

# COVER SHEET

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SEC Registration Number

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
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| S | E | R | V | I | C | E | S | , |   | I | N | C | . |   | A | N | D |   | S | U | B | S | I | D | I | A | R | I | E | S |   |  |
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(Company's Full Name)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
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(Business Address: No. Street City/Town/Province)

|                               |
|-------------------------------|
| <b>Jose Joel M. Sebastian</b> |
|-------------------------------|

(Contact Person)

|                        |
|------------------------|
| <b>(+632) 245 4101</b> |
|------------------------|

(Company Telephone Number)

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Month Day  
(Fiscal Year)

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(Form Type)

|          |          |                                      |
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| <b>0</b> | <b>4</b> | <b>Every 3<sup>rd</sup> Thursday</b> |
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Month Day  
(Annual Meeting)

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| <b>N/A</b> |
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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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| <b>N/A</b> |
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Amended Articles Number/Section

|              |
|--------------|
| <b>1,456</b> |
|--------------|

as of June 30, 2015  
Total No. of Stockholders

Total Amount of Borrowings  
(as of June 30, 2015)

|                  |
|------------------|
| <b>US\$39.9M</b> |
|------------------|

Domestic

|                     |
|---------------------|
| <b>US\$1,133.7M</b> |
|---------------------|

Foreign

To be accomplished by SEC Personnel concerned

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| <b>S T A M P S</b> |
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**Securities and Exchange Commission**  
Current Report Under Section 17 of the Securities Regulation Code ("SRC")  
and SRC Rule 17.2 (c) Thereunder  
**SEC FORM 17-C**

1. **10 Aug 2015**  
Date of Report
2. SEC Identification Number: **147212**
3. BIR Tax Identification No.: **000-323-228**
4. **International Container Terminal Services, Inc.**  
Name of issuer as specified in the charter
5. **Philippines**  
Country of Incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **ICTSI Administration Building, MICT South**  
**Access Road, Manila 1012**  
Address of Principal Office
8. **+(632) 245 4101**  
Registrant's Telephone Number
9. **Not Applicable**  
Former name or former address
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA  

| <b>Titles of Each Class</b>                                       | <b>Number of Shares Outstanding and<br/>Amount of Debt Outstanding</b> |
|---|--|
| Common shares   | 2,038,196,360  |
| <i>(Reported by the stock transfer agent as of June 30, 2015)</i> |  |
11. Item number reported herein:                      Item 9 – Other Events

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**ICTSI 1H2015 Net Income Down 1% to US\$100.4 million;  
Recurring Net Income Surged 20%**

- **Throughput grew 9% to 3.9 million TEUs**
- **Revenues increased 8% to US\$552.1 million**
- **EBITDA improved 12% to US\$237.4 million**

International Container Terminal Services, Inc. (ICTSI) today reported unaudited consolidated financial results for the first half of 2015 posting revenue from port operations of US\$552.1 million, an increase of eight percent over the US\$510.3 million reported for the same period last year; Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of US\$237.4 million, 12 percent higher than the US\$212.2 million generated in the first six months of 2014, and net income attributable to equity holders of US\$100.4 million, down one percent over

the US\$101.7 million earned in the same period last year. Diluted earnings per share for the period was likewise lower by one percent to US\$0.042 from US\$0.043 in 2014.

In the first half of 2014, the Company recognized gains on the sale of a non-operating subsidiary in Cebu, Philippines, the termination of management contract in Kattupalli, India, and the settlement of the insurance claims in Guayaquil, Ecuador of US\$13.2 million, US\$1.9 million and US\$1.5 million, respectively. In the first half of 2015, the Company also recognized non-recurring items such as the US\$0.3 million gain on the sale of the terminal in Naha, Japan, the recognition of a US\$1.3 million wealth tax on its equity in the project in Aguadulce, Colombia and a US\$0.6 million one-time super tax recognized at the terminal in Karachi, Pakistan. Excluding these one-time gains and charges, recurring net income surged 20 percent in the first half of 2015.

For the quarter ending June 30, 2015, revenue from port operations decreased two percent from US\$261.4 million to US\$256 million while EBITDA was one percent higher at US\$109.8 million from US\$108.6 million. Net income attributable to equity holders declined six percent from US\$49.3 million to US\$46.4 million for the same period in 2014. Excluding the non-recurring gains recognized and one-time tax expenses at the terminals in Karachi, Pakistan and Aguadulce, Colombia, recurring net income would have increased five percent. Diluted earnings per share for the quarter decreased from US\$0.021 in 2014 to US\$0.019 in 2015.

ICTSI handled consolidated volume of 3,888,130 twenty-foot equivalent units (TEUs) in the first six months of 2015, nine percent more than the 3,566,023 TEUs handled in the same period in 2014. The increase in volume was mainly due to the continuing volume ramp-up at Contecon Manzanillo S.A. (CMSA) in Manzanillo, Mexico and Operadora Portuaria Centroamericana, S.A. de C.V. (OPC) in Puerto Cortez, Honduras; new shipping line contracts and services at Pakistan International Container Terminal (PICT) in Karachi, Pakistan; increased demand for services at Subic Bay International Terminal Corp. (SBITC) in Subic Bay, Philippines; favorable impact of consolidation at Yantai International Container Terminal (YICT) in Yantai China; and the contribution of the Company's new terminal, ICTSI Iraq, in Basra, Iraq which began commercial operation in November 2014. Excluding the volume generated by the new terminal in Iraq, organic volume growth was at seven percent. The Company's eight key terminal operations in Manila, Brazil, Poland, Madagascar, China, Ecuador, Pakistan and Honduras, which accounted for 77 percent of the Group's consolidated volume in the first half of 2015, grew six percent compared to the same period last year. For the quarter ending June 30, 2015, total

consolidated throughput was five percent higher at 1,905,357 TEUs compared to 1,808,928 TEUs in 2014.

Gross revenues from port operations for the first half of 2015 increased eight percent to US\$552.1 million from US\$510.3 million reported for the same period in 2014. The increase in revenues was mainly due to volume growth at most of the Company's terminals; favorable volume mix and higher ancillary services at SBITC in Subic Bay, Philippines; new shipping line contracts and services at PICT in Karachi, Pakistan; favorable impact of the consolidation of terminal operations in Yantai, China; continuing ramp-up at OPC in Puerto Cortes, Honduras and CMSA in Manzanillo, Mexico; and the revenue contribution of the Company's new terminal in Basra, Iraq. This however was partially off-set by lower storage and break-bulk revenues combined with the 29 percent depreciation of the Brazilian Reais (BRL) against the US dollar at Tecon Suape S.A (TSSA) in Recife, Brazil; the discontinued vessel calls by two major shipping lines as a result of continuing labor disruption at ICTSI Oregon, Inc. (IOI) in Portland, Oregon, USA; weaker short-sea trade and reduced vessel calls at Baltic Container Terminal (BCT) in Gdynia, Poland; and slow economic activity coupled with the 23 percent depreciation of the Euro against the US dollar at Madagascar International Container Terminal Services, Ltd. (MICTSL) in Toamasina, Madagascar. Excluding the revenues from the new terminal, organic revenue growth was at six percent and further removing the unfavorable effect of the 29 percent depreciation of the BRL and the 23 percent depreciation of the Euro against the US dollar would have resulted to a nine percent growth in revenue. The Group's eight key terminal operations in Manila, Brazil, Poland, Madagascar, China, Ecuador, Pakistan and Honduras, which accounted for 82 percent of the Group's consolidated revenues in the first six months of 2015, grew nine percent compared to the same period last year.

Consolidated cash operating expenses in the first six months of 2015 grew two percent to US\$226.5 million from US\$221 million in the same period in 2014. The increase was mainly driven by the contribution of a new terminal in Iraq and start-up costs of projects in Melbourne, Australia, Lekki, Nigeria, and Tuxpan, Mexico. This increase, however, was tapered by the depreciation of the BRL and the EURO as the cash operating expenses of the terminals in Brazil and Madagascar were translated to a lower US\$ equivalent. Excluding the cost associated with the new terminal and projects, total cash operating expenses would have increased by only 0.3 percent.

Consolidated EBITDA for the first half of 2015 increased 12 percent to US\$237.4 million from US\$212.2 million in 2014 mainly due to strong revenues driven by the continuing ramp-up at the terminals in Honduras and Mexico; favorable impact of the consolidation in Yantai, China, and the positive contribution of the new terminal in Iraq. Excluding the impact of the new terminal and projects, consolidated EBITDA would have increased 11 percent in the first half of 2015. Consequently, consolidated EBITDA margin improved to 43 percent in the first half of 2015 from 42 percent in the same period in 2014.

Consolidated financing charges and other expenses for the first semester increased 13 percent from US\$29.6 million in 2014 to US\$33.3 million in 2015. The increase was primarily due to higher interest expense resulting from the issuance of an additional US\$75 million of medium-term notes in April 2014 and the consolidation of US\$35.8 million of loans as a result of the consolidation of the terminal operations at Yantai, China in July 2014.

Capital expenditures for the first six months of 2015 amounted to US\$136.7 million, approximately 26 percent of the US\$530 million capital expenditure budget for the full year 2015. The established budget is mainly allocated for the completion of development at the Company's new container terminals in Mexico, Honduras and Iraq, capacity expansion in its terminal operation in Manila, and to start the development of the new terminals in Democratic Republic of Congo and Australia. In addition, ICTSI invested US\$52.9 million in the development of Sociedad Puerto Industrial Aguadulce S.A. (SPIA), its joint venture container terminal development project with PSA International Pte Ltd. (PSA) in Buenaventura, Colombia. The Company's share for 2015 to complete phase one of the project is approximately US\$140 million.

ICTSI is widely acknowledged to be a leading global developer, manager and operator of container terminals in the 50,000 to 2.5 million TEU/year range. ICTSI has an experience record that spans six continents and continues to pursue container terminal opportunities around the world.

## ICTSI and Subsidiaries

### Financial Highlights

#### YoY Comparison

#### For the six months ended June 30

| <i>(In million USD, except Earnings per share data)</i> |     | <b>1H 2014</b> |     | <b>1H 2015</b> | <b>% Change</b> |
|---|-----|----------------|-----|----------------|-----------------|
| Gross Revenues  | USD | 510.3          | USD | 552.1          | 8%              |
| EBITDA  |     | 212.2          |     | 237.4          | 12%             |
| Net Income  |     | 105.6          |     | 105.7          | 0.1%            |
| Net Income Attributable to Equity Holders               |     | 101.7          |     | 100.4          | -1%             |
| Earnings per share                                      |     |                |     |                |                 |
| Basic   |     | 0.043          |     | 0.042          | -1%             |
| Diluted   |     | 0.043          |     | 0.042          | -1%             |

#### For the quarter ended June 30

| <i>(In million USD, except Earnings per share data)</i> |     | <b>2Q 2014</b> |     | <b>2Q 2015</b> | <b>% Change</b> |
|---|-----|----------------|-----|----------------|-----------------|
| Gross Revenues  | USD | 261.4          | USD | 256.0          | -2%             |
| EBITDA  |     | 108.6          |     | 109.8          | 1%              |
| Net Income  |     | 50.9           |     | 48.9           | -4%             |
| Net Income Attributable to Equity Holders               |     | 49.3           |     | 46.4           | -6%             |
| Earnings per share                                      |     |                |     |                |                 |
| Basic   |     | 0.021          |     | 0.019          | -7%             |
| Diluted   |     | 0.021          |     | 0.019          | -7%             |

## **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

**INTERNATIONAL CONTAINER  
TERMINAL SERVICES, INC.**

By:

A handwritten signature in blue ink, appearing to read 'A. Tabuena', is written over a large, stylized blue circular mark.

**ARTHUR QUINTIN R. TABUENA**  
*Director - Treasury and Investor Relations*