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. Date of Report (Date of earliest event reported)

   Feb 15, 2019

2. SEC Identification Number

   147212

3. BIR Tax Identification No.

   000-323-228

4. Exact name of issuer as specified in its charter

   International Container Terminal Services, Inc.

5. Province, country or other jurisdiction of incorporation

   Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   ICTSI Administration Building, Manila International Container Terminal (MICT) South Access Road, Port Area, Manila

   Postal Code

   1012

8. Issuer's telephone number, including area code

   +(632) 245 4101

9. Former name or former address, if changed since last report

   Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock Outstanding	2,011,573,443

11. Indicate the item numbers reported herein

    9

International Container Terminal Services, Inc.

ICT

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting

References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

2019 Annual Stockholders’ Meeting of International Container Terminal Services, Inc. (ICTSI)

Background/Description of the Disclosure

In a meeting of the Board of Directors of International Container Terminal Services Inc. (ICTSI) held today, February 15, 2019, the Board approved the resolutions on the following matters:

1. Setting the Annual Stockholders’ Meeting of International Container Terminal Services, Inc. (ICTSI) on Thursday, April 11, 2019 at 10:00am at The Theatre, Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila and fixing of record date to March 11, 2019 for stockholders entitled to notice and to vote

2. Approval of the Agenda for the 2019 Annual Stockholders Meeting

Type of Meeting

- ☑ Annual
- ☐ Special

Date of Approval by Board of Directors	Feb 15, 2019
Date of Stockholders' Meeting	Apr 11, 2019
Time	10:00am
Venue	The Theatre, Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila
Record Date	Mar 11, 2019
	1. Call to order. The call is done to officially open the meeting. 2. Determination of existence of quorum. The presence of shareholders holding at least majority of the outstanding shares is required for the existence of a quorum. 3. Approval of the Minutes of the Annual Stockholders’ Meeting held on 19 April 2018. Said minutes record the proceedings at the last stockholders’ meeting prior to this meeting.

Agenda	4. Chairman’s Report. The Chairman’s Report will present a summary of business operation of the corporation and its subsidiaries during preceding fiscal year. 5. Approval of the Chairman’s Report and the 2018 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman’s Report and the Audited Financial Statements. 6. Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders’ Meeting. Said acts, contracts, investments and resolutions are summarized in Item 15 of the Information Statement (SEC Form 20-IS) to be furnished to the shareholders and approval thereof by the stockholders is sought. 7. Election of Directors. The incumbent directors are named in Item 5 of the Information Statement, together with their respective profiles and qualifications. The directors of the corporation are elected at the annual stockholders’ meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified. 8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought. 9. Other matters. Any other matter, which may be brought to the attention of the stockholders, may be taken up. 10. Adjournment. This is done to officially end the meeting.

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End Date	N/A

Other Relevant Information

The dividend policy of the Corporation is described in the section entitled “Dividends and Dividend Policy” in Item 15 of the Information Statement.

The Board of Directors fixed 11 March 2019 as the record date for the purpose of determining the Stockholders entitled to notice and to vote.

Registration starts at 9:00 a.m. Please bring your identification documents (e.g. SSS, driver’s license, passport) to facilitate registration.

Should you be unable to attend the meeting, but wish to be represented, you may send us a Proxy (in the form attached as “Schedule 1” to the Information Statement). For Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to us on or before 18 March 2019.

Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on 29 March 2019 at 10:00 a.m.

Please see attached Notice of the Annual Stockholders' Meeting as signed by the Corporate Secretary on behalf of the Board of Directors as well as the Information Statement (SEC Form 20-IS).

Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations

COVER SHEET

				1	4	7	2	1	2

SEC Registration Number

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

(Company's Full Name)

ICTSI ADMINISTRATION BUILDING MICT SOUTH ACCESS ROAD, MANILA

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

Jose Joel M. Sebastian	**(+632) 245 4101**
(Contact Person)	(Company Telephone Number)

1 2 / **3 1**	**S E C 20 IS**	**0 4** / **Every 3rd Thursday**
Month *Day* (Fiscal Year)	(Form Type)	*Month* *Day* (Annual Meeting)

N/A

(Secondary License Type, If Applicable)

	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings *(as of December 31, 2017)*

1,383 *as of December 31, 2018*	**US$104.4M**	**US$1,330.9M**
Total No. of Stockholders	Domestic	Foreign

To be accompished by SEC Personnel concerned

File Number	LCU
Document ID	Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO
SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [**X**] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   International Container Terminal Services, Inc.

3. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines

4. SEC Identification Number **147212**

5. BIR Tax Identification Code **000-323-228**

6. Address of Principal Office **3F ICTSI Administration Building**
   Manila International Container Terminal
   South Access Road, Manila, Philippines
   Postal Code **1012**

7. Registrant's telephone number, including area code **(632) 245-4101**

8. Date, time and place of the meeting of security holders
   April 11, 2019, 10:00 a.m., The Theatre, Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City , Metro Manila, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   March 20, 2019

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding as of December 31, 2018
Common Stock, P1.00 par value	**2,011,001,931**

Amount of consolidated debt outstanding as of **31 December 2017: US$1,493.6 million**

11. Are any or all of registrant's securities listed in a Stock Exchange?
    Yes ✓ No ______

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of Securities Listed: **Common Stock**

ICTSI MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS ANNUAL STOCKHOLDERS' MEETING. PLEASE DO NOT SEND ICTSI MANAGEMENT YOUR PROXY.

ICTSI 2019 ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) will be held at The Theater at Solaire, Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila at 10:00 a.m. on Thursday, 11 April 2019, with the following agenda:

1. Call to order. The call is done to officially open the meeting.

2. Determination of existence of quorum. The presence of shareholders holding at least majority of the outstanding shares is required for the existence of a quorum.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on 19 April 2018. Said minutes record the proceedings at the last stockholders' meeting prior to this meeting.

4. Chairman's Report. The Chairman's Report will present a summary of business operation of the corporation and its subsidiaries during preceding fiscal year.

5. Approval of the Chairman's Report and the 2018 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman's Report and the Audited Financial Statements.

6. Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting. Said acts, contracts, investments and resolutions are summarized in Item 15 of the Information Statement (SEC Form 20-IS) to be furnished to the shareholders and approval thereof by the stockholders is sought.

7. Election of Directors. The incumbent directors are named in Item 5 of the Information Statement, together with their respective profiles and qualifications. The directors of the corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified.

8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought.

9. Other matters. Any other matter, which may be brought to the attention of the stockholders, may be taken up.

10. Adjournment. This is done to officially end the meeting.

The dividend policy of the Corporation is described in the section entitled "Dividends and Dividend Policy" in Item 15 of the Information Statement.

The Board of Directors fixed **11 March 2019** as the record date for the purpose of determining the Stockholders entitled to notice and to vote.

Registration starts at **9:00 a.m.** Please bring your identification documents (e.g. SSS, driver's license, passport) to facilitate registration.

Should you be unable to attend the meeting, but wish to be represented, you may send us a Proxy (in the form attached as "Schedule 1" to the Information Statement). For Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to us on or before **18 March 2019**.

Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **29 March 2019 at 10:00 a.m.**

Manila, 15 February 2019.

FOR THE BOARD OF DIRECTORS

RAFAEL T. DURIAN
Corporate Secretary

PART I.A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders
The Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) will be held on April 11, 2019 in The Theatre, Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila at 10:00 a.m.

The address of the principal office of International Container Terminal Services, Inc. is ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila 1012, Philippines. This Information Statement (electronic copy in CD format) will be mailed to Stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting on or about March 20, 2019.

Item 2. Dissenters' Right of Appraisal
Under Section 81 of the Corporation Code, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

> (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to thos of outstanding shares of any class, or of extending or shortening the term of corporate existence;
>
> (2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and
>
> (3) in case of merger or consolidation.

To exercise the appraisal right the stockholder shall send a written demand on the Corporation within 30 days from the approval of the proposed amendments by the stockholders. The Corporation shall pay the fair value of the shares that the stockholder will surrender in accordance with the process, procedure and timetable provided under Section 81 to 86 of the Corporation Code.

If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be determined by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Company and a third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code.

However, the matters to be acted upon at the Annual Stockholders' Meeting are not matters with respect to which a dissenting Stockholder may exercise his appraisal right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon
Other than election of Directors and ratification of acts of the Board of Directors and Management, there are no substantial interest, by security holdings or otherwise, of ICTSI, any Director or Officer thereof, any nominee for Director, or associate of any of the foregoing persons in any matter to be acted upon at the Annual Stockholders' Meeting.

None of the Directors of ICTSI has informed ICTSI in writing that he intends to oppose any action to be taken by ICTSI at this Annual Stockholders' Meeting.

PART I.B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof
As of January 31, 2019, common shares issued and outstanding were 2,045,177,671 shares (including 33,604,228 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

Voting/Non Voting Shares	Type of Securities	No. of Foreign Owned shares	No. of Local Owned shares	No. of Outstanding shares
Voting shares	Common shares	786,477,498	1,225,095,945	2,011,573,443
Voting shares	Preferred B shares	-	700,000,000	700,000,000
Total Outstanding Voting shares		786,477,498	1,925,095,945	2,711,573,443
Foreign Ownership Level of Total Outstanding Voting shares		**29.00%**		
Non Voting shares	Preferred A shares	3,800,000		
Foreign Ownership Level of Total Outstanding Voting and Non- Voting shares		**29.10%**		

Only Stockholders of record at the close of business on March 11, 2019 are entitled to notice and to vote at the Annual Stockholders' Meeting. The common stock and preferred B stock will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners

The following are known to the registrant to be, directly or indirectly the record or beneficial owner of more than five (5) percent of registrant's voting securities as of January 31, 2019:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage*
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	The Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct. - 4/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City Taguig, 1634 Represented by Maris Flores, Senior Vice President and Head, HSBC Securities Services and Kathy Dela Torre, Senior Vice President Client Services, only holds a legal title as custodian, and is not the beneficial owner of the lodged shares.	Foreign	293,489,674 (Lodged with PCD) Indirect	10.81%
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	Deutsche Bank Manila - Clients' Acct. - 23/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, 1226 Makati City Represented by Carlos Dela Torre, Head of Securities and Custody Operations, only holds legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	272,388,279 (Lodged with PCD) Indirect	10.03%
Common	PCD Nominee Corporation (Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	AB Capital Securities, Inc., Units 1401-1403, 14th Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1200 Represented by Victor L. Vital, President; Ericsson C. Wee, First Vice President; and Lamberto	Filipino	515,312,885 (Lodged with PCD) Indirect	18.98%

		M. Santos, Jr., Senior Advisor, only holds a legal title as custodian and is not the beneficial owner of the lodged shares			
Common	Bravo International Port Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200 Bravo International Port Holdings, Inc. is a stockholder of ICTSI.	Bravo International Port Holdings, Inc. represented by Enrique K. Razon, Jr., its President	Filipino	279,675,000	10.30%
Preferred B	Achillion Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200 Achillion Holdings, Inc. is a stockholder of ICTSI.	Achillion Holdings, Inc. represented by Enrique K. Razon, Jr., its President	Filipino	700,000,000	25.78%

** Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,715,373,443 (which excludes treasury shares) as of January 31, 2019.*

Security Ownership of Management

As of January 31, 2019, the aggregate beneficial ownership of all Directors and Management [Executive Officers] totals to 1,691,034,840 shares, equivalent to 62.28 percent.

Title of Class	Name	Number of shares and nature of beneficial ownership		Citizenship	Percentage [1]
Common and Preferred B	Enrique K. Razon, Jr.[2]	1,681,105,057	Direct and Indirect	Filipino	61.92%[3]
Common	Andres Soriano III	2,150,481	Direct and Indirect	American	0.08%
Common	Stephen A. Paradies	4,087,573	Direct	Filipino	0.15%
Common	Jose C. Ibazeta	2,775,710	Direct	Filipino	0.10%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Silverio Benny J. Tan	273,000	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Rafael D. Consing, Jr.	123,527	Direct	Filipino	0.00%
Common	Jose Joel M. Sebastian	51,326	Direct	Filipino	0.00%
Common	Gigi Iluminada T. Miguel	9,504	Direct	Filipino	0.00%
Common	Benjamin M. Gorospe III	1,662	Direct	Filipino	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%

[1] *Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shareof 2,715,373,443 (which excludes treasury shares) as of January 31, 2019.*
[2] *Shares in the name of Enrique K. Razon, Jr. and Razon Group.*
[3] *The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 62.00% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,711,573,443 (which excludes treasury shares and preferred A non-voting shares) as of January 31, 2019.*
[4] *As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of January 31, 2019.*

Dealings with Company's Shares

Directors are required to report their dealings in Company shares within three (3) business days from all ICTSI share-related transactions.

ICTSI discloses to the Philippine Stock Exchange (PSE) the ownership (direct and indirect) and any acquisition or disposal of ICTSI securities by ICTSI directors and officers pursuant to the PSE Revised Disclosures and Securities Regulations Code. Directors and officers are likewise prohibited from buying or selling ICTSI securities (e.g. shares of stock) during the period within which material non-public information is obtained and up to two (2) full trading days after the price sensitive information is disclosed.

The ICTSI shares held by its Directors in FY 2018 are as follows:

Directors	January 1, 2018	December 31, 2018
Enrique K. Razon, Jr.*	1,678,105,057	1,681,105,057
Andres Soriano III	8,150,481	3,150,481
Stephen A. Paradies	4,087,573	4,087,573
Jose C. Ibazeta	2,798,310	2,775,710
Octavio Victor R. Espiritu	300,000	300,000
Joseph R. Higdon	156,000	156,000

**Shares in the name of Enrique K. Razon, Jr. and Razon Group; consists of 978,105,057 common shares as of January 1, 2018 and 981,105,057 common shares as of December 31, 2018; and 700,000,000 Preferred B shares*

<u>Voting Trust Holders of 5% or More</u>

Not applicable

<u>Changes in Control</u>

Not applicable

Item 5. Directors and Executive Officers

The following are information on the business experience of the members of the Board of Directors (the Board) and Executive Officers of ICTSI for the last five (5) years.

The members of the Board of Directors and Executive Officers of ICTSI <u>as of 15 February 2019</u> are the following:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	58
Director	Cesar A. Buenaventura[1]	Filipino	89
Director	Octavio Victor R. Espiritu[2]	Filipino	75
Director	Joseph R. Higdon[3]	American	77
Director	Jose C. Ibazeta	Filipino	76
Director	Stephen A. Paradies	Filipino	65
Director	Andres Soriano III	American	67
Senior Vice President, Chief Financial Officer & Compliance Officer	Rafael D. Consing, Jr.	Filipino	50
Senior Vice President, Finance	Jose Joel M. Sebastian	Filipino	55
Vice President, Treasurer	Gigi Iluminada T. Miguel[4]	Filipino	49
Corporate Secretary	Rafael T. Durian	Filipino	85
Asst. Corporate Secretary	Silverio Benny J. Tan	Filipino	62
Asst. Corporate Secretary	Benjamin M. Gorospe III	Filipino	51

[1] Elected as Independent Director last February 12, 2019 by the ramaining members of the Board to serve the unexpired term of Jon Ramon Aboitiz pursuant to Article III, Section 2 of the Amended By - Laws
[2]Independent Director
[3]Independennt Director
[4]Appointed on May 2, 2018

The following are the Regional Heads and Global Corporate Officers for the ICTSI group of companies:

Office	Name	Citizenship	Age
Senior Vice President, Regional Head – Asia Pacific	Andrew Dawes[1]	British	46
Senior Vice President, Global Corporate Head	Christian Martin R. Gonzalez[2]	Filipino	43
Senior Vice President, Regional Head – Latin America	Anders Kjeldsen	Danish	49
Senior Vice President, Regional Head-Europe & Middle East and Africa	Hans-Ole Madsen	Danish	53
Vice President, Audit & Compliance	Sandy A. Alipio	Filipino	48
Vice President, Head of Financial Planning & Budget	Caroline C. Causon[3]	Filipino	41
Vice President, Head of Global Corporate Human Resources	Michael Robin Cruickshanks	British	61
Vice President, Chief Information Officer	Brian Hibbert[4]	British	51
Vice President, Senior Admin Officer	Vivien F. Minana[5]	Filipino	54
Vice President, Head of Global Commercial	Tico Wieske	Dutch	55

[1] *Appointment effective on November 1, 2018*
[2] *Appointment effective on June 1, 2018*
[3] *Appointment effective on April 1, 2018*
[4] *Appointment effective on October 1, 2018*
[5] *Transfer effective on December 31, 2018*

The following are the business experiences of ICTSI's directors and officers for the **past five years**:

Directors

***Enrique K. Razon, Jr.**, age 58, Filipino*

Mr. Razon has been a Director of International Container Terminal Services, Inc. (ICTSI)* since December 1987 and has been its Chairman since 1995.

Concurrently, Mr. Razon is the Chairman and the President of ICTSI*, ICTSI Warehousing, Inc., ICTSI Foundation, Inc., Razon Industries, Inc., Bloomberry Resorts Corporation*, Prime Metroline Holdings, Inc., Quasar Holdings, Inc., Falcon Investco Holdings, Inc., Achillion Holdings, Inc., Collingwood Investment Company Ltd., Bravo International Port Holdings, Inc., and Provident Management Group, Inc.; the Chief Executive Officer (CEO) and the Chairman of Bloomberry Resorts and Hotels, Inc.; the Chairman of Sureste Realty Corp., Monte Oro Resources and Energy, Inc., Pilipinas Golf Tournament Inc., and Bloomberry Cultural Foundation, Inc.; and a Director of Sureste Properties, Inc., ICTSI (Hongkong) Ltd., Australian Container Terminals, Ltd., Pentland International Holdings Ltd., CLSA Exchange Capital, and Xcell Property Ventures, Inc.

In addition, he is a member of the US-Philippines Society and the ASEAN Business Club, Philippines, Inc.

Mr. Razon studied Bachelor of Science, major in Business Administration, at the De La Salle University.

**Publicly-listed Corporation*

Jon Ramon M. Aboitiz*, age 70, Filipino (Deceased on November 30, 2018)*

Mr. Aboitiz has been a Director of ICTSI* since *April 2008* and was appointed as a member of the ICTSI Audit Committee in April 2010 and the current Chairman of the Related Party Transactions Committee in April 2017.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., and Aboitiz Equity Ventures, Inc.*, a Cebu-based investment and management enterprise engaged in numerous and diverse business concerns ranging from power generation and distribution, banking and financial services, real estate development, construction, food, ship building and cement.

Mr. Aboitiz began his career with the Aboitiz Group in 1970 after graduating from the Sta. Clara University, California, with a B.S. Commerce Degree majoring in Management. He became the President of Aboitiz & Company in 1991 until 2008. He was the President and Chief Executive Officer (CEO) of Aboitiz Equity Ventures, Inc.* from 1993 - 2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of Aboitiz Power Corporation*, Vice Chairman of Union Bank of the Philippines and Chairman of the Bank's Committees namely: Executive Committee, Risk Management Committee and Nominations Committee; Vice Chairman of Compensation and Remuneration Committee, and Corporate Governance Committee. He is also a Director of Bloomberry Resorts Corporation* and is a member of its Audit Committee. He is Chairman and CEO of the Ramon Aboitiz Foundation, a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines) and Pilipinas KAO Corporation. He is also a Board of Trustee of The Santa Clara University, California USA.

**Publicly-listed Corporation*

Cesar A. Buenaventura, O.B.E*., age 89, Filipino (replaced Mr. Aboitiz to serve his unexpired term)*

Mr. Buenaventura was elected an an independent Director of ICTSI* last February 12, 2019. He is the Director and Chairman of Mitsubishi Hitachi Power Systems Phils Inc. and Buenaventura Echauz and Partners, Inc., Director and Vice Chairman of DMCI Holdings, Inc.*, Director of Semirara Mining and Power Corp.*, iPeople, Inc.*, Petroenergy Resources Corp.*, Concepcion Industrial Corp.* Pilipinas Shell Petroleum Corp.*, DM Consinji Inc., and The Country Club. He is likewise a Trustee and Chairman of Pilipinas Shell Foundation Inc., and Trustee of Bloomberry Cultural Foundation and ICTSI Foundation. He was formerly a Director of Philippine American Life Insurance Co., AG&P Co. of Manila, Ayala Corporation*, First Philippine Holdings Corp.*, Philippine Airlines*, Philippine National Bank*, Benguet Corporation*, Asian Bank, Ma. Cristina Chemical Industries, Paysetter International Inc., Maibarara Geothermal Inc., and Manila International Airport Authority.

His career started with Engineer David Consunji in 1951. Mr. Buenaventura then moved to the Shell Group of Companies in 1956 where he served as the first Filipino CEO and Chairman from 1975 until his retirement in 1990. He served 2 more years in the capacity of non-executive chairman until 1992. He was appointed member of the Monetary Board of Central Bank of the Philippines representing the private sector from 1981 until 1987.

Mr. Buenaventura is the founding chairman of the Pilipinas Shell Foundation Inc., and founding member of the Board of Trustees of the Makati Business Club. He was a member of the Board of Regents of the University of the Philippines from 1987 to 1994, the Board of Trustees of the Asian Institute of Management from 1994 to 2007, and President of Benigno Aquino S. Foundation from 1985-2010.

He is a recipient of many awards, among which are – Most Distinguished Alumnus, College of Engineering, University of the Philippines in 1977, the Management Man of the year by the Management Association of the Philippines in 1985, Outstanding Professional in Engineering by the Professional Regulatory Commission in 1997, Outstanding Fulbrighter in the field of business by the Philippine Fulbright Association in 2008, recipient of Centennial Award as one of the UP's Top 100 Alumni Engineering Graduates.

In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

Mr. Buenaventura received his Bachelor of Science degree in Civil Engineering from the University of the Philippines and his Master's degree in Civil Engineering majoring in Structures from Lehigh University Bethlehem, Pennsylvania in 1954, as a Fulbright scholar.

**Publicly-listed Corporation*

***Octavio Victor R. Espiritu**, age 75, Filipino*

Mr. Espiritu has been an independent Director of ICTSI* since *April 2002.* Currently, he is the Chairman of the Audit Committee and a member of the Nomination Sub-Committee, Remuneration Sub-Committee, Board Risk Oversight Committee and Related Party Transactions Committee of ICTSI. He is also a Director of Bank of the Philippine Islands, Philippine Dealing System Holdings Corp. and Subsidiaries, and Phil Stratbase Consultancy Inc.

Formerly, Mr. Espiritu was a three-term former President of the Bankers Association of the Philippines, a former President and Chief Executive Officer (CEO) of Far East Bank and Trust Company, and Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.
Mr. Espiritu received his primary, secondary, and college education from the Ateneo de Manila University, where he obtained his AB Economics degree in 1963. In 1966, he received his Master's Degree in Economics from Georgetown University in Washington DC, USA.
**Publicly-listed Corporation*

***Joseph R. Higdon**, age 77, American*

Mr. Higdon has been an independent Director of ICTSI* since April 2007. Currently, he is the Chairman Corporate Governance Committee of ICTSI. He is also an independent Director of SM Investments Corporation*, Security Bank Corporation* and The Island Institute, a non-profit organization seeking to preserve island communities along the coast of Maine and Trekkers, a community-based mentoring organization.

Formerly, Mr. Higdon was the Senior Vice President of Capital Research and Management, a Los Angeles (USA)-based international investment management firm, until June 2006. He joined Capital Research and Management in 1974 and has covered Philippine stocks from 1989 to 2006. He was the Vice President of the New World Fund, which focused on companies doing business in emerging countries and was a Director of Capital Strategy Research.

Mr. Higdon received his Bachelor of Science degree, major in Political Science, from the University of Tennessee in 1968.

**Publicly-listed Corporation*

Jose C. Ibazeta, age 76, Filipino

Mr. Ibazeta has been a Director of ICTSI* since December 1987. Currently, he is a member of Nomination Sub-Committee and a former member of Audit Committee of ICTSI.

Formerly, he was named a Trustee and Vice-President of ICTSI Foundation in 2009, He also served as ICTSI's Treasurer until February 2007, and he was appointed as President and Chief Executive Officer of the Power Assets and Liabilities Management Corporation (PSALM) by the President of the Republic of the Philippines. He served as PSALM President and CEO from February 1, 2007 to March 30, 2010. In April 2010, he declined his nomination as Director of ICTSI by reason of his appointment as Acting Secretary of the Department of Energy, a position he held from April 1, 2010 until June 30, 2010. He was re-elected a Director of ICTSI* in August 2010.

In addition, Mr. Ibazeta is a Consultant to the Chairman of the Board of A Soriano Corporation*. He is a

Director of A Soriano Corporation, Anscor Consolidated Corporation, AFC Agribusiness Corporation, Anscor Holdings, Inc., Minuet Realty Corporation, Phelps Dodge Philippines Energy Products Corporation, Seven Seas Resorts and Leisure, Inc, Island Aviation, Inc, and Vicinetum Holdings, Inc. He is also the Chairman and President of Island Aviation, Inc, President of Seven Seas Resorts and Leisure, Inc, and Pamalican Resort, Inc. Mr. Ibazeta is also the founding Chairman and a Director of Philippine Stratbase Consultancy, Inc.

At AGP Group Holdings, PTE, Ltd, Mr Ibazeta is a member of the Board, the Executive Committee and the Compliance Steering Committee as well as Chairman of the Audit Committee. He is Chairman of the AG&P Estate Management, Inc, member of the Board of Atlantic, Gulf & Pacific Company of Manila, Inc, AG&P FieldCOM, Inc, and Gas Entec Co, Ltd. He is the Treasurer and a member of the Board of AGP Philippines Holdings, Inc.

Mr. Ibazeta is a member of the Board of Trustees of Radio Veritas and St James the Great Parish Foundation. He received his Bachelor of Science in Economics degree from the Ateneo de Manila University in 1963 and his Masters Degree in Business Administration from the University of San Francisco, USA in 1968. He completed all academic requirements and passed the comprehensive exams for an MBC in Banking and Finance from the New York University in 1975.

**Publicly-listed Corporation*

***Stephen A. Paradies**, age 65, Filipino*

Mr. Paradies has been a Director of ICTSI* since December 1987. Currently, he is the Chairman of Nomination Sub-Committee, Board Risk Oversight Committee and a member of Audit Committee, Corporate Governance Committee, Remuneration Sub-Committee, and Related Party Transactions Committee of ICTSI. He is also a Director of ICTSI Warehousing, Inc. and Sociedad Puerto Industrial Aguadulce S.A. Moreover, Mr. Paradies is the Senior Vice President-Treasurer of Aboitiz & Company, Inc.; a Trustee of Bloomberry Cultural Foundation, Inc.; a Director of Union Properties, Inc., Prime Metro BMD Corp., and Chairman of NapaGapa Beverages, Inc.

Mr. Paradies received his Bachelor of Science degree, major in Business Management, from the Santa Clara University, California, USA.

**Publicly-listed Corporation*

***Andres Soriano III**, age 67, American*

Mr. Soriano has been a Director of ICTSI* since *July 1992*. Currently he is the Chairman of the Remuneration Sub-Committee and a member of Corporate Governance Committee of ICTSI.

In addition, Mr. Soriano is the Chairman and Chief Executive Officer (CEO) of A. Soriano Corporation*, the Chairman and President of Anscor Consolidated Corp., the Chairman of the Andres Soriano Foundation, Inc., Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corp., and Seven Seas Resorts and Leisure, Inc., and a Director of Anscor Property Holdings, Inc., A. Soriano Air Corporation, and the Manila Peninsula Hotel, Inc.

Formerly, Mr. Soriano was the President and Chief Operating Officer (COO) of San Miguel Corporation* and later, its Chairman and CEO. He was also the Chairman of Coca Cola (Philippines), Coca Cola Amatil (Australia) and Nestle (Philippines) and was a Director of SPI Technologies, Inc., eTelecare Global Solutions, Inc., G.E. Asian Advisory and Wharton East Asia Executive Board.

Mr. Soriano received a Bachelor of Science degree in Economics, major in Finance and International Business, from Wharton School of Finance and Commerce, University of Pennsylvania in 1972.

**Publicly-listed Corporation*

Executive Officers

***Rafael D. Consing, Jr.**, age 50, Filipino*

Mr. Consing is the Senior Vice President and Chief Financial Officer of International Container Terminal Services, Inc. (ICTSI)*. He was appointed to the said position on October 5, 2015 and was subsequently appointed as the Compliance Officer on February 9, 2016. Prior to such role, he was the Vice President and Treasurer of ICTSI*. Concurrently, he is a Director and Treasurer of the following ICTSI subsidiaries: Hijo International Port Services, Inc., Subic Bay International Terminal Corp., Subic Bay International Terminal Holdings, Inc., ICTSI Subic Inc., Cordilla Properties Holdings, Inc., IW Cargo Handlers, Inc., ICTSI Warehousing, Inc., Laguna Gateway Inland Container Terminal, Inc., Intermodal Terminal Holdings, Inc., Cavite Gateway Terminal, Inc., a Director of Falconer Aircraft Management, Inc., Tecplata S.A., Contecon Manzanillo S.A., Terminal Maritima de Tuxpan, S.A. de C.V., Sociedad Puerto Industrial Aguadulce S.A., Operadora Portuaria Centroamericana S.A. de C.V., ICTSI Oregon, Inc., Global Procurement Ltd., ICTSI Honduras Ltd., Aeolina Investments Limited, Crixus Limited, ICTSI Georgia Corp., ICTSI QFC LLC, ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., ICTSI Mauritius Ltd., Consultports S.A. de C.V., ICTSI South Pacific Limited, Motukea International Terminal Limited, South Pacific International Container Terminal Limited, Asiastar Consultants Limited, ICTSI Far East Pte. Ltd., and Manila North Harbour Port, Inc.; the Chairman of CGSA Transportadora S.L. and SPIA Spain S.L.; a Director and the Deputy Chairman of ICTSI Ltd. and International Container Terminal Holdings, Inc.; a Director A of ICTSI Capital B.V., Royal Capital B.V., ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container Capital B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Africa B.V., ICTSI Global Cooperatief U.A., and ICTSI Global Finance B.V.; and a Commissioner of PT ICTSI Jasa Prima Tbk.

Mr. Consing started his career at the Multinational Investment Bancorporation in June 1989. From 1999 to 2007, he assumed various roles in HSBC, including Director and the Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia, and later on as the Managing Director and the Head of the Financing Solutions Group, Asia Pacific. In HSBC, Mr. Consing was involved in strategic and situational financing and advisory activities, including acquisition and leveraged finance, debt capital markets, credit ratings and capital advisory. He also held positions in investment banking with Bankers Trust NY / Deutsche Bank and ING Barings. In 1993 to 1995, Mr. Consing served as the Vice President and the Treasurer of Aboitiz & Company, Inc. and Aboitiz Equity Ventures, Inc*.

Mr. Consing received his A.B. degree, major in Political Science, from the De La Salle University, Manila, in 1989. He is an alumnus of the Emerging CFO: Strategic Financial Leadership Program of the Stanford Graduate School of Business.

**Publicly-listed Corporation*

***Jose Joel M. Sebastian,** age 55, Filipino*

Mr. Sebastian is the Senior Vice President, Finance. He was appointed to the said position on October 5, 2015. He joined ICTSI* as the Vice President and Controller in September 2008. Concurrently, he is a Director and the President of International Container Terminal Holdings, Inc., ICTSI Ltd., and ICTSI Georgia Corp.; the Deputy Chairman of CGSA Transportadora S.L. and SPIA Spain S.L.; a Director and the President of Bauan International Ports, Inc., Davao Integrated Port & Stevedoring Services Corp.,, a Director and Treasurer ofMindanao International Container Terminal Services, Inc., South Cotabato Integrated Ports Services, Inc., Abbotsford Holdings, Inc., ICTSI Asia Pacific Business Services, Inc. and Falconer Aircraft Management, Inc.; a Director A of ICTSI Capital B.V., Royal Capital B.V., ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container Capital B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Africa B.V., ICTSI Global Cooperatief U.A., and ICTSI Global Finance B.V.; and a Director of Cordilla Properties Holdings, Inc., , Tartous International Container Terminal, JSC., International Container Terminal Services Private Limited, ICTSI DR Congo S.A., PT ICTSI Jasa Prima Tbk, Global Procurement Ltd., ICTSI Honduras Ltd., Lekki International Container Terminal Services LFTZ Enterprises, Tecon Suape S.A., Contecon Guayaquil S.A., Contecon Manzanillo S.A., Terminal Maritima de Tuxpan, S.A. de C.V., Aeolina Investments Limited, Crixus Limited, ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, ICTSI QFC

LLC, ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., Consultports, S.A. de C.V., Motukea International Terminal Limited, South Pacific International Container Terminal Limited, Operadora Portuaria Centroamericana S.A. de C.V., Tungsten RE Ltd and Manila North Harbour Port, Inc.

Mr. Sebastian started his professional career with SGV & Co. in 1984 and was admitted to the partnership in 1999. His expertise is in financial audits of publicly-listed companies in the telecommunications, port services, shipping, real estate, retail, power generation and distribution, manufacturing, media and entertainment industries.

Mr. Sebastian is a Certified Public Accountant. He graduated from the De La Salle University, Manila, in 1983 with a degree in Bachelor of Science in Commerce major in Accounting. He also attended the Accelerated Development Programme of the University of New South Wales in 1996.

**Publicly-listed Corporation*

Gigi Iluminada T. Miguel*, age 49, Filipino*

Ms. Miguel was appointed on 02 May 2018 as the Vice President and Treasurer of ICTSI*. Prior to such role, she was the Liability and Capital Director of ICTSI. Concurrently, she is also a Director of Pakistan International Container Terminal. Prior to joining ICTSI, she was already a seasoned banker, having been connected with China Banking Corporation.

Ms. Miguel received her Master's Degree in Business Administration from Ateneo Graduate School of Business, and is a graduate of BS Applied Mathematics from the University of the Philippines.

**Publicly-listed Corporation*

Rafael T. Durian*, age 85, Filipino*

Atty. Durian has been the ICTSI*'s Corporate Secretary since 1987. He is likewise the Corporate Secretary of International Container Terminal Holdings, Inc. and ICTSI Foundation, Inc.; and the Corporate Secretary and a Director of Razon Industries, Inc., Sureste Realty Corp. and Provident Management Group, Inc.

Atty. Durian earned his Bachelor of Laws degree from San Beda College and is a member of the Integrated Bar of the Philippines. He was a Partner at Cruz Durian Alday & Cruz-Matters Law Office.

**Publicly-listed Corporation*

Silverio Benny J. Tan*, age 62, Filipino*

Atty. Tan is a partner in and was managing partner from 2013 to 2015, in the law firm of Picazo Buyco Tan Fider & Santos. He is a director and corporate secretary of Prime Metroline Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a director of the following companies: Mapfre Insular Insurance Corporation, Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dress Line Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Apex Mining Company Inc.*, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Bloomberry Resorts Corporation*, Lakeland Village Holdings Inc., Devoncourt Estates Inc., Monte Oro Resources & Energy Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI*, International Container Terminal Holdings, Inc and ICTSI Ltd., ICTSI Honduras Ltd. and a trustee and the auditor of the ICTSI Foundation, Inc.

Atty. Tan holds a Bachelor of Laws, cum laude, from the University of the Philippines - College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

**Publicly-listed Corporation*

***Benjamin M. Gorospe III**, age 51, Filipino*

Atty. Gorospe was appointed as the Assistant Corporate Secretary of ICTSI* on September 17, 2013. He is also the Global Head for Tax and Regional Legal Manager for the Americas of ICTSI*. Atty. Gorospe is a Director and the Corporate Secretary of Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., Cordilla Properties Holdings, Inc.; the Assistant Secretary of International Container Terminal Holdings, Inc., Global Procurement Ltd., ICTSI Ltd., ICTSI Honduras Ltd. and ICTSI Georgia Corp.; and a Director of ICTSI Far East Pte. Ltd., ICTSI South Asia Pte. Ltd., Tungsten RE Ltd., and Consultports S.A. de C.V.

Atty. Gorospe joined ICTSI* in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SGV & Co. for five (5) years and with its Audit Department for one (1) year.

Atty. Gorospe completed his law degree at the University of the Philippines, Diliman. He is also a Certified Public Accountant. He graduated from Xavier University with a degree of Bachelor of Science in Commerce, major in Accounting.

**Publicly-listed Corporation*

Regional Heads and Global Corporate Officers for the ICTSI group of companies

***Andrew James Dawes**, age 46, British*

Mr. Dawes is the Senior Vice President, Regional Head – Asia Pacific of the ICTSI* Group.

Mr. Dawes is the Director and Chairman of Victoria International Container Terminal Limited, and Pakistan International Container Terminal Limited; the Director and President of ICTSI Subic, Inc.; and a Director of Yantai International Container Terminal Limited, Motukea International Terminal Limited, South Pacific International Container Terminal Limited, and Subic Bay International Container Terminal Corporation.

Prior to his current role, Mr. Dawes was Managing Director of APM Terminals Salalah in Oman.
He also held senior roles in multinational port management companies in Europe, the Middle East, Africa and the Americas. He was chief executive officer of Intels Nigeria Ltd. in Lagos, managing director and chief operations officer of various APM Terminals in both regional and concessions locations in Africa and the Middle East. He likewise held key roles in DP World, P&O Ports, and Southampton Container Terminal in the UK.

**Publicly-listed Corporation*

***Christian Martin R. Gonzalez**, age 43, Filipino*

Mr. Gonzalez is the Senior Vice President, Global Corporate Head of the ICTSI* Group. He recently served as Vice President, Regional Head – Asia Pacific.

Prior to his current role, he served as the Director General and Chief Executive Officer (CEO) of Madagascar International Container Terminal Services Ltd. (MICTSL), which operates the port in Toamasina, Madagascar, and thereafter, appointed as the Vice President and Head of Asia Pacific Region & Manila International Container Terminal.

When he first joined the ICTSI Group in 1997, he worked in various Operations departments before he was appointed as the Assistant Manager for Special Projects of ICTSI Ltd. He was named MICT Operations Manager in 2003. In 2006, he was designated as the Chief Operating Officer and later CEO of MICTSL in 2009. In 2010, he was designated as a Director of Bloomberry Resorts and Hotels, Inc. and The Country Club. In 2012, Mr. Gonzalez was appointed as the Head of ICTSI's Business Development for Asia region. He was also appointed as the President of ICTSI Foundation, Inc. on April 15, 2016. He is currently the Chairman and President of Cavite Gateway Terminal, Inc., Laguna Gateway Inland Container Terminal, Inc., President of ICTSI Asia Pacific Business Services, Inc., Chairman and President of Intermodal Terminal Holdings, Inc., President of IW Cargo Handlers, Inc., ICTSI D.R. Congo S.A. and Subic Bay International Terminal Holdings, Inc.; the Chairman of, ICTSI Subic, Inc., Cordilla Properties Holdings, Inc., and ICTSI Far East Pte. Ltd.; President Commissioner of PT ICTSI Jasa Prima Tbk.; a Director Yantai International Container Terminal Ltd., Director of Bauan International Port, Inc., Davao Integrated Port & Stevedoring Services Corp., Hijo International Port Services, Inc., Chairman of Mindanao International Container Terminal Services, Inc., Director South Cotabato Integrated Ports Services, Inc., Director of Subic Bay International Terminal Corp., Sociedad Puerto Industrial Aguadulce S.A., Contecon Guayaquil S.A., ICTSI Honduras Ltd., ICTSI Ltd., ICTSI (Hong Kong) Ltd., International Container Terminal Services Private Limited, Abbotsford Holdings, Inc., ICTSI Warehousing, Inc., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., ICTSI South Pacific Limited, Motukea International Terminal Limited, South Pacific International Container Terminal Limited, Asiastar Consultants Limited, Tungsten RE Ltd., Manila North Harbour Port, Inc., Bloomberry Resorts Corporation*, Sureste Properties, Inc., and Prime Metroline Transit Corporation; and a Commissioner of PT Makassar Terminal Services.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

**Publicly-listed Corporation*

Anders Kjeldsen, *age 49, Danish*

Mr. Kjeldsen is the Senior Vice President, Regional Head – Latin America of the ICTSI* Group. He is likewise a Director of Sociedad Puerto Industrial Aguadulce S.A.. Prior to joining ICTSI*, he served as Head of Latin America portfolio for APM Terminals until January 2017. Before moving to Latin America, he was appointed as portfolio Chief Operation Officer for Global Ports Investment PLC. (GPI, PLC.) in Russia for 3 years.

Prior to his role in GPI PLC., Mr. Kjeldsen headed the APM Terminals West Med where he was responsible for a total of 5 million TEU capacity, being the business units in Algeciras and Tangier. He joined the A.P. Moller-Maersk Group in 1991. During the last 28 years, he worked in most disciplines of the container terminal industry. He has been involved in terminal operations in most parts of the world such as Denmark, Germany, Netherlands, Spain, Russia and Panama.

Mr. Kjeldsen is an officer from the Danish Army and undertook several executive development programs at Wharton and IMD.

**Publicly-listed Corporation*

Hans-Ole Madsen, *age 53, Danish*

Mr. Hans-Ole Madsen is the Senior Vice President, Regional Head for Europe and Middle East and Africa of the ICTSI* Group. Concurrently, he is the Chairman of ICTSI DR Congo S.A.; a Deputy Chairman of Adriatic Gate Container Terminal; and a Director of the following ICTSI subsidiaries: Pakistan International Container Terminal Limited, Baltic Container Terminal Ltd., Batumi International Container Terminal LLC; ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, Lekki International Container Terminal Services LFTZ Enterprise, and Madagascar International Container Terminal Services, Ltd.

Mr. Madsen has more than 30 years of international experience within the port, shipping & logistic industry.

**Publicly-listed Corporation*

Sandy Alipio, *age 48, Filipino*

Mr. Alipio has been the Vice President for Audit and Compliance of the ICTSI* Group since May 2014. Prior to his work at ICTSI*, he spent a decade working for the San Francisco-based, Elan Pharmaceuticals, holding several positions such as Internal Control, Senior Director, R&D Finance, Vice President of BioNeurology Finance and the Vice President of Internal Audit & SOX.

From 2000 to 2004, Mr. Alipio was a Senior Manager for Audits and Business Advisory at KPMG LLP in San Francisco. He was with Makati-based SGV and Co. from 1994 and was seconded in Chicago back in 1997. He was also a Manager for Assurance and Business Advisory Services in 2000.

A Certified Internal Auditor and a Certified Public Accountant, Mr. Alipio is a graduate of University of the Philippines, Diliman.

**Publicly-listed Corporation*

***Caroline C. Causon**, age 41, Filipino*

Ms. Causon is the Vice President of Financial Management and Budget of the ICTSI* Group. She was appointed to the said position in April 2018. She is also currently a Director of Batumi International Container Terminal Ltd.

Prior to ICTSI, she handled various senior assurance and financial advisory roles at SGV & Co. (Ernst & Young Philippines), Manabat Sanagustin & Co. (KPMG Philippines) and the Rizal Commercial Banking Corporation.

Ms. Causon is a Certified Public Accountant. She graduated from the University of Santo Tomas with a degree in Bachelor of Science in Accountancy (Cum Laude) in 1999.

**Publicly-listed Corporation*

***Michael Robin Cruickshanks,** age 61, British*

Mr. Cruickshanks is the Vice President for Global Corporate Human Resources of the ICTSI* Group. Mr. Cruickshanks has extensive experience within the field of human resources in the industries of investment banking and logistics. Prior to ICTSI, Mr. Cruickshanks was the HR advisor to National Commercial Bank in Jeddah, Saudi Arabia. He also worked for global Swiss-based logistics company Panalpina World Transport in the role of Global Head of Compensation and Benefits, covering 16,000 plus employees in over 90 countries. Mr. Cruickshanks also held the position of Managing Director, Compensation and Benefits for the Dutch investment bank, Rabobank International. From 1993 - 1999, he was based in Madrid, Spain and New York, U.S.A. for Santander Investment to serve as Global Head of Compensation & Benefits as well as parallel generalists role supporting front line staff.

Mr. Cruickshanks holds a BSc (Honours) degree in Zoology from Newcastle University as well as Post-graduate Diploma in Business Information Technology.

**Publicly-listed Corporation*

***Brian Mark Hibbert**, Age 51, British*

Mr. Hibbert is Chief Information Officer of the ICTSI* Group. He was appointed to this position on 1st October, 2018 after an initial period of 6 months heading operational technology within the company.

Brian has a unique career in this industry, spanning 30 years. During which time he has been solely focused on the delivery of technology and process improvements that drive operational performance in the logistics industry. Working for both technology companies as a supplier and leading Terminal Operating Companies as a customer. Building an Apple Award winning Vessel and Terminal Planning application for P&O Ports in 1988 and finding a passion for this industry that he has maintained to this day.

Prior to joining ICTSI Brian served as Head of Operations Technology and Transformation Leader in a global capacity for APM Terminals. As Vice President of Product Management for web-based logistics startup International Asset Systems, Inc in Oakland, CA. USA. Prior to that Brian served in multiple leadership roles between 1995 to 2008 as a member of the original pioneering team that grew Navis LLC, Oakland Based terminal systems provider, into the market leading position it maintains today.

Brian was educated in the United Kingdom at Palmers College and later studied Product Management and Marketing at Caltech in Pasadena, California. He graduated the APM Terminals Magnum program held in conjunction with Esade of Barcelona in 2013.

**Publicly-listed Corporation*

***Vivien F. Miñana**, age 54, Filipino*

Ms. Miñana was appointed in 2006 as the Vice President and Senior Administration Officer of the ICTSI* Group and ICTSI Ltd. Prior to her appointment in 2006, she was the Vice President and Controller of ICTSI* and ICTSI Ltd. from 2000 to 2006. Currently, Ms. Miñana is the Treasurer of Container Terminals Systems Solutions Philippines, Inc.

A Certified Public Accountant, Ms. Miñana received her Master's Degree in Business Management from the Asian Institute of Management in Manila, and is a graduate of BS Accounting from the De La Salle University, Manila.

**Publicly-listed Corporation*

***Tico Wieske**, age 55, Dutch*

He is the Vice President for Global Commercial of the ICTSI* Group.

Mr. Wieske is a Director of Victoria International Container Terminal Limited, Motukea International Terminal Limited, and South Pacific International Container Terminal Limited. Before joining ICTSI*, he was the Global Head of Key Client Management Asia Carriers of APM Terminals, Hongkong. Prior to this, he was the Chief Commercial Officer of APM Terminals, Asia Pacific Region. He represented APM Terminals in various boards including, ACT Aqaba Container Terminal in Jordan, APMT Port of Bahrain, SAGT South Asia Gate Way Terminals in Colombo Sri Lanka, SETV Abidjan Ivory Coast, DIT Douala Cameron and MPS in Tema, Ghana.

Mr. Wieske earned his B.A. Economics degree in J. van Zwijndregt in Hague, the Netherlands.

**Publicly-listed Corporation*

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified.

Except for the Chairman, Enrique K. Razon, Jr., all Directors are nominees as they do not have shareholdings sufficient to elect themselves to the Board.

Directors' Attendance

Pursuant to the Company's By – laws, the Board should hold a regular meeting every month but special meetings may also be called by the Chairman of the Board or the President. The attendance of the Board for the Annual Stockholders Meeting as well as both regular and special meetings in 2018 is as follows:

Board	Name	Date of Election[1]	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 19, 2018	25	25	100%
Member	Jon Ramon M. Aboitiz	April 19, 2018	25	24	96%
Member	Jose C. Ibazeta	April 19, 2018	25	24	96%
Member	Stephen A. Paradies	April 19, 2018	25	24	96%

Member	Andres Soriano III	April 19, 2018	25	22	88%
Independent	Octavio Victor R. Espiritu	April 19, 2018	25	23	100%
Independent	Joseph R. Higdon	April 19, 2018	25	25	100%

[1]April 19, 2018 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.

Directors' Trainings

Each director attended corporate governance trainings, continuing education program and conferences in 2018:

Name	No. of Hours	Topic Discussed	Organizer	Date
Enrique K. Razon, Jr.	4	Advanced Corporate Governance Training Program	Institute of Corporate Directors	15 August 2018
Jose C. Ibazeta	4	Advanced Corporate Governance Training Program	Institute of Corporate Directors	15 August 2018
Andres A. Soriano III	4	Sustainability Reporting and Enhancing Audit Committee Effectiveness	SGV & Co.	2 July 2018
Stephen a. Paradies	4	Digital Disruption: Reshaping Leadership, Innovation and Risk, Cyber Risk and Discussion on the Asia-Pacific Risk Landscape	Aboitiz Equity Ventures, Inc.	31 August 2018
Octavio Victor R. Espiritu	4	Advanced Corporate Governance Training Program	Institute of Corporate Directors	10 September 2018
Joseph Higdon	4	Advanced Corporate Governance Training Program	Institute of Corporate Directors	April 24, 2018

Directors and Executive Officers

The following have been nominated as Members of the Board of Directors for the ensuing year and their respective profiles are provided above:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	58
Director	Cesar A. Buenaventura*	Filipino	89
Director	Octavio Victor R. Espiritu*	Filipino	75
Director	Joseph R. Higdon*	American	77
Director	Jose C. Ibazeta	Filipino	76
Director	Stephen A. Paradies	Filipino	65
Director	Andres Soriano III	American	67

**As Independent Director*

Nominees for Independent Directors/Nomination Committee

In line with established procedures, a formal nomination of an Independent Director is signed by an incumbent Director, and is submitted to the Corporate Secretary. The Corporate Secretary, guided by the By-Laws, Revised Manual on Corporate Governance and the Corporation Code, forwards the same to the Nomination Committee. In accordance with its Revised Manual on Corporate Governance, the Nominations Committee passes upon the qualifications of the nominee and the process includes an examination of the nominee's business background and company affiliations. The Nominations Committee ascertains that the nominee does not possess any of the disqualifications to serve as an Independent Director of ICTSI as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

Octavio Victor R. Espiritu, Joseph R. Higdon and Cesar A. Buenaventura were nominated as Independent Directors of ICTSI. There are no other nominees for independent directors. Octavio Victor R. Espiritu was nominated by Jose C. Ibazeta, an incumbent Director. Messrs. Espiritu and Ibazeta are not related. Joseph R. Higdon was nominated by the Chairman, Enrique K. Razon, Jr. Messrs. Higdon and Razon are not related. Cesar A. Buenaventura was nominated by Stephen A. Paradies. Messrs. Buenaventura and Paradies are not related. Information on the nominees are stated on page 8 of this Information Statement.

Section 10, Article I of ICTSI's By – laws provide non-controlling shareholders a right to nominate candidates for the Board of Directors. The amendment of ICTSI's By – laws to incorporate the provisions of SRC Rule 38 (as amended) was approved by the SEC on 23 June 2010.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to its operations, policies or practices.

The Nomination Committee is composed of Stephen A. Paradies (Chairman), Jose C. Ibazeta and Octavio Victor R. Espiritu.

<u>Significant Employees</u>

No person who is not an executive officer of ICTSI is expected to make a significant contribution to ICTSI.

<u>Family Relationships</u>

Stephen A. Paradies is the brother-in-law and Christian R. Gonzalez is the nephew of Chairman and President, Enrique K. Razon, Jr. There are no other family relationships among the directors and officers listed.

<u>Involvement in Certain Legal Proceedings</u>

ICTSI is not aware of any of legal cases which occurred during the past five years that are material to an evaluation of the ability or integrity of any of its directors, executive officers or controlling person, including:

(a) Any bankruptcy petition filed by or against any business of which a director, executive officer or controlling partner was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the nominee's involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. Details of the legal proceedings are in Part I, Item 3 of the Group's Annual Report (SEC Form 17-A).

Certain Relationships and Related Party Transactions

Transactions with Related Parties

The table below summarizes transactions with related parties for the last three years, as disclosed in the accompanying consolidated financial statements:

			2015		2016		**2017**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
ICBV								
SPIA	Joint venture	Interest-bearing loans	US$85.70	US$197.20	US$52.00	US$249.20	**US$25.40**	**US$269.48**
		Interest income (converted into interest-bearing loan)	9.07	12.70	14.58	27.28	**17.75**	**44.55**
YICT								
YPH	Non-controlling shareholder	Port fees [i]	1.10	–	1.77	–	**1.59**	**–**
		Trade transactions [ii]	0.09	(0.01)	–	–	**–**	**–**
		Management fees [iii]	0.23	–	0.22	–	**0.21**	**–**
		Interest-bearing loans [iv]	–	–	21.60	(21.60)	**21.60**	**–**
		Interests on loans [iv]	–	–	0.07	(0.03)	**0.28**	**–**
YPG	Common shareholder	Port fees [i]	3.72	(0.29)	2.36	(0.14)	**3.10**	**(0.17)**
		Trade transactions [ii]	2.09	(0.32)	1.87	(0.02)	**1.66**	**–**
		Purchase of equipment	2.58	–	–	–	**–**	**–**
DP World	Non-controlling shareholder	Management fees [iii]	0.19	–	0.17	–	**0.17**	**–**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.16	(0.02)	0.20	(0.03)	**0.17**	**(0.02)**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services [v]	0.29	(0.03)	0.37	(0.02)	**0.25**	**(0.04)**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges [vi]	4.47	(0.52)	5.17	(0.03)	**5.50**	**(0.40)**
Premier Software (Private) Limited	Common shareholder	Software maintenance charges	0.01	–	0.01	–	**–**	**–**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue [vii]	0.57	0.04	0.52	0.03	**0.37**	**0.01**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.16	(0.16)	0.41	(0.04)	**0.47**	**(0.04)**
		Maintenance and repairs	0.04	(0.04)	0.09	(0.02)	**0.14**	**(0.01)**
BIPI								
Atlantic Gulf and Pacific Co. of Manila, Inc. (AG&P)	Common shareholder	Rent expense	0.07	(0.01)	0.05	(0.02)	**0.06**	**(0.02)**
		Revenues	0.42	0.25	–	–	**–**	**–**
		Utilities	–	–	0.03	–	**0.03**	**–**
IDRC								

Related Party	Relationship	Nature of Transaction	2015 Amount	2015 Outstanding Receivable (Payable) Balance	2016 Amount	2016 Outstanding Receivable (Payable) Balance	**2017 Amount**	**2017 Outstanding Receivable (Payable) Balance**
					(In Millions)			
Ledya SARL	Non-controlling shareholder	Management fees	–	–	–	–	**0.85**	**0.85**

(i) YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations. Port fees remitted by YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges are presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.

(ii) Trade transactions include utilities, rental and other transactions paid by YICT to YPH and YPG.

(iii) The Board of YICT approved a management fee of RMB6.1 million, RMB5.7 million and RMB5.2 million in 2015, 2016 and 2017, respectively, allocated among the shareholders namely: ICTSI, DP World and YPH.

(iv) On December 5, 2016, YICT obtained a US$21.6 million (RMB150.0 million) short-term loan from YPH at an interest rate of 4.35 percent per annum and maturity date of January 25, 2017. The loan was used to refinance YICT's maturing loan with ABC. On January 12 and March 1, 2017, YICT prepaid a total amount of US$3.0 million (RMB20.0 million) and the balance of US$18.9 million (RMB130 million) was renewed with an interest rate of 4.50 percent per annum and a maturity date of April 30, 2017. The remaining loan from YPH was fully paid upon the availment of a long-term loan from ABC on April 26, 2017.

(v) AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the consolidated statements of income as part of Manpower costs, Equipment and facilities-related expenses and Administrative and other operating expenses.

(vi) PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.

(vii) Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited are customers of PICT.

The outstanding balances arising from these related party transactions are current and payable without the need for demand.

Outstanding balances at year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2015, 2016 and 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Aside from the transactions described above, ICTSI does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2017 amounted to US$2.5 million (2016: US$2.2 million). The estimated amount of compensation expected to be paid in 2018 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$2.5 million.

Name and Principal Position	Year	Salary	Bonus and Others[(a)]	Total[(b)]
Enrique K. Razon, Jr. *Chairman of the Board and President* Martin O'Neil *Executive Vice-President* Rafael D. Consing, Jr. *Senior Vice-President, Chief Financial Officer and Compliance Officer* Vivien F. Miñana *Vice-President and Senior Administration Officer* Jose Joel M. Sebastian *Senior Vice-President, Finance*				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2018 (Estimate)	US$0.3M	US$2.2M	US$2.5M
	2017 (Actual)	0.4M	2.1M	2.5M
	2016 (Actual)	0.4M	1.8M	2.2M
All officers and Directors, as a group, Unnamed[(c)]	2018 (Estimate)	1.1M	6.9M	8.0M
	2017 (Actual)	1.2M	6.8M	8.0M
	2016 (Actual)	0.9M	5.8M	6.7M

[(a)] *Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI*

(b) *Includes total compensation paid in the Philippines by the registrant and its subsidiaries*

(c) *Including four (4) highest paid executive officers*

The members of the Board of Directors receive directors' fees as compensation in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2016, 2017 or in the coming year, for any service provided as a director.

Named executive officers are covered by Letters of Appointment with the Company stating therein their respective terms of employment.

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer from a change-in-control of the Company, except for the automatic vesting of awarded shares under the Stock Incentive Plan referred to below.

Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2015, 2016 and 2017. Discussion on the SIP is further disclosed in Note 19, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

Item 7. Independent Public Accountants

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2017.

The appointment of the partner-in-charge will be in compliance with SEC Rule 68, Paragraph 3 (b)(iv) and SEC Memorandum Circular No. 8, Series of 2003, which require the rotation of the external auditor every five (5) years and a two-year cooling off period in the re-engagement of the same signing partner or individual auditor.

The reappointment of SGV & Co. as the Company's external auditors is part of the agenda for this year's annual stockholders meeting.

A representative of the external auditor is expected to be present at the annual stockholders' meeting and will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

External Audit Fees and Services

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2015	2016	**2017**
Audit Fees	US$1,057.8	US$1,070.2	**US$1,152.2**
Audit-related Fees	880.4	379.1	**437.4**
Tax Fees	295.6	72.9	**111.5**
Other Fees	73.1	151.1	**66.7**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2017 as a result of additional scope of work for new operating and start-up terminals.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. The amount in 2015 pertains to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries while the amount in 2016 and 2017 pertains to the issuance of a comfort letter relating to the Group's liability management exercise.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. The amount in 2015 was higher than in 2016 and 2017 mainly due to the transfer-pricing studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development and other various one-time engagements.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 20, 2017.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo and Company (SGV & Co.), a member firm of Ernst & Young Global Limited, on accounting and financial statement disclosures.

Item 8. Compensation Plans

ICTSI is centered on empowering, motivating and energizing its employees' talents. The Company continues to improve and develop competencies in the people working for its success.

An Employees Stock Option Plan ("ESOP") was established in 1991 under which shares from authorized but unissued capital stock were set aside for subscription by directors, officers, and employees. A Stock Option Committee composed of three (3) directors determined the number of shares to which a particular recipient was entitled. The subscription price under the ESOP was 95% of the issue price in the initial public offering of the Company and is subject to revision by Stock Option Committee from time to time.

In January 2007, Board approved the amendment of ESOP to convert it into a restricted stock plan called the "Stock Incentive Plan" (the "SIP"). The amendment of the ESOP into an SIP was approved by the stockholders at a special meeting held in March 2007.

Under the SIP, shares from our treasury will be granted to a participant by a resolution of Stock Incentive Committee. The Committee determines who and how many will be the awarded shares under the SIP.

ICTSI currently has no stock options, warrants or rights plan.

Descriptions and explanations of the above transactions are further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

PART I.C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise for Exchange
Not Applicable

Item 10. Modification or Exchange of Securities
Not Applicable

Item 11. Financial and Other Information
Not applicable

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters
Not applicable

Item 13. Acquisition or Disposition of Property
Not applicable as there is no acquisition or disposition of any property.

Item 14. Restatement of Accounts
Not applicable as there is no restatement of accounts.

Part I.D. OTHER MATTERS

Item 15. Action with Respect to Reports

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Stockholders' Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since April 19, 2018, the date of the last Annual Stockholders' Meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and to the Philippine Stock Exchange, and in the 2018 Annual Report and the Report of the Chairman.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management, which include the following:

January 5, 2018 (Special Meeting)
Approval to the issuance of new senior perpetual securities (Project Wind)

January 10, 2018 (Special Meeting)
Approval of Project Wind Pricing and Final Terms

January 11, 2018 (Regular Meeting)
Approval of Project Wind Tap under the New Perpetual Securities

February 9, 2018 (Special Meeting)
Approval of Exclusivity Agreement with Ecossential Foods Corporation

February 15, 2018 (Regular Meeting)
Approval of the following: (1) Designation of the date of the annual stockholder meeting; (2) Renewal of ANZ (Manila) Credit Facilities; (3) Application of Permits for Three E-com Office; (4) Opening of Credit Card Account with RCBC; and (5) Review of the Company's Mission and Vision Statements

March 6, 2018 (Special Meeting)
Approval of the following: (1) Financial Statements; and (2) Release of Appropriation

March 14, 2018 (Regular Meeting)
Approval of the following: (1) Guarantee to ISPL, MITL, and SPICTL Loan Facilities with ANZ Bank (PNG); (2) Increase of Credit Limit in Petron Fleet Card; (3) Appointment of Christian R. Gonzalez as Authorized Representative in Cases; and (4) Awarding of Shares in Favor of Members of the Management

April 19, 2018 (Regular Meeting)
Approval of the Dividend Declaration

April 27, 2018 (Regular Meeting)
Approval of the following: (1) Appointment of Bank Signatories; (2) Renewal of Metrobank Credit Facilities; and (3) Sale of Motor Vehicles

May 2, 2018 (Special Meeting)
Approval of the (1) Retirment of Mr. Martin O'Neil and (2) Appointment of Ms. Gigi Iluminada T. Miguel as Vice President and Treasurer

May 9, 2018 (Special Meeting)
Approval of the launching of Sustainability Report

May 15, 2018 (Special Meeting)

Approval of the appointment of proxy for SCIPSI's annual stockholders meeting

May 30, 2018 (Regular Meeting)
Approval of the appointment of Rafael D. Consing, Jr. as Chief Risk Officer

June 4, 2018 (Special Meeting)
Approval of the following: (1) Amendment of Inward Manifest; (2) Authority to Sign POA for Court Lawsuits in Poland; (3) Conversion of Cabuyao Lots; and (4) Fremantle Bid

June 18, 2018 (Special Meeting)
Approval of the following: (1) Appointment of Authorized Representatives to Appear Before Any Government Agency; (2) Appointment of Legal Representatives in Ecuador; (3) Amendment of Bank Signatories in Metrobank; and (4) Awarding of Shares to Mr. Martin O'Neil under SIP.

June 27, 2018 (Regular Meeting)
Approval of the Appointment of Legal Representatives to Represent the Company in a Labor Case in Mexico

July 27, 2018 (Regular Meeting)
Approval of the following: (1) Authority of Mr. Joel M. Sebastian to enter and sign into a lease agreement with SM Prime Holdings, Inc.; and (2) Opening of Trading Account with Deutsche Bank Regis

August 24, 2018 (Regular Meeting)
Approval of the following: (1) Environmental Compliance Certificate application with DENR; (2) Pre-Work Permit application with the Manila City Hall; and (3) Standard Chartered Bank Amendment in Credit Facilities

September 5, 2018 (Regular Meeting)
Approval of the following: (1) Philippine Competition Notification and appointment of Messrs. Christian R. Gonzalez, Rafael D. Consing, Jr. and Benjamin M. Gorospe, III as Authorized Representatives; (2) Appointment of Bank Signatories; (3) ICTSI Retirement Fund with ATRAM Trust Corporation; (4) Appointment of BPO Inc. to process payroll crediting of the Corporation's confidential employees salaries and bonuses; and (5) Share Purchase Agreement with Harbour Centre Port Terminal, Inc.

October 5, 2018 (Regular Meeting)
Approval of the Appointment of Antonio G. Coronel as Authorized Representative for BOC Accreditation of Importer/Exporter.

November 7, 2018 (Special Meeting)
Approval of the following: (1) Renewal of Metrobank credit facilities; (2) Participation in the infrastructure and superstructure modernization, management and operation of ports in Iloilo; (3) Credit facilities with Standard Chartered; (4) Participation in development of Laem Chabang Port Phase 3 – Port project in Thailand; and (5) Application for Tax Clearance

November 26, 2018 (Regular Meeting)
Approval of the re-purchase by the Company from the open market of up to an additional 30 million ICTSI shares

December 10, 2018 (Regular Meeting)
Approval of the following: (1) Authorizing CRG or VCW to apply for Port Terminal service accreditation for PPA AO 10-2018 Compliance; (2) Confirming the authority of Mr. Justin C. Tolentino as authorized represented to enter mutual release, waiver and quitclaim with Coca-Cola FEMSA Phils.; (3) Credit Facilities with Citibank, N.A.; (4) Participation in the investment n and operation of international container terminals in Port of Sudan; (5) Credit facilities with New Zealand Banking Group Limited; (6) Board performance self – assessment; (7) Review of compliance of the CG Manual and CG initiatives; (8) Setting of the board meetings for the coming year and (9) Participation in investment in and operation of international container terminals in Port of Sudan

January 2, 2019 (Special Meeting)

Approval of the cancellation of the deposits in future stock subscription ("DFFS") made in its subsidiary, ICTSI Holdings, Inc., and receipt of the funds pertaining to the DFFS.

January 9, 2019 (Regular Meeting)
Approval of the following: (1) Guaranty of loan facility program of ICTSI Middles East DMCC; (2) Application for Permit to Use Computerized Accounting System of Bureau of Internal Revenue; (3) Updating of AIFs for bank transactions; (4) Updating of AIFs on the availment of bank facilities; (5) Updating of Trustees of ICTSI Retirement Fund; (6) Participation in Kribi concession bid and appointment of Attorneys-in Fact; (7) entry into a Deed of Sale of Equipment; (8) ICTSI Guarantees Euro260M Term Loan Credit Facility under its 2014 Loan Facility Program; (9) Appointment of Attorney-in-Fact for COL; (10) Application for OMB license; (11) review and approval of the mission, vision, values and corporate strategy and (12) Availment of facilities, programs and services of Globe and appointment of Attorney-in-Fact.

Summary of the Minutes of the 2018 Annual Stockholders' Meeting

The Annual Meeting of Stockholders of INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICTSI or "Company") was called to order at 10:00 a.m., April 19, 2018, at the Solaire Ballrooms 2 to 5, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, pursuant to written notices given by the Corporate Secretary Atty. Rafael T. Durian.

Chairman Enrique K. Razon, Jr. presided the meeting. Assistant Corporate Secretary, Atty. Silverio Benny J. Tan, acted as secretary of the meeting ("Secretary") and took minutes of the proceedings.

The following members of the Board of Directors were present: Enrique K. Razon Jr., Stephen A. Paradies, Jose C. Ibazeta, Andres Soriano III, John Ramon Aboitiz and Joseph R. Higdon.

1. CALL TO ORDER

The Meeting of Stockholders of ICTSI was called to order at 10:00 A.M. by the Chairman of the Board, Enrique K. Razon, Jr., who presided over the meeting. The Assistant Corporate Secretary, Silverio Benny J. Tan, acted as the secretary of the meeting (the "Secretary") and took the minutes of the proceedings.

2 DETERMINATION OF QUORUM

On request of the Chairman, the Secretary certified that notices for the Annual Meeting of Stockholders of ICTSI were sent out to stockholders as of record date of March 16, 2018 starting March 23, 2018. The Secretary further certified that stockholders representing 2,174,929,989 shares, out of a total of 2,734,805,199 shares, or 79.53% of total outstanding shares were present in person or by proxy. There was, therefore, a quorum for the meeting.

3. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON APRIL 20, 2017

The Chairman said that the first item in the agenda was the approval of the minutes of the previous Annual Meeting of Stockholders. A stockholder moved for the approval of the minutes of the Annual Stockholders Meeting dated April 20, 2017, copies of which were posted in the board outside the hall. The motion was duly seconded. There being no objection to the motion, the Chairman declared the motion carried.

The total votes of those present and through validated proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,174,634,289
Dissenting	-
Abstaining	295,700

4. CHAIRMAN'S REPORT

The Chairman Mr. Enrique K. Razon, Jr. then gave the Chairman's report:

"*Fellow Shareholders, good morning;*

The year 2017 was the first time in many years that we saw synchronized growth in global trade across almost all markets and regions. The last half of the year also marked a turnaround for the container shipping industry where all the major carriers were profitable again for the first time since 2007. The year was both steady for the Company where we enjoyed organic growth in our operating terminals with a few exceptions, and a year of start-ups where we completed and started up four terminals.

As the shipping industry continued its slow recovery from the crisis, a new era has been ushered in with the consolidation of major shipping lines. This has resulted in a reduction of shipping line companies into only 10 very large carriers. To a certain extent, what this translates to are added complexities in negotiations and redirection of investments into infrastructure and equipment to accommodate these very large vessels.

Business Development

The diversity of our operations allowed us to withstand the otherwise negative impact of volatility in certain regions driven by consolidation.

In Colombia, we formally opened Puerto Aguadulce together with our joint venture partner PSA International after a soft opening in November 2016. Leveraging on state-of-the-art equipment and systems, Puerto Aguadulce is setting a new standard in the region, and is now ramping up operations.

We further strengthened our market positioning in Iraq with the first fully foreign-funded port infrastructure development in the country. Last year, our Iraqi operations opened its new terminal, Berth 27, representing the first phase of Basra Gateway Terminal's expansion. This added 300,000 TEUs to BGT's annual capacity, and is now almost at full capacity.

We also concluded an agreement with the General Company for Ports in Iraq last October for the second phase expansion, which includes the construction of two new berths. This will be completed in the second quarter of 2019, which by then would further add another 600,000 TEUs to the terminal, raising the total annual capacity to 1.2 million TEUs.

In the Oceania region, we reached an accord with the Papua New Guinea government and local stakeholders to operate two terminals—South Pacific International Container Terminal in Lae in the industrial province of Morobe, and Motukea International Terminal near Port Moresby, PNG's capital. These two new terminals are the main gateways for PNG.

In the Philippines, in coordination with the Department of Transportation, we started construction of Cavite Gateway Terminal—the country's first roll-on, roll-off container barge terminal in Tanza, Cavite. With the initial phase development scheduled for completion this year, the USD30 million project will be integrated with the Port of Manila. Businesses will now have an alternative way to move cargo to and from the Port of Manila and the economic zones of Cavite via container barges plying the Manila Bay. This should significantly relieve Metro Manila road traffic of container trucks.

Towards the end of the year, we purchased 34.83 percent of the total outstanding shares of Manila North Harbour Port. The purchase is in sync with our aim to interconnect marine terminals and dry ports in Luzon to facilitate cargo movement within the country.

As part of efforts to improve our core operations and concentrate on terminals that give us leeway in delivering superior services, ICTSI terminated concessions in the Port of Oregon in the United States, Lekki in Nigeria and New Muara Container Terminal in Brunei.

Group Volume

The Group handled consolidated volume of 9,153,458 TEUs in 2017, five percent more than the 8,689,363 TEUs in 2016. The volume increase resulted from continuing improvements in global trade, the ramp-up in Iraq, new liner services in Mexico, and the contribution of new terminals in DR Congo and Australia. Without these new terminals, volume would have increased by four percent in spite of a big drop in Ecuador.

Operations in Asia Pacific continue to account for the biggest slice of the Group's total volume for 2017 at 52.6 percent. This is followed by the Americas at 31.2 percent. Europe Middle East and Africa accounted for 16.2 percent.

Financial Performance

For the year in review, gross revenues amounted to USD1.244 billion, 10 percent higher compared to the USD1.128 billion in 2016.

EBITDA was up 10 percent to USD578 million compared to the USD525.1 million in 2016 largely because of the strong operating results from Iraq, Mexico, Honduras, Madagascar, China, Poland, and Brazil. EBITDA would have been much higher if not for start-up costs of the new terminals particularly Melbourne. However, these start-ups will be the drivers of growth in the coming years.

EBITDA margin decreased to 46.4 percent, from 46.5 percent in the previous year.

Total cash operating expenses in 2017 increased 13 percent to USD475.9 million, from USD419.6 million in the previous year. This was due to the start-up costs of new terminals, and lower margin volume at start-ups. Adding to the increase were higher fuel prices and power rates at certain terminals.

The increase was tapered by savings from our cost optimization initiatives and the favorable translation impact of Philippine Peso- denominated expenses at certain Philippine terminals.

Overall, positive operating results generated consolidated net income of USD 207.7 million compared to the USD193 million in 2016.

Adding to this was a one-time gain of USD7.5 million related to the termination of the sub-concession agreement in Nigeria.

Without this one time gain and the charge of USD23.4 million on the termination of the Oregon lease, net income would have declined by 14 percent.

Fully diluted earnings per share was up six percent to 6.9 cents, from 6.5 cents in 2016.

Fund Management

Capital expenditure, net of capitalized borrowing costs, and other expenses amounted to USD174.8 million or 73 percent of the USD240 million budgeted for 2017. Expenditures went into the completion of Iraq and Australia, continuing developments in Mexico and Honduras, and capacity expansion at the Manila International Container Terminal. Our share of expenditures in Colombia amounted to USD25 million.

For 2018, we have a CAPEX budget of USD380 million mainly for continuing capacity expansion in Manila, Mexico, and Iraq; completion of the Honduras expansion; equipment and infrastructure development in Papua New Guinea; and the new barge terminal in Cavite.

To ensure the financing of acquisitions and capital expenditures, and for other corporate purposes, the Group issued new Senior Guaranteed Perpetual Capital Securities amounting to US$400 million.

Riding the Momentum with Caution

As the dust starts to settle, the race to build larger and larger ships begins anew. For us, the only way to keep up and stay relevant is to increase our efficiency and productivity—to stay ahead of the game.

Given our ongoing expansion and modernization projects and other mechanisms in place, we will be ready to meet the demands of the new shipping era. ICTSI will continue to leverage on the gains we made over the past year as we tread with caution in search of new opportunities to become the best at what we do. We are ready.

Thank you."

The Chairman then said that he will now entertain questions on the report. However no one stood up to ask any question. A stockholder moved for the approval of the Chairman's annual report and the motion was duly seconded. In the absence of any objection, the annual report for 2017 of the Chairman was approved.

Based on the votes of those present and through validated proxies with special instructions, 2,173,408,409 votes were cast in favor of the motion while none voted against, with 1,521,580 abstentions.

5. APPROVAL OF THE 2017 AUDITED FINANCIAL STATEMENTS

The next item in the agenda was the approval of the 2017 Audited Financial Statements.

Upon a motion duly made by a stockholder and seconded by another, and in the absence of any objections, the Audited Financial Statements of the Company as of December 31, 2017 which were reproduced in the Annual Report, was approved by the stockholders.

The total votes of those present and through validated proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,173,408,409
Dissenting	-
Abstaining	1,521,580

6. APPROVAL/RATIFICATION OF ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST ANNUAL STOCKHOLDERS' MEETING

The Chairman said that we now go to the approval and ratification of all acts, contracts, investments and resolutions and other activities approved by the Board and Management. A stockholder moved for the approval of all acts, contracts, investments and resolutions of the Board of Directors and Management since the Annual Stockholders Meeting of April 20, 2017 as they appear in the minutes of the Board meetings and in reports and disclosures made to the Securities and Exchange Commission and the Philippine Stock Exchange. This motion was seconded by another stockholder, and in the absence of any objection to the motion, the Chairman declared the motion carried.

The total votes of those present and through validated proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,173,408,409
Dissenting	-
Abstaining	1,521,580

7. ELECTION OF DIRECTORS

The Chairman asked the Secretary to identify the nomination received for the Board of Directors. The Secretary reported that the formal nomination of the following to the Board of Directors of the Company was received by the Office of the Corporate Secretary in accordance with the By-Laws, namely:

ENRIQUE K. RAZON, JR.
JOSE C. IBAZETA
STEPHEN A. PARADIES
ANDRES SORIANO III
JON RAMON M. ABOITIZ

and as nominees for Independent Directors:

OCTAVIO VICTOR R. ESPIRITU
JOSEPH R. HIGDON

No other nominations were received. The Secretary further reported that the nominations were passed upon to the Nomination Committee.

A stockholder moved that since there were only seven (7) nominees for the seven (7) available seats in the Board, the Secretary be directed to cast the votes for the seven (7) nominees, except for the proxies with specific instructions, and that the said seven (7) nominees be declared duly elected for the ensuing term. The said motion was duly seconded.

The Chairman asked the body whether there was any objection, and there being none, he declared the motion carried.

The Chairman instructed the Secretary to cast a vote for the seven (7) nominees and declare them as duly elected Directors for the ensuing term, except for stockholders who voted through proxy with specific instructions.

On behalf of the directors, the Chairman thanked the stockholders for their re-election.

The total votes of those present and through validated proxies with specific instructions on this motion, are detailed below:

	In favor	**Against**	**Abstain**	**Total Shares Voting**
Enrique K. Razon, Jr.	2,128,943,258	45,761,291	225,440	2,174,929,989
Jose C. Ibazeta	1,858,456,020	298,323,769	18,150,200	2,174,929,989
Stephen A. Paradies	1,835,417,173	321,362,616	18,150,200	2,174,929,989
Andres Soriano III	1,858,554,240	298,225,549	18,150,200	2,174,929,989
Jon Ramon M. Aboitiz	1,835,515,393	321,264,396	18,150,200	2,174,929,989
Octavio Victor R. Espiritu	2,023,093,684	151,836,305	-	2,174,929,989
Joseph R. Higdon	2,075,048,288	99,881,701	-	2,174,929,989

8. APPOINTMENT OF EXTERNAL AUDITORS

The next item in the agenda was the appointment of the External Auditor. A stockholder nominated Sycip Gorres Velayo and Company (SGV), which the Audit Committee had recommended, as External Auditor for 2018. Upon motion duly made and seconded, the nomination was closed. The Chairman asked the stockholders if there was any objection and there being none, he declared the resolution approved. In the absence of any other nomination, SGV was appointed External Auditor for 2018.

The total votes of those present and through validated proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,173,189,169
Dissenting	1,740,820
Abstaining	-

9. OTHER MATTERS & ADJOURNMENT

The Chairman asked the stockholders if there are any matters that should be brought to the attention of the stockholders, but no one stood up to raise anything.

The Chairman then announced that the Board of Directors has declared a cash dividends of P 2.50 per share for stockholders of record as of May 4, 2018, payable on May 11, 2018. The stockholders applauded the announcement.

A stockholder moved for the adjournment of the meeting, which was duly seconded. There being no objection, the Chairman announced that the meeting was adjourned. He invited the stockholders to partake of brunch courtesy of the Company, thanked them for their attendance and greeted them good morning.

Compliance with Leading Practice on Corporate Governance

(a) Evaluation System

On December 10, 2018, the Board approved the updated the internal self-rating and evaluation system to measure compliance with the Revised Manual on Corporate Governance by the Board of Directors and top-level management, as well as observe and maintain high standards by the Company for leading practices on good corporate governance. The Board is also responsible for ensuring accountability, fairness and transparent corporate governance, and the implementation of the Company's vision, mission, and strategic objectives, including the means to effectively monitor the management's performance.

(b) Director's Trainings

The Directors of the Company undergoes a minimum of at least 4 hours of trainings, programs, seminars, and roundtable discussions on corporate governance with service providers or private / government institutions that are accredited by the SEC to ensure that the Company is in compliance with the adopted leading practices on good governance.

Anti – Bribery Policy and Procedure

Pursuant to the Code of Business Conduct, ICTSI rolled out its Anti-Bribery Compliance Policy and Procedure. This shall provide guidance to all ICTSI employees, suppliers, and third parties acting on its behalf. This policy sets out procedures specifically targeted at addressing corruption risks. Through this policy, ICTSI is able embed the culture of anti-corruption practices to its personnel, as evident in its intensified campaigns done during the New Employee orientation programs, and through refresher courses during employee engagement programs and fora.

ICTSI holds itself to the highest ethical standards, and is committed to acting with integrity in its business dealings and relationships, both locally and internationally. ICTSI complies with the relevant anti-corruption legislations in all the countries where it has a presence, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. Local business customs and/or culture shall never be a valid reason for engaging in bribery and other corrupt practices.

ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. ICTSI also strictly implements its programs against tipping and other forms of extortion.

To promote anti-corruption and transparency in dealings with suppliers, ICTSI implemented in April 2018 the use of its e-sourcing system, as a medium to send requests for quotations and for suppliers to submit their quotations accordingly. This means that suppliers shall send quotes through this system instead of via e-mail, fax, hard copy, phone call, etc. This provides a more systematic process of submitting quotations for a single requirement and promotes transparency and fairness amongst vendors.

Employee Trainings

As employees may have some weaknesses in their workplace skills, ICTSI adheres to its objective of keeping its employees abreast of recent developments and concepts which they could use in their respective fields. ICTSI believes that training programs present crucial opportunities to expand the knowledge base of all employees which in the end will not only benefit employees individually but the company as an organization.

Acknowledging that training is crucial for organization development and success, ICTSI, in 2018, implemented the following programs:

1.) **Behavioral trainings which are initiated by the company as part of organization development**

a. Strategic Planning and Leadership trainings
b. Customer Service Training;
c. Labor and Employee Relations Summit;
d. Team Building Sessions.

2.) **Company Orientation Programs**

a. Operations for Non-Operations;
b. Orientation for newly hired employees;
c. Orientation re: government mandated benefits and new laws (TRAIN & Data Privacy)
d. Orientation for HMI;
e. Orientation for Retiring Employees;
f. Operations for Non-Operations;
g. Ugnayan sa Pantalan.
h. Claims for Non-Claims
i. ISO Workshop
j. Refresher on Company Policies – Tipping & Bribery

3.) **Technical training programs for skills enhancement**

a. Prime Movers, Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter
b. Hatch Clerk Training
c. Management of Terminal Operations
d. MS Excel Training program – Basic & Advanced
e. PISM Purchasing & Supply Chain Trainings
f. Certified Management Accountant Program
g. Digital Communication & Branding
h. PC Assembly, Hardware & Software Troubleshooting / Repair & Data Recovery
i. IT Programming Courses
j. Fire Fighting Seminar & Drill
k. Earthquake Drill
l. Port Safety & Health Standards
m. Training Course for Pollution Officers
n. Chemical Spill Training & Drill
o. Occupational Safety & Health Seminar
p. SAP GT Training
q. Commercial Claims 101
r. First Aid with Basic Life Support
s. Business Communication

Health, Safety and Productivity of its Employees

Aside from investing in employee trainings, ICTSI also trusts that investing in well-being of employees with health and welfare benefits can help attract and retain employees. Offering convenient access to health care services will not only promote health awareness but will likewise reduce lost productivity. Moreover, proactively upkeeping and supporting the health needs of employees will reduce absenteeism, improve productivity and increase employee engagement.

In view of the above, ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. Medical Services include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. All regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) ICTSI likewise provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

Services of duly licensed nurses are also readily available. The nurses assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Aside from medical services rendered by accredited doctors and nurses, free dental services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. ICTSI maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

The introduction of a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs is also worth noting. It is provided through an approved Health Care Provider and offers a choice of varying medical plans. Employee has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. It is a routine test performed on employees to check their overall health. With the yearly physical examination, medical practitioners are able to identify the health status of the employees. Through the variety of blood tests and screenings during the exams such as Complete Blood Count (CBC), Urinalysis, Chest X-ray, Electrocardigram (ECG), Fecalysis and Visual Acuity Screening, they are able to check on employees with Hypertension, Diabetes, Tuberculosis and other illnesses. Through this, further complications and spread of infectious diseases are prevented by giving some recommendations for follow up testing as well as changes in lifestyle, exercise or diet with the overall objective to improve and maintain employees' health. By identifying the disease, proper disease management can be done thus preventing further unnecessary hospitalizations and at the same time reducing the cost of primary care.

During the APE event, partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index/Obesity screening and Foot Doppler test) which helps the company in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Further, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases and Smoking Cessation campaign among others. ICTSI also strongly upholds the importance of a safe, secure and healthful work environment. In this regard, it recognizes the need to sustain a drug and alcohol free workplace. Annual drug test for all employees during the company's scheduled APE and Random Drug Test per month for minimum of 100 employees is conscientiously conducted.

Safety Trainings

In 2018, ICTSI, in its flagship operations in Manila International Container Terminal (MICT), hereinafter "ICTSI-MICT," kept its momentum in implementing health and safety programs as part of its continued thrust to make its operations safer and more efficient. Last year, the terminal developed and deployed the following initiatives, which were aimed to promote Health and Safety (H&S) leadership among its line personnel, encourage workforce engagement and reduce health and safety issues for various users of the port facilities.

Demonstrating Effective H&S Leadership & Engaging the Workforce

- To help reinforce the importance of health and safety (H&S), the General Manager has modified the sequence of items normally taken up during its MANCOM meetings and made H&S as the first item to be discussed. This set-up has been replicated as well by the Operations Head in his daily meetings with his teams.

- To promote an awareness of health and safety issues and help cultivate an atmosphere of collaboration among different departments and between management and workers, Health & Safety Committee meetings are regularly conducted (at least on a monthly basis). Measures to mitigate identified hazards are typical topics of discussion during these meetings.

- Prior to the commencement of a job or work shift, toolbox meetings are facilitated by line managers / supervisors (in coordination with health and safety officers). During these pre-job safety meetings, workplace hazards and safe work practices related to the specific work activity are being discussed.

- Safety inspections and walkarounds are periodically conducted by H&S officers and line personnel to identify hazards in the terminal premises. The hazards and corresponding mitigations are promptly communicated with workers so that they are made aware of the hazards in their jobs. These regular inspections do not only demonstrate management's commitment to improving health and safety but also gives an opportunity for managers and workers to interact and jointly assess if the H&S programs are working effectively.

- Harnessing the power of audio-visual communication, safety videos (about ergonomics, safe manual handling, health and wellness) were developed and are now played / featured in TV monitors deployed in several locations around the terminal.

- Since it is critical for all employees to know the necessary steps to be taken in the event of an emergency, emergency drills are being conducted at least every quarter. Emergencies related to fire and earthquakes are the common ones and are facilitated in collaboration with emergency response experts coming from local government and regulatory agencies (i.e. MMDA, BFP and Manila Disaster Risk Reduction Management Office or MDRRMO).

HSE Management for other Port Users (Contractors and Customers):

- Whenever services of Contractors are engaged by ICTSI-MICT for its various projects, their capabilities and competencies are assessed (through an enhanced Procurement process) to help ensure that the company's health and safety standards are met. This is also because work activities performed by contractor personnel are often non-routine and involve varying degrees of risk. Regardless of the contract / scope of work, ICTSI-MICT ensures that contractors work safely and have equal priority as employees in respect to health and safety.

- Drivers of trucks entering MICT premises are subjected to a health and safety induction for them to be informed about the various safety rules and regulations, the traffic flow and the potential hazards inside the terminal. After the brief training session (which is being provided daily), a laminated document containing the necessary 'safety reminders for drivers' is then issued to them to help them conduct their transactions safely and efficiently.

• For vessel crew / personnel who wish to disembark due to shore leave or any other approved purpose, ICTSI-MICT has assigned service vehicles to shuttle them safely from the berth areas to the designated pedestrian exit gate and vice-versa. Prior to disembarking, vessel personnel undergo a Safety Induction (so that that they will be aware of the terminal's safety rules and regulations).

Other Health & Safety improvements

• A state of the art workshop for ICTSI-MICT's mobile equipment was unveiled early last year. It is equipped with sprinkler and foam-water fire protection systems that were designed and built in accordance with world-class standards (NFPA 13 and 16, respectively).

• To help prevent workplace illnesses and injuries, ICTSI-MICT purchased various WEM (workplace environment measurement) equipment to monitor the levels of ventilation, noise and illumination in its various work areas. The results of the work environment measurement exercises are being used as basis not only for compliance to health and safety regulations but also for continuous workplace facilities improvement.

• During the 4th quarter of 2018, studies were performed to explore the feasibility of two traffic management improvement projects to be implemented in 2019. The first project, which is the establishment of safety zones, is aimed to reduce pedestrian traffic inside the terminal. The designated safety zones are planned to be the only areas where drivers will be allowed to disembark from their trucks, minimizing the risks of pedestrian and vehicle collisions. The second project, which is the establishment of a unitary traffic flow for the terminal, is not only aimed to reduce the collisions of trucks and mobile equipment and other property damage accidents but also introduce efficiency improvements by reducing truck turn around time and RTG idle time.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003. Its latest Revised Manual on Corporate Governance ("CG Manual"), pursuant to SEC Memorandum Circular 19-2016, was submitted to the Philippine SEC on May 31, 2017 and is available in the Company website. Last January 29, 2018, the Company, through its Compliance Officer, submitted a Certificate attesting to its full compliance with the objectives set forth in the CG Manual. The Company has not deviated from its CG Manual and further commits itself to principles and best practices of governance in the attainment of corporate goals.

Presently, the Compliance Officer is Rafael D. Consing, Jr. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements; monitors compliance with the CG Manual; and reports any governance-related issues to the Board.

For the annual report on corporate governance, the SEC has recently implemented the use of the Integrated Annual Corporate Governance Report ("I-ACGR") by virtue of SEC Memorandum Circular 15-2017. Accordingly, the Company submitted its 2017 I-ACGR last May 30, 2018. For the 2018 I-ACGR, the Company is set to submit the same on or before the mandated deadline, which is May 30, 2019.

(d) Continuing Improvements for Corporate Governance

The Company continues to improve its systems and processes to enhance adherence to and strengthen practices of good corporate governance. In compliance with the latest mandates of the SEC such as those provided under SEC Memorandum Circular 19-2016 and incorporated in the CG Manual, the Company has implemented significant developments. Among others, the Board has established the Corporate Governance Committee, Board Risk Oversight Committee and Related Party Transactions Committee in addition with the Audit Committee, Nomination Subcommittee and Remuneration Subcommittee. To achieve an appropriate mix of competence and expertise, the composition of the Board is checked against prevailing requirements. To ensure diversity and allow a healthy balance of ideas, wisdom and experience on the management and business of ICTSI, the Board is made to be a majority of Non-Executive Directors. The competence of the Board is followed through by the Company by the conduct of annual continuing training for all directors and orientation program for first-time directors.

The Company also prioritizes healthy external relations. Through the Investor's Relations Office, the Company effectively communicates and relates with all its stockholders as well as all stakeholders.

These improvements are being updated and documented by the Company through the I-ACGR submitted annually to the SEC.

Recognition and Awards in 2018

2018

December: **Platinum Award**
For the fifth year in a row, ICTSI was honored by **The Asset Corporate Awards** as being in the in Platinum category. ICTSI is recognized as one of the elite companies in Asia which has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations. The award was given at a gala dinner held on December 10, 2018 in Hong Kong, SAR. ICTSI also won two special awards for Best Initiative on Innovation (i.e. MICT Gate Automation System) and Best Initiative on Social Responsibility (i.e. Water Supply for Aeta Communities in Tarlac).

November: ICTSI was awarded as Winner for the Priority Integrated Sector - Logistics Category in the **ASEAN Business Awards (ABA)** 2018. The award was given at the ABA gala dinner held on November 12, 2018.

June: ICTSI was awarded by **Corporate Governance Asia** as one of the Best Investor Relations Companies in the Philippines during the 8th Asian Excellence Recognition Awards 2018. ICTSI's CFO, Mr. Rafael D. Consing, Jr., was recognized as one of Asia´s Best CFO, while Mr. Arthur R. Tabuena was recognized as one of the Best Investor Relations Professional in the Philippines.

Dividends and Dividend Policy

Since 2015 to 2018, ICTSI was able to declare dividends from PhP 0.90 - PhP 2.50, which is based on the Company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board. On the other hand, Preferred B shareholders earns no dividends. Discussion on the parent company retained earnings available for dividend declaration is further disclosed in *Schedule J* to the Annual Audited Consolidated Financial Statements.

The details of ICTSI's declaration of cash dividends are as follows:

	2016	**2017**	**2018**
Date of Board approval	April 21, 2016	**April 20, 2017**	**April 20, 2017**
Cash dividends per share	US$0.020 (0.91)	**US$0.050 (2.47)**	**US$0.050 (2.50)**
Record date	May 5, 2016	**May 5, 2017**	**May 4, 2018**
Payment date	May 18, 2016	**May 17, 2017**	**May 11, 2018**

Item 16. Matters Not Required to be Submitted

Not Applicable

Item 17. Amendment of Charter, Bylaws or Other Documents

Not applicable

Item 18. Other Proposed Actions

Approval of the 2018 Minutes of the Annual Stockholders' Meeting

The Minutes of the Annual Stockholders' Meeting of ICTSI held on April 19, 2018 ("Minutes") will be presented for approval of the Stockholders in the Annual Stockholders' Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters conferred to in said Minutes since it has already been obtained in that meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. The Minutes of the 2018 Annual stockholders Meeting, subject to the shareholders' approval, has been disclosed and uploaded in ICTSI's company website. In addition, copies of the Minutes shall be posted and will be available for review by the Stockholders present in the Annual Stockholders' Meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the Minutes.

Approval of the 2018 Audited Consolidated Financial Statements

The annual consolidated financial statements of ICTSI and subsidiaries as of and for the year ended December 31, 2018 and the accompanying notes to annual consolidated financial statements (referred to as "Consolidated Financial Statements") prepared by ICTSI and audited by SGV & Co., the independent auditors appointed by the stockholders, will be submitted for approval of the Stockholders at the Annual Stockholders' Meeting.

The Consolidated Financial Statements have been meticulously prepared in conformity with the Financial Reporting Standards reflecting the amounts based on the best estimates and informed judgment of the management with an appropriate consideration to materiality the same being the Company management's responsibility.

In this regard, management maintains a comprehensive system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. Management likewise discloses to ICTSI's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors thoroughly reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of ICTSI.

SGV & Co. have examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and have expressed their opinion on the fairness of presentation upon completion of such examination in the Report to the Stockholders and Board of Directors of ICTSI and subsidiaries.

The affirmative vote of majority of the votes cast on this proposal will constitute approval of the Consolidated Financial Statements.

Item 19. Voting Procedures

The Chairman will announce each proposal to the floor, which shall be voted upon separately. In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to enter a unanimous vote of approval, except where the particular proxies provide for a negative vote or an abstention. If there is an objection, the Chairman will call for a division of the house. The votes of shareholders present in person or by Proxy shall be counted by hand, and the Chairman will announce the result of the voting, unless voting by ballots is called for. If voting by ballots is decided, ballots will be distributed to Stockholders present in person or by Proxy in the meeting. The ballots will be filled up by Stockholders, and submitted to the Corporate Secretary or his duly authorized representatives. The valid ballots will be counted by the Corporate Secretary or a committee that the Board may organize for the purpose for the votes of the Stockholders. The Chairman will then announce the result after the counting.

The following matters require the following votes:

Subject Matter	Votes Required
Approval of Minutes of the Annual Stockholders' Meeting	Majority of the votes cast
Approval of the 2018 Audited Financial Statements	Majority of the votes cast
Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management	Majority of the votes cast
Election of Directors	The top seven (7) nominees with the most number of votes are elected
Reappointment of SGV & Co. as the Company's external auditors	Majority of the votes cast

Undertaking to Provide Annual Report

A copy of the 2018 ICTSI Annual Report on SEC Form 17-A for the fiscal year ended 31 December 2018, as filed with the Securities and Exchange Commission, will be sent to any stockholder at the address he indicates, without charge upon written request addressed to:

The Corporate Secretary
International Container Terminal Services, Inc.
3F ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
1012 Manila, Philippines

Item 20. Proxies

Not applicable

Part IV. SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on February 15, 2019.

For and behalf of the Board of Directors

By:

RAFAEL T. DURIAN
Corporate Secretary

Schedule 1 – Proxy Form

Instructions for submission of attached Proxy Form

1. Submission of the Proxy

(a) The proxy form must be completed, signed and dated by the shareholder or his duly authorized representative, and received at the principal office and mailing address of ICTSI **not later than 5:00 p.m. on 18 March 2019**, with the following details:

Attention: Atty. Benjamin M. Gorospe III, Assistant Corporate Secretary
3/F ICTSI Administration Bldg., MICT South Access Road, Port of Manila

(b) If the shares of stock are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.

(c) If the shares of stock are owned in an "and/or" capacity, the proxy form must be signed by either one of the owners.

(d) If the shares of stock are owned by a corporation, association, partnership, or unincorporated entity, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, to the effect that the person signing the proxy form has been authorized by the governing body or has the power pursuant to its by-laws, constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity, for such purpose.

(e) A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.

(f) If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. Revocation of Proxy

An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at ICTSI's principal office and mailing address **not later than 5:00 p.m. on 18 March 2019**. A proxy is also considered revoked if an individual stockholder attends the meeting in person and expresses his intention to vote in person.

3. Validation of Proxies

Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **29 March 2019 at 10:00 a.m.** Validation of proxies will be done by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control, in accordance with the procedure and guidelines set out in the ICTSI's By-Laws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

PROXY

The undersigned (the "Principal") hereby constitutes and appoints [Name of Proxy] ____ (the "Proxy") as his/her attorney-in-fact, so that the Proxy or any other person empowered by the Proxy, shall have, without need of further authorization from the Principal, with full power and authority to represent and vote any and all of the shares of stock of the Principal in INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (the "Corporation") at any and all stockholders' meetings of the Corporation, or any adjournment thereof, on all matters that may be brought before said meetings, including the election of directors, as fully and to all intents and purposes as such Principal might do if present and acting in person.

This proxy shall be valid for a period of five (5) years from date hereof unless sooner revoked by the Principal in writing.

IN WITNESS WHEREOF, this proxy has been executed by the Principal on the date and place indicated below.

____
Signature over Printed Name of Principal
Date signed: _________________________
Place signed:_________________________

Annex "A"

Management Report

Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of and for the year ended December 31, 2017. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

Overview

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 2,500,000 twenty-foot equivalent units (TEUs). It also handles break bulk cargoes (BBC) and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers. As of report date, the Group is involved in 31 terminal concessions and port development projects in 18 countries worldwide. There are 28 operating terminals in nine key ports and an inland container terminal in the Philippines, two in Indonesia and one each in China, Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Honduras, Mexico, Iraq, Argentina, DR Congo, Colombia, Australia and, recently, Lae in Papua New Guinea; an existing concession to construct and operate a port in Tuxpan, Mexico; a project to construct a barge terminal in Cavite, Philippines; and a recent agreement to operate the international port in Motukea, Papua New Guinea. The project in Cavite is expected to be completed in the second quarter of 2018. The port in Lae commenced operations on February 1, 2018 while the port in Motukea is expected to start commercial operations in the second quarter of 2018.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and Africa (EMEA) and Americas substantially contributed to the growth in volume, revenues, EBITDA and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its business into three geographical segments:

- Asia
  - Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
  - Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
  - Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
  - Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)
  - Cavite - Cavite Gateway Terminal, Tanza, Cavite, Philippines (CGT)
  - Davao - Sasa Wharf, Port of Davao (DIPSSCOR) and Hijo International Port, Davao del Norte, Philippines (HIPS)
  - General Santos - Makar Wharf, Port of General Santos, Philippines (SCIPSI)
  - Misamis Oriental - Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
  - Manila - Manila North Harbour Port, Inc., North Harbor, Manila, Philippines (MNHPI)

- Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
- China - Yantai International Container Terminal, Port of Yantai, Shandong Province, China (YICT)
- Pakistan - Port of Karachi, Karachi, Pakistan (PICT)
- Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)
- Papua New Guinea - Port Motukea, Papua New Guinea (MITL) and Port of Lae, Papua New Guinea (SPICTL)

- Europe, Middle East and Africa (EMEA)
  - Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
  - Georgia - Port of Batumi, Batumi, Georgia (BICTL)
  - Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
  - Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
  - DR Congo - Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Iraq - Basra Gateway Terminal at Port of Umm Qasr, Iraq (ICTSI Iraq)

- Americas
  - Brazil - Suape Container Terminal, Suape, Brazil (TSSA)
  - Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
  - Argentina - Port of La Plata, Buenos Aires Province, Argentina (TECPLATA)
  - Mexico - Port of Manzanillo, Manzanillo, Mexico (CMSA) and Port of Tuxpan, Mexico (TMT)
  - Colombia - Port of Buenaventura, Buenaventura, Colombia (SPIA)
  - Honduras - Puerto Cortés, Republic of Honduras (OPC)

Concessions for port operations entered into, acquired and terminated by ICTSI and subsidiaries for the last three years are summarized below:

Manila North Harbour Port, Inc., Philippines. On September 21, 2017, the BOD of ICTSI granted the authority to acquire shares in MNHPI. On the same date, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the Philippine Ports Authority which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

Port of Motukea and Port of Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a Papua New Guinea (PNG) state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI through its wholly-owned subsidiaries, Motukea International Limited (MITL) and South Pacific Container Terminal Limited (SPICTL), with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. The terminal operating agreements (TOA) and other related contracts will take effect after all the parties have complied with the agreed conditions precedent.

Starting February 1, 2018, SPICTL was allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae pursuant to the Early Operations Agreement signed by SPICTL and PNGPCL while the parties are working on the completion of the remaining condition precedents to the TOA. MITL is expected to take over the international port in Motukea in the second quarter of 2018.

Cavite Gateway Terminal, Philippines. On April 21, 2017, ICTSI, through its wholly-owned subsidiary, Cavite Gateway Terminal (CGT), in partnership with the Philippine Department of Transportation, launched the country's first container roll-on roll-off barge terminal in Tanza, Cavite. CGT will facilitate off-the-roads seaborn transport of containers between Port of Manila and Cavite; and service industrial locators in Cavite area. CGT's barge terminal features an annual capacity of 115,000 TEUs. As of report date, the construction of the terminal is on-going and is expected to be completed in the second quarter of 2018.

Port of Umm Qasr, Iraq. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI (M.E.) JLT, and General Company for Ports of Iraq (GCPI) signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract ("First Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, on the right to manage and operate Quay No. 21 co-terminus with the Contract and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI took over Berth 20 in September 2014 and started commercial operations in November 2014, while Phase 1 of the expansion project was completed and fully operational in the first quarter of 2017. The rehabilitation works for Berth 21 are on-going and it is expected to operate in the first quarter of 2018. Phase 2 of the expansion project which will involve development of two new berths, Berths 25 and 26, including a 20-hectare yard area is expected to be completed in the second quarter of 2019.

Port of Tuxpan, Mexico. On May 27, 2015, ICTSI acquired 100.0 percent of the capital stock of Terminal Maritima de Tuxpan, S.A. de C.V. (TMT) for a total cash consideration of US$54.5 million from Grupo TMM, S.A.B. and its subsidiary Inmobiliaria TMM, S.A. de C.V. TMT has a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. As of March 8, 2018, management is working on a development plan on TMT.

Laguna Gateway Inland Container Terminal, Philippines. On March 2, 2015, Laguna Gateway Inland Container Terminal, Inc. (LGICT) started operating the first one-stop inland container terminal located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60.0 percent-owned by IW Cargo Handlers, Inc. (IW Cargo) and the remaining 40.0 percent is owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK- Fil-Japan Shipping Corp. LGICT primarily operates as an extension of the seaport operations of the MICT. In particular, LGICT is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers, both within and outside the economic zones in the LABARZON area. Only 58 kilometers from Metro Manila, LGICT is situated on a 21-hectare property, strategically located near various economic export zones with an already existing adjacent railroad.

<u>Extension of Contracts</u>

Davao Sasa Port, Philippines. On April 21, 2006, the Philippine Ports Authority (PPA) granted DIPSSCOR a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Since April 2016, the local office of the PPA in Davao City has granted DIPSSCOR a series of hold-over authorities for a period ranging from six months to one year. On February 22, 2018, the PPA issued AO No. 04-2018 directing all Port Managers of the PPA to grant hold-over authorities to cargo handling service providers with contracts due to expire in 2018, for six months, unless earlier terminated by the PPA or upon award of a new terminal management contract in accordance with PPA AO No. 03-2016. As of report date, the hold-over authority is yet to be issued by the PPA Port Manager.

Makar Wharf, Port of General Santos, South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, bagging and crated cargo handling services at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Since then, the local office of the PPA in General Santos City has granted SCIPSI a series of hold-over authorities for a period of one year. On February 22, 2018, the PPA issued AO No. 04-2018 directing all Port Managers of the PPA to grant hold-over authorities to cargo handling service providers with contracts due to expire in 2018, for six months, unless earlier terminated by the PPA or upon award of a new terminal management contract in accordance with PPA AO No. 03-2016. As of report date, the hold-over authority is yet to be issued by the PPA Port Manager.

Termination of Contracts
Deep Water Port, Ibeju-Lekki, Lagos State, Federal Republic of Nigeria. On May 17, 2017, ICTSI, through its subsidiary Lekki International Container Terminal Services LFTZ Enterprise (LICTSE), and Lekki Port LFTZ Enterprise (LPLE) signed a settlement and release agreement cancelling LICTSE's sub-concession agreement dated August 10, 2012, subject to payment of an agreed amount to LICTSLE. The said Sub-concession Agreement (Agreement) granted LICTSLE exclusive right to develop and operate, and to provide handling equipment and container terminal service at the container terminal within Lekki Port located at Ibeju Lekki, Lagos State, Federal Republic of Nigeria for a period of 21 years. On May 23, 2017, ICTSI received the agreed amounts of US$12.5 million representing the return of payments made to Lekki Port pursuant to the Agreement, and US$7.5 million representing compensation of costs incurred by ICTSI in relation to the project. The termination of the Sub-concession Agreement has been finalized and was deemed effective May 24, 2017.

Port of Portland, Oregon, U.S.A. In October 2016, the Board of ICTSI Ltd. has authorized the management of ICTSI Oregon to negotiate with the Port of Portland and reach terms mutually acceptable to both parties with respect to the termination of the lease agreement after two major customers, Hanjin Shipping Co. and Hapag-Lloyd stopped calling the Port of Portland in March 2015 due to continuing labor disruptions. In late 2016, the Port of Portland and ICTSI Oregon began discussions of a mutual agreement to terminate the lease agreement. As a result, the Company has provided for probable loss on the pre-termination of the lease agreement amounting to US$23.4 million in 2016 based on the Company's best estimate of the probable outcome of the negotiations with the Port.

On March 8, 2017, ICTSI, through ICTSI Oregon, and the Port of Portland have signed a Lease Termination Agreement and both parties have mutually agreed to terminate the 25-year Lease Agreement to operate the container facility at Terminal 6 of the Port of Portland with an effective date of March 31, 2017. The Lease Termination Agreement allows ICTSI Oregon to be relieved of its long-term lease obligations. In exchange, the Port of Portland will receive US$11.45 million in cash compensation and container handling equipment including spare parts and tools.

Muara Container Terminal, Brunei Darussalam. The Agreement with the Brunei Government for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam was no longer renewed and ended effective February 21, 2017. NMCTS contributed less than 1.0 percent of the Group's revenue and about 1.0 percent of the Group's net income in 2016.

Naha International Container Terminal Inc, Naha, Japan. On April 27, 2015, ICTSI sold its 60.0 percent ownership interest in Naha International Container Terminal Inc. (NICTI) back to NICTI. The 10-year lease agreement of NICTI granted by Naha Port Authority was to expire by end of 2015 and ICTSI was no longer interested to participate in the negotiation for the extension of the lease agreement.

Others
Port of Tanjung Priok, Indonesia. On November 2, 2017, PT ICTSI Jasa Prima Tbk (IJP), an ICTSI subsidiary in Indonesia, signed a Conditional Share Purchase Agreement with PT Samudera Terminal Indonesia (STI) for the purchase of IJP's interest in PT Perusahaan Bongkar Muat Olah Jasa Andal (OJA), subject to certain conditions. As of report date, the condition precedents have not yet been fulfilled.

Results of Operations and Key Performance Indicators

Results of Operations

The following table shows a summary of the results of operations for the year ended December 31, 2017 as compared with the same period in 2016 and 2015 as derived from the accompanying audited consolidated financial statements.

Table 6.1 Audited Consolidated Statements of Income

	For the Years Ended December 31				
In thousands, except % change data	2015	2016	**2017**	% Change *2015 vs 2016*	% Change *2016 vs 2017*
Gross revenues from port operations	US$1,051,325	US$1,128,395	**US$1,244,438**	7.3	10.3
Revenues from port operations, net of port authorities' share	882,322	944,693	**1,053,911**	7.1	11.6
Total income (net revenues, interest and other income)	906,183	980,396	**1,104,418**	8.2	12.7
Total expenses (operating, financing and other expenses)	786,566	723,355	**856,155**	(8.0)	18.4
EBITDA[1]	450,022	525,078	**578,012**	16.7	10.1
EBIT[2]	323,569	377,248	**404,547**	16.6	7.2
Net income attributable to equity holders of the parent	58,545	180,016	**182,141**	207.5	1.2
Earnings per share					
Basic	US$0.011	US$0.066	**US$0.069**	500.0	4.5
Diluted	0.011	0.065	**0.069**	490.9	6.2

[1] EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not; however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal debt payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

[2] EBIT, or Earnings Before Interest and Taxes, is calculated by taking net revenues from port operations and deducting cash operating expenses and depreciation and amortization.

The following table presents the computation of EBITDA as derived from the Group's consolidated net income attributable to equity holders of the parent for the year:

Table 6.2 EBITDA Computation

In thousands, except % change data	For the Years Ended December 31 2015	2016	**2017**	% Change *2015 vs 2016*	% Change *2016 vs 2017*
Net income attributable to equity holders of the parent	US$58,545	US$180,016	**US$182,141**	207.5	1.2
Non-controlling interests	10,434	13,455	**25,576**	29.0	90.1
Provision for income tax	50,638	63,571	**40,547**	25.5	(36.2)
Income before income tax	119,617	257,042	**248,264**	114.9	(3.4)
Add (deduct):					
Depreciation and amortization	126,453	147,830	**173,465**	16.9	17.3
Interest and other expenses	227,813	155,910	**206,790**	(31.6)	32.6
Interest and other income	(23,861)	(35,704)	**(50,507)**	49.6	41.5
EBITDA	US$450,022	US$525,078	**US$578,012**	16.7	10.1

Key Performance Indicators

The five (5) key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which affect the operations of the Group, and volume growth in twenty-foot equivalent unit (TEU) and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2017 Compared with 2016

Gross moves per hour per crane ranged from 17.3 to 32.6 moves per hour in 2016 to 16.2 to 31.5 moves per hour in 2017. Crane availability ranged from 79.4 percent to 99.1 percent in 2016 to 81.6 percent to 99.4 percent in 2017. Berth utilization was at 16.3 percent to 76.5 percent in 2016 and 18.1 percent to 90.7 percent in 2017.

2016 Compared with 2015

Gross moves per hour per crane ranged from 17.2 to 33.5 moves per hour in 2015 to 17.3 to 32.6 moves per hour in 2016. Crane availability ranged from 90.9 percent to 100.0 percent in 2015 to 79.4 percent to 99.1 percent in 2016. Berth utilization was at 20.5 percent to 76.3 percent in 2015 and 16.3 percent to 76.5 percent in 2016.

The gross moves per hour per crane is a measure of crane productivity while working on vessels during discharging or loading operations. The crane availability relates to the efficiency of the maintenance of the crane. While berth utilization is a measure of how long the berth is utilized for a given period and this indicator measures the efficiency of the operations and the productivity on the vessel.

Comparison of Operating Results for the Years Ended December 31, 2017 and 2016

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2016 and 2017:

Table 6.3 Volume

	For the Years Ended December 31 2016	**2017**	% Change
Asia	4,552,881	**4,815,905**	5.8
Americas	3,004,690	**2,855,580**	(5.0)
EMEA	1,131,792	**1,481,973**	30.9
	8,689,363	**9,153,458**	5.3

The Group's consolidated volume increased by 5.3 percent from 8,689,363 TEUs for the year ended December 31, 2016 to 9,153,458 TEUs handled for the same period in 2017 mainly due to continuous improvement in trade activities and continuous volume ramp-up at certain terminals; and contribution of new terminals, IDRC and VICT, partially tapered by decreased in vessel calls and lower transshipments at CGSA. Excluding new terminals, consolidated volume would have increased by 3.6 percent in 2017.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia, Pakistan and Australia, increased by 5.8 percent from 4,552,881 TEUs for the year ended December 31, 2016 to 4,815,905 TEUs for the same period in 2017 mainly due to continuous improvement in trade activities at most of the Philippine Terminals and YICT; and contribution of a new terminal, VICT, tapered by decreased vessel calls and transshipments at PICT. Excluding VICT, volume from Asia operations would have increased by 3.8 percent in 2017. The Asia operations accounted for 52.4 percent and 52.6 percent of the consolidated volume for the years ended December 31, 2016 and 2017, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras and Mexico, decreased by 5.0 percent from 3,004,690 TEUs for the year ended December 31, 2016 to 2,855,580 TEUs for the same period in 2017 mainly due to reduced vessel calls and lower transshipments at CGSA, tapered by increased trade volumes and new services at CMSA; and marginal economic recovery and improvement in trade activities at TSSA. The Americas operations accounted for 34.6 percent and 31.2 percent of the consolidated volume for the years ended December 31, 2016 and 2017, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Madagascar and Croatia, reported a 30.9 percent growth from 1,131,792 TEUs for the year ended December 31, 2016 to 1,481,973 TEUs for the same period in 2017 mainly due to continuous growth and ramp-up at ICTSI Iraq; continuous improvement in trade activities in the region resulting to double-digit growth at all EMEA terminals; and contribution of a new terminal, IDRC. Excluding IDRC, volume from EMEA operations would have increased by 26.3 percent in 2017. The EMEA operations accounted for 13.0 percent and 16.2 percent of the Group’s consolidated volume for the years ended December 31, 2016 and 2017, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities’ share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2016 and 2017:

Table 6.4 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2016	**2017**	% Change
Gross revenues from port operations	US$1,128,395	**US$1,244,438**	10.3
Port authorities’ share in gross revenues	183,702	**190,527**	3.7
Net revenues	944,693	**1,053,911**	11.6
Interest income	17,651	**21,853**	23.8
Foreign exchange gain	4,659	**5,048**	8.3
Other income	13,393	**23,606**	76.3
	US$980,396	**US$1,104,418**	12.7

For the year ended December 31, 2017, net revenues stood at 95.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 2.0 percent, 0.5 percent and 2.1 percent, respectively. For the same period in 2016, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.8 percent, 0.5 percent and 1.4 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2016 and 2017:

Table 6.5 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2016	**2017**	% Change
Asia	US$581,405	**US$591,246**	1.7
Americas	387,423	**401,382**	3.6
EMEA	159,567	**251,810**	57.8
	US$1,128,395	**US$1,244,438**	10.3

The Group's consolidated gross revenues from port operations increased by 10.3 percent from US$1,128.4 million for the year ended December 31, 2016 to US$1,244.4 million for the same period in 2017 mainly due to volume growth; tariff rate adjustments at certain terminals; new contracts with shipping lines and services; and contribution of new terminals, IDRC and VICT. Excluding new terminals, consolidated gross revenues would have increased by 6.0 percent in 2017.

Gross revenues from the Asia segment increased by 1.7 percent from US$581.4 million for the year ended December 31, 2016 to US$591.2 million for the same period in 2017 mainly due to volume growth at most of the Philippine terminals and YICT; and contribution of new terminal, VICT, tapered by unfavorable translation impact of the depreciation of PHP-based revenues at Philippine terminals. Excluding VICT, gross revenues from Asia operations would have decreased by 0.3 percent in 2017. The Asia operations captured 51.5 percent and 47.5 percent of the consolidated gross revenues for the years ended December 31, 2016 and 2017, respectively.

Gross revenues from the Americas segment increased by 3.6 percent from US$387.4 million for the year ended December 31, 2016 to US$401.4 million for the same period in 2017 mainly due to volume growth at CMSA; tariff rate adjustments at CGSA; and improvement in trade activities combined with favorable translation impact of the appreciation of Brazilian Reais (BRL) at TSSA, partially tapered by decreased vessel calls at CGSA. The Americas operations accounted for 34.3 percent and 32.3 percent of the consolidated gross revenues for the years ended December 31, 2016 and 2017, respectively.

Gross revenues from the EMEA segment grew by 57.8 percent from US$159.6 million for the year ended December 31, 2016 to US$251.8 million for the same period in 2017 primarily due to continuous volume growth at ICTSI Iraq; continuous improvement in trade activities in the region; and contribution of a new terminal, IDRC. Excluding IDRC, gross revenues from EMEA operations would have increased by 37.6 percent in 2017. The EMEA operations stood at 14.2 percent and 20.2 percent of the consolidated gross revenues for the years ended December 31, 2016 and 2017, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, grew by 3.7 percent from US$183.7 million for the year ended December 31, 2016 to US$190.5 million for the same period in 2017 as a result of volume growth and stronger revenues at these terminals.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 23.8 percent from US$17.7 million for the year ended December 31, 2016 to US$21.9 million for the same period in 2017 mainly due to higher interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain increased by 8.3 percent from US$4.7 million for the year ended December 31, 2016 to US$5.0 million for the same period in 2017 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income increased from US$13.4 million for the year ended December 31, 2016 to US$23.6 million for the same period in 2017 mainly due to the one-time gain from reimbursement of costs related to the terminated sub-concession agreement at LICTSLE; and recognition of income tax credit at OPC. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The below table shows the breakdown of total expenses for 2016 and 2017.

Table 6.6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2016	**2017**	% Change
Manpower costs	US$192,536	**US$207,583**	7.8
Equipment and facilities-related expenses	119,877	**157,207**	31.1
Administrative and other operating expenses	107,201	**111,109**	3.6
Total cash operating expenses	419,614	**475,899**	13.4
Depreciation and amortization	147,830	**173,465**	17.3
Interest expense and financing charges on borrowings	75,050	**100,413**	33.8
Interest expense on concession rights payable	34,050	**33,106**	(2.8)
Equity in net loss of a joint venture and an associate	5,572	**36,337**	552.1
Foreign exchange loss and others	41,239	**36,935**	(10.4)
	US$723,355	**US$856,155**	18.4

Total cash operating expenses of the Group increased by 13.4 percent from US$419.6 million for the year ended December 31, 2016 to US$475.9 million for the same period in 2017 mainly due to cost contribution of new terminals, IDRC and VICT; higher fuel and power consumption as a result of increase in volume; increase in fuel prices and power tariff rate adjustments at certain terminals; and unfavorable translation impact of BRL at TSSA, tapered by cost optimization measures implemented; and favorable translation impact of PHP-based expenses at Philippine terminals. Excluding new terminals, consolidated cash operating expenses would have increased marginally by 0.6 percent in 2017.

Manpower Costs

Manpower costs increased by 7.8 percent from US$192.5 million for the year ended December 31, 2016 to US$207.6 million for the same period in 2017 primarily due to contribution of new terminals, IDRC and VICT; government-mandated and contracted salary rate adjustments at certain terminals; and unfavorable translation impact of BRL at TSSA, partially tapered by cost optimization measures implemented; and favorable translation impact of PHP-based costs at Philippine terminals. Excluding new terminals, consolidated manpower costs would have increased marginally by 0.8 percent in 2017.

Manpower costs accounted for 45.9 percent and 43.6 percent of consolidated cash operating expenses for the years ended December 31, 2016 and 2017, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, fixed port leases, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 31.1 percent from US$119.9 million for the year ended December 31, 2016 to US$157.2 million for the same period in 2017 mainly due to cost contribution of new terminals, IDRC and VICT; fixed port lease expense at VICT; increase in fuel prices and power tariff rate adjustments at certain terminals; and unfavorable translation impact of BRL at TSSA, tapered by cancellation of port lease at ICTSI Oregon as a result of pre-termination of lease agreement; and favorable translation impact of PHP-based expenses at Philippine terminals. Excluding new terminals, consolidated equipment and facilities-related expenses would have stayed flat in 2017.

Equipment and facilities-related expenses represented 28.6 percent and 33.0 percent of consolidated cash operating expenses for the years ended December 31, 2016 and 2017, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 3.6 percent from US$107.2 million for the year ended December 31, 2016 to US$111.1 million for the same period in 2017 mainly due to contribution of new terminals, IDRC and VICT; increase in professional fees; and unfavorable translation impact of BRL at TSSA, tapered by reduction in insurance costs, documentary stamp taxes, travel and other office expenses in relation to cost optimization measures implemented; and favorable translation impact of Philippine-based expenses at Philippine terminals. Excluding new terminals, consolidated administrative and other operating expenses would have increased marginally by 0.7 percent in 2017.

Administrative and other operating expenses stood at 25.5 percent and 23.4 percent of consolidated cash operating expenses for the years ended December 31, 2016 and 2017, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 17.3 percent from US$147.8 million for the year ended December 31, 2016 to US$173.5 million for the same period in 2017 mainly due to higher depreciation arising from the depreciation of port facilities and equipment at the new terminals, IDRC and VICT; and expansion projects at ICTSI Iraq and CGSA.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 33.8 percent from US$75.1 million for the year ended December 31, 2016 to US$100.4 million for the same period in 2017 primarily due to higher average loan balance and lower capitalized borrowing costs on qualifying assets. Capitalized borrowing costs on qualifying assets amounted to US$24.3 million in 2016 at a capitalization rate of 6.5 percent and US$10.4 million in 2017 at a capitalization rate ranging from 2.4 percent to 6.7 percent.

Equity in Net Loss of A Joint Venture and An Associate

Equity in net loss of a joint venture and an associate increased from US$5.6 million for the year ended December 31, 2016 to US$36.3 million for the same period in 2017 due to the increase in the Company's share in net loss at SPIA arising from start-up costs as SPIA started operations in January 2017. Equity in net loss of a joint venture and an associate is net of the Group's share in net income of MNHPI, a 34.83%-owned associate, of US$0.4 million from October 30, 2017 to December 31, 2017.

Foreign Exchange Loss and Others

Foreign exchange loss and others decreased from US$41.2 million for the year ended December 31, 2016 to US$36.9 million for the same period in 2017 primarily due to the absence of non-recurring charge on pre-termination of lease agreement at ICTSI Oregon amounting to US$23.4 million in 2016; and recognition of probable loss on non-trade advances and solidarity contribution on equity at CGSA in 2016, tapered by restructuring and separation costs at certain terminals in 2017; and write-off of costs incurred associated with the securing of the revolving credit facility, upon cancellation of the said facility in June 2017. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA grew by 10.1 percent from US$525.1 million for the year ended December 31, 2016 to US$578.0 million for the same period in 2017 primarily due to strong volume and revenues; combined with cost optimization measures implemented; and positive contribution of new terminal, IDRC, tapered by the start-up costs and fixed port lease expense at VICT. Excluding the new terminals, consolidated EBITDA would have increased by 11.1 percent in 2017. EBITDA margin slightly decreased from 46.5 percent in 2016 to 46.4 percent in 2017.

Meanwhile, consolidated EBIT increased by 7.2 percent from US$377.2 million for the year ended December 31, 2016 to US$404.5 million for the same period in 2017 mainly due to stronger EBITDA, tapered by higher depreciation charges. Excluding the new terminals, consolidated EBIT would have increased by 13.6 percent in 2017. EBIT margin decreased from 33.4 percent in 2016 to 32.5 percent in 2017.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax decreased from US$257.0 million for the year ended December 31, 2016 to US$248.3 million for the same period in 2017 primarily due to higher depreciation charges; higher interest and financing charges; restructuring and separation costs; and increase in equity in net loss of a joint venture, tapered by strong operating income; non-recurring gain from reimbursement of costs related to the terminated sub-concession agreement at LICTSLE in 2017; and absence of a non-recurring charge on pre-termination of lease agreement at ICTSI Oregon in 2016. Excluding new terminals; equity in net loss of a joint venture and an associate; and the non-recurring items, consolidated income before income tax would have increased by 18.2 percent in 2017. The ratio of income before income tax to consolidated gross revenues stood at 22.8 percent and 19.9 percent in 2016 and 2017, respectively.

Consolidated provision for current and deferred income taxes decreased from US$63.6 million for the year ended December 31, 2016 to US$40.5 million for the same period in 2017 mainly due to income tax exemption of OPC which was finalized in the first quarter of 2017. Effective income tax rate in 2016 and 2017 stood at 24.7 percent and 16.3 percent, respectively.

Net Income

Consolidated net income increased by 7.4 percent from US$193.5 million for the year ended December 31, 2016 to US$207.7 million for the same period in 2016. Excluding new terminals; equity in net loss of a joint venture and an associate; and the non-recurring items, consolidated net income would have increased by 22.7 percent in 2017. The ratio of consolidated net income to gross revenues stood at 17.1 percent and 16.7 percent in 2016 and 2017, respectively.

Consolidated net income attributable to equity holders increased by 1.2 percent from US$180.0 million for the year ended December 31, 2016 to US$182.1 million for the same period in 2017. Excluding new terminals; equity in net loss of a joint venture and an associate; and the non-recurring items, net income attributable to equity holders would have increased by 23.6 percent in 2017.

Basic and diluted earnings per share increased from US$0.066 in 2016 to US$0.069 in 2017 and US$0.065 in 2016 to US$0.069 in 2017, respectively.

Comparison of Operating Results for the Years Ended December 31, 2016 and 2015

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2015 and 2016:

Table 6.7 Volume

	For the Years Ended December 31		
	2015	**2016**	% Change
Asia	4,094,580	**4,552,881**	11.2
Americas	2,738,079	**3,004,690**	9.7
EMEA	943,334	**1,131,792**	20.0
	7,775,993	**8,689,363**	11.7

The Group's consolidated volume increased by 11.7 percent from 7,775,993 TEUs for the year ended December 31, 2015 to 8,689,363 TEUs handled for the same period in 2016 mainly due to new shipping lines and services, improvement in trade activities at certain terminals and continuous growth and ramp-up at ICTSI Iraq.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia and Pakistan, increased by 11.2 percent from 4,094,580 TEUs for the year ended December 31, 2015 to 4,552,881 TEUs for the same period in 2016 mainly due to improvement in trade activities at most of the Philippine terminals; and new shipping lines and services at OJA and PICT, slightly tapered by lower exports at YICT. The Asia operations accounted for 52.7 percent and 52.4 percent of the consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and The United States of America, increased by 9.7 percent from 2,738,079 TEUs for the year ended December 31, 2015 to 3,004,690 TEUs for the same period in 2016 primarily arising from new shipping lines and services at CMSA and CGSA; and increased domestic volumes at TSSA, partially tapered by the full year impact of cessation of operations at ICTSI Oregon. The Americas operations accounted for 35.2 percent and 34.6 percent of the consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Volume from the EMEA segment, consisting of terminals in Poland, Georgia, Madagascar, Croatia and Iraq, reported a 20.0 percent growth from 943,334 TEUs for the year ended December 31, 2015 to 1,131,792 TEUs for the same period in 2016 mainly due to continuous growth and ramp-up at ICTSI Iraq; and marginal economic recovery resulting to increase in trade activities at MICTSL and AGCT. Growth was partially offset by reduced vessel calls and trade volume at BCT. The EMEA operations accounted for 12.1 percent and 13.0 percent of the Group's consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2015 and 2016:

Table 6.8 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Gross revenues from port operations	US$1,051,325	**US$1,128,395**	7.3
Port authorities' share in gross revenues	169,003	**183,702**	8.7
Net revenues	882,322	**944,693**	7.1
Interest income	13,383	**17,651**	31.9
Foreign exchange gain	3,672	**4,659**	26.9
Other income	6,806	**13,393**	96.8
	US$906,183	**US$980,396**	8.2

For the year ended December 31, 2016, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.8 percent, 0.5 percent and 1.4 percent, respectively. For the same period in 2015, net revenues stood at 97.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.5 percent, 0.4 percent and 0.7 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2015 and 2016:

Table 6.9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Asia	US$564,577	**US$581,405**	3.0
Americas	377,639	**387,423**	2.6
EMEA	109,109	**159,567**	46.2
	US$1,051,325	**US$1,128,395**	7.3

The Group's consolidated gross revenues from port operations increased by 7.3 percent from US$1,051.3 million for the year ended December 31, 2015 to US$1,128.4 million for the same period in 2016 mainly due to volume growth; tariff rate adjustments at certain terminals; new contracts with shipping lines and services; and continuous growth and ramp-up at ICTSI Iraq.

Gross revenues from the Asia segment reported a growth of 3.0 percent from US$564.6 million for the year ended December 31, 2015 to US$581.4 million for the same period in 2016 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 OJA and PICT; and tariff rate adjustments at certain terminals, tapered by unfavorable translation impact of the depreciation of PHP-based revenues at Philippine terminals. The Asia operations captured 53.7 percent and 51.5 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Gross revenues from the Americas segment increased by 2.6 percent from US$377.6 million for the year ended December 31, 2015 to US$387.4 million for the same period in 2016 mainly due to new shipping lines and services at CGSA and CMSA; and tariff rate adjustments and increased storage and special services at OPC, tapered by lower storage and non-containerized revenues at TSSA; unfavorable translation impact of the depreciation of MXN-based revenues at CMSA; and discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuing effect of labor disruptions and conflicts.

The Americas operations accounted for 35.9 percent and 34.3 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Gross revenues from the EMEA segment grew by 46.2 percent from US$109.1 million for the year ended December 31, 2015 to US$159.6 million for the same period in 2016 primarily due to continuous growth and ramp-up at ICTSI Iraq; and favorable container volume mix and tariff rate adjustments at MICTSL, partially offset by weaker short-sea trade and reduced vessel calls at BCT. The EMEA operations stood at 10.4 percent and 14.2 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, grew by 8.7 percent from US$169.0 million for the year ended December 31, 2015 to US$183.7 million for the same period in 2016 as a result of stronger revenues at these terminals.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 31.9 percent from US$13.4 million for the year ended December 31, 2015 to US$17.7 million for the same period in 2016 mainly due to higher interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain increased from US$3.7 million for the year ended December 31, 2015 to US$4.7 million for the same period in 2016 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income, on the other hand, increased from US$6.8 million for the year ended December 31, 2015 to US$13.4 million for the same period in 2016 mainly due to gain on disposal of certain property and equipment; recovery of claims from contractors and insurance, tax refunds and credits, and other income. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The table below shows the breakdown of total expenses for 2015 and 2016.

Table 6.10 **Total Expenses**

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Manpower costs	US$193,164	**US$192,536**	(0.3)
Equipment and facilities-related expenses	124,754	**119,877**	(3.9)
Administrative and other operating expenses	114,382	**107,201**	(6.3)
Total cash operating expenses	432,300	**419,614**	(2.9)
Depreciation and amortization	126,453	**147,830**	16.9
Interest expense and financing charges on borrowings	61,231	**75,050**	22.6
Interest expense on concession rights payable	37,301	**34,050**	(8.7)
Equity in net loss of a joint venture	3,230	**5,572**	72.5
Foreign exchange loss and others	126,051	**41,239**	(67.3)
	US$786,566	**US$723,355**	(8.0)

Total cash operating expenses of the Group decreased by 2.9 percent from US$432.3 million for the year ended December 31, 2015 to US$419.6 million for the same period in 2016 mainly due to improved operational efficiencies resulting to lower costs on repairs and maintenance; decline in global fuel prices; cost optimization measures implemented; favorable translation impact of PHP-based expenses at Philippine terminals and MXN-based expenses at CMSA; and lower variable cost at ICTSI Oregon, tapered by increase in variable manpower costs and higher fuel and power consumption as a result of increase in volume; and cost contribution of new terminals, Tecplata, IDRC and VICT.

Manpower Costs

Manpower costs decreased by 0.3 percent from US$193.2 million for the year ended December 31, 2015 to US$192.5 million for the same period in 2016 primarily due to decline in variable contracted labor services at ICTSI Oregon; and favorable translation impact of PHP-based costs at Philippine terminals and MXN-based costs at CMSA, tapered by increase in variable contracted services driven by volume growth and government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminals, IDRC and VICT.

Manpower costs accounted for 44.7 percent and 45.9 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, fixed port fees, power and light, maintenance expenses, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses decreased by 3.9 percent from US$124.8 million for the year ended December 31, 2015 to US$119.9 million for the same period in 2016 mainly due to improved operational efficiencies resulting to slightly lower costs on repairs and maintenance; decline in global prices of fuel; favorable translation impact of PHP-based expenses at Philippine terminals and MXN-based expenses at CMSA; and lower variable cost at ICTSI Oregon, tapered by higher fuel consumption driven by volume growth; and increase in fuel and power tariffs at CGSA.

Equipment and facilities-related expenses represented 28.9 percent and 28.6 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by 6.3 percent from US$114.4 million for the year ended December 31, 2015 to US$107.2 million for the same period in 2016 mainly due to reduction in travel, insurance costs and professional fees in relation to cost optimization measures implemented; favorable translation impact of Philippine-based expenses at Philippine terminals and MXN-based expenses at CMSA; and decrease in taxes and licenses, tapered by higher IT costs; and the contribution of new terminals, Tecplata, IDRC and VICT.

Administrative and other operating expenses stood at 26.5 percent and 25.5 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 16.9 percent from US$126.5 million for the year ended December 31, 2015 to US$147.8 million for the same period in 2016 mainly from depreciation of Tecplata's port facilities starting January 1, 2016; and higher depreciation arising from expansion of port facilities and acquisition of port equipment at MICT, YICT and OPC.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 22.6 percent from US$61.2 million for the year ended December 31, 2015 to US$75.1 million for the same period in 2016 primarily due to higher average loan balance and lower capitalized borrowing costs on qualifying assets. Capitalized borrowing costs on qualifying assets amounted to US$27.5 million in 2015 and US$24.3 million in 2016. Capitalization rate slightly decreased from 6.6 percent in 2015 to 6.5 percent in 2016.

Interest Expense on Concession Rights Payable

Interest on concession rights payable decreased by 8.7 percent from US$37.3 million for the year ended December 31, 2015 to US$34.1 million for the same period in 2016 mainly due to the declining principal balances of the Group's concession rights payable as of December 31, 2016.

Equity in Net Loss of A Joint Venture

Equity in net loss of a joint venture increased by 72.5 percent from US$3.2 million for the year ended December 31, 2015 to US$5.6 million for the same period in 2016 due to the increase in the Company's share in net loss at SPIA as a result of increase in level of start-up activities in line with the start of initial operations in the fourth quarter of 2016.

Foreign Exchange Loss and Others

Foreign exchange loss and others decreased from US$126.1 million for the year ended December 31, 2015 to US$41.2 million for the same period in 2016 primarily due to the absence of non-recurring impairment charges on the concession right assets of Tecplata amounting to US$88.0 million and on the goodwill of PT ICTSI Jasa Prima Tbk (JASA) and OJA aggregating US$26.6 million recognized in 2015, tapered by recognition of non-recurring charge on pre-termination of lease agreement at ICTSI Oregon amounting to US$23.4 million; recognition of probable loss on non-trade advances and solidarity contribution on equity at CGSA in 2016; and unfavorable translation impact of certain currencies against US dollar in 2016. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA grew by 16.7 percent from US$450.0 million for the year ended December 31, 2015 to US$525.1 million for the same period in 2016 primarily due to strong volume and revenue; combined with cost optimization measures implemented and lower operating costs. The EBITDA growth, however, was partially tapered by cost contributions of the new terminals. Consequently, EBITDA margin went up from 42.8 percent in 2015 to 46.5 percent in 2016.

Meanwhile, consolidated EBIT increased by 16.6 percent from US$323.6 million for the year ended December 31, 2015 to US$377.2 million for the same period in 2016 mainly due to stronger EBITDA. As a result, EBIT margin also increased from 30.8 percent in 2015 to 33.4 percent in 2016.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased from US$119.6 million for the year ended December 31, 2015 to US$257.0 million for the same period in 2016 primarily due to strong operating income and absence of non-recurring impairment charges recognized on the concession rights assets of Tecplata and goodwill of JASA and OJA in 2015, tapered by recognition of non-recurring charge on pre-termination of lease agreement at ICTSI Oregon; higher depreciation charges at Tecplata; and higher interest and financing charges arising from higher average loan balance and lower capitalized borrowing costs in 2016. Excluding non-recurring charges, consolidated income before income tax would have increased by 19.9 percent in 2016. The ratio of income before income tax to consolidated gross revenues stood at 11.4 percent and 22.8 percent in 2015 and 2016, respectively.

Consolidated provision for current and deferred income taxes increased from US$50.6 million for the year ended December 31, 2015 to US$63.6 million for the same period in 2016 mainly due to higher taxable income as a result of strong operating income, tapered by higher deferred income tax benefit on unrealized foreign exchange loss. Effective income tax rate in 2015 and 2016 stood at 42.3 percent and 24.7 percent, respectively. Excluding non-recurring charges, effective tax rate in 2015 and 2016 would have been 21.7 percent and 22.7 percent, respectively.

Net Income

Consolidated net income increased to US$193.5 million for the year ended December 31, 2016 from US$69.0 million for the same period in 2015. The ratio of consolidated net income to gross revenues stood at 6.6 percent and 17.1 percent in 2015 and 2016, respectively. Excluding non-recurring charges, consolidated net income would have increased by 18.4 percent in 2016.

Consolidated net income attributable to equity holders increased to US$180.0 million for the year ended December 31, 2016 from US$58.5 million for the same period in 2015. Excluding non-recurring charges, consolidated net income attributable to equity holders would have increased by 17.7 percent in 2016.

Basic and diluted earnings per share increased from US$0.011 in 2015 to US$0.066 in 2016 and US$0.011 in 2015 to US$0.065 in 2016, respectively.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Brazilian Reais, Mexican peso and the Euro, may have a negative impact on the Group's reported levels of revenues and profits.

Financial Position

Table 6.11 Consolidated Balance Sheets

	As of December 31				
(In thousands, except % change data)	2015	2016	**2017**	% Change *2015 vs 2016*	% Change *2016 vs 2017*
Total assets	US$3,830,799	US$4,182,953	**US$4,370,687**	9.2	4.5
Current assets	513,717	517,866	**500,981**	0.8	(3.3)
Total equity	1,826,048	1,766,080	**1,872,568**	(3.3)	6.0
Total equity attributable to equity holders of the parent	1,674,443	1,624,397	**1,707,930**	(3.0)	5.1
Total interest-bearing debt	1,083,070	1,381,364	**1,493,605**	27.5	8.1
Current liabilities	288,751	446,547	**401,320**	54.6	(10.1)
Total liabilities	2,004,751	2,416,873	**2,498,119**	20.6	3.4
Current assets/total assets	13.4%	12.4%	**11.5%**		
Current ratio	1.78	1.16	**1.25**		
Debt-equity ratio[1]	0.59	0.78	**0.80**		

[1] Debt includes interest-bearing debt. Equity means Total Equity as shown in the consolidated balance sheets.

Total assets increased by 4.5 percent from US$4.2 billion as of December 31, 2016 to US$4.4 billion as of December 31, 2017 mainly due to investments in capital expenditures, which include the completion of port facilities at IDRC and ICTSI Iraq, first phase and second phase at VICT and expansion project at CMSA; on-going rehabilitation and development works at OPC and terminal construction at CGT; advances extended to SPIA to fund the Group's share in the completion of port facilities at the Port of Buenaventura; and acquisition of 34.83% stake in MNHPI, tapered by settlement of lease liability at VICT. These investments are funded mainly by cash generated from the Group's operations and debt financing. Non-current assets stood at 87.6 percent and 88.5 percent of the total consolidated assets as of December 31, 2016 and December 31, 2017, respectively.

Current assets decreased by 3.3 percent from US$517.9 million as of December 31, 2016 to US$501.0 million as of December 31, 2017 primarily due to continuous deployment of cash to fund capital expenditures at Parent Company, tapered by strong cash inflows generated from operations. Current assets accounted for 12.4 percent and 11.5 percent of the total consolidated assets of the Group as of December 31, 2016 and December 31, 2017, respectively. Current ratio stood at 1.16 and 1.25 as of December 31, 2016 and December 31, 2017, respectively.

Total equity increased by 6.0 percent to US$1.9 billion as of December 31, 2017 primarily due to net income generated for the period; and lower comprehensive loss as a result of net favorable exchange differences on translation of foreign operations' financial statements, tapered by payment of dividends; and distribution to holders of perpetual capital securities.

Total liabilities increased by 3.4 percent as of December 31, 2017 to US$2.5 billion as of December 31, 2017 mainly due to drawdown from project finance facility at VICT; and loan availments at Parent Company and OPC, tapered by settlement of lease liability at VICT and the Group's Revolving Credit Facility during the period. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 33.0 percent and 34.2 percent as of December 31, 2016 and December 31, 2017, respectively.

Meanwhile, current liabilities decreased by 10.1 percent from US$446.5 million as of December 31, 2016 to US$401.3 million as of December 31, 2017 mainly due to settlement of lease liability at VICT and lower income tax payable at certain terminals, tapered by loan availments at Parent Company.

Material Variances Affecting the Balance Sheet

Balance sheet accounts as of December 31, 2017 with variances of plus or minus 5.0 percent against December 31, 2016 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 5.4 percent to US$1.5 billion as of December 31, 2017 due to increase in capital expenditures arising from completion of port facilities at IDRC, first phase and second phase at VICT; expansion project at CMSA; and ongoing terminal construction at CGT.
2. Investment properties increased by 28.1 percent to US$8.0 million as of December 31, 2017 mainly due to land acquisition at BCT.
3. Deferred tax assets increased by 22.7 percent to US$111.1 million as of December 31, 2017 mainly due to higher deferred income tax benefit from unrealized foreign exchange loss, mainly Parent Company.
4. Investments in and advances to a joint venture and associate increased by 30.2 percent to US$382.2 million as of December 31, 2017 due to acquisition of 34.83% stake in MNHPI and advances granted to SPIA.

Current Assets

5. Cash and cash equivalents decreased by 14.0 percent to US$279.4 million as of December 31, 2017 mainly due to continuous deployment of cash to fund the Group's capital expenditures; settlement of lease liability at VICT; and acquisition of 34.83% stake in MNHPI, tapered by strong cash inflows generated from operations and net proceeds from debt financing.

6. Receivables increased by 9.7 percent to US$112.9 million as of December 31, 2017 primarily due to strong revenues at CMSA, ICTSI Iraq, MICTSL and contributions of new terminals, VICT and IDRC.
7. Spare parts and supplies increased by 6.4 percent to US$35.7 million as of December 31, 2017 primarily as a result of acquisition of spare parts at VICT.
8. Prepaid expenses and other current assets increased by 29.1 percent to US$72.7 million as of December 31, 2017 mainly due to tax credit recognized by OPC in 2017 and timing of utilization of prepaid taxes, particularly at Parent Company and CGSA.
9. Derivative assets increased to US$0.3 million as of December 31, 2017 due to gain on mark-to-market valuation from cross currency swap at MICTSL.

Equity

10. Treasury shares decreased by 15.9 percent to US$15.1 million as of December 31, 2017 mainly as a result of sale of 10,000,000 treasury shares in 2017.
11. Retained earnings increased by 5.2 percent to US$819.6 million as of December 31, 2017 mainly due to net income attributable to equity holders of the parent for the year amounting to US$182.1 million, tapered by payment of dividends and distributions to holders of perpetual capital securities amounting to US$100.3 million and US$41.6 million, respectively.
12. Other comprehensive loss decreased by 10.1 percent to US$256.6 million as of December 31, 2017 due to net favorable exchange differences on translation of foreign operations' financial statements.
13. Equity attributable to non-controlling interests increased by 16.2 percent to US$164.6 million as of December 31, 2017 mainly due to the recognition of the non-controlling interest's share in net income.

Noncurrent Liabilities

14. Long-term debt increased by 6.3 percent to US$1.4 billion as of December 31, 2017 mainly due to the drawdown from project finance facilities at VICT; loan availment at OPC, tapered by settlement of the Group's Revolving Credit Facility during the period.
15. Deferred tax liabilities increased by 12.8 percent to US$80.5 million as of December 31, 2017 mainly due to the income tax effect of unrealized mark-to-market gain on interest rate swap and capitalized borrowing costs, and translation of non-monetary assets to US dollar.
16. Pension and other non-current liabilities increased by 49.3 percent to US$135.8 million as of December 31, 2017 arising mainly from accrual of 1ease expense at VICT.

Current Liabilities

17. Loans payable grew by 67.2 percent to US$61.2 million as of December 31, 2017 mainly due to a short-term loan availment at Parent Company.
18. Accounts payable and other current liabilities decreased by 20.5 percent to US$276.6 million as of December 31, 2017 primarily due to settlement of lease liability at VICT.
19. Current portion of long-term debt and debt securities increased by 19.8 percent to US$22.1 million as of December 31, 2017 due to increase in maturing term loans of subsidiaries in 2018.
20. Current portion of concession rights payable increased by 13.5 percent to US$9.9 million as of December 31, 2017 arising from higher concession fees scheduled for payment at Parent Company, CGSA and MICTSL in 2018.
21. Income tax payable decreased by 8.6 percent to US$29.5 million as of December 31, 2017 mainly due to income tax payments and income tax exemption at OPC.
22. Derivative liabilities decreased by 27.8 percent to US$1.9 million as of December 31, 2017 due to gain on mark-to-market valuation from interest rate swap at CMSA.

Balance sheet accounts as of December 31, 2016 with variances of plus or minus 5.0 percent against December 31, 2015 balances are discussed, as follows:

Noncurrent Assets

23. Property and equipment increased by 20.2 percent to US$1.4 billion as of December 31, 2016 mainly due to increase in capital expenditures arising from ongoing construction of port facilities, expansion projects and port equipment acquisitions at VICT, IDRC and CMSA.
24. Investment properties decreased by 8.6 percent to US$6.3 million as of December 31, 2016 mainly due to recognition of depreciation expense for the year ended December 31, 2016.
25. Deferred tax assets increased by 18.6 percent to US$90.6 million as of December 31, 2016 mainly due to higher deferred income tax benefit from unrealized foreign exchange loss, mainly Parent Company.
26. Investments in and advances to a joint venture and associate increased by 26.6 percent to US$293.6 million as of December 31, 2016 due to continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.
27. Other noncurrent assets increased by 25.8 percent to US$172.9 million as of December 31, 2016 mainly due to increase in advances to suppliers and contractors for the construction of port facilities at OPC; and gain on mark-to-market valuation from interest rate swap at VICT.

Current Assets

28. Cash and cash equivalents decreased by 8.3 percent to US$325.1 million as of December 31, 2016 arising from continuous deployment of cash to fund capital expenditures; and redemption of subordinated capital securities, tapered by strong cash inflows generated from operations and net proceeds from debt financing.
29. Receivables increased by 18.0 percent to US$102.9 million as of December 31, 2016 primarily due to strong revenues at the Parent Company, CMSA, ICTSI Iraq and MICTSL.
30. Spare parts and supplies increased by 21.5 percent to US$33.5 million as of December 31, 2016 primarily as a result of acquisition of spare parts particularly at ICTSI Iraq and TSSA.
31. Prepaid expenses and other current assets increased by 27.6 percent to US$56.3 million as of December 31, 2016 mainly due to increase in input VAT and timing of utilization of prepaid taxes, particularly at the Parent Company, VICT and IDRC.
32. Derivative assets decreased to US$0.1 million as of December 31, 2016 mainly due to realization of currency options entered in December 2015.

Equity

33. Treasury shares increased to US$17.9 million as of December 31, 2016 mainly as a result of acquisition of 8,175,510 treasury shares in 2016.
34. Retained earnings increased by 7.8 percent to US$779.4 million as of December 31, 2016 mainly due to net income attributable to equity holders of the parent for the year amounting to US$180.0 million, tapered by payment of dividends and distributions to holders of perpetual capital securities amounting to US$39.9 million and US$34.2 million, respectively.
35. Perpetual capital securities decreased by 8.5 percent to US$761.3 million as of December 31, 2016 primarily due to redemption of subordinated perpetual capital securities aggregating to US$108.3 million in 2016.
36. Other comprehensive loss grew by 10.3 percent to US$285.4 million as a result of net unfavorable exchange differences on translation of foreign operations' financial statements.
37. Equity attributable to non-controlling interests decreased by 6.5 percent to US$141.7 million as of December 31, 2016 mainly due to unfavorable translation adjustments at YICT.

Noncurrent Liabilities

38. Long-term debt increased by 29.2 percent to US$1.3 billion as of December 31, 2016 mainly due to the net proceeds from the drawdown from project finance facilities at VICT and CMSA, loan availment at CGSA and drawdown of the Group's Revolving Credit Facility during the period.
39. Deferred tax liabilities increased by 6.8 percent to US$71.4 million as of December 31, 2016 mainly due to the income tax effect of unrealized mark-to-market gain on interest rate swap and capitalized borrowing costs, and translation of non-monetary assets to US dollar.

40. Pension and other non-current liabilities decreased by 23.8 percent to US$91.0 million as of December 31, 2016 arising mainly from the reclassification of the current portion of the accrued lease expense at VICT to current liabilities.

Current Liabilities

41. Loans payable increased to US$36.6 million as of December 31, 2016 mainly due to loan refinancing at YICT and loan availment at OPC.
42. Accounts payable and other current liabilities grew by 73.1 percent to US$347.7 million as of December 31, 2016 primarily due to reclassification of the current portion of accrued lease expense and increase in payables arising from on-going port development at VICT; and higher output taxes at CMSA and MICTSL.
43. Current portion of long-term debt and debt securities decreased by 66.1 percent to US$18.5 million as of December 31, 2016 due to settlement of maturing term loans of subsidiaries in 2016.
44. Income tax payable increased by 46.9 percent to US$32.3 million as of December 31, 2016 due to stronger operating income at certain terminals, particularly at the Parent Company, PICT, MICTSL and ICTSI Iraq.
45. Derivative liabilities amounting to US$2.7 million as of December 31, 2016 pertain to recognition of loss on mark-to-market valuation from interest rate swap at CMSA.

Liquidity and Capital Resources

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2015, 2016 and 2017:

Table 6.12 Consolidated Cash Flows

	For the Year Ended December 31				
(In thousands, except % change data)	2015	2016	**2017**	% Change *2015 vs 2016*	% Change *2016 vs 2017*
Net cash provided by operating activities	US$407,737	US$466,948	**US$564,012**	14.5	20.8
Net cash used in investing activities	(547,611)	(468,466)	**(432,381)**	(14.5)	(7.7)
Net cash provided by (used in) financing activities	297,079	(21,679)	**(184,772)**	(107.3)	752.3
Effect of exchange rate changes on cash	2,979	(6,226)	**7,509**	(309.0)	(220.6)
Net increase (decrease) in cash and cash equivalents	160,184	(29,423)	**(45,632)**	(118.4)	55.1
Cash and cash equivalents, beginning	194,298	354,482	**325,059**	82.4	(8.3)
Cash and cash equivalents, end	US$354,482	US$325,059	**US$279,427**	(8.3)	(14.0)

Consolidated cash and cash equivalents decreased by 14.0 percent to US$279.4 million as of December 31, 2017 mainly due to continuous deployment of cash to fund the Group's capital expenditures; settlement of lease liability at VICT; and acquisition of 34.83% stake in MNHPI, tapered by strong cash inflows generated from operations and net proceeds from debt financing.

Net cash provided by operating activities increased by 20.8 percent from US$466.9 million for the year ended December 31, 2016 to US$564.0 million for the same period in 2017 mainly due to stronger results of operations.

Net cash used in investing activities decreased by 7.7 percent to US$432.4 million mainly due to decreased investments in capital expenditures and lower advances granted to SPIA as the projects at the greenfield terminals near completion; and reimbursement of costs upon termination of sub-concession agreement at LICTSLE, tapered by settlement of lease liability at VICT capitalized to property and equipment amounting to US$122.2 million; and acquisition of 34.83% stake in MNHPI. Capital expenditures for 2017 excluding capitalized lease expense and capitalized borrowing costs amounted to US$174.8 million. The Group finances these requirements through existing cash, cash generated from operations, external borrowings and/or equity issuances, as necessary.

Net cash used in financing activities for the year ended December 31, 2017 amounted to US$184.8 million mainly due to increase in dividends paid; increased debt servicing costs; and lower net cash proceeds from borrowings.

Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2015, 2016 and 2017:

Table 6.13 **Capital Sources**

	As of December 31				
(In thousands, except % change data)	2015	2016	**2017**	% Change *2015 vs 2016*	% Change *2016 vs 2017*
Loans payable	US$2,027	US$36,598	**US$61,187**	1705.5	67.2
Current portion of long-term debt	54,465	18,486	**22,149**	(66.1)	19.8
Long-term debt, net of current portion	1,026,578	1,326,280	**1,410,269**	29.2	6.3
Total short and long-term debt	1,083,070	1,381,364	**1,493,605**	27.5	8.1
Equity	1,826,048	1,766,080	**1,872,568**	(3.3)	6.0
	US$2,909,118	US$3,147,444	**US$3,366,173**	8.2	6.9

The Group's total debt and equity capital increased by 6.9 percent as of December 31, 2017 primarily due to increase in debt financing activities to fund expansion projects, capital expenditures and other general corporate requirements; and net income generated during the period, tapered by repayment of maturing loans.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of December 31, 2017:

Table 6.14 **Outstanding Loans**

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
US Dollar Term Loan	Parent	2018	Floating	US$55,000
US Dollar Term Loan	BCT	2018	Floating	4,044
US Dollar Term Loan	CGSA	2018	Fixed	2,143
				61,187
Long-Term Debt				
Unsecured US Dollar Bond	ITBV	2023 – 2025	Fixed	753,554
Secured AUD Term Loan	VICT	2023 – 2031	Fixed*	262,494
Unsecured US Dollar Bond**	Parent	2020	Fixed	179,241
Secured US Dollar Term Loan	CMSA	2027	Fixed*	166,736
Unsecured US Dollar Term Loans	CGSA	2018 – 2021	Fixed*	25,964
Unsecured US Dollar Term Loans	OPC	2020	Floating	24,500
Secured RMB Term Loan	YICT	2023	Floating	13,832
Secured Euro Term Loan	AGCT	2023 – 2024	Fixed*	6,097
				1,432,418
Total Debt				1,493,605
Less current portion and short-term				83,336
Long-term debt, net of current portion				**US$1,410,269**

**Under interest rate swap agreement*
***US$18.0 million under Euro-US Dollar cross currency swap agreement*

As of December 31, 2017, 62.5 percent of the Group's total debt capital is held by the Parent and ITBV, which includes the US$179.2 million senior notes issued in 2010 and due in 2020; and US$753.6 million MTN issued from 2013 to 2015 and due in 2023 to 2025.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as of December 31, 2017:

Table 6.15 **Outstanding Debt Maturities**

(In thousands)	Amount
2018	US$22,149
2019	37,723
2020	246,221
2021	38,655
2022 and onwards	1,087,670
Total	US$1,432,418

Outstanding Long-term Debt as of December 31, 2017

MTN Programme

On January 9, 2013, ICTSI Treasury B.V. (ICTSI Treasury), a majority-owned subsidiary through ICTSI Ltd., established the MTN Programme that would allow ICTSI Treasury from time to time to issue medium-term notes (MTN), unconditionally and irrevocably guaranteed by ICTSI and listed on the Singapore Stock Exchange. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. In August 2013, the maximum aggregate nominal amount of the MTN outstanding that may be issued under the Programme was increased to US$1.0 billion.

Pursuant to the MTN Programme, on January 9, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of 10-year US$300.0 million guaranteed MTN (the "Original MTN"). The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 99.014 and payable semi-annually in arrears. Moreover, on January 28, 2013, an additional US$100.0 million guaranteed MTN was issued to form a single series with the original MTN.

In June 2013, ICTSI purchased a total of US$6.0 million of ICTSI Treasury's US$400.0 million MTN at US$5.7 million.

In September 2013, ICTSI Treasury further issued US$207.5 million notes from the MTN Programme at a fixed interest rate of 5.875 percent p.a. payable semi-annually and will be due in 2025 ("2025 Notes"), in exchange for US$178.9 million of ICTSI's US$450.0 million senior notes due in 2020 ("2020 Notes"). Concurrent with the exchange offer, noteholders of the 2020 Notes provided their consent to the modifications to the terms and conditions of the 2020 Notes to conform to the terms and conditions of all the notes issued under the MTN Programme. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

In January 2015, an additional US$117.5 million notes were issued to form a single series with the 2025 Notes. Of this new issue, US$102.6 million was used to fund the exchange for US$91.8 million of the 2020 Notes.

As of December 31, 2017, outstanding notes under the MTN Programme amounted to US$753.6 million.

The aggregate net proceeds of the issuances under the MTN Programme were used to fund new projects and capital expenditures, refinance some of ICTSI's existing debt and for other general corporate purposes.

US Dollar-denominated Notes

In March 2010, ICTSI signed a Subscription Agreement with HSBC and JP Morgan Securities, Ltd. for the issuance of US$250.0 million ten-year senior notes (the "Original Notes") bearing interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears. In April 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes increasing the size to US$450.0 million. The Further Notes were issued in May 2010 bearing interest at the fixed rate of 7.375 percent, net of applicable taxes. The Original and Further Notes are collectively referred to as the "2020 Notes".

The net proceeds of the 2020 Notes amounting to US$448.1 million were used to fund ICTSI's investments in existing and new terminal construction activities, refinance some of its existing debt and for other general corporate purposes.

The 2020 Notes were not registered with the SEC. The Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The 2020 Notes are traded and listed in the Singapore Stock Exchange.

In 2013 and 2015, ICTSI redeemed an aggregate of US$270.7 million of the 2020 Notes in exchange for the 2025 Notes under the MTN Programme.

In March 2017, ICTSI entered into a cross currency swap that converts the US dollar bond with a coupon of 7.375% maturing on March 17, 2020 to a Euro liability that has a coupon of 5.05% with the same maturity. The EUR15.0 million cross currency swap was designated as a net investment hedge to offset the movement of the Group's Euro net investment in its subsidiary in Madagascar, MICTSL.

As of December 31, 2017, the outstanding balance of the 2020 Notes amounted to US$179.2 million.

Project Finance Facilities

CMSA. On October 21, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation and Inter-American Development Bank (IADB). The CMSA Project (the Project) is for the development and operation of a Specialized Container terminal at the Port of Manzanillo in Manzanillo, Mexico. The terminal will have a capacity of 2.2 million TEUs when completely built. The development will be done in three phases with phase one creating capacity of 750,000 TEUs. Phase two will further increase the capacity to 1.4 million TEUs. The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project. Interest is payable semi-annually based on floating interest rate computed at 6-month LIBOR plus loan spread with a weighted average of 2.80 percent.

In January 2016, CMSA entered into interest rate swap transactions to hedge the interest rate exposure on its floating rate US$-denominated floating rate loan maturing in 2027. A total notional amount of US$181.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, CMSA pays annual fixed interest of an average 2.44% and receives floating rate of six-month LIBOR on the notional amount.

As of December 31, 2017, outstanding balance of the loan amounted to US$166.7 million.

VICT. On July 15, 2016, VICT signed a syndicated project finance facility with various international and regional banks for principal amount of US$300.0 million (AUD398.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus average margin of 3.1% per annum and maturities until 2023, 2026 and 2031.

In August 2016, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026 and 2031. A total notional amount of AUD320.4 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.10% to 2.5875% and receives floating rate of six-month Bank Bill Swap Bid Rate (BBSY) basis points on the notional amount.

As of December 31, 2017, outstanding balance from the project finance facility amounted to US$262.5 million (AUD336.1 million).

US dollar and Foreign Currency-denominated Term Loans and Securities

CGSA. In October 2015, CGSA availed of a three-year unsecured Term Loan with BBP Bank, S.A. amounting to US$4.0 million at a fixed interest rate of 6.78 percent. On March 29, 2016, CGSA (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") and ICTSI (as "Surety") signed a loan agreement which consists of two tranches of loans amounting to US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with floating interest rates. Tranche I has a final maturity in March 2021 while Tranche II in May 2017.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the CGSA's floating rate US$-denominated floating rate loan maturing in 2021. A total notional amount of US$32.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.045 percent and receives floating rate of six-month LIBOR plus 160 basis points on the notional amount.

As of December 31, 2017, the outstanding balance of the loans aggregated to US$28.1 million.

YICT. On April 26, 2017, YICT obtained a US$21.8 million (RMB150.0 million) loan from Agricultural Bank of China at an interest rate published by People's Bank of China (PBOC) less 5.00 percent of such base rate and a final maturity in November 2023 to refinance its maturing loan. As of December 31, 2017, the outstanding balance of the loan amounted to US$13.8 million (RMB 90.0 million).

AGCT. As of December 31, 2017, AGCT has an outstanding loan with Raiffeisenbank Austria d.d. amounting to US$6.1 million (EUR5.1 million). The loan carries a mark-up at the rate of 1-month EURIBOR plus 3.40 percent and is secured by AGCT's port equipment.

The loan is under an interest rate swap agreement in which the floating rate Euro denominated loan was swapped to fixed interest. Under the interest rate swap, AGCT pays fixed interest of 5.39 percent for US$3.5 million (EUR2.9 million) and 4.75 percent for US$2.6 million (EUR2.2 million) and receives floating rate of one-month EURIBOR plus 3.40 bps on the US$6.1 million (EUR5.1 million).

OPC. On July 11, 2017, OPC (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") and ICTSI (as "Surety") signed a loan agreement amounting to US$77.0 million with floating interest rate and maturity date of July 2020 to finance capital expenditures. As of December 31, 2017, the outstanding balance of the loan amounted to US$24.5 million.

Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to their debt to EBITDA up to

4 times when incurring additional debt. As of December 31, 2017, ICTSI and subsidiaries are in compliance with their loan covenants.

There was no material change in the covenants related to the Group's long-term debts. As at December 31, 2017, the Group has complied with its loan covenants.

Equity Financing

Perpetual Capital Securities

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities) at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issuance cost.

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

On March 10, 2016, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$108.3 million of the US$350-million Subordinated Guaranteed Perpetual Capital Securities ("Securities") and payment of accrued distributions on May 5, 2016. The securities were eventually redeemed on May 2, 2016.

On October 3, 2016, RCBV tendered its US$300.0 million 6.25 percent and US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities for redemption at a price of 106.75 and 105.75, respectively. On October 20, 2016, RCBV redeemed a total of US$345.5 million of the tendered securities and paid the associated accrued distributions of US$9.3 million. Together with the redemption, RCBV issued US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.225 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities

On January 10, 2018, the Board approved the principal terms and conditions of the US$350.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities (the "New Securities"). The New Securities were unconditionally and irrevocably guaranteed by ICTSI at par.

On January 11, 2018, the Board approved the issuance of additional Senior Guaranteed Perpetual Capital Securities amounting to US$50.0 million ("Additional Securities") which was consolidated and formed a single series with the New Securities initially offered on January 10, 2018. The Additional Securities were also unconditionally and irrevocably guaranteed by ICTSI at par.

The cash proceeds received by RCBV from the issuance of the New and Additional Securities amounted to US$390.3 million, net of debt issuance costs, which shall be used for the financing of acquisitions and capital expenditures and for general corporate purposes.

Risks

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

Foreign Exchange Risk

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as Philippine Peso, BRL, MXN and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 45.6 percent of gross revenues for the periods ended December 31, 2016 and 2017. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The below table provides the currency breakdown of the Group's revenue for the year ended December 31, 2017:

Table 6.16 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	44 % USD	56 % PhP
SBITC/ICTSI Subic	52 % USD	48 % PhP
DIPSSCOR		100 % PhP
HIPS		100 % PhP
SCIPSI		100 % PhP
BIPI		100 % PhP
MICTSI		100 % PhP
LGICT		100 % PhP
BCT	74 % USD/1% EUR	25 % PLN
TSSA		100 % BRL
MICTSL	100 % EUR*	
MTS		100 % IDR
YICT		100 % RMB
AGCT	79 % EUR	21 % HRK
CGSA	100 % USD	
BICT	100 % USD	
PICT	76 % USD	24 % PKR
OJA	66 % USD	34 % IDR
CMSA	49 % USD	51 % MXN
OPC	100 % USD	
ICTSI Iraq	89 % USD	11 % IQD
IDRC	100 % USD	
VICT		100 % AUD

**MGA pegged to the EURO*

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

Liquidity Risk

The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

There are no other known trends, demands, commitments, events or uncertainties that will materially affect the company's liquidity.

Consolidated Financial Statements

The Group's 2017 consolidated financial statements and accompanying notes are incorporated herein by reference.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo and Company (SGV & Co.), a member firm of Ernst & Young Global Limited, on accounting and financial statement disclosures.

Information on Independent Accountant

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2017.

External Audit Fees and Services

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2015	2016	**2017**
Audit Fees	US$1,057.8	US$1,070.2	**US$1,152.2**
Audit-related Fees	880.4	379.1	**437.4**
Tax Fees	295.6	72.9	**111.5**
Other Fees	73.1	151.1	**66.7**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2017 as a result of additional scope of work for new operating and start-up terminals.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. The amount in 2015 pertains to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries while the amount in 2016 and 2017 pertains to the issuance of a comfort letter relating to the Group's liability management exercise.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. The amount in 2015 was higher than in 2016 and 2017 mainly due to the transfer-pricing studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development and other various one-time engagements.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 20, 2017.

Estimated Capital Expenditures and Sources of Financing

The Group's capital expenditures for 2018 are expected to be approximately US$380.0 million. The estimated capital expenditure budget will be utilized mainly for the new projects at SPICTL, MITL and CGT; for the expansion projects at BGT, CMSA and MICT; for the continuation of the rehabilitation and development work at OPC; and for maintenance requirements. The Group expects to fund these capital expenditures through a combination of available cash, internally-generated funds, third party loans and other fund raising activities, if necessary.

<u>Compliance with Leading Practice on Corporate Governance</u>

(a) Evaluation System

    On January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate Governance was finalized and approved by the Board to measure or determine the level of compliance of the Board of Directors and top level management.

(b) Measures being undertaken by the Corporation to comply with the adopted leading practices on good corporate governance

<u>Anti – Bribery Policy and Procedure</u>

ICTSI has established its Anti – Bribery Policy and Procedure which strictly prohibits bribery of any kind, and to anyone, whether private individuals or government officials. Local business customs or culture is not a valid excuse for engaging in bribery. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. All employees are guided by the ICTSI Anti-Bribery Compliance Policy and Procedure.

<u>Employee Trainings</u>

Part of ICTSI's objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2017, ICTSI implemented the following programs:

1.) Behavioral trainings which are initiated by the company as part of organization development. These include:

a. Interaction Management;
b. Basic Management Programs and Leadership trainings;
c. Ports Operation and Strategy;
d. Ports Planning and Design;
e. Customer Service Training;
f. Employee Discipline Workshop;
g. People Management Conference;
h. Labor and Employee Relations Summit;
i. PSQI Leadership Training; and
j. Team Building Sessions.

2.) Company Orientation Programs which include:

a. Operations for Non-Operations;
b. Orientation for newly hired employees;
c. Orientation re: government mandated benefits;
d. Orientation for HMI;
e. Orientation for Retiring Employees;
f. Operations for Non-Operations;
g. Ugnayan sa Pantalan.
h. Claims for Non-Claims
i. ISO Workshop

3.) Technical training programs for skills enhancement

a. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter
b. Hatch Clerk Training
c. PISM Purchasing & Supply Chain Trainings
d. Certified Management Accountant Program
e. Digital Communication & Branding
f. CISCO CCNA Switching & Routing Course
g. Basic Non-Life Insurance
h. Fire Fighting Seminar & Drill
i. Weather 101
j. Port Safety & Health Standards
k. SAP GT Training
l. Commercial Claims 101
m. First Aid with Basic Life Support
n. FBI Briefing on Weapons of Mass Destruction
o. 8th National SE Conference Social Innovation in Practice
p. Business Communication

Health, Safety and Productivity of its Employees

ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during

Company's scheduled APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Dental Services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. ICTSI also maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

ICTSI also introduced a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee. This health insurance plan varies by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardigram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

Safety Trainings

Developed Programs and policies for year 2017:

- Full implementation of Personal Protective Equipment (PPE) Policy to all- Zero Tolerance
- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.
- Conducted trainings and drills on:
    - Fire Prevention and Suppression;
    - First Aid Training and Basic Life Support-CPR;
    - Room to Room orientation and Earthquake simulation drill using a 20' container ;
    - Port Safety and Health Standards and

- Handling of Dangerous Goods Course seminar/training.

- Intensified monitoring and strict implementation of "No Rider Policy"
- Intensified "No loitering" policy inside the yard
- Policy on the Control of vehicle access to MICT
- New MICT "No Smoking" Policy
- No "Smoking Policy" while operating any equipment\New Policy on Improper Mounting and Stacking of Containers

Other Programs:

- Has an established Health and Safety Committee
- Intensified terminal inspections
- Enhance monitoring of traffic flow and movements of port equipment in the terminal
- Thorough inspection of all cargo gears of vessels at anchorage basin
- Ensure safety of visitors & port users during terminal visits, tours and orientations
- Intensified follow-up inspections
- Intensified training for ERT members
- Intensified coordination between Safety and Operations Officers and Staff. Upgrade of research and development methods
- Handling of Dangerous Good Course. Specialized training course on the proper identification, related legislative regulations and other specifications for dangerous goods handled in the port.
- Ensures compliance to the requirements of ISO 9001:2008 & 1400:2004 standards, PPA, DENR, DOLE-BWC and the BFP

Accident Prevention:

- Intensified tool box meeting in different sections, reminded/reoriented Terminal guidelines and procedures as well as safe working habits.
- Intensified mobility and visibility of Safety Officers
- Intensified yard inspections and Safety Visibility;
- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised.
- Regular monitoring of the container stacking at the container yard.
- Ensuring that the terminal guidelines are properly implemented
- Enhance outside truck drivers orientation
- Regular inspection of firefighting equipment
- Regular inspection of building, equipment and facilities.
- Ensuring safety of dockworkers while on board vessels.
- Maintaining proper housekeeping inside the MICT premises; and
- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI is committed to provide a safe and healthful place of work in accordance with industry standards and in compliance with government requirements. To meet this commitment, ICTSI abides by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures

and maintain safe practices in the performance of their jobs; and

- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, ICTSI believes that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003. Its latest Revised Manual on Corporate Governance ("CG Manual"), pursuant to SEC Memorandum Circular 19 – 2016, was submitted on May 31, 2017. The Company submitted a Certificate last January 29, 2018, which states that the Company is in full compliance of its CG Manual.

The Company likewise submitted its 2016 Annual Corporate Governance Report on May 30, 2017, pursuant to SEC Memorandum Circular 20 - 2016. In line with SEC Memorandum Circular 15 - 2017, the Company will submit its 2017 Integrated Annual Corporate Governance Report on or before May 30, 2018.

The Company's Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company has not deviated from its CG Manual and further commits itself to principles and best practices of governance in the attainment of corporate goals.

(d) Continuing Improvements for Corporate Governance

ICTSI continues to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance, which includes annual trainings for its Board of Directors and key officers pursuant to SEC Memorandum Circular 20-2013, and submission of its Revised CG Manual on May 31, 2017 in compliance with SEC Memorandum Circular 19-2016. These improvements are being updated and documented in its Annual Corporate Governance Report and moving forward in its Integrated Annual Corporate Governance Report (I-ACGR).

<u>Recognition and Awards in 2017</u>

2017

December: **Platinum Award**
For the fourth year in a row, ICTSI was honored by The Asset Corporate Awards in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at a gala dinner on December 13, 2017 in Hong Kong. ICTSI was also one of the recipients of The Asset Corporate Awards 2017 Best CEO - Enrique K. Razon, Jr.

June: ICTSI was awarded by **Corporate Governance Asia**, in the 7th Asian Excellence Recognition Awards 2017, as one of the Best Investor Relations Companies in the Philippines and Rafael D. Consing, Jr. as one of Asia´s Best CFO.

Business of Issuer

Overview

ICTSI is an international operator of common user container terminals serving the global container shipping industry whose principal business includes the operation, management, development and acquisition of container terminals focusing on facilities with total annual throughputs ranging from 50,000 TEUs to 3,000,000 TEUs. The primary mechanism for the operation of these terminals is long-term concession agreements with local port authorities and governments through ICTSI and its subsidiaries. As at March 6, 2018, the Group is involved in 31 terminal concessions and port development projects in 18 countries worldwide. These are 28 operating terminals in nine key ports, including the recent acquisition of shares in MNHPI and an inland container terminal in the Philippines, two in Indonesia and one each in China, Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, DR Congo, Australia and, recently, Lae in PNG; a concession to construct and operate a port in Tuxpan, Mexico; a project to construct a barge terminal in Cavite, Philippines; and a recent agreement to operate an international port in Motukea, PNG.

In 2015, 2016 and 2017, the Group handled consolidated throughput of 7,775,993 TEUs, 8,689,363 TEUs, and 9,153,458 TEUs, respectively.

The Group provides different services in each of the port operated based on the nature of business and industry of the country of operations and the general needs of customers including shipping lines, cargo owners and port users. The Group primarily handles international containerized cargoes, which include cargoes shipped in containers for international import or export. The Group's customer base mainly includes shipping lines and cargo owners. The Group also provides a number of ancillary services such as storage, container stripping and stuffing, inspection, weighing and services for refrigerated containers or reefers, as well as roll-on/roll-off and anchorage services to non-containerized cargoes or general cargoes on a limited basis.

These services fall into three general categories:

On-vessel. This refers to all work performed on board a ship. This includes the loading and unloading of cargoes, rigging gears, opening and closing hatches, securing cargo stored on board and shifting cargo to and from vessels;

Off-vessel. This refers to the services involved in moving containers from container yards to the gate. This includes the receiving, handling, checking and delivery of containers over piers, wharves, transit sheds, warehouses and open storage areas and the transfer of containers from the tail of a consignee's transportation unit; and

Other Services. At some terminals, maintenance services to ships that are docked in the harbor for which the port operator receives berthing and harbor fees from shipping lines are provided. ICTSI also offers ancillary services relating to its core services, such as container and truck weighing, use of reefer outlets to provide power to refrigerated containers and extended storage.

The fee structure for the Group's services varies across the terminals it operates based upon local regulations and practices. In some terminals, such as MICT, the Company charges shipping lines fees for on-vessel charges and charges cargo owners separately for off-vessel services. The Philippine Port Authority (PPA) sets different tariffs for on-vessel and off-vessel services. In other jurisdictions, the Group charges only the shipping lines or the cargo owners who have separate arrangements among themselves. ICTSI mostly charges cargo owners on a cash-on-delivery basis. Containers are not allowed to leave the port facility until actual cash payment has been made and confirmed received. Shipping lines may be granted credit lines of up to 30 days.

For the three years ended December 31, 2015, 2016 and 2017, the percentage contribution of foreign operations or operations outside the Republic of the Philippines to revenues from cargo handling services and net income attributable to equity holders of the parent are as follows:

	2015	2016	2017
Gross revenues	58.8%	60.6%	64.1%
Net income attributable to equity holders of the parent*	14.8%	44.8%	42.6%

* 2015 amount includes impairment charges recognized for Tecplata and JASA and subsidiaries of US$114.6 million. 2016 amount includes loss on pre-termination of lease agreement in IOI of US$23.4 million.

Competition

The Group's primary competitors are other international port operators, including financial investors, shipping lines and domestic concerns that operate terminals or that provide alternate routes for shipping lines that would otherwise utilize the Group's terminals.

Asia

Currently, South Harbor is MICT's only competitor in the international marine container service market in Manila. The PPA authorized Asian Terminals, Inc. (ATI) to provide fully integrated cargo handling services at the South Harbor from March 1992 to May 2013. It was granted a 25-year extension from May 2013. The PPA's tariffs are applied uniformly to both MICT and the South Harbor. MICT has an estimated market share of 67% of the container traffic in Manila. Other Philippine terminals either dominate the market or do not have any direct competitor in their immediate area of operations.

After the Company's acquisition of 51% of YICT and divestment of its holdings in YRDICTL in July 2014, higher yielding international container cargo in the Port of Yantai has been handled exclusively by YICT. Domestic cargo has been handled exclusively by YRDICTL.

The Port of Karachi is one of South Asia's largest and busiest deep-water seaports, handling approximately 65% of Pakistan's container traffic. The port currently has three terminals: ICTSI's PICT, Karachi International Container Terminal (KICT) and South Asia Pakistan Terminals (SAPT), of which both KICT and SAPT are operated by Hutchison Port Holdings. Also on the other side of the city of Karachi is Qasim International Container Terminal (QICT), operated by Dubai Ports World at Port Qasim, which handles approximately 34% of the country's containers traffic. The Company believes that PICT captured approximately 24.0% in 2017, with QICT, KICT and SAPT handling 34.0%, 26.0% and 16%, respectively.

Americas

The Group has seven terminals in the Americas: Tecon Suape, SA (TSSA); Contecon Guayaquil, SA (CGSA); Tecplata, SA (Tecplata); Sociedad Puerto Industrial Aguadulce, S.A. (SPIA); Contecon Manzanillo, SA (CMSA); Operadora Portuaria Centroamericana, SA (OPC) and Terminal Maritima de Tuxpan, S.A de C.V (TMT). All of the terminals in the Americas are operational except for TMT as management is currently working on its development plan. Tecplata is ready to operate and is yet to service its first international shipping line.

OPC, on the other hand, dominates the Honduras market and a good portion of the El Salvador, Nicaragua and Guatemala markets. OPC faces limited competition from Puerto Castilla due to the competitor's small capacity. OPC has captured 84% of the container market in 2017.

The Manzanillo market, where CMSA operates, is currently dominated by SSA de Mexico, S.A. de C.V with 53% market share. CMSA's entry in the market is designed to address the congestion at the competing terminals and the competitor's inability to further expand their capacity to absorb the growing demand. CMSA has an estimated 30% market share in 2017.

CGSA operates the port of Guayaquil, which serves as Ecuador's main international trading gateway. The port is connected to the main terrestrial highways of Ecuador and has good access to other principal cities in the country. The Port of Guayaquil is currently experiencing higher level of competition with capacity expansion of Terminal Portuario Guayaquil (TPG), operated by the Chilean company SAAM. CGSA's market share in 2017 was 49% of the traffic at the port.

TSSA faces limited local competition operating the Port of Suape as the nearest local ports are at least 800 kilometers away following the cessation of regular container handling activities of the port at Recife in 2004. TSSA has a market share of 100% and 40% of the container traffic at Pernambuco and Northeast region of Brazil, respectively.

Europe, Middle East and Africa (EMEA)

The Group has six operating terminals in the EMEA region: Baltic Container Terminal (BCT); Madagascar International Container Terminal, Ltd. (MICTSL); Batumi International Container Terminal (BICTL); Adriatic Gateway Container Terminal (AGCT); ICTSI Iraq; and IDRC. Compared with other operating terminals in the region, BCT and AGCT faces stiffer competition. The stiff competition comes from Deepwater Container Terminal (DCT) in Gdansk, which has made efforts in 2011 to strengthen its efficiency by adding new equipment and has already commissioned the second berth in December 2016. BCT's market share in 2017 is estimated to be at 15% of the container traffic in Poland. AGCT is experiencing stiff competition as well from the ports of Koper and Trieste. In 2017, AGCT captured 13% of the market. In contrast, MICTSL is dominating the Madagascar container market and practically has no competition. ICTSI Iraq has established itself as Iraq's leading terminal by capturing 40% of the container volume in 2017 after just three years of operations. IDRC handles 58% of the container volume in the Democratic Republic of Congo.

Key Competitive Strengths

Despite the presence of competition where ICTSI and subsidiaries operate, the Group has identified the following as its key competitive strengths:

Globally diversified revenue base

ICTSI owns or operates ports in 18 countries across three geographic regions namely: Asia, the Americas, and EMEA. This geographical scoping reduces the concentration of ICTSI's business in any particular country, region or industry. In 2017, Asia accounted for 52.6% of throughput and 47.5% of consolidated gross revenues from port operations, the Americas accounted for 31.2% of throughput and 32.3% of consolidated gross revenues from port operations, and EMEA accounted for 16.2% of throughput and 20.2% of consolidated gross revenues from port operations. Moreover, port facilities in various terminals serve a number of different shipping lines, which reduces reliance on any one particular customer. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated gross revenues in 2015, 2016 and 2017.

Leading market positions in key targeted markets

The Group's major terminals enjoy leading positions in their respective geographic markets. In addition, most of its major terminals are strategically located in emerging markets with strong growth and profit potentials, including Asia, EMEA and Americas. The Company's terminals mainly serve as end-destination ports for discrete markets and cargo cachement areas. The Company believes that its strong market position in the regions where it operates allows it to enhance operating efficiencies and maximize throughput, which increases profitability. The Company owns or operates the largest container terminals in terms of volume throughput and capacity in the Philippines, Ecuador, the Brazilian state of Pernambuco, Madagascar, Yantai in China, Honduras, and more recently Iraq and DR Congo. At these terminals, there are limited opportunities for competition from other port operators, other ports or other terminals within the same ports due to high barriers to entry. Some of these barriers include the limited number of port sites, government controls and high terminal construction costs. This means that there are few substitutes for the Company's services, which allows it to maintain significant pricing power contributing to strong margins. The Company has targeted its acquisitions at port concessions that are privatized from government control. Many of these ports are in emerging markets, which generally exhibit stronger growth than developed markets; thus the Company believes that its leading position in these markets will allow it to directly capture organic growth in line with the economic growth of these markets. Furthermore, all of the Company's concession agreements are long-term agreements that ensure continued benefits from long-term GDP growth trends.

Experienced and dynamic management team

The Group's management team has extensive experience in the container terminal and container shipping sectors. Management structure is decentralized with extensive authority delegated to the regional operating units where management teams are closest to their customers and have the most comprehensive knowledge for the regulatory, labor and other key operating conditions prevailing in their respective jurisdictions. The decentralized structure also allows a lean and flat management team, which reduces administrative costs. Meanwhile, senior management at the corporate level focuses on providing overall strategy, direction and oversight as well as managing key global functions such as information technology, engineering and finance. The Group has strong financial controls over each operating entity through standardized monthly reporting, annual budget process, regular financial and operating audits, control over external sourcing of funds and capital, insurance coverage and risk management.

Established track record of improving operational efficiency and performance

The Group has also made substantial investments in terminal facilities to enhance handling capacity and operating efficiency, modernizing information technology systems and expanding and rehabilitating civil works. The Group also provides its know-how through enhanced training and improved work processes to streamline labor practices, and rationalize commercial strategies to boost yield per TEU. The Group has received commendations and recognitions for its success in improving cargo handling and assisting in the development of private sector. The Group has been cited by the World Bank for its success in public-private partnerships in South America, Africa and Europe.

Strong and stable cash flows and strong capital structure

The Group believes that its major terminals provide stable cash flows because of its globally diversified operations and long-term concession agreements, which have a capacity-weighted average remaining term of approximately 18 years. In addition, the Group's terminals focus on end-destination cargo, which accounts for substantially all of the Group's consolidated throughput volume. The Group believes that its focus on end-destination cargo limits concentration risk to individual container shipping lines in that if a shipping line that calls at one of its terminals ceases to operate, the cargo intended for that particular destination will simply transfer to another shipping line that is still calling in that terminal. As of December 31, 2017, the Company's total indebtedness was US$1,493.6 million and its total indebtedness to total equity ratio (interest-bearing debt over total equity, as shown in the consolidated balance sheet) was 0.80 times, providing head room for future financial leverage. The Company believes that its cash flows and debt structure will provide it with a solid platform to pursue investment opportunities, supported by its active balance sheet management strategies and liability management initiatives which have helped streamline its debt maturity profile and interest payment schedules significantly.

Demonstrated ability to control operating costs

Lastly, the Group has continuously demonstrated its ability to control operating costs effectively, which allows the Group to generate profitable margins in both weak and strong economic environments. Cost containment measures are continuously enforced all throughout the Group. These programmes may include cost reductions, equipment upgrades, and projects to improve labour efficiencies and processes. As an example, the Company recently implemented its Terminal Appointment Booking System (TABS), which helps to improve capacity and operational efficiency in its terminals. Improvements to the labor pool also come from knowledge and experience sharing across ports. The Company also plans to expand the handling capacity of its ports as needed, such as the construction of new yard facilities at the MICT.

Principal Suppliers

The Group is neither dependent on a single nor a few suppliers, of which the loss of any or more would have a material adverse effect on its operations, nor has existing major supply contracts.

Customers

Consistent with the high degree of concentration in the global shipping industry, major container shipping lines contribute significantly to the Group's business and revenues. However, ICTSI's business, primarily serving domestic markets as oppose to transshipment business, is as such not dependent on a single or a few customers, of which the loss of any or more would have a material adverse effect on the Group's operations taken as a whole (In a the domestic market the departure of a specific shipping line or consortium will not automatically result in loss of volumes to the Gateway terminal operator since cargo volumes then shift to another shipping line or consortium). Although the Group provides services to many of its customers at two or more of its terminals, each entity negotiates contracts independently at each port and generally does not entertain any bulk rebates. The Group conducts selected marketing and sales activities with its shipping line customers in each terminal and has established a global commercial department to support the business units and regions, ensuring we can take advantage of a shipping line's global presence. The Group maintains Terminal Service as well as Service Level Agreements with a number of shipping lines specifying service and performance standards. The Company will continue to maintain high-level relationships with a number of its clients, as it believes that this engagement is necessary to anticipate changes in a dynamic shipping industry and in turn to ensure alignment with ICTSI's service delivery. On the other hand, its business or profitability is not materially dependent on any relationship with any individual customer. As also seen in the previous years, ICTSI's customer base remains very broad. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated revenues in 2015, 2016 and 2017.

Related Parties

Related party transactions are discussed in Part IV, Item 12 of this report, and in Note 22, *Related Party Transactions*, to the 2017 Annual Audited Consolidated Financial Statements.

Intellectual Property, Licenses, Contracts and Agreements

The "ICTSI" name and logo are registered trademarks in the Philippines. The Company also possesses copyrights for certain of the proprietary software systems, whose remaining useful lives range from one to five years. The Group sees to it that its rights for the use of these software systems are secured at all times to ensure continued use and support from vendors.

Please refer also to Note 24, *Significant Contracts and Agreements*, to the Annual Audited Consolidated Financial Statements for detailed discussion of the Group's contracts and agreements to operate, manage and develop the terminals.

Government Regulations and Licenses

The Group's operations are subject to a variety of laws and regulations promulgated by the national and local government of each jurisdiction in which it operates. Rights and obligations under the concession agreements are discussed in Note 24, *Significant Contracts and Agreements*, to the Annual Audited Consolidated Financial Statements. The Group believes that it is in compliance, in all material aspects, with applicable government regulations in each jurisdiction in which it operates. The Group is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on the Group's properties and operations.

Various governmental and quasi-governmental agencies and regulatory bodies require the holding of certain licenses, concessions and permits with respect to port and port-related operations. For example, the PPA regulates all port operations in the Philippines, except for ports in Misamis Oriental and Subic, which are regulated by PHIVIDEC Industrial Authority and Subic Bay Metropolitan Authority (SBMA), respectively. Services and fees being offered to the port users may be controlled and approved by the respective regulatory agency. Overseas operations are conducted under valid licenses, concessions, permits or certificates granted by the applicable regulatory body in that jurisdiction.

In addition, the fee structure for the Group's services varies across the terminals it operates based on local regulations and practices. In some terminals, the operator charges shipping lines fees for on-vessel services and charges cargo owners separately for off-vessel services. The port authority sets different tariffs for on-vessel and off-vessel services. In other jurisdictions, the operator charges only the shipping lines or the cargo owners who have separate arrangement among themselves. ICTSI charges cargo owners mostly on a cash-on-delivery basis. Containers are not allowed to leave the port facility until actual cash payment has been made and confirmed received. Shipping lines may be granted credit lines up to 30 days. Yet in some jurisdictions, release order of cargoes should come from the port authority.

The Group maintains regular dialogue with local government and regulatory authorities through its management teams or representatives in each jurisdiction, to ensure compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits or certificates.

As of December 31, 2017, there are no pending requests for government approval for any of the Group's principal activities, except those arising from new or ongoing bids to operate, manage, or develop ports, which the Group's Business Development Offices undertake.

Development Activities Expenses

Amount spent during the last three years on business development activities pursuing future port acquisitions are as follows (amounts in millions):

	Amounts	% of Revenues
2015	US$9.2	0.88%
2016	6.2	0.55%
2017	4.0	0.32%

Insurance

The Company has established a world-class comprehensive insurance program that maintains insurance policies that cover its physical assets as well as its employees. The Company's main insurance programs are its Global Port All Risk Property Policy, which covers handling equipment and terminal infrastructure from damage and loss due to, among others, natural catastrophe perils such as earthquake, seaquake, flood, named windstorm, tsunami, volcanic eruption and tornado, physical damage, and coverage for strikes, riots, labour disturbances and civil commotion; Terminal Operator's Liability Program, which embodies the standard terms of insurance coverage for port properties and terminal operators' liability for all its operations globally which coverage includes, but is not limited to, liabilities for cargo damage, uncollected cargo, unintended and unexpected pollution and disposal costs, third party property damage and third party liability; and Employee Benefits programs which covers among others the health care needs of its employees in the countries in which it operates and other insurance programs as reasonably needed by its terminals. The Company believes that its insurance coverage is more than adequate to cover all normal risks associated with the operation of its business and is consistent with industry standards.

Safety, Quality, Maintenance and Compliance with Environmental Laws

Equipment Inspection and Maintenance

To help ensure equipment reliability and support operational efficiency, the Group provides regular inspection and maintenance of its equipment and facilities. It has established formal procedures for periodic maintenance and inspection of equipment in line with international guidelines and manufacturers' recommendations. Formal corporate policies are issued to address maintenance of the critical components such as the structure, hoisting mechanisms, twist locks, safety devices interlocks and load path crane components. On a regular basis, the Group commissions structural professional consultants to provide testing of equipment, such as crane structures. Purchase of wire ropes is always accompanied with load test certificates. Wire ropes installed on different container handling equipment are monitored and tested for defects through visual and mechanical inspection and discarded from usage based on established discard criteria. All these activities are recorded and maintained as part of Group's Asset Management System.

Quality, Health and Safety, Environmental Management Systems and Compliance with Environmental Laws

While consistently aiming to deliver exceptional quality customer service, the Group considers no phase of its container and port operations, be it on local or overseas terminals, as being of greater importance than accident and occupational diseases/illnesses prevention, safeguarding personnel, facilities and equipment as well as environmental preservation.

In all of the Group's terminals around the world, the safety, health and security of its employees, customers and stakeholders as well as the protection and management of the environment are of paramount importance. Aside from ensuring that all of its business units are at the minimum, compliant with regulatory requirements, the Group continually exert great efforts to adhere to strict international standards on quality, health and safety and environmental management in port operations. To date, several terminals have obtained and maintained the following management system certifications:

Terminal	Certifications
MICT	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System
BIPI	International Ship and Port Facility Security Code
DIPSSCOR	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System
MICTSI	International Ship and Port Facility Security Code
MTS	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System
PT OJA	International Ship and Port Facility Security Code
PICT	International Ship and Port Facility Security Code

Terminal	Certifications
	ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System
SBITC	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System
SCIPSI	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System
VICT	International Ship and Port Facility Security Code
YICT	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System
AGCT	International Ship and Port Facility Security Code
BCT	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System ISO 22000:2005 Food Safety Management System ISO 5001:2011 Energy Management System
BGT	International Ship and Port Facility Security Code
BICT	International Ship and Port Facility Security Code
IDRC	International Ship and Port Facility Security Code
MICTSL	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System ISO 28000:2007 Supply Chain Security Management System
CGSA	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System ISO 28000:2007 Supply Chain Security Management System BASC for Safe and Secure International Trade
CMSA	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System ISO 28000:2007 Supply Chain Security Management System
OPC	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management System ISO 14001:2015 Environmental Management System OHSAS 18001:2007 Occupational Health and Safety Management System
SPIA	International Ship and Port Facility Security Code
TSSA	International Ship and Port Facility Security Code ISO 9001:2008 Quality Management System ISO 14001:2004 Environmental Management System

The Group is fully committed in promoting a safety culture across its business operations. Over 2017, the Group has also implemented several safety programs and improvements across its terminals, which includes among others, various safety induction and training, regular safety engagements with workers, safety audits, establishment of safe working procedures based on risk assessments, usage of safety software application, and deployment of cargo-handling equipment with enhanced safety features. Supported by the Group's Global Engineering Team, each terminal has a team to review risk control measures, promptly investigate incidents, identify risk trends and implement action plans with an aim to prevent accidents.

Costs incurred by the Group in obtaining these certifications and complying with regulatory requirements in relation to the implementation of its Health, Safety and Environmental programs amounted to US$0.7 million in 2015, US$0.2 million in 2016 and US$0.3 million in 2017.

Employees

The Group has a total of 7,962, 8,009 and 7,628 permanent employees as of December 31, 2015, 2016 and 2017 respectively. The Group generally does not hire contractual employees as the Group believes that it can achieve greater efficiency with a dedicated staff of employees who are familiar with the Group's internal systems. The following table shows the number of employees by activity and location:

	As of December 31		
	2015	2016	2017
Employees by Activity			
Operations	5,207	5,129	4,997
Engineering	1,064	1,058	1,139
Finance and administration	1,059	1,148	1,194
Corporate offices	198	164	162
Others	434	510	136
Total	7,962	8,009	7,628
Employees by Geographic Region			
Asia	3,639	3,792	3,701
Americas	3,184	2,947	2,596
EMEA	1,139	1,270	1,331
Total	7,962	8,009	7,628

The number of employees decreased in 2017 as a result of termination of lease agreement in ICTSI Oregon effective March 31, 2017, pre-termination of agreement in NMCTS with the Government of Brunei Darussalam effective February 21, 2017 and in CGSA due to cost optimization and rationalization programs implemented as a response to reduction in vessel calls. The Group does not anticipate any major change or increase in its labor force in the ensuing 12 months from its existing operating terminals. There are no current or known threats from employees to engage in any work stoppage across all terminals.

Majority or a large portion of these employees are union members. As of December 31, 2015, 2016 and 2017, approximately 56.6 percent, 65.29 percent and 61.21 percent respectively, of the labor force are unionized. The Group has collective bargaining agreements (CBA) in many of the ports in which it operates.

Asia

MICT. On April 25, 2014, ICTSI and the Nagkakaisang Manggagawa sa Pantalan ng ICTSI – National Federation of Labor Unions (NMPI-NAFLU), the bargaining unit for MICT workers, renewed its CBA for another five years effective up to April 24, 2019.

A five-year CBA between ICTSI and Anchorage Labor Union-ICTSI-NAFLU (ALU-ICTSI-NAFLU), the bargaining unit for the MICT Anchorage Division, was also signed on February 27, 2014, effective until February 26, 2019.

Both CBAs contain provisions on employee benefits to union members such as: wage increases; rice and meal allowances; paid leaves; medical, dental and hospitalization benefits; life insurance; profit -

sharing; retirements; uniforms; welfare, education, access to a calamity fund; and union leave with pay. The CBAs also provide a venue for settling grievances.

On April 29, 2009, MICT was given the Outstanding Achievement on Industrial Peace and Harmony Award by the Employers Confederation of the Philippines, which indicates that the relationship between the union and MICT has developed into a partnership.

MICTSI. On March 20, 2015, a CBA was signed between MICTSI and Mindanao International Container Terminal Services, Inc. Labor Union - Federation of Democratic Labor Union Organization (MICTSILU-FDLO) with a term of five years ending on March 20, 2020. One of the provisions in the CBA is to agree on the renegotiation solely on the wage increase on the 4th and 5th year upon the expiration of the 3rd year of this agreement.

Other salient provisions of the CBA include wage increases, leaves, hours of work, medical and hospitalization benefits, retirement, education fund contribution, group life insurance, plant uniform, rice subsidy, production incentive bonus, Christmas package and signing bonus. Other matters relative to the union are periodically discussed in the Labor Management Council, consisting of representatives from the management of MICTSI and MICTSILU-FDLO, which meets once every month.

DIPPSCOR. On September 15, 2016, DIPSSCOR and DIPSSCOR Employees and Workers Union - Association of Trade Unions-TUCP (DEWU-ATU/TUCP), being the sole bargaining unit, signed a new five-year CBA. The CBA came into effect on June 1, 2016 and will expire on May 31, 2021.

The CBA contains provision on employee benefits to union members such as: wage increase, productivity incentives, rice subsidy, meal allowances, paid leaves, medical, dental and hospitalization benefits, life insurance, retirement benefits, death aids, uniforms, access to personal cash advances, union leave with pay and grievance machinery.

On March 4, 2016, DIPSSCOR received a Certificate of Compliance on Labor Relations from the Department of Labor and Employment (DOLE) for having been compliant with Labor Relations upon evaluation of the aforementioned CBA.

SCIPSI. On November 5, 2012, the management of SCIPSI and the PRO-CHAMP Labor Movement in Makar (PCM-M) entered into a CBA for a term of five years or until November 05, 2017.

In November 2009, the DOLE cited SCIPSI for Best Labor Management Cooperation (LMC) in Region XII in the Philippines given by the National Conciliation and Mediation Board (NCMB) in Mindanao and awarded as National Finalist in Outstanding LMC for Industrial Peace in the Philippines in November 2015. It is important to note that the Company's LMC is an important vehicle in disseminating its corporate values and ensuring industrial peace.

60 days before the expiration of the said CBA, petition for election was filed by two intervenors, SCIPSI Employees Union-Southern Philippines Federation of Labor (SCIPSI EU-SPFL) and Makar Port Labor Organization (MPLO) at the DOLE. The parties later agreed to the conduct of the certification election on March 9, 2018.

MTS. On April 15, 2016, MTS and Serikat Pekrja Mandiri PT Makassar Terminal Services (SPM MTS), the labor union, signed a CBA that is effective for two years from April 15, 2016 to April 14, 2018. The CBA was approved by the Pemerintah Kota Makassar, Suku Dinas Tenaga Kerja (the Department of Labor in the City of Makassar) on April 29, 2016.

The CBA contains provisions on benefits for all employees such as: wage increases, box share allowance, meal allowance, transport allowance, government and religious mandated leaves and leaves for important reasons like worker's marriage, paternity leaves, child baptism, marriage of worker's children, death of immediate worker's family member, among others.

OJA. There is no labor union in OJA.

YICT. The right to unionize is guaranteed for the employees of YICT. All employees are unionized by law. Unionism is not a big issue in China since unions are considered as partners in a stable work force.

PICT. The Democratic Employees Union (PICT-DEU) was formed on April 23, 2014 as the bargaining unit for PICT workers. The CBA was renewed on January 1, 2017 and will be effective for a period of two years.

VICT. VICT signed an Enterprise Agreement with the Australian Maritime Officers Union that was endorsed by the Fair Work Commission on October 19, 2016. It has an initial term of four years and will expire on October 19, 2020. The Agreement primarily covers rates of pay, working hours and leave entitlements. The Agreement covers the operational staff at VICT.

SBITC and ICTSI Subic. There is no labor union in SBITC and ICTSI Subic.

Americas

CGSA. There is a non-unionized Works Council since October 2008 and a CBA signed initially on July 16, 2009. The CBA was renewed in January 2017 and will be effective for the next two years. Besides the benefits that any worker is entitled by law, CBA secures for the employees some additional benefits: in-out transportation, food service and uniform. There have been no cases of strikes or walkouts since CGSA took over operations in 2007.

TSSA. The administrative and maintenance employees in TSSA are represented by the Sindicato dos Auxiliares de Administracao de Aramazens Gerais do Estado de Pernambuco (SINDAGE). The CBA with SINDAGE is renewed every two years and was last signed in June 2017. TSSA and the union have a good relationship and there had not been any major labor disturbances, such as strikes, slowdown, boycott or mass absences in years. The employees receive benefits such as dental and health insurance, local restaurant privileges, support for professional development, leaves and transportation services. The CBA will expire on June 30, 2019. Occasional workers at the customs inspections area and all other operations personnel, both represented by occasional labor unions, have entered into a CBA with TSSA. The CBA relating to customs inspections area workers will expire in February 2019. Meanwhile, the CBA relating to all other operations personnel will expire in June 2019.

CMSA. CMSA has a Collective Work Contract (CWC) signed in November 2010 with Union de Estibadores y Jornaleros del Pacifico, which is part of Confederacion Regional Obrero Mexicana (CROM). CROM has not had a strike since it was founded 95 years ago. The CWC is effective until year 2044 and extendible based on any extension on the concession agreement with Administracion Portuaria Integral de Manzanillo, S.A., de C.V. There is an annual review of the salaries and every two years there is a salaries and benefits comprehensive review. CMSA is committed to give benefits in addition to those required by the Mexican Labor Law i.e., 5% savings fund, transportation, uniforms, scholarships, contributions in the case of death of workers, sports support and life insurance. There is an additional fee of 16.23% of salary paid to the union to support the administration expenses and retirement fund of the workers.

OPC. As at March 6, 2018, OPC has an existing collective agreement signed with all employees. The collective agreement stipulates employees' benefits like pension, medical and life insurance, trainings, employee engagement, vacation bonus, meal subsidy, special leaves, salary loans, among others.

Tecplata. Tecplata has unionized employees who have representation from the National Union. However, Tecplata does not have a Collective Labor Agreement signed with the union.

EMEA

BCT. On March 20, 2008, the labor union at the terminal of BCT in Gdynia, Poland declared a strike because of a deadlock in the 2008 salary negotiations. The strike lasted until April 1, 2008. An agreement on salary regulations was signed between the Strike Committee and BCT Management Board.

Renegotiation on the CBA also began in 2009, but was suspended at the insistence of the union. The union has not approached BCT's management to resume negotiations. The new Remuneration and Work Regulations address the outstanding issues of the CBA and remain in place pending completion of the negotiations.

MICTSL. MICTSL assumed the CBA entered into by the previous port operator. The agreement sets out the obligations of the port operator with respect to matters such as medical care, housing allowances and holidays. A salary grid is produced from time to time under the agreement that sets forth applicable wages. Under the CBA and applicable employment regulations, union representatives may only be dismissed after the employer has successfully petitioned the Labour Inspectorate to do so. The right to strike is protected, provided that at least 48 hours' notice is given to management. In 2009, there was a two-day temporary operational disruption due to political unrest wherein the then President of Madagascar was ousted by the military. The disruption did not produce any adverse effect on MICTSL. In 2010, MICTSL experienced two strikes attributed to the politicization of the concession agreement and privatization of port operations. The CBA was renewed on October 1, 2015 for a period of five years, and can be subject to review three years after effectivity date upon the request of either of the parties.

AGCT. AGCT's CBA was signed on June 28, 2016 and is effective until end of 2019. The CBA regulates employment contracts, overtimes, add-ons, vacations, salary increases or decreases, other benefits, health and safety requirements and conditions for termination of employment contracts. There have been no cases of strikes or walkouts since AGCT took over operations in 2011.

ICTSI Iraq, IDRC and BICT. There is no labor union in ICTSI Iraq, IDRC and BICT.

Risks Relating to the Group's Business

The Group's business is highly dependent on regional and global economic trends.

The volume of containers the Company handles and the usage of other port-related services are influenced by the performance and growth of regional and international trading economies. The Company has a substantial port operations business within the Philippines as well as an international portfolio of terminals. Its core business consists of the management, operation and development of container terminals and the provision of cargo handling and other port-related services. Such services are required by the Company's shipping line customers for the transportation of containerized goods by sea within the global and regional marketplace. As a result, there is a correlation between the condition of global and regional economies and the volume of container throughput the Company handles. Because the Company tends to operate small- to medium-sized end-destination terminals, the Company's results of operations are highly influenced by specific conditions in the local markets where it operates. Furthermore, the global markets have experienced, and may continue to experience, economic downturn and political instability in several areas of the world, which may result in increased fuel prices, lower trade volumes, interruptions of the continuity of operations, decreases in imports and exports or reduced trading partners, which may adversely affect the Group's business and results of operations.

The Group operates in a number of emerging markets that have experienced economic and political instability.

The Group operates mainly in emerging markets, many of which have experienced political and economic instability in the past and may be continuing up to the present. Many of the countries where the Group operates or may operate in the future continue to face significant budget deficits, limited foreign currency reserves, volatile exchange rates, and highly regulated and less sophisticated banking sectors. Furthermore, many of ICTSI's subsidiaries, including the Philippines, have experienced frequent changes in governments, political scandals, terrorist attacks and civil strife. There is no assurance that the future political environment in these countries will become stable or that current or future governments will be able to adopt economic policies that will sustain economic growth.

The Group is dependent on concessions and other key contracts to conduct its business.

The conduct of the Group's business is restricted within the terms of the concession and other key contracts that put a limit to its operational and strategic options. ICTSI and subsidiaries usually only obtain the right, subject to certain conditions, to operate, manage and develop terminals for a set period of time. These contracts contain provisions that allow the relevant port authority to suspend, cancel or terminate the contract on specified grounds, including noncompliance with the terms of the contract and, in certain instances, the occurrence of a "change in control" of ICTSI without the consent of the relevant port authority or if the relevant port authority determines that the public interest may be better served by the cancellation of the contract in accordance with its regulations. Hence, there can be no assurance that further challenges in the Group's operations will not be raised or that its concessions will not be terminated for public policy reason. Also, these concessions and key contracts may limit the ability of the Group to raise tariffs that it charges to customers. The Group's major contracts and agreements are disclosed in Note 24, *Significant Contracts and Agreements*, to the Annual Audited Consolidated Financial Statements.

The Group is limited in its ability to raise the tariffs billable to customers in most terminals.

The aforementioned contracts and agreements may prescribe maximum tariffs that the Group can charge or bill shipping lines and customers and either prohibit any changes in those tariffs without prior approval of the relevant port authority or subject the tariffs to an automatic adjustment mechanism. At certain terminals, tariff increases have recently been implemented in phases causing timing differences when the Company petitioned for an increase and the actual increase in tariff. In countries in which tariffs are not prescribed, such as Poland, Brazil, Australia and DR Congo, the Group is still limited in its ability to raise tariffs by market norms, competition and local demand.

The Group faces competition at its domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price.

Competition is heightened at domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price. The Group's competitors may offer lower tariffs than what its own terminal offers in a certain location; or have greater financial resources with which to develop the ports that they operate to provide better access and improved facilities, structure and services. One of the strategies that the Group employs is to acquire terminals in emerging markets, then improve operations and grow volume organically. If trading volume increase, competitors may begin to target these same markets. Increased competition from existing and future competitors may result in a reduction in the Group's market share in locations where it operates, a decrease in volume of containers it handles, or increased price competition which could result in possible declines in the Group's cash flows, operating margins and profitability.

The Group's failure to effectively manage its existing container terminal operations and growth as a result of rapid expansion and development may adversely impact the Group's business.

The Group is rapidly expanding its container terminal operations, in particular, those located overseas. This rapid expansion into new markets diminishes the Group's management resources to effectively govern its existing container terminal operations and more ambitious growth. It has presented, and will continue to present significant challenges for the Group's management, operational and administrative systems and its ability to maintain effective systems of internal controls. The Group may not successfully integrate new acquisitions to meets its efficiency and performance standards, nor keep existing facilities up to those same standards. The Group needs to constantly develop and adjust management and administrative responsibilities to match market conditions and its growth and expansion strategies. The Group's continued development into a global terminal operator requires it to identify new qualified personnel with widespread knowledge of its industry and the countries in which it operates. Failure to identify suitable personnel for these management and administrative positions may adversely affect the Group's ability to manage its growth and continue to pursue its growth strategy and eventually impact its business, results of operations and financial condition.

The Group's results of operations and financial condition may be adversely affected by exchange rate fluctuations.

Because of the geographic diversity of the Group's business, it receives revenue and incurs expenses in a variety of currencies. Its revenues are primarily in U.S. dollars, Philippine pesos, Brazilian real, Mexican Pesos and Euros while its expenses are generally in local currencies. The Group attempts to operationally hedge its foreign exchange exposure by matching its revenues and expenses whenever possible and, from to time, engages in hedging activities to mitigate residual foreign exchange cash flow exposures. The Company is subject to translation risks whereby changes in exchange rates impact its reported revenues in U.S. dollar terms. Because the Company reports its financial statements in U.S. dollars, increases in the value of the U.S. dollar against the currencies in which it receives revenues in its international operations, such as Philippine pesos, Brazilian real, Mexican Pesos and Euros, could restrict its revenue growth in U.S. dollar terms and vice versa. Continued fluctuations in the value of the U.S. dollar against its other subsidiaries' functional currencies could cause the Company's revenues to decrease in U.S. dollar terms and distort comparisons of its results of operations and financial condition across periods.

The Group's business has high dependence upon key personnel with special skills that are not readily available in the market.

In order for the Group to maintain its operating and performance standards, it highly leverages on the continued service of key personnel. The Group has a relatively small management team which makes it more dependent on senior personnel than some of its larger competitors. With the rapid growth of the container terminal industry, competition for skilled senior employees becomes intense and there are limited numbers of qualified candidates. The Group's business and results of operations may be adversely affected if any of the existing key personnel leaves their position and the Group fails to find a similarly competent replacement.

The Group is subject to the risk of system failures.

The Group's business is highly reliant on complex information technology and automated systems to handle its terminal operations for high productivity and efficient handling of containers. Any systems failure may result in delayed or hindered terminal operations. These events may adversely affect the achievement of the Group's planned business growth and results of operations.

The Group's facilities could be exposed to unforeseen catastrophic events over which it has little or no control.

The Group's facilities could be exposed to effects of natural disasters and other potentially catastrophic events, such as major accidents, acts of God, terrorist attacks, armed conflicts and hostilities. To cite, the Philippines is vulnerable to typhoons, earthquakes and other major natural disasters, which could suspend MICT's operations temporarily or damage or destroy key equipment. Since operations at MICT have historically provided the majority of the Group's revenues from port operations, occurrence of a catastrophic event affecting the Philippines could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to regulations that govern operational, environmental and safety standards.

Lastly, the Group's terminal services are conducted under licenses, concessions, permits or certificates granted by applicable regulatory body in the countries in which it operates. Various environmental and safety standards may also be enforced by each jurisdiction in which the Group operates. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the Group, including revocation or suspension of the Group's concessions or licenses, which may adversely impact results of operations and financial condition.

Henceforth, the Group has established an Enterprise Risk Management program to assess and ensure that the potential impact and likelihood of any of these risks are minimized and will not adversely impact the Group's business as a whole through an established risk assessment, communication, mitigation and monitoring process. These business risks, however, might result to financial statement risks for which the Group identifies and includes as part of its financial risk management objectives and policies. These risk factors are further discussed in Part III, Item 6 of this report and in Note 27, *Financial Risk Management Objectives and Policies*, to the Annual Audited Consolidated Financial Statements.

Properties

Principal Facilities

Asia

Philippines - MICT. MICT provides a full range of container cargo handling services to shipping lines transporting international containerized cargo to and from the Port of Manila with an estimated handling capacity of 3,000,000 TEUs per year. MICT occupies a total land area of 105 hectares, of which 94 hectares have been developed, and includes six berths. MICT also has a 1,750-meter long wharf which can accommodate six to seven ships, depending on the ships' sizes. In 2012, ICTSI completed the development of Berth 6, which was a condition for the extension of the MICT Contract and to accommodate increasing volume. Adjacent to the MICT wharf is a container yard, with a total stacking capacity of 62,625 TEUs, 1,534 TEUs of which are refrigeration-ready with reefer plugs. MICT also has three one hectare container freight stations (warehouses): two for imports; and one for exports. The facility also has a truck holding area, with 400 truck parking bays. MICT has three gates: two with six lanes; and one with seven lanes.

The terminal is fully equipped with security features recommended by the United States Homeland Security Agency, including gamma ray scanning devices and a closed-circuit television surveillance system.

On May 14, 2008, the Board of Investments (BOI) of the Philippines approved ICTSI's registration of the construction of Berth 6 of MICT with Pioneer status under the Omnibus Investments Code of 1987, which entitles Berth 6 to an income tax holiday for a six-year period from November 2011, among others. Berth 6 was completed and inaugurated in July 2012, and increased the terminal capacity to 2,500,000 TEUs per year. The Berth 6 features additional 14 hectares of container space, three additional quay cranes for offloading ships and ten RTGs. On July 2, 2015, the BOI approved the registration of ICTSI's construction of Berth 7 of MICT on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017.

As of December 31, 2017, ICTSI has a total of 13 quay cranes complemented by seven reach stackers, 45 rubber-tired gantries (RTGs), and a huge fleet of transportation equipment.

Philippines - New Container Terminal 1. Subic Bay International Terminal Corporation (SBITC) originally developed, managed and operated the NSD Waterfront Area in Subic, Philippines. However, in April 2008, the NSD Waterfront Area was replaced by the New Container Terminal (NCT-1). NCT 1 is a 14-hectare terminal with a 280-meter berth and controlling depth of 13 meters, making it possible to handle post-Panamax vessels. The estimated handling capacity of NCT-1 is 300,000 TEUs per year. As of December 31, 2017, SBITC has two post-Panamax cranes, four reach stackers, two empty container handlers, three forklifts, 22 prime movers and 30 chassis.

Philippines - New Container Terminal 2. On July 27, 2011, SBMA and ICTSI signed the contract for the operation and management of NCT-2 for a period of 25 years. ICTSI subsequently assigned said contract to ICTSI Subic, Inc. (ISI) and SBMA approved the assignment through a resolution dated August 19, 2011. NCT-2 is a 14-hectare terminal, which includes a 280-meter berth with 13 meters depth. ISI has two post-Panamax quay cranes, three reach stackers and two forklifts. The new terminal has an annual throughput capacity of 300,000 TEUs.

Philippines - Bauan Terminal. Bauan International Ports, Inc. (BIPI) owns a 20-hectare facility, of which four hectares remain undeveloped, situated along the protected waters of Batangas Bay in Bauan, Batangas. The facility is a multi-purpose, multi-user terminal with a 240-meter berth with two berthing positions. The facility also contains a storage area and a car terminal facility, and is supported with various heavy lift cranes and two ten-ton forklifts. The car terminal facility can handle 254,696 completely built units per year.

Philippines - Mindanao Container Terminal (MCT). Mindanao International Container Terminal Services, Inc. or MICTSI operates the MCT located at Phividec Industrial Estate, Misamis Oriental. MICTSI has a 24-hectare terminal area for infrastructures, equipment and support facilities and handles containerized and non-containerized cargo. The terminal also has a 300-meter berth with a controlling depth of 13 meters that can service two vessels at once. The terminal is also supported by an 11-hectare yard area inclusive of container yard road networks, with a storage capacity of 6,816 TEUs. The terminal is also equipped with 262 reefer plugs at 440 volts. The estimated handling capacity of MCT is 300,000 TEUs per year. As of December 31, 2017, MICTSI has two quay cranes, a reach stacker, two empty container handlers and four RTGs.

Philippines - Sasa Wharf. DIPSSCOR is a cargo handler at the Sasa International Port in Davao City, Philippines and the facilities are not for the exclusive use of DIPSSCOR. The terminal covers an area of 16.75 hectares with 10 berthing positions of 10.6 meters in depth and occupying a total length of 1,093 meters. The total throughput capacity of the terminal is 500,000 TEUs per year. As of December 31, 2017, DIPSSCOR has three RTGs, five reach stackers, an empty container handler and 10 forklifts.

Philippines - Makar Wharf. SCIPSI is a stevedoring and cargo handling service provider at the Makar Wharf, Port of General Santos, General Santos City, Southern Mindanao. The Makar Wharf is a general purpose wharf handling domestic and international containerized, general and roll-on/roll-off cargo as well as domestic passenger traffic. The terminal surface area is 14 hectares that includes nine berths at 850 meters in length with 8-12 meters depth. The terminal is also equipped with 204 reefer plugs and has a total capacity of 250,000 TEUs per year. As of December 31, 2017, SCIPSI has four reach stackers, 22 chassis, 20 prime movers and 16 operating forklifts.

Philippines - Hijo Port. In 2012, ICTSI, through its wholly owned subsidiary, Abbotsford, together with Hijo Resources Corp., a diversified group involved in leisure and tourism, agribusiness, property development and port operations, invested in HIPS for the construction, development and operation of Hijo Port. Hijo Port is a private commercial port owned by HIPS located in Barangay Madaum, Tagum, Davao del Norte in the Gulf of Davao. The existing port sits within a reclaimed land of about 10.3 hectares. It has two berths at 120 meters and 150 meters long, and various terminal support facilities.

HIPS currently has a container handling capacity of 300,000 TEUs per annum. HIPS is currently handling break bulk cargo. As of December 31, 2017, HIPS has one mobile harbor crane, an empty container handler and two forklifts.

Philippines – Calamba, Laguna. On March 2, 2015, LGICT commenced operation of its one-stop inland container terminal located in Calamba City, Laguna. LGICT is 60%-owned by IW Cargo Handlers, Inc., a wholly-owned subsidiary of the Company, and 40% owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK Fil-Japan Shipping Corp. LGICT primarily operates as an extension of the seaport operations of MICT and is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers. LGICT is situated on a 21-hectare property that is 58 kilometers from Metro Manila, located near various economic export zones and adjacent to a railroad. As of December 31 2017, LGICT has two reach stackers and three side lifters.

Philippines – Tanza, Cavite. On April 21, 2017, ICTSI, through its wholly-owned subsidiary, CGT, in partnership with the Philippine Department of Transportation, project launched the country's soon-to-be first container roll-on roll-off barge terminal in Tanza, Cavite. CGT will facilitate off-the-roads seaborn transport of containers between Port of Manila and Cavite and service industrial locators in Cavite area. CGT's barge terminal will have an annual capacity of 115,000 TEUs, which is equivalent to 140,000 fewer truck trips on city roads each year. As at March 6, 2018, the construction of the terminal is on-going and is expected to be completed in the second quarter of 2018.

Philippines - Manila North Harbor. On September 21, 2017, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 34.83% of the total issued and outstanding shares of MNHPI. The SPA was finalized on October 30, 2017 upon the fulfillment of certain conditions, one of which was the approval of the acquisition by the Philippine Ports Authority (PPA) which was obtained on October 20, 2017. MNHPI has a concession contract with the PPA for the development, management, operation and maintenance of Manila North Harbor. MNHPI commenced operations on April 12, 2010. MNHPI is committed to modernize and develop Manila North Harbor to transform it to a premier maritime hub. MNHPI provides cargo handling services for containerized and break-bulk cargoes to shipping lines and tramp vessel operators plying the domestic routes. Overall, the port facility can accommodate up to 2,200,000 TEUs of containerized cargoes, 2,000,000 metric tons of break-bulk cargoes and 2,500,000 passengers per year.

The 63.5 hectare land area is divided into three terminals namely, Container Terminal, Multi-Purpose Terminal, and Ro-Ro Terminal. These terminals work in synergy to optimize the port operations. At present, the total quay length is 5,758 meters equivalent to 41 berthing positions MNHPI handles an average of 4,000 vessel calls per year.

In 2017, MNHPI completed its Phase 1 Development Program which provided modern port facilities including a modern Container Terminal, Ro-Ro Terminal, a modern Passenger Terminal Complex, and One-Stop Processing Centers, all allowing efficient processing of transactions between shipping lines, MNHPI, PPA and other government agencies.

MNHPI also has a fleet of modern cargo handling equipment which include eight quay container cranes, 27 RTGs, 21 reach stackers, six empty container handlers and 33 heavy fork lifts, among others. Ancillary facilities were also built such as six weighbridges, the power center equipped with two 2.5 megawatt generator sets for back-up power, and the reefer facility with 144 plugs.

China - Port of Yantai. YICT's terminal covers an area of 76.6 hectares with four berthing positions of 14 to 17 meters in depth and occupying a total length of 1,300 meters. The estimated handling capacity of YICT is 1,300,000 TEUs per year. As of December 31, 2017, YICT has seven quay cranes, which handle loading and unloading of cargoes with the support from one empty container handler, three RTGs, five reach stackers, 17 prime movers, 20 forklifts, 20 RMGs, 32 chassis, and a large fleet of transportation vehicles.

Indonesia - Makassar Container Terminal. Makassar Terminal Services (MTS) supplies and operates equipment for PT Pelabuhan Indonesia IV (Pelindo IV), the Indonesian government agency which operates the Port of Makassar. MTS covers an area of 12.4 hectares with 850-meter berth length and seven berthing positions with 12 meters of depth. The total port terminal capacity is 650,000 TEUs with the estimated handling capacity of MTS at 250,000 TEUs per year. As of December 31, 2017, MTS has two quay cranes, three RTGs, 10 prime movers and 10 chassis.

Indonesia - Port of Tanjung Priok. In July 2012, ICTSI acquired 100% of the equity interest of OJA through its indirect majority owned subsidiary, JASA. OJA is an Indonesian limited liability company engaged in the loading and unloading of general goods and containers at the Port of Tanjung Priok, Jakarta, Indonesia. OJA has existing cooperation agreements with PT. Pelabuhan Indonesia II (Pelindo) under a profit sharing scheme. The scheme covers the terminal operations for fields 300, 301, 302 and 303, which are operated by Pelindo and located in Terminal III Operation of Tanjung Priok Port. These cooperation agreements have terms of two years that can be extended by the parties. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo, Tanjung Priok Branch for international container stevedoring services under a profit sharing scheme. The terminal has a capacity of 400,000 TEUs per year, berth length of 600 meters and 5.86 hectares container yard. As of December 31, 2017, the terminal has seven quay cranes, seven reach stackers, five rail mounted gantries, two RTGs, 30 prime movers and 30 chassis.

Pakistan - Karachi Port. In October 2012, ICTSI, through its wholly owned subsidiary ICTSI Mauritius, completed the acquisition of a majority shareholding in PICT. PICT has a contract with Karachi Port Trust for the construction, development, operations and management of a common user container terminal at Karachi Port for a period of 21 years commencing on June 18, 2002. The terminal has a capacity of 750,000 TEUs per year and a berth length of 600 meters with a depth of 13.5 meters. As of December 31, 2017, PICT has six quay cranes supplemented by three empty container handlers, 12 reach stackers, 15 forklifts, 20 RTGs and 30 prime movers, 56 chassis and a large fleet of transportation equipment handling the existing operations at Karachi Port.

Australia – Port of Melbourne. On May 2, 2014, ICTSI, through its subsidiary in Australia, VICT, signed a contract with the Port of Melbourne Corporation for the design, construction, commissioning, maintenance, operation and financing of Melbourne’s Webb Dock new international container terminal and empty container park. The contract grants a lease concession until 2040. Phase 1 of the terminal comprised of a berth of 330 meters fitted with three neo-Panamax ship-to-shore cranes, 23.8 hectares of yard with fully automated operations from gate to quayside, delivering an estimated capacity of 350,000 TEUs. The terminal itself can handle vessels with a capacity in excess of 8,000 TEUs, and also features a 10-hectare empty container park with a working capacity of around 250,000 TEUs. Phase 2 of the terminal comprised of a 330-meter berth fitted with additional two neo-Panamax ship-to-shore cranes and 11.5 hectares of yard increasing the capacity of the terminal to 1,000,000 TEUs.

Phase 1 and Phase 2 of the project commenced commercial operations in the second quarter of 2017 and first quarter of 2018, respectively.

As of December 31, 2017, VICT has five quay cranes, one reach stacker, 20 automated stacking cranes, 11 automated container carriers, 3 forklifts and 2 prime movers.

Papua New Guinea - Port of Lae. In September 2017, ICTSI received a notification from PNGPCL, a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI’s PNG subsidiaries, MITL and SPICTL, with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. The TOA and other related contracts will take effect after all the parties have complied with the agreed conditions precedent.

Starting February 1, 2018, SPICTL was allowed by PNGPCL to take over the port facilities and begin operations at the port of Lae pursuant to the Early Operations Agreement signed between SPICTL and

PNGPCL while the parties are working on the completion of the remaining condition precedents to the TOA. MITL is expected to take over the international port in Motukea in the second quarter of 2018.

The Port of Lae is the largest container handling facility in PNG. Lae is the capital of Morobe Province and is the second largest city in PNG. The estimated annual capacity of the Lae Tidal Basin is 250,000 TEUs. The total developed land area is 11.4 hectares and quay length is 250 meters.

Americas

Ecuador - Guayaquil Container and Multipurpose Terminal. CGSA is the exclusive operator of a container terminal in the Port of Guayaquil, Ecuador. The total land area of the terminal is 133.52 hectares, of which 92.5 hectares is developed. The total berth length is 1,717.5 meters with 10 berthing positions including tugboat berth with 10.5 meters of depth. The estimated handling capacity of CGSA is 1,400,000 TEUs per year with 3,700 reefer plugs to accommodate increasing demand for the containerization of bananas.

In 2008, CGSA completed upgrades to its inventory and maintenance processes and IT services. CGSA had also made physical improvements of the terminal including container and multipurpose yard improvements, construction of a new berth as a reinforcement of an existing one, construction of an electric substation, and acquisitions of cranes and RTGs. New reefer stations and plugs were also added to accommodate the shift from bananas as break bulk cargo to containers. As of December 31, 2017, CGSA has six quay cranes and three mobile harbor cranes that are supported by 23 RTGs, 14 reach stackers, 8 empty container handler, 42 forklifts, 63 prime movers, 64 chassis and a huge fleet of transportation equipment that handle movement of containerized cargoes at the terminal.

Brazil - Suape Container Terminal. TSSA is the exclusive operator of the container terminal in the port in Suape, Brazil until the earlier of (a) throughput of 250,000 boxes (approx. 400,000 TEUs) for three consecutive years or (b) after the first 15 years of the concession. The terminal covers a developed area of 39.4 hectares and undeveloped area of 2.5 hectares. TSSA has a 660-meter long two-berth wharf, a 30-hectare container yard, 576 reefer plugs, and a 4,900-square meter CFS and a truck weighing scale. The estimated handling capacity of TSSA is 700,000 TEUs per year.

TSSA has completed the build-out of the infrastructure of the Suape Container Terminal, including the acquisition of equipment and the development of civil works, such as yard expansions. As of December 31, 2017, TSSA has six quay cranes, six reach stackers, four empty container handlers, 13 forklifts,14 RTGs, 38 prime movers, 48 chassis and numerous transportation equipment that complement the servicing of all movements of containerized cargoes inside the terminal.

Colombia - Port of Buenaventura. SPIA owns 225 hectares of land in the Aguadulce Peninsula in Buenaventura. SPIA was granted a 30-year concession by the Colombian National Institute of Concessions to develop, construct and operate a container handling facility in Aguadulce. The Aguadulce Peninsula is across the channel from the existing Port of Buenaventura. Buenaventura is located on the west coast of Colombia. It is the biggest port in the country and the only Colombian port on the Pacific coast. SPIA started initial operations in the fourth quarter of 2016. The terminal has a total area of 128 hectares and berth length of 600 meters with a depth of 14.5 meters, 11.3-hectare container yard and 640 reefer plugs. Estimated annual capacity of SPIA is 550,000 TEUs. The terminal can be accessed through a 20.7-kilometre road that circumvents the urban parts of Buenaventura. It also has 140 hectares along this access road for logistics development. As of December 31, 2017, SPIA has four quay cranes, three empty container handlers, three reach stackers, 10 RTGs, 32 prime movers and 34 chassis.

Argentina - La Plata Port. In October 2008, Tecplata was granted a 30-year concession to build and operate an all-purpose port terminal in the Port of La Plata, Argentina, by the *Consorcio de Gestion del Puerto La Plata*, which would expire in 2038. The port development project covers 41.2 hectares, 29.6 hectares of which is from the concession agreement and 11.6 hectares is from *Compania Fluvial del*

Sud S.A. via a Usufruct Agreement for a term of 20 years renewable at Tecplata's option for another 20 years. The development of the terminal will be done in three phases with an estimated total handling capacity of 1,000,000 TEUs. In September 2010, Tecplata signed a civil works agreement with Dycasa, S.A. and began Phase 1 of the construction of the terminal facility in October 2010. Phase 1 has an estimated handling capacity of 450,000 TEUs with 600-meter berth having four berthing positions and controlling depth of 36 feet. As of December 31, 2017, Tecplata has four quay cranes, two reach stackers, three empty container handlers, seven forklifts, 18 prime movers, 20 chassis and 9 RTGs. As at March 6, 2018, Tecplata is ready to operate.

Mexico - Port of Manzanillo. In June 2010, ICTSI signed a 34-year concession for the development and operation of the Second Specialized Container Terminal (TEC-II) at the Port of Manzanillo in Mexico. ICTSI established CMSA to operate the Port of Manzanillo. The port development project covers about 77 hectares with 1,080 meters of seafront. The development of the container terminal will be done in three phases. Construction of Phase 1A development, which started in November 2011, was completed and CMSA formally commenced commercial operations in November 2013. Phase 1A has a berth length of 720 meters with two berthing positions with a depth of 16 meters, yard capacity of 710 thousand TEUs and a handling capacity of 900,000 TEUs. Phase 1B was completed in May 2017 and started commercial operations thereafter. Phase 1B involved the construction of a yard that increased CMSA's yard capacity to 967,000 TEUs.

Phase 2A development started in December 2017 and it consists of three stages. Stage 1 Phase 2A is expected to be completed and operational in the second quarter of 2018, Stage 2 Phase 2A is expected to be completed in the second quarter of 2019 and shall be operational thereafter, while the additional yard in Stage 3 Phase 2A is expected to be completed in December 2019. The Stage 3 Phase 2A shall also involve the construction of 180 meters of berth and is expected to start development in June 2019 and be completed in June 2020.

Stage 1 Phase 2A is expected to increase yard capacity by 380,000 TEUs, Stage 2 Phase 2A by 137,000 TEUs and Stage 3 Phase 2A by 73,000 TEUs for an expected total yard capacity of 1.5 million TEUs after the completion of Phase 2A. The expansion of the berth in Stage 3 of Phase 2A shall bring additional berthing position. Two QCs and five RTGs are expected to be put to operations in 2019.

As at December 31, 2017, the handling capacity of CMSA is 960,000 TEUs with 360 reefer plugs, six quay cranes supported by three reach stackers, seven empty container handlers, 16 RTGs, 26 forklifts, 42 prime movers, 42 chassis and a huge fleet of transportation equipment.

Honduras - Puerto Cortés. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Maintenance, Operation and Exploitation of the Specialized Container and General Cargo Terminal of Puerto Cortés in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. The Container and General Cargo Terminal of Puerto Cortés cover a developed area of 38.3 hectares and undeveloped area of 9.6 hectares. The terminal currently has 800-meter pier having three berthing positions and depth of 12.5 meters and has a capacity of 916,000 TEUs. OPC started its commercial operations in December 2013. The first phase of construction of Berth 6 is ongoing and is expected to be completed and operational in the third quarter of 2018. Upon completion of the first phase of Berth 6, the terminal will have 350 meters of additional pier with one berthing position. As of December 31, 2017, OPC has one quay crane, four mobile harbor cranes, 17 reach stackers, 21 forklifts, 47 terminal tractors and 61 chassis.

Mexico - Port of Tuxpan. On 27 May 2015, the Company acquired 100.0% of TMT from Grupo TMM, S.A.B. and Inmobiliaria TMM, S.A. de C.V. TMT is a Mexican company with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed.

EMEA

Poland – Port of Gdynia. BCT has a lease contract to operate the Container Terminal in Gdynia, Poland. The terminal covers an area of 57 hectares and its facilities include a 790-meter long wharf with five berths (four of which are for container loading and unloading operations and one of which is equipped with a hydraulic ramp for roll-on roll-off operations), a container stacking yard, a cargo handling zone, two warehouses and a rail facility with three rail tracks. The estimated handling capacity of BCT is 1,200,000 TEUs per year. As of December 31, 2017, BCT has two mobile harbor cranes, two rail-mounted gantries, three reach stackers, six quay cranes, 18 RTGs, 24 forklifts, 2 straddle carriers, 33 chassis, 34 prime movers and a large fleet of transportation equipment that handle loading and unloading of containerized cargo at the terminal.

Madagascar - Port of Toamasina. MICTSL manages, operates and develops the Port of Toamasina, Madagascar. The terminal covers an area of 19 hectares and its facilities include two berths with a combined length of 307 meters and a depth in excess of up to 12 meters. The estimated handling capacity of MICTSL is 400,000 TEUs per year. As of December 31, 2017, MICTSL has two empty container handlers, four mobile harbor cranes, two forklifts, four reach stackers, six RTGs, 19 prime movers and 20 chassis.

Georgia - Port of Batumi. BICTL operates a container terminal and a ferry and dry bulk handling facility in the Port of Batumi, in Georgia. BICTL covers an area of 13.6 hectares, 10.0 hectares of which is still undeveloped. BICTL has two berths with combined length of 465 meters and depth between 8 and 10.5 meters. The estimated handling capacity of BICTL is 150,000 TEUs per year. As of December 31, 2017, BICTL has two empty container handlers, two mobile harbor cranes, four reach stackers, seven prime movers and eight forklifts.

Croatia - Brajdica Container Terminal. In March 2011, ICTSI, through its wholly owned subsidiary, ICBV, entered into a Share Purchase Agreement with Luka Rijeka D.D., a Croatian company to acquire a 51% interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The port includes a 17 hectare yard, with a combined 790-meter quay and depth of 10.5 to 14.2 meters. The current capacity is 600,000 TEUs per year with 252 reefer plugs. As of December 31, 2017, AGCT has four quay cranes, six RTGs, two rail-mounted gantries, five reach stackers, an empty container handler, four forklifts, nine prime movers and 17 chassis to support its operations.

Iraq – Port of Umm Qasr. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI Dubai, and General Company for Ports of Iraq (GCPI) signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract ("Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contact and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years. ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. The rehabilitation works for Berth 21 are on-going and it is expected to operate in the first quarter of 2018. Phase 1 of the expansion project (Berrh 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000

TEUs. Berth 27 was completed and fully operational in the first quarter of 2017.

On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of expansion development of the Port. The Phase 2 expansion project will involve development of two new berths, Berths 25 and 26, including a 20-hectare yard area. This expansion will increase the Port's container handling capacity by 600,000 to 1,200,000 TEUs and its capability to handle large container vessels of up to 10,000 TEUs. The expansion project is expected to be completed in the second quarter of 2019.

The Port covers an area of 78.2 hectares, 35.2 hectares of which is still undeveloped. The Port has two berths with length of 400 meters and depth of 12.5 meters. The estimated current handling capacity of the Port is 600,000 TEUs per year. As of December 31, 2017, the terminal has two mobile harbor cranes, five empty container handlers, four quay cranes, three RTGs, 16 forklifts, 12 reach stackers, 27 chassis and 27 prime movers.

Congo - River Port in Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, ICTSI DR Congo. ICTSI DR Congo will build a new terminal along the river bank of the Congo River in Matado and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. SIMOBILE is a concessionaire of a parcel of land along the Congo river in the district of of Mbengu, Township of Matadi in the Democratic Republic of Congo, intended for port use. Phase 1 of the facility consists of two berths that can handle 120,000 twenty-foot equivalent units (TEUs) and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. The first phase comprised of two berths with total length of 350 meters, which service shipping lines, importers and exporters. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017. As of December 31, 2017, IDRC has two mobile harbor cranes, an empty container handler, two forklifts, three reach stackers, six prime movers and seven chassis.

Other Properties Owned by ICTSI and Subsidiaries

Location	Descriptions/Owner	Encumbrance
Cabuyao, Laguna, Philippines	20-hectare property that was original site of the inland container depot project/ICTSI Warehousing, Inc. (IWI)[1]	None
Calamba, Laguna, Philippines	25-hectare property which is the site of LGICT's one-stop inland container terminal/ICTSI	None
Bauan, Batangas, Philippines	20-hectare (approximately) property in Batangas acquired from AG&P in December 1997/BIPI[2]	None
Tanza, Cavite, Philippines	6-hectare property located in Tanza, Cavite acquired by Cavite Gateway Terminal, Inc.[1] (CGT) from Capital Resources Corporation and the Heirs of Francisco Joaquin for use in the gateway terminal business of CGT.	A small portion of the property was mortgaged by the sellers to Asia Pacific Lending Corporation (APLC)[3].
Gdynia, Poland	3.5 hectares of lot with a building owned by BCT was acquired from local real estate company. These properties are being leased to third parties.	None

[1] *100% owned by ICTSI*
[2] *60% owned by IWI*
[3] *The sellers have represented that the mortgages in favor APLC have already been discharged or terminated, although the annotation of the mortgages on the titles to the property could not be cancelled due to the dissolution of APLC.*

Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

Principal Market where Company's common equity is traded**:** Philippine Stock Exchange

Principal Market for the Company's common equity: Philippine Stock Exchange

As of the latest practicable trading date on March 7, 2018, the share prices of ICTSI were:

		In US Dollar	*In Philippine Peso*
Opening	:	US$2.12	₱110.00
High	:	2.12	110.00
Low	:	2.06	107.20
Closing	:	2.10	109.40

* *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rate quoted from the Philippine Dealing System as at the end of March 7, 2018.*

The high and low share prices for each quarter within the last two years are:

	Price/Common Share*			
Calendar Period	**High**		**Low**	
	In US Dollar	*In Philippine Peso*	*In US Dollar*	*In Philippine Peso*
2016				
Quarter 1	US$1.526	₱70.30	US$1.194	₱55.00
Quarter 2	1.445	68.00	1.202	56.55
Quarter 3	1.755	85.10	1.268	61.50
Quarter 4	1.629	81.00	1.380	68.60
2017				
Quarter 1	**US$1.792**	**₱89.90**	**US$1.415**	**₱71.00**
Quarter 2	**2.100**	**106.00**	**1.742**	**87.90**
Quarter 3	**2.143**	**108.90**	**1.906**	**96.85**
Quarter 4	**2.145**	**107.10**	**2.019**	**100.80**

* *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rates quoted from the Philippine Dealing System as at the end of each quarter in 2016 and 2017.*

Holder

The number of stockholders of record as of the latest practicable date on February 28, 2018 was 1,394. Common shares issued and outstanding as of the same date were 2,045,177,671 shares (including 10,982,205 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

As of February 28, 2018, the public ownership level of the Company is at 51.04% based only on common shares. The public ownership level of the Company is at 37.97% if both common and Preferred B voting shares are considered.

The following are the Company's top 20 registered common stockholders as of February 28, 2018:

Name		No. of Shares Held	% of Total*
1.	PCD Nominee Corporation (Non-Filipino)	854,542,093	31.21%
2.	PCD Nominee Corporation (Filipino)	730,224,981	26.67%
3.	Bravo International Port Holdings, Inc.	279,675,000	10.21%
4.	Achillion Holdings, Inc.	80,000,000	2.92%
5.	Sureste Realty Corporation	23,016,176	0.84%
6.	A. Soriano Corporation	22,064,102	0.81%
7.	Enrique Razon	18,143,687	0.66%
8.	Enrique K. Razon Jr. as voting trustee	15,936,201	0.58%
9.	Stephen Paradies	4,087,473	0.15%
10.	Razon Industries, Inc.	3,758,133	0.14%
11.	Felicia S. Razon	868,725	0.03%
12.	Cosme Maria De Aboitiz	527,343	0.02%
13.	Ma. Consuela R. Medrano &/or Victorino S. Medrano Jr	250,000	0.01%
14.	Jose Sy Ching	220,000	0.01%
15.	Ong Tiong	213,360	0.01%
16.	Silverio J. Tan	200,000	0.01%
17.	Ma. Socorro S. Gatmaitan	196,000	0.01%
18.	Alberto Mendoza &/or Lawrence Mendoza	192,457	0.01%
19.	CBNA MLA OBO AC 6011800001	170,870	0.01%
20.	Ma. Henrietta R. Santos	155,053	0.01%

As of February 28, 2018, 700,000,000 Preferred B shares (25.57%)* are held by Achillion Holdings, Inc. and 3,800,000 Preferred A shares (0.14%)* are held by International Container Terminal Holdings, Inc.

*Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of *2,737,995,466* (which excludes treasury shares) as of February 28, 2018.

Dividends and Dividend Policy

The details of ICTSI's declaration of cash dividends are as follows:

	2015	2016	**2017**
Date of Board approval	April 16, 2015	April 21, 2016	**April 20, 2017**
Cash dividends per share	US$0.020 (₱0.90)	US$0.020 (₱0.91)	**US$0.050 (₱2.47)**
Record date	May 4, 2015	May 5, 2016	**May 5, 2017**
Payment date	May 15, 2015	May 18, 2016	**May 17, 2017**

Dividends may be declared only out of the unrestricted retained earnings. A board resolution is required for declaration of dividends. In addition, approval of stockholders representing at least two-thirds of the outstanding capital stock is required for the payment of stock dividends. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates to be fixed by the Board. As of December 31, 2017, the Board has not set the dividend rate for Preferred A shares. On the other hand, Preferred B shareholders shall earn no dividends.

Moreover, retained earnings were reduced by distributions paid out by Royal Capital B.V., a subsidiary of ICTSI, to holders of Securities aggregating US$33.4 million in 2015, US$34.2 million 2016 and US$41.6 million in 2017. Please refer also to Note 14, *Equity,* to the 2017 Audited Annual Consolidated Financial Statements.

Of the total retained earnings of US$723.2 million, US$779.4 million and US$819.7 million, as of December 31, 2015, 2016 and 2017, respectively, undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$650.6 million, US$840.7 million and US$1,070.0 million, as of December 31, 2015, 2016 and 2017, respectively, are not available for dividend distribution.

On December 23, 2015, the Board of the Parent Company approved the appropriation of US$40.3 million for additional working capital requirements and its continuing foreign expansion projects in 2016. On April 21, 2016, the Board of the Parent Company approved the release of US$90.0 million from appropriated retained earnings. On December 29, 2017, the Board of the Parent Company appropriated US$25.0 million for additional working capital requirements of its continuing domestic and foreign expansion projects in 2018.

As at December 31, 2015, 2016 and 2017, total appropriated retained earnings of the Parent Company amounted to US$427.1 million, US$337.1 million and US$362.1 million, respectively.

The unappropriated retained earnings of the Parent Company that is available for dividend declaration as of December 31, 2017 amounted to US$16.7 million. On March 6, 2018, the Board of the Parent Company approved the release of US$150.0 million from the appropriated retained earnings back to unappropriated retained earnings due to completion of the project in VICT in Australia. As of March 6, 2018, the appropriated retained earnings of the Parent Company amounting to US$212.1 million is intended for capital expenditures for new and existing projects in MICT in Manila, OPC in Honduras, ICTSI Iraq in Iraq and CMSA in Mexico.

Recent Sale of Unregistered Securities

On May 15, 2013, ICTSI issued 53,110,811 new common shares to Mr. Enrique K. Razon, Jr. for a subscription price of Php91.00 per share. This is an exempt transaction under SRC Rule 10.1(e) (The sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.)

Description of Registrant's Securities

ICTSI's capital stock comprised of common and preferred shares. Common shares are listed and traded in the Philippine Stock Exchange. Preferred shares comprising of preferred A and B shares are not traded. Details and movement in the shares of stock of ICTSI are disclosed in Note 14, *Equity*, to the 2017 Audited Annual Consolidated Financial Statements.

The stockholders of ICTSI, in a special stockholders meeting held on August 11, 2010, approved the creation of a class of voting low par value preferred shares. The stockholders representing at least 2/3 of the outstanding capital stock of ICTSI approved the amendment of the articles of incorporation of ICTSI to reclassify the existing 1,000,000,000 authorized Preferred Shares with a par value of US$0.048 (₱1.00) per share into: (a) 993,000,000 Preferred A Shares with a par value of US$0.048 (₱1.00) per share, inclusive of the outstanding Preferred Shares, and (b) 7,000,000 Preferred shares which were further reclassified into 700,000,000 Preferred B Shares with a par value of US$0.0002 (₱0.01). The creation of a class of low par value voting preferred shares was authorized by the Board on June 18, 2010.

The Preferred A shares, which were subscribed to by International Container Terminal Holdings, Inc., are non-voting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 14.3 to the 2017 Audited Annual Consolidated Financial Statements). As at March 6, 2018, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). As at March 6, 2018, Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OCTAVIO VICTOR R. ESPIRITU**, Filipino, of legal age and a resident of 203 Dingalan Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **International Container Terminal Services, Inc.** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at ICTSI Administration Building, Manila International container Terminal, South Access Road, 1012 Manila City, Philippines, and have been its Independent Director since April 2002.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Bank of the Philippine Islands	Independent Director	April 7, 2000 to Present
Philippine Dealing System Holdings Corp. and Subsidiaries	Independent Director	May 10, 2013 to Present
Phil Stratbase Consultancy, Inc.	Director	September 1, 2004 to Present
Pueblo de Oro Golf and Country Club, Inc.	Independent Director	October 19, 1988 to Present
The Country Club, Inc.	Independent Director	July 23, 2015 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates, other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable	Not applicable	Not applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding:

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable	Not applicable	Not applicable

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hands this FEB 07 2019 day of _______ 2019 at Manila City.

OCTAVIO VICTOR R. ESPIRITU
Affiant

SUBSCRIBED AND SWORN TO before me this FEB 07 2019 day of _______ 2019 at Manila City, affiant exhibiting to me his Passport, with at DFA NCR South.

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ATTY. GARY AURE
NOTARY PUBLIC, ROLL NO. 60777