2018, because I think your later schedule now suggests that you don't?

Arnaldo Calbucci - *COO of Maritime Services*

Rob, this is Arnaldo. We do not have any contract renegotiation scheduled, but we are taking part in some bids for Petrobras. We have recently won a bid for a shallow-water dive support vessel, and this operation should start with two vessels in the second quarter of 2018. We're well positioned in another Petrobras bid for oil spill response vessels. We have already received the contract award, but we have not yet gone through final contracting. So, there are some contract opportunities for laid-up vessels for next year. But obviously, rates are a bit more pressured due to weaker demand.

Rob Byde - *Analyst, Cantor Fitzgerald*

Great. Thank you very much. And have a good day everyone.

Operator

Excuse me. The next questions were sent via webcast.

Cezar Baião – *CEO of Operations in Brazil*

We have a question from Rodrigo Glatt (GTI).

Question: Does the Company have any interest in participating in the bidding process for the second container terminal at the Port of Pecém (We believe he meant the Port of Suape)? And what would be the impact for Wilson Sons' Bonded Warehouse (EADI)?

I'm going to let Fisher answer this.

Sergio Fisher - *COO of Port Terminals & Logistics Services*

We always analyze new opportunities in the Container Terminal business, and we intend to evaluate the bidding of Suape's terminal. We believe there is nothing planned for the Port of Pecém. A new terminal in Suape will certainly affect the EADI (bonded warehouse) as it will be an additional area for the storage of imported containers.

Cezar Baião – *CEO of Operations in Brazil*

We've received another question via webcast from Andre (Fundamenta).

Question: Good morning, I would like to know more about the Towage segment. What is the Company's strategy for chartered vessels in the coming years? Does Wilson Sons intend to maintain part of the fleet with chartered vessels or replace them with its own tugboats?

I'm going to let Arnaldo answer this.

Arnaldo Calbucci - *COO of Maritime Services*

Andre, we're not currently operating any chartered vessel. In some one-off occasions, third-party tugboats are rented to meet the demand during peak periods. These tugs are chartered to perform specific maneuvers when our fleet is fully occupied. This type of operation is very common, and this is how the market is organized. So, as we seek to increase our fleet's efficiency, less chartering will be required.

Operator

That concludes today's Q&A session. I would like to invite Mr. Cezar Baião to proceed with his final remarks.

Cezar Baião – *CEO of Operations in Brazil*

I would like to thank everyone for participating in our 3Q17 Results Conference Call.

I would also like to thank our staff for their contribution in producing this solid result.

Thank you and have a good day.

Operator

That concludes Wilson Sons' conference call.

Thank you very much, and have a good day.