



**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**  
**CURRENT REPORT UNDER SECTION 17**  
**OF THE SECURITIES REGULATION CODE**  
**AND SRC RULE 17.2(c) THEREUNDER**

1. **March 13, 2017**  
Date of Report (Date of earliest event reported)
  
2. SEC Identification Number: **147212**
3. BIR Tax Identification No.: **000-323-228**
  
4. **International Container Terminal Services, Inc.**  
Exact name of issuer as specified in its charter
  
5. **Metro Manila, Philippines**  
Province, Country or other jurisdiction of Incorporation
6.  (SEC Use Only)  
Industry Classification Code:
  
7. **ICTSI Administration Building, Manila International Container Terminal (MICT)**  
**South Access Road, Port Area, Manila 1012**  
Address of Principal Office Postal Code
  
8. **+(63 2) 245 4101**  
Issuer's telephone number, including area code
  
9. **Not Applicable**  
Former name or former address, if changed since last report
  
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 of Common Stock Outstanding
	<b><u>2,028,047,404 common shares</u></b>
	<i>(as of December 31, 2016)</i>

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**Item 9: Other Events**

**ICTSI Net Income surged 207% to US\$180.0M**

- **Throughput up 12% to 8.7 million TEUs**
- **Revenues increased 7% to US\$1.128 billion**
- **EBITDA improved 17% to US\$525.1 million**

International Container Terminal Services, Inc. (ICTSI) reported audited consolidated financial results for the year ended December 31, 2016 posting revenue from port operations of US\$1.128 billion, seven percent higher compared to US\$1.051 billion last year, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of US\$525.1 million, 17 percent better than the US\$450.0 million generated the previous year, and reported net income attributable to equity holders of US\$180.0 million, up 207 percent compared to the US\$58.5 million earned in 2015. Fully diluted earnings per share for the period surged 491 percent to US\$0.065 from US\$0.011 in 2015.

In 2016, the Company recognized a non-recurring charge of US\$23.4 million on the pre-termination of the lease agreement at ICTSI Oregon, Inc., the Company's terminal in Oregon, USA. In 2015, the Company recognized non-recurring items such as the gain on the sale of the terminal in Naha, Japan, impairment charges on the concession rights assets of Tecplata S.A. in Buenos Aires, Argentina, and the goodwill of PT ICTSI Jasa Prima Tbk and PT OJA in Jakarta, Indonesia, of US\$0.3 million, US\$88.0 million and US\$26.6 million, respectively. Excluding these non-recurring items, recurring net income would have increased 18 percent to US\$203.4 million from US\$172.8 million in 2015.

ICTSI handled consolidated volume of 8,689,363 twenty-foot equivalent units (TEUs) for the year ended December 31, 2016, 12 percent more than the 7,775,993 TEUs handled in 2015. The increase in volume was mainly due to continuing volume ramp-up at ICTSI Iraq, the Company's terminal in Umm Qasr, Iraq; new shipping lines and services at Contecon Manzanillo S.A. (CMSA) in Manzanillo, Mexico, Contecon Guayaquil S.A. (CGSA) in Guayaquil, Ecuador, and the terminals in Indonesia; and improvement in trade activities in Madagascar International Container Terminal Services, Ltd. (MICTSL) in Toamasina, Madagascar, Adriatic Gate Container Terminal (AGCT) in Rijeka, Croatia and in most of the Philippine terminals. For the quarter ended December 31, 2016, total consolidated throughput was 12 percent higher at 2,254,171 TEUs compared to 2,007,745 TEUs in the same period in 2015.

Gross revenues from port operations increased seven percent in 2016 to US\$1.128 billion from US\$1.051 billion the previous year. The increase in revenues was mainly due to improvement in trade activities at most of the Philippine terminals resulting to volume growth; new contracts with shipping lines and services at the terminals in Indonesia, Pakistan, Ecuador and Mexico; tariff rate adjustments at certain terminals; increase in storage and special services revenues at the terminal in Honduras; favorable container-volume mix at most of the Company's terminals; and continuing ramp-up at ICTSI Iraq. The increase in revenue was tapered by lower storage and non-containerized revenues at Tecon Suape S.A. (TSSA) in Recife, Brazil, weaker short-sea trade and reduced vessel calls at Baltic Container Terminal Ltd. (BCT) in Gdynia, Poland, discontinued vessel calls at ICTSI Oregon in the USA, and unfavorable translation brought about by the four percent depreciation of the Philippine peso and 18 percent depreciation of the Mexican peso. For the quarter ended December 31, 2016, total consolidated gross revenue was 13 percent higher at US\$293.4 million compared to US\$259.3 million in the same period in 2015.

Total cash operating expenses of the Group decreased by three percent from US\$432.3 million in 2015 to US\$419.6 million in 2016 mainly due to improved operational efficiencies resulting to

lower costs on repairs and maintenance, effective cost optimization initiatives, favorable translation impact of local currency expenses, and lower variable cost at ICTSI Oregon. The decreased was tapered by higher variable manpower costs, higher fuel and power consumption brought about by the volume increase, and cost contribution of new terminals in Argentina, Democratic Republic of Congo and Australia.

Consolidated EBITDA increased 17 percent to US\$525.1 million in 2016 from US\$450.0 million the previous year mainly due to the continuing ramp-up and further improvement in operating efficiencies at the terminals in Iraq and Mexico; and strong operating results from the company's terminals in Madagascar, Honduras, Indonesia and the Philippines. Consolidated EBITDA margin continued to improve to 47 percent in 2016 from 43 percent the year earlier.

Consolidated financing charges and other expenses in 2016 was 39 percent lower to US\$111.4 million from US\$183.5 million in 2015 mainly due to lower non-recurring charges. In 2016, the Company recognized a non-recurring charge of US\$23.4 million on the pre-termination of the lease agreement at ICTSI Oregon, Inc. In 2015, the Company recognized impairment charges on the concession rights assets of Tecplata S.A. in Buenos Aires, Argentina, and the goodwill of PT ICTSI Jasa Prima Tbk and PT OJA in Jakarta, Indonesia, of US\$88.0 million and US\$26.6 million respectively. Excluding these non-recurring charges, consolidated financing charges and other expenses would have increased 27 percent to US\$88.0 million from US\$69.0 million in 2015 due to lower capitalized borrowing cost and higher interest expense.

Capital expenditures for 2016 amounted to US\$391.9 million. Excluding capitalized borrowing costs and other expenses, capital expenditures amounted to US\$353.5 million, approximately 84% of the US\$420.0 million capital expenditure budget for the full year 2016. The capital expenditure was mainly to fund the initial development stage of the Company's greenfield projects in Australia, Democratic Republic of Congo and Iraq; the continuing development of the Company's container terminals in Mexico and Honduras; and capacity expansion in its terminal operations in Manila and Ecuador. In addition, ICTSI invested US\$41.2 million or 69 percent of its US\$60.0 million budget 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 Group's capital expenditure budget for 2017 is approximately US\$240.0 million mainly allocated for the completion of the initial stage development of the Company's greenfield projects in Democratic Republic of Congo and Iraq; the second stage development of the Company's project in Australia; continuing development of the Company's container terminals in Mexico and Honduras; and capacity expansion in its terminal operations in Manila. With regard to ICTSI's joint venture container

terminal development project in Buenaventura, Colombia, the Company allocated approximately US\$25.0 million for its share in 2017 to complete the initial phase of the project.

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 full year ended December 31**

<i>(In million USD, except Earnings per share data)</i>	<b>2015</b>		<b>2016</b>		<b>% Change</b>
Gross Revenues	USD	1,051.3	USD	1,128.4	7%
EBITDA		450.0		525.1	17%
Net Income		69.0		193.5	180%
Net Income Attributable to Equity Holders		58.5		180.0	207%
Earnings per share					
Basic		0.011		0.066	500%
Diluted		0.011		0.065	491%

### **SIGNATURE**

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

**INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.**

*Registrant*



**ARTHUR QUINTIN R. TABUENA**

*Director - Treasury and Investor Relations*