

# COVER SHEET

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SEC Registration Number

I	N	T	E	R	N	A	T	I	O	N	A	L		C	O	N	T	A	I	N	E	R		T	E	R	M	I	N	A	L	
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		

(Company's Full Name)

I	C	T	S	I		A	d	m	i	n	i	s	t	r	a	t	i	o	n		B	u	i	l	d	i	n	g				
M	I	C	T		S	o	u	t	h		A	c	c	e	s	s		R	o	a	d	,		M	a	n	i	l	a			

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

**Jose Joel M. Sebastian**

(Contact Person)

**(+632) 245 4101**

(Company Telephone Number)

1	2
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Month

3	1
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Day

(Fiscal Year)

S	E	C	17	C
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(Form Type)

0	4	Every 3 <sup>rd</sup> Thursday
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Month

Day

(Annual Meeting)

N/A
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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

N/A
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Amended Articles Number/Section

Total Amount of Borrowings  
(as of September 30, 2018)

1,385
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as of September 30, 2018  
Total No. of Stockholders

US\$58.6M
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Domestic

US\$1,243.5M
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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document ID

Cashier

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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. **7 November 2018**  
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  

Titles of Each Class	Number of Shares Outstanding and Amount of Debt Outstanding
Common shares	2,032,376,931
11. Item number reported herein:      Item 9 – Other Events

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**ICTSI 9M2018 Revenues Up 10% to USD1 Billion;  
3Q2018 Net Income Soars 22%**

International Container Terminal Services, Inc. (ICTSI) today reported unaudited consolidated financial results for the first nine months of 2018 posting revenue from port operations of US\$1.0 billion, an increase of 10 percent over the US\$918.3 million reported in the same period in 2017; Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of US\$462.1 million, six percent higher than the US\$434.9 million generated in the first three quarters of 2017; and net income attributable to equity holders of US\$153.3 million, up three percent compared to the US\$149.3 million earned in the same period last year mainly due to strong operating income from organic terminals; a decrease in the Company's share in the net loss at Sociedad Puerto Industrial Aguadulce S.A. (SPIA), its joint venture container terminal project with PSA International Pte Ltd. (PSA) in Buenaventura, Colombia, which decreased from US\$25.6 million in the first nine months of 2017 to US\$23.3 million for the same period in 2018 as the company continued to ramp-up container volume; and a US\$2.8 million non-recurring gain from the pre-termination of interest rate swap related

to the pre-payment of the project finance loan at its terminal in Manzanillo, Mexico in May 2018. The increase was tapered by the drag from the new terminals and a US\$7.5 million non-recurring gain on the termination of the sub-concession agreement in Nigeria in the second quarter of 2017. Excluding the non-recurring gains, consolidated net income attributable to equity holders would have increased by six percent. Diluted earnings per share was 11 percent lower at US\$0.052 from US\$0.058 in the first nine months of 2017 mainly due to additional distributions to holders of senior guaranteed perpetual capital securities issued in January 2018.

For the quarter ended September 30, 2018, revenue from port operations increased nine percent from US\$314.6 million to US\$344.0 million; EBITDA was 12 percent higher at US\$162.6 million from US\$145.1 million; and net income attributable to equity holders was up 22 percent from US\$45.7 million to US\$55.6 million. Diluted earnings per share for the quarter was 11 percent higher at US\$0.019 compared to US\$0.017 in 2017 due to strong operational results despite the additional distributions to holders of senior guaranteed perpetual capital securities issued in January 2018.

ICTSI handled consolidated volume of 7,152,392 twenty-foot equivalent units (TEUs) in the first nine months of 2018, five percent more than the 6,836,611 TEUs handled in the same period in 2017. The increase in volume was primarily due to improvement in trade activities at most of the Company's terminal locations and the contribution of new terminals in Lae and Motukea in Papua New Guinea, and Melbourne, Australia. Excluding the new terminals, consolidated volume would have increased by two percent.

For the quarter ended September 30, 2018, total consolidated throughput was six percent higher at 2,438,136 TEUs compared to 2,291,207 TEUs in 2017. Excluding the new terminals, consolidated volume would have increased by four percent in the third quarter of 2018.

Gross revenues from port operations for the first nine months of 2018 increased 10 percent to US\$1.0 billion compared to US\$918.3 million reported in the same period in 2017. The increase in revenues was mainly due to volume growth; new contracts with shipping lines and services; increase in revenues from non-containerized cargoes, storage and ancillary services; and the contribution from the Company's new terminals in Lae and Motukea in Papua New Guinea, and Melbourne, Australia. Excluding the new terminals, consolidated gross revenues would have increased by five percent.

For the third quarter of 2018, gross revenues increased nine percent from US\$314.6 million to US\$344.0 million. Excluding the new terminals, consolidated gross revenue for the third quarter would have increased by five percent.

Consolidated cash operating expenses in the first three quarters of 2018 was 16 percent higher at US\$398.0 million compared to US\$343.4 million in the same period in 2017. The increase in cash operating expenses was mainly due to the cost contribution of the new terminals in Lae and Motukea in Papua New Guinea, and Melbourne, Australia; higher fuel consumption and external yard rental as a result of increase in volume; and increase in prices of fuel and higher repairs and maintenance at certain terminals. The increase was tapered by the favorable translation impact of Philippine Peso and BRL expenses at the various terminals in the Philippines and in Suape, Brazil, respectively. Excluding the new terminals, consolidated cash operating expenses would have increased by only four percent in the first nine months of 2018. For the quarter ended September 30, 2018, total cash operating expenses of the Group increased by nine percent to US\$132.1 million in 2018 from US\$121.7 million in 2017.

Consolidated EBITDA for the first nine months of 2018 increased six percent to US\$462.1 million from US\$434.9 million in 2017 mainly due to strong revenue growth and the positive contribution of the new terminals in Lae and Motukea in Papua New Guinea, tapered by higher fixed port lease expense at Melbourne, Australia. Consequently, EBITDA margin decreased from 47 percent in the first nine months of 2017 to 46 percent in the same period in 2018.

Consolidated EBITDA for the third quarter of 2018 increased by 12 percent to US\$162.6 million from US\$145.1 million in the same period in 2017. EBITDA margin for the quarter increased from 46 percent in 2017 to 47 percent in 2018.

Consolidated financing charges and other expenses for the first three quarters increased three percent from US\$86.9 million in 2017 to US\$89.2 million in 2018 primarily due to lower capitalized borrowing cost on qualifying assets.

Capital expenditures excluding capitalized borrowing costs for the first nine months of 2018 amounted to US\$196.4 million, approximately 52 percent of the US\$380.0 million capital expenditures budget for the full year 2018. The established budget is mainly allocated for the capacity expansion in its terminal operations in Manila, Mexico and Iraq; continuing rehabilitation and development of the Company's container terminal in Honduras; procurement of additional equipment and minor infrastructure works in its newly acquired

terminal operations in Papua New Guinea; and the completion of its new barge terminal project in Cavite City, Philippines.

ICTSI is widely acknowledged to be a leading global developer, manager and operator of container terminals in the 50,000 to three 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 nine months ended September 30

<i>(In million USD, except Earnings per share data)</i>		<b>9M 2017</b>		<b>9M 2018</b>	<b>% Change</b>
Gross Revenues	USD	918.3	USD	1,005.7	10%
EBITDA		434.9		462.1	6%
Net Income		168.1		174.2	4%
Net Income Attributable to Equity Holders		149.3		153.3	3%
Earnings per share					
Basic		0.058		0.052	-11%
Diluted		0.058		0.052	-11%

#### For the quarter ended September 30

<i>(In million USD, except Earnings per share data)</i>		<b>3Q 2017</b>		<b>3Q 2018</b>	<b>% Change</b>
Gross Revenues	USD	314.6	USD	344.0	9%
EBITDA		145.1		162.6	12%
Net Income		53.0		62.9	19%
Net Income Attributable to Equity Holders		45.7		55.6	22%
Earnings per share					
Basic		0.017		0.019	11%
Diluted		0.017		0.019	11%

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:



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