

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	3	1
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Month Day

(Fiscal Year)

S	E	C	17	C
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(Form Type)

0	4	Every 3 rd Thursday
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Month

Day

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

1,383

as of December 31, 2018

Total No. of Stockholders

Total Amount of Borrowings
(as of December 31, 2018)

US\$46.7M

Domestic

US\$1,260.3M

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. **March 7, 2019**

Date of Report

2. SEC Identification Number: **147212**

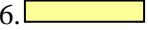
3. BIR Tax Identification No.: **000-323-228**

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

2,011,573,443

11. Item number reported herein: Item 9 – Other Events

ICTSI FY2018 Net Income Up 22% to US\$221.5 Million

International Container Terminal Services, Inc. (ICTSI) is pleased to report audited consolidated financial results for the year ended December 31, 2018.

- Consolidated volume higher by six percent to 9,736,621 twenty-foot equivalent units (TEUs) (FY2017: 9,153,458 TEUs)
- Revenue from port operations increased 11 percent to US\$1.4 billion (FY2017: US\$1.2 billion)
- Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) grew 11 percent to US\$642.2 million (FY2017: US\$578.0 million)
- Net income attributable to equity holders up strongly by 22 percent to US\$221.5 million (FY2017: US\$182.1 million)

Enrique Razon, Chairman of ICTSI said: "I am pleased to report strong full year operating results for 2018. Our drive in maintaining positive volume growth organically and through

M&A, our focus on cost and operating efficiency, and the constructive global trade dynamics outside of the U.S.-China "trade war" combine to provide a case for cautious optimism in 2019."

ICTSI handled consolidated volume of 9,736,621 TEUs in 2018, six percent more than the 9,153,458 TEUs handled in 2017. The increase in volume was mainly due to continuous improvement in trade activities; new contracts with shipping lines and services; and the contribution of new terminals in Lae and Motukea in Papua New Guinea, and Melbourne, Australia. Excluding new terminals, consolidated volume would have increased by three percent in 2018.

Gross revenues from port operations in 2018 increased 11 percent to US\$1.4 billion compared to US\$1.2 billion reported 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; tariff adjustments; and the contribution of 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 seven percent.

Consolidated EBITDA for 2018 grew 11 percent to US\$642.2 million from US\$578.0 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, partially tapered by the higher fixed port lease expense at Melbourne, Australia. Consequently, EBITDA margin slightly decreased from 46.4 percent in 2017 to 46.3 percent in 2018.

The increase in net income was 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\$36.8 million in the year of 2017 to US\$23.4 million for the same period in 2018 as the company continued to ramp-up container volume; lower restructuring and separation costs; and a US\$2.8 million non-recurring gain from the pre-termination of interest rate swap related at its terminal in Manzanillo, Mexico in May 2018. The increase however was tapered by higher fixed port lease expense at Melbourne, Australia; a US\$5.8 million non-recurring impairment charge on the goodwill at its terminal in Davao, Philippines in 2018; 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 impact of the interest rate swap pre-termination, impairment charge and termination of the sub-concession

agreement, consolidated net income attributable to equity holders would have increased by 29 percent. Diluted earnings per share was up 12 percent at US\$0.077 from US\$0.069 in 2017 mainly due to higher net income, partially tapered by increase in distributions to holders of perpetual capital securities from the issuance of senior guaranteed perpetual capital securities in January 2018.

Consolidated cash operating expenses in 2018 was 14 percent higher at US\$540.5 million compared to US\$475.9 million 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; increase in prices of fuel; higher fuel and power consumption driven by volume growth, and equipment rentals at certain terminals. The increase was partially tapered by continuous monitoring of cost optimization measures; and favorable translation impact of Philippine Peso, Pakistani Rupee and Brazilian Reais - expenses at the various terminals in the Philippines, Karachi, Pakistan and Suape, Brazil, respectively. Excluding the new terminals, consolidated cash operating expenses would have increased by only three percent in 2018.

Consolidated financing charges and other expenses for 2018 decreased three percent from US\$132.5 million in 2017 to US\$128.6 million in 2018 primarily due to the lower interest expense resulting from the prepayment of the CMSA project finance loan and lower restructuring and separation costs. The decrease was tapered by the lower capitalized borrowing cost of qualifying asset and non-recurring impairment charge on the goodwill in Davao, Philippines in 2018.

Capital expenditures for 2018 excluding capitalized borrowing costs; and payment of concession rights in Lae and Motukea in Papua New Guinea amounted to US\$261.3 million, approximately 69 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.

The Group's capital expenditure for 2019 is expected to be approximately US\$380.0 million. The estimated capital expenditure budget will be utilized mainly for the ongoing expansion projects in Manila, Mexico and Iraq; equipment acquisitions and upgrades; and for maintenance requirements.

ICTSI is one of the world's leading global developer, manager and operator of container terminals in the 50,000 to three million TEU/year range. ICTSI has a track 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>		2017	2018	% Change
Gross Revenues	USD	1,244.4	USD 1,385.8	11%
EBITDA		578.0	642.2	11%
Net Income		207.7	249.8	20%
Net Income Attributable to Equity Holders		182.1	221.5	22%
Earnings per share				
Basic		0.069	0.078	12%
Diluted		0.069	0.077	12%

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