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 Operations in Brazil*

PRESENTATION

Operator

Good morning everyone. Welcome to Wilson Sons Limited’s earnings conference call for the third quarter of 2020. Today with us we have Mr. Cezar Baião, CEO of operations in Brazil, Mr. Fernando Salek, CFO of the Brazilian subsidiaries and Investor Relations, and Mr. Arnaldo Calbucci, COO of operations in Brazil.

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.

At the end of the presentation, we will begin the question and answer session for industry analysts. In line with the rules of physical isolation, the Company is conducting this conference digitally, and the executives may take more time to respond compared to traditional conference calls.

Before proceeding, we would like to mention that page 3 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.

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

Thank you.

Good morning everyone. Welcome to our earnings conference call for the third quarter of 2020.

I hope you are well and safe in these exceptional circumstances.

I would like to start on slide 4 with an update on how we are dealing with the Covid-19 pandemic.

Aware of the importance of our services we have focused our efforts on (i) preserving the health and well-being of our employees and other stakeholders, (ii) ensuring the operational continuity of our assets, and (iii) safeguarding the Company's financial strength.

To date, we have been successful in keeping all our business activities operational, and this has only been made possible by the flexibility and commitment of all our employees.

We have also taken immediate austerity measures to safeguard the financial strength and resilience of our businesses. In order to preserve a robust cash flow through this global crisis, we are implementing several operational and financial initiatives to further strengthen our liquidity, including reduction in our capital spend, as well as operating and administrative expenses.

Turning to slide 5.

Here we highlight an overview of our safety performance, as well as an update on our environmental, social and corporate governance practices.

We carefully monitor our safety performance, not only for its importance to protect the lives of our people and our operations, but also as a fundamental principle for our customers who contract our services to ensure the safety of their employees, assets and products.

Our commitment to safety was evidenced by the improvement in workplace safety. In the first nine months of 2020, our lost-time injury frequency rate increased slightly to 0.56 incidents per one million man-hours worked, against the 2019 level, due to five accidents recorded in the period. However, we saw a 92% reduction since 2010.

We are pleased to see that even during such a serious health crisis we have managed to remain focused and absolutely committed to our safety standards, clearly demonstrating that they are non-negotiable.

The safety in all our operations is our top priority. We will strive for the continuous improvement of our work safety to maintain best practice in this area, ensuring the quality of the services we provide to our customers.

We also seek improvements in our environmental practices. In September 2020 the Company published its Corporate Greenhouse Gas Emissions Inventory in reference to our 2019 emissions, as part of our commitment to the Brazilian GHG Protocol Programme. Since 2013 our emissions have been reduced by 12%.

We continue to seek improvement in our ESG practices.

Now moving to slide 6.

On this slide we present a summary of our results in the third quarter of 2020.

Net revenues decreased 17.0% to 88.1 million dollars in the quarter, when compared to the same period of 2019, mainly reflecting (i) the negative impact of the Brazilian Real devaluation on container terminal revenues, (ii) a decline in logistics revenues due to the end of a specific high volume contract, and (iii) the reduction in offshore support base revenues against a backdrop of a pressured oil and gas sector. On the other hand, the Company benefited from the solid increase in towage revenues. In Brazilian Real terms, Group net revenues rose 12.5%.

Overall expenses fell 17.5% in US Dollars against the comparative period, benefiting from the 35.5% devaluation of the Brazilian Real against the US Dollar. In light of the Covid-19 pandemic, we took several austerity measures to safeguard the financial strength and resilience of our businesses, including travel bans, hiring freezes, restrictions on discretionary spend and administrative expense reductions.

EBITDA decreased 17.3% compared to the third quarter of last year, to 37.8 million dollars, impacted by lower container terminal and logistics results. In Brazilian Real terms, EBITDA rose 12.1%.

Profit after tax fell 20.3% to 10.4 million dollars. Excluding exchange rate movements, the Company would have shown a net profit of 8.6 million dollars.

Our liquidity remained solid with 112.6 million dollars in cash at the quarter end due to the strong operating performance and bank loans disbursements mainly for the container terminal division. The Company currently has material headroom in its bank covenants.

We now move to slide 7.

Here we detail our operating yield registered in the third quarter against the 2019 comparative.

Container terminal revenues decreased 27.0% in US Dollars negatively affected by currency devaluation in the period. In Brazilian Real terms, revenues decreased 1.2%.

Towage revenues rose 3.0% in US Dollars benefiting from an improved revenue mix, reflecting (i) the volume growth in more profitable port operations, and (ii) the increase in the average size of ships attended. In Brazilian Real terms, revenues increased 39.5%.

In the offshore support vessel division, revenues decreased 12.7% in US Dollars due to the negative impact of currency devaluation on the portion of revenue denominated in Brazilian Reais. In Brazilian Real terms, revenues increased 18.2%.

Moving to slide 8.

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

The metrics show that all liquidity ratios remain strong as a result of a robust balance sheet.

Net bank debt decreased 6.7% to 219 million dollars compared to the end of the second quarter of 2020,with a robust cash generation in the quarter. At quarter end, 85% of the total bank debt was long term.

Excluding IFRS 16 effects, the net debt to EBITDA ratio remained flat at 1.9x.

We now move to slide 9.

Here we highlight our capex expectation for the next two years, basically comprising the investments necessary to maintain our operations, as well as the completion of the Salvador terminal expansion.

In 2020, we are estimating a total investment of 60 to 70 million dollars, of which approximately 38 million dollars will be allocated to the Salvador expansion. For 2021, we forecast between 50 and 65 million dollars primarily in maintenance capex in addition to 6 million dollars in the completion of the Salvador expansion.

During the third quarter, capex decreased 74.3% to 4.1 million dollars due to a slowdown in the pace of Salvador terminal civil works to extend the principal quay. In view of the Covid-19 pandemic we took several measures to temporarily reduce our capital spend in order to preserve a robust cash flow through this global crisis.

Turning to slide 10.

In this image taken in October we can see the ongoing expansion at the Salvador terminal, expected to be completed in the first quarter of 2021.

In May, we received the new quay and yard cranes and are currently carrying out the commissioning of this equipment, as well as the leveling and paving of an existing backyard area.

With the commencement of operations on the new berth at the end of the year, the extended 800-metre quay will allow the simultaneous berthing of two super-post Panamax ships, facilitating access to the port and the largest economy in the north-east of Brazil. Of critical importance to the economy of Bahia, this project is a priority investment of the Brazilian government's Investment Partnership Program, and reflects the Company's commitment to continuously improve the efficiency and competitiveness of the Port of Salvador.

Moving to slide 11.

On this slide we outline our operating data registered until October 2020.

In the first ten months of the year, trade-linked activities at our container terminal and towage divisions remained resilient, although impacted by Covid-19. In October, container terminal volumes decreased 14.8% as a result of the vessel call delays and cancelations. On the other hand, towage harbour manoeuvres saw an increase of 2.7% when compared to the same period of 2019.

Container handling at the Rio Grande terminal decreased 18.1% mainly driven by vessel call cancelations due to delay in the ports of origin.Cabotage fell 32.1% with lower volumes of rice. Transhipment and shifting decreased 39.4% driven by lower volumes from Hapag-Lloyd and Maersk.

At the Salvador terminal, container handling fell 7.8% due to lower fruits and polymers exports.Cabotage was up 7.9% reflecting better volumes of beverages and spare parts. Despite a decrease in TEU terms, we should highlight an increase in container units handled in the period when compared to the same period of 2019.

The towage division saw a robust increase of 1.8% in harbour manoeuvres performed during the quarter reflecting the higher volumes in São Luis and São Sebastião.

Offshore support vessel operating days declined 6.1% in October with the termination of a few contracts. Vessel turnarounds at our offshore support bases increased 6.3% due to an increase of spot operations. It is worth mentioning that the environment remains challenging and the recent oil price weakness is expected to delay the recovery in offshore oil and gas support services.

While the full impact from the Coronavirus outbreak on economic activity and global trade is still uncertain, we remain confident in the resilience of our assets as demonstrated in other volatile periods such as the 2008 financial crisis. More importantly, I would like to highlight the commitment of all our employees who have guaranteed the continuity of our services to our customers.

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

Q&A SESSION

Operator

Excuse me ladies and gentlemen, we will now begin the Q&A session.

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

We received a question through the webcast from Matheus Rech, Ártica Investimentos. He's asking how much Capex for Tecon Salvador expansion was spent in 3Q20? How much Capex is expected to build the six new tugs with 80 tonnes of bollard pull for the Company's Towage fleet?

In the 3Q20 there was a 3.2 million dollar investment for the expansion of Tecon Salvador. We estimate around 55 million dollars for the construction of the six new tugboats, approximately 9.5 million dollars per tugboat.

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

There's another question from Lucas Facury, Larus. Does he ask to comment on the import trend in Tecon Rio Grande and Tecon Salvador? Is there any recovery prediction for 4Q20 or 2021?

I believe it depends a lot on the recovery of the Brazilian economy. I don't see a big growth in imports, especially with a highly volatile exchange rate, I don't see an immediate recovery in imports in the 4Q20, neither in Rio Grande nor in Salvador. We´re optimistic with this recovery for 2021, but not in the 4Q20.

Which Capex should be applied in 4Q20 for expansion in Tecon Salvador?

In the 4Q20 we still have investments of approximately 20 million dollars, which brings us to the sum of 38 million dollars this year. For 2021, the projected capex is 6 million dollars.

Could you talk about the succession for the CFO? Is there any expectation to make an announcement?

We're pretty far ahead in the selection, surely we will have the name by February, with time to spare and everything planned out. We have until March to do that, because I will remain CEO until March. Fernando needs a new CFO, and until February more or less we will have the name.

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

We have another question from Jacqueline Broers, ICM. She asks if we could give an insight to expect volumes movements to be in 2021?

When it comes to tugboats maneuvers, we expect an improvement, as long as the Covid-19 crisis does not get worse, with the recovery of the country's economy. In the container terminal sector we see more room for improvement as the commodities throughput is higher than than the container throughput. As far as I am concerned, the level of uncertainty is still very high. We expect GDP growth for 2021, but there are many variables and the level of uncertainty is still high, so it's a difficult year to make big predictions.

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

There's another question from Alex Paterson, Peel Hunt. Do you have invested to increase the capacity of Tecon Salvador? How quickly do you expect to exceed the 435,000 TEU you had before this investment? Have you seen increasing demand from cargo owners in Salvador?

In this moment of uncertainty it is not easy to answer your question. The most important thing is that now exporters and importers in the state of Bahia have an infrastructure with capacity and quality to receive the large ships that are already calling East Coast South America. Salvador had a restriction, it was only one berth, now we have two berths to accommodate the larger vessels that are starting to call the Brazilian ports, vessels that are 366-m long and require a draft of 14, 15 meters. With the expansion, Salvador container terminal is ready to receive those larger vessels, which is really important for the economy of Bahia, and today we're optimistic with the attraction of larger volumes, but we don't have any idea of how much time it will take to reach 435,000 TEU. We hope that we will reach this volume soon, in the next few years.

Operator

This concludes the Q&A session. I would like to invite Mr. Cezar Baião to proceed with his closing remarks. Please go ahead, sir.

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

In what is a challenging environment for humanity we reaffirm our commitment to the safety and well-being of all our stakeholders, and remain very confident in the resilience of our businesses.

We have also taken several austerity measures to safeguard the financial strength and resilience of our business.

We were agile in adopting precautionary measures and adapting to this dynamic scenario, and we have been successful in keeping all our business activities operational.

We will continue to monitor the situation carefully and are well positioned to deliver sustainable growth, perpetuating efficiency gains.

I would like to thank everyone for participating in our conference call. I hope you are well and safe.

Thank you and have a good day.

Operator

This concludes Wilson Sons' Conference Call for today. Thank you very much for your participation and have a good day.