

Ocean Wilsons Holdings

Q322 update

Adverse financial markets but PORT3 is doing well

Ocean Wilsons (OCN) reported in its Q322 trading update that its investment portfolio's (OWIL's) NAV had declined by 19.5% year to date due to the current difficult financial markets (eg the MSCI World Index fell by 25%). However, Wilson Sons (PORT3), the listed Brazilian maritime company in which OCN has a controlling 57% stake, saw its quarterly PBT grow 20% y-o-y in US dollar terms. The towage and offshore vessels divisions (two of PORT3's three key divisions) continue to have positive operating trends. The third division, container terminal ports, is still experiencing the headwinds of a global logistics bottleneck but the situation is expected to improve in the coming quarters. Despite the decline in OWIL's NAV, OCN is trading at a 52% discount to the look-through value of its stake in PORT3 and the OWIL portfolio. This rises to 58% if we use our fair value for PORT3.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/20	352.8	74.6	109.5	70.0	8.2	7.8
12/21	396.4	110.4	180.1	70.0	5.0	7.8
12/22e	432.4	33.6	(41.8)	70.0	N/A	7.8
12/23e	478.3	111.5	148.0	70.0	6.0	7.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

In Q322, PORT3's revenue and EBITDA rose by 21% and 27% y-o-y to \$143m and \$63.2m respectively, on a pro forma basis. This includes the 50% stake in the offshore vessels joint venture, which is accounted for as an associate.

While we are not making changes to our PORT3 forecasts, we note that PORT3 reported a PBT of \$24.4m in Q322, which compares favourably to our H222 PBT forecast for PORT3 of \$39.3m.

Towage saw a 2.5% y-o-y increase in harbour manoeuvres in Q322 with a greater share of special operations, which command higher revenues as prices have been resilient. Offshore vessels saw an 18% y-o-y increase in operating days for its tugs.

Container terminals ports had a 10.4% y-o-y decline in full containers handling. We forecast a 10.6% y-o-y decline for FY22 so there was little surprise in these numbers. One of the key global logistics problems is the lack of available empty containers and this has led to shipping lines being cancelled. Most of the impact has been felt in the port of Rio Grande in southern Brazil, where container volumes fell by 16%.

Investment companies

21 November 2022

Price **893p**

Market cap **£316m**

US\$1.19/£, BRL5.41/US\$

Net debt (\$m) at 30 June 2022 467.5

Shares in issue 35.4m

Free float 36%

Code OCN

Primary exchange LSE

Secondary exchange Bermuda

Share price performance



Business description

Ocean Wilsons Holdings is an investment company based in Bermuda. It has a controlling shareholding in Wilson Sons, a quoted maritime services company in Brazil and holds a portfolio of international investments.

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