



International
Container Terminal
Services, Inc.

EXCELLENCE UNCONTAINED

Aug 7, 2018

2Q 2018 INVESTOR BRIEFING PRESENTATION



AGENDA

1 Recent Financial Performance

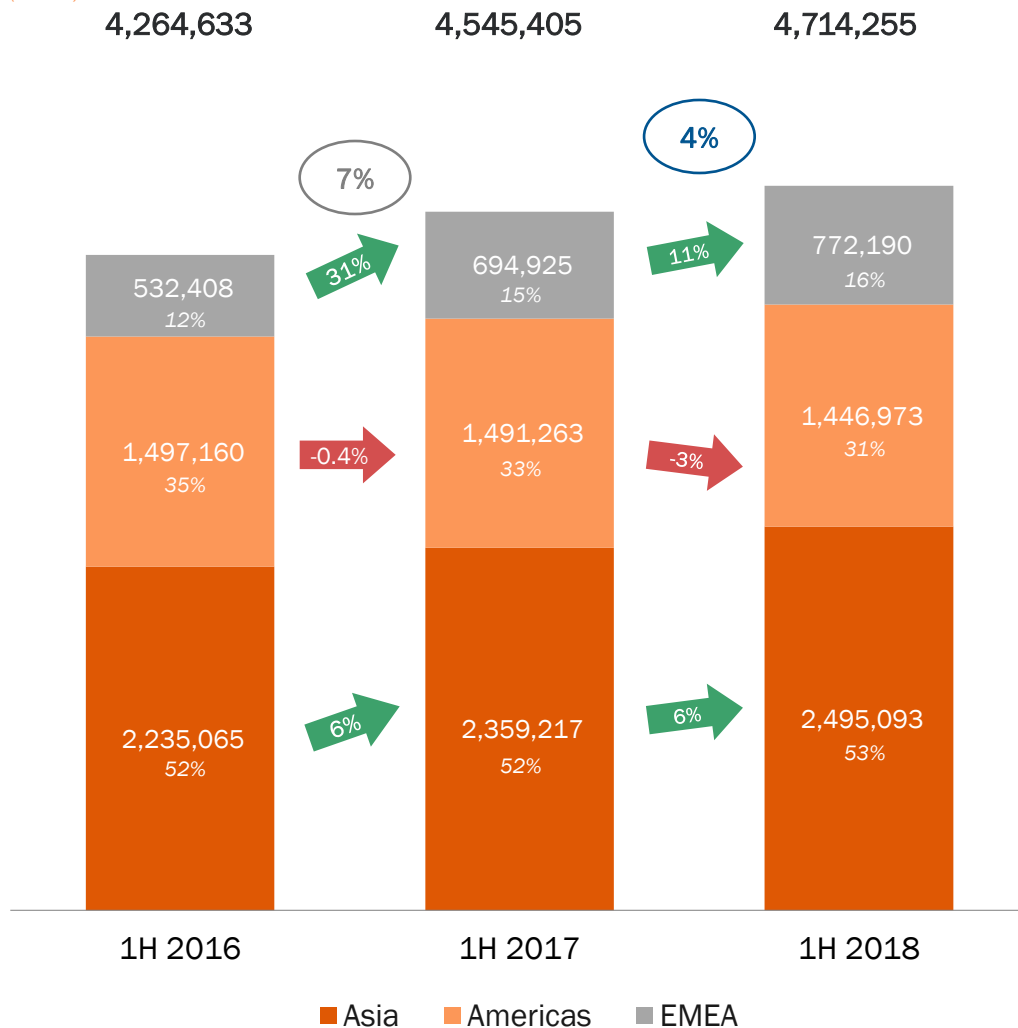
2 Liquidity and Capital Resources

3 Other Matters

4 Questions and Answers

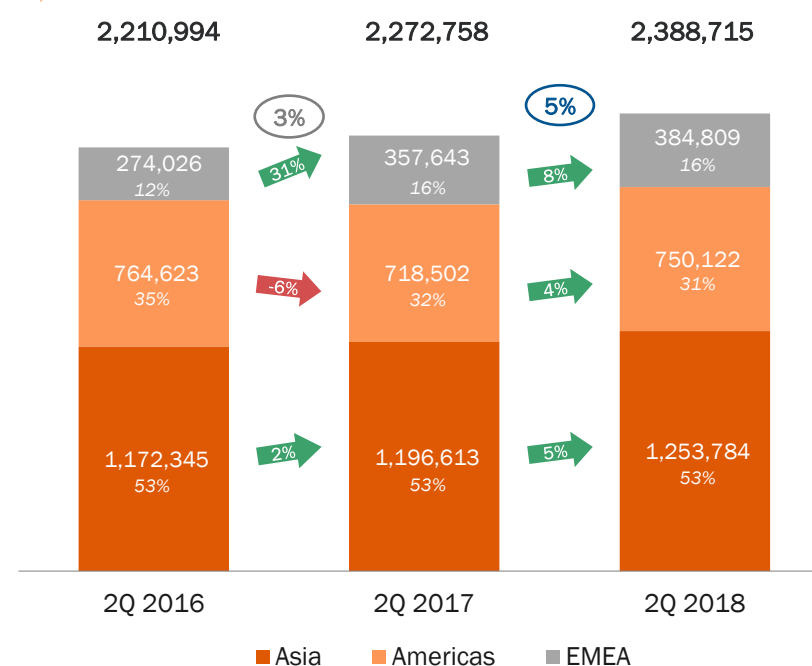
First Half

(in TEU)



Second Quarter

(in TEU)

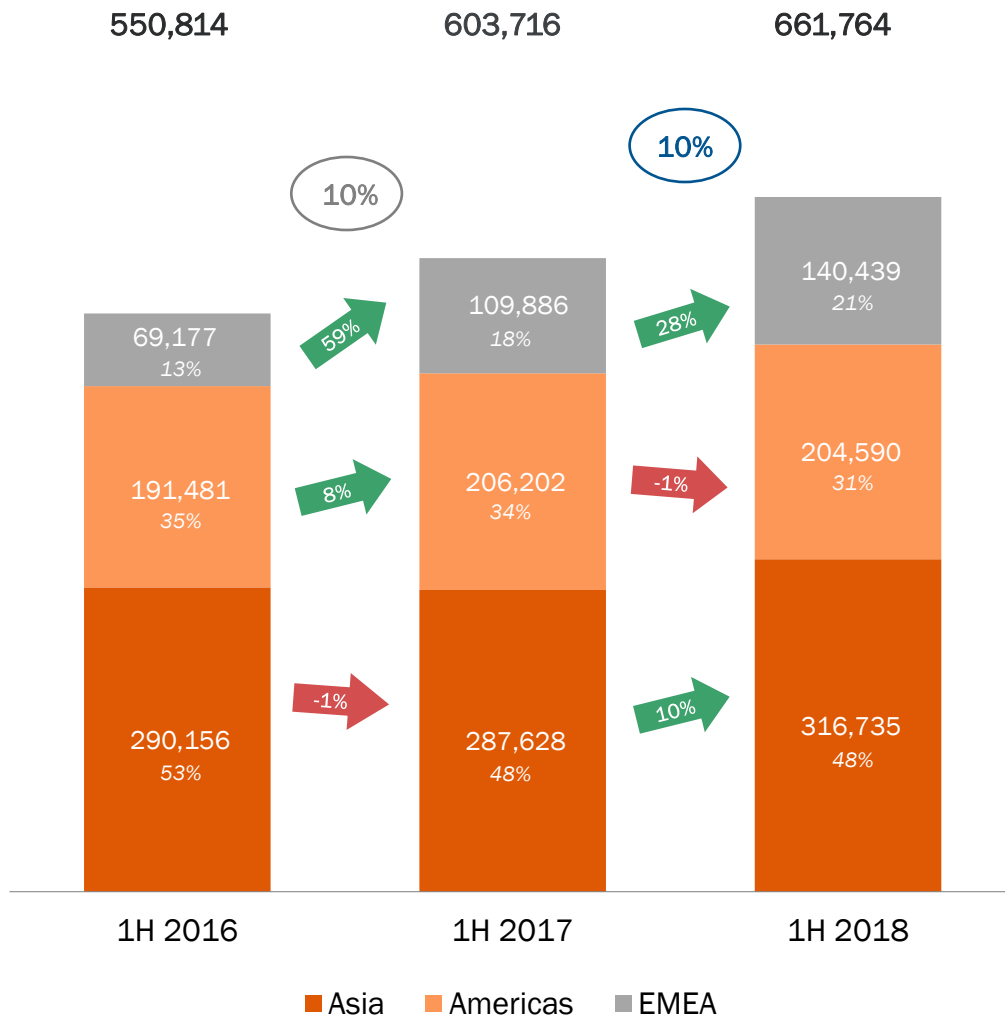


- 1H 2018 vs 1H 2017 consolidated volume up 4%; Organic volume grew 1%
- Volume growth was due to improving global trade activities particularly in the emerging markets; continuing volume growth at most terminals and the contribution of new terminals – VICT, SPICTL and MITL

Revenues

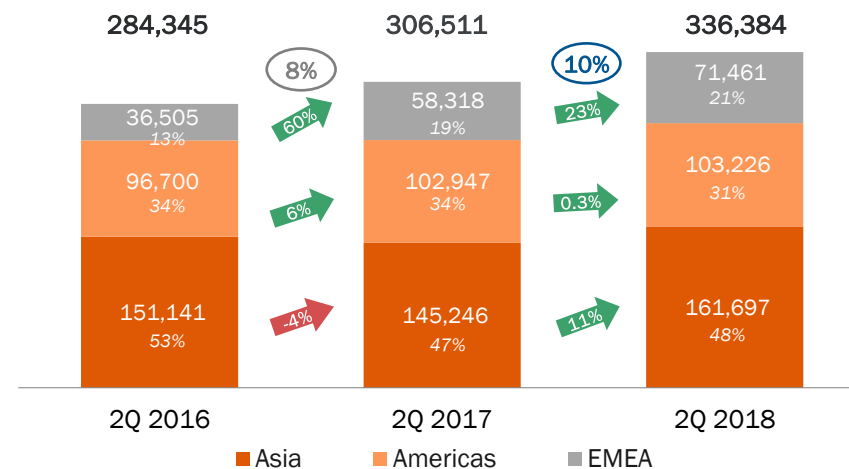
First Half

(in US\$ '000)



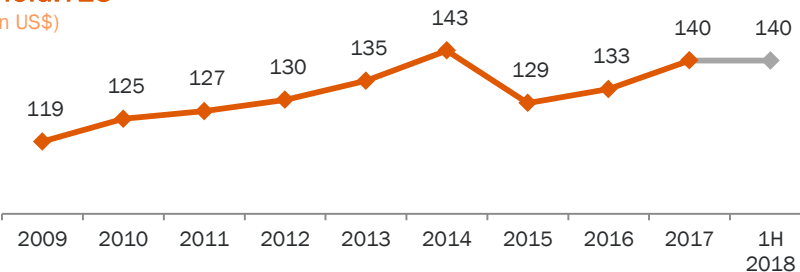
Second Quarter

(in US\$ '000)



Yield:TEU

(in US\$)



- Consolidated revenues 10% higher in 1H 2018 vs 1H 2017; Organic revenue increased 6%
- Consolidated 1H 2018 yield to TEU at US\$140

Consolidated P&L Highlights

(In US\$ '000, except Volume & EPS)

	1H 2017	1H 2018	% Change	
Volume (In TEU)	4,545,405	4,714,255	4%	<ul style="list-style-type: none"> Volume up 4% due to improving global trade particularly in the emerging markets; continuing volume growth at most terminals and the new terminals in Lae and Motukea in PNG and Melbourne, Australia; Organic volume grew by 1%.
Gross Revenues from Port Operations	603,716	661,764	10%	<ul style="list-style-type: none"> Revenues increased 10% mainly due to volume growth; new contracts with shipping lines and services; and contribution of the new terminals; Organic revenue increased 6%
Cash Operating Expenses	221,715	265,956	20%	<ul style="list-style-type: none"> Cash Opex 20% higher due to cost contribution of the new terminals, higher volume, higher fuel price and power rate at certain terminals, and unfavorable translation impact of MXN
EBITDA	289,712	299,529	3%	<ul style="list-style-type: none"> EBITDA increased 3% mainly due to strong revenues and positive contribution of SPICTL and MITL, tapered by fixed port lease expense at VICT
EBIT	206,427	204,296	-1%	<ul style="list-style-type: none"> EBITDA margin decreased from 48% to 45% mainly due to the additional operating expenses from the new terminals
Financing Charges and Other Expenses	59,046	60,008	2%	<ul style="list-style-type: none"> Financing charges and other expenses up 2% primarily due to lower capitalized borrowing cost on qualifying assets
Net Income	115,117	111,328	-3%	
Net Income Attributable to Equity Holders	103,636	97,666	-6%	<ul style="list-style-type: none"> Net income attributable to equity holders down 6% due to higher depreciation expenses from the new terminals
Fully Diluted EPS	0.041	0.032	-22%	

Consolidated P&L Highlights



(In US\$ '000, except Volume & EPS)

	2Q 2017	2Q 2018	% Change	
Volume (In TEU)	2,272,758	2,388,715	5%	• Volume up 5% due to improving global trade particularly in the emerging markets; continuing volume growth at most terminals; and the new terminals; Organic volume growth at 4% .
Gross Revenues from Port Operations	306,511	336,384	10%	• Revenues increased 10% mainly due to volume growth; new contracts with shipping lines and services; and contribution of the new terminals Organic revenue growth at 7%
Cash Operating Expenses	117,799	136,846	16%	• Cash Opex 16% higher due to cost contribution of the new terminals, higher volume and higher fuel price and power rate at certain terminals
EBITDA	142,723	151,758	6%	• EBITDA increased 6% mainly due to strong revenues and positive contribution of SPICTL and MITL, tapered by higher fixed port lease expense at VICT
EBIT	98,336	103,803	6%	• EBITDA margin decreased from 47% to 45% mainly due to the additional operating expenses from the new terminal
Financing Charges and Other Expenses	32,832	28,935	-12%	• Financing charges and other expenses down 12% primarily due to lower debt balance as the project finance facility at CMSA in May 2018 was pre-terminated
Net Income	57,533	60,446	5%	
Net Income Attributable to Equity Holders	51,896	53,597	3%	• Net income attributable to equity holders up 3% due to strong operating income tapered by higher depreciation expenses
Fully Diluted EPS	0.020	0.018	-10%	

Recurring Net Income

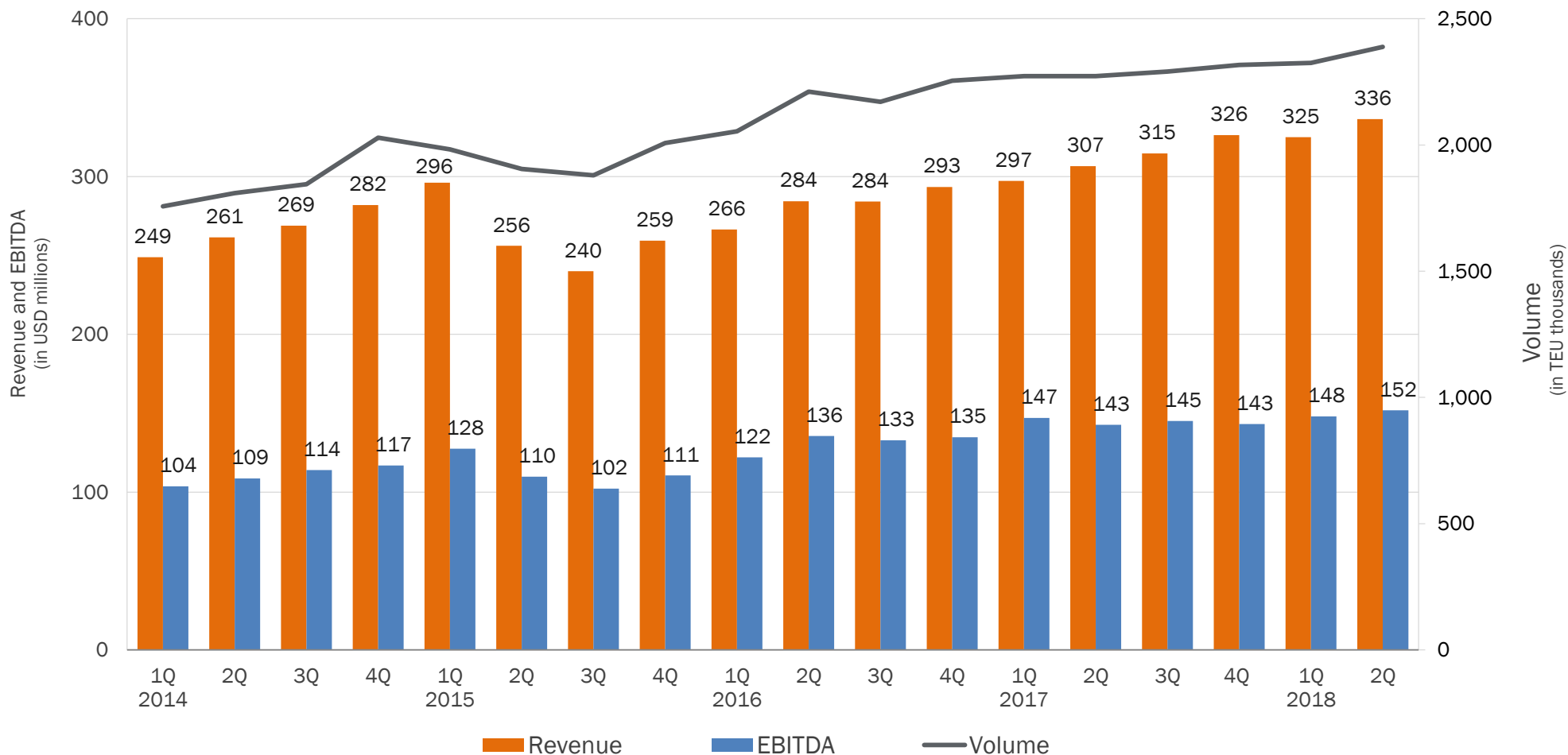
	1H 2017	1H 2018	% Change	2Q 2017	2Q 2018	% Change
Net Income Attributable to Equity Holders	103,636	97,666	-6%	51,896	53,597	3%
Non-recurring item:						
Gain on the termination of the LICTSLE sub-concession agreement	(7,500)	-		(7,500)	-	
MTM gain on derivative of CMSA	-	(2,752)		-	(2,752)	
Recurring Net Income Attributable to Equity Holders	96,136	94,914	-1%	44,396	50,845	15%

Financing Charges & Other Expenses

(In US\$ '000)

	1H 2017	1H 2018	% Change	
Financing Charges & Other Expenses	59,046	60,008	2%	
• Interest Expense on Loans/Bonds	53,245	51,787	-3%	• Lower interest expense due to lower loan balance
• Capitalized Borrowing Cost	(7,349)	(1,386)	-81%	• Lower capitalized borrowing cost on qualifying assets
• Amortization of Debt Issue Cost	3,965	3,296	-17%	
• Other Expenses	9,185	6,311	-31%	
 Average Outstanding Debt Balance	 1,484,985	 1,467,847	 -1%	 • Average loan balance 1% lower due to the pre-payment of CMSA's project finance facility
 Average Remaining Tenor	 7.1 yrs	 5.7 yrs		
 Average Cost of Debt <i>(post CIT)</i>	 5.0% p.a.	 5.0% p.a.		

Historical Volume, Revenue & EBITDA



Proactive FX Risk Management

ICTSI's revenue and cash expenses are favorably matched, which provides a natural currency hedge that mitigates against volatility attributable to FX movements.

Revenue Currency by Subsidiary

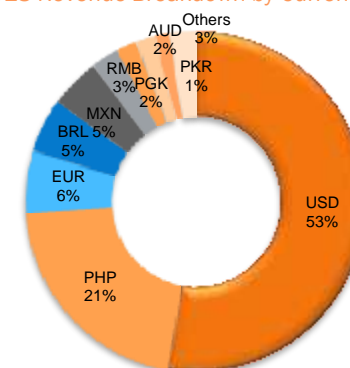
	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	43%		57% PHP
	PTMTS			100% IDR
	YICT			100% RMB
	OJA	68%		32% IDR
	PICT	76%		24% PKR
	SBITC/ISI	54%		46% PHP
	SCIPSI			100% PHP
	DIPSSCOR			100% PHP
	HIPS			100% PHP
	MICTSI			100% PHP
	BIPI			100% PHP
	LGICT			100% PHP
	VICT			100% AUD
	SPICTL			100% PGK
EMEA	BCT	69%	2%	29% PLN
	MICTSL		97%	3% MGA
	BICT	100%		
	AGCT		80%	20% HRK
	BGT	87%		13% IQD
Americas	IDRC	100%		
	TSSA			100% BRL
	CGSA	100%		
	OPC	100%		
	CMSA	50%		50% MXN

Cash Expense Currency by Subsidiary

	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	35%		65% PHP
	PTMTS			100% IDR
	YICT			100% RMB
	OJA	9%		91% IDR
	PICT	19%		81% PKR
	SBITC/ISI	40%		60% PHP
	SCIPSI			100% PHP
	DIPSSCOR			100% PHP
	HIPS			100% PHP
	MICTSI			100% PHP
	BIPI			100% PHP
	LGICT			100% PHP
	VICT	16%		84% AUD
EMEA	SPICTL			100% PGK
	BCT	31%	1%	68% PLN
	MICTSL	2%	42%	56% MGA
	BICT			100% GEL
	AGCT		9%	91% HRK
Americas	BGT	19%		81% IQD
	IDRC	97%		3% CDF
	TSSA			100% BRL
	CGSA	100%		
	OPC	52%		48% HNL
	CMSA	1%		99% MXN
	TECPLATA	4%		96% ARS

US\$ Revenues from Port Operations

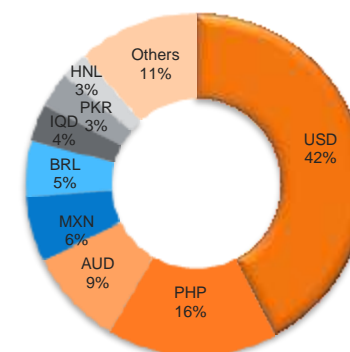
(1H 2018 Revenue Breakdown by Currency)



Gross Revenues
US\$ 662M

Expenses favorably Matching Revenues

(1H 2018 Expenses Breakdown by Currency)

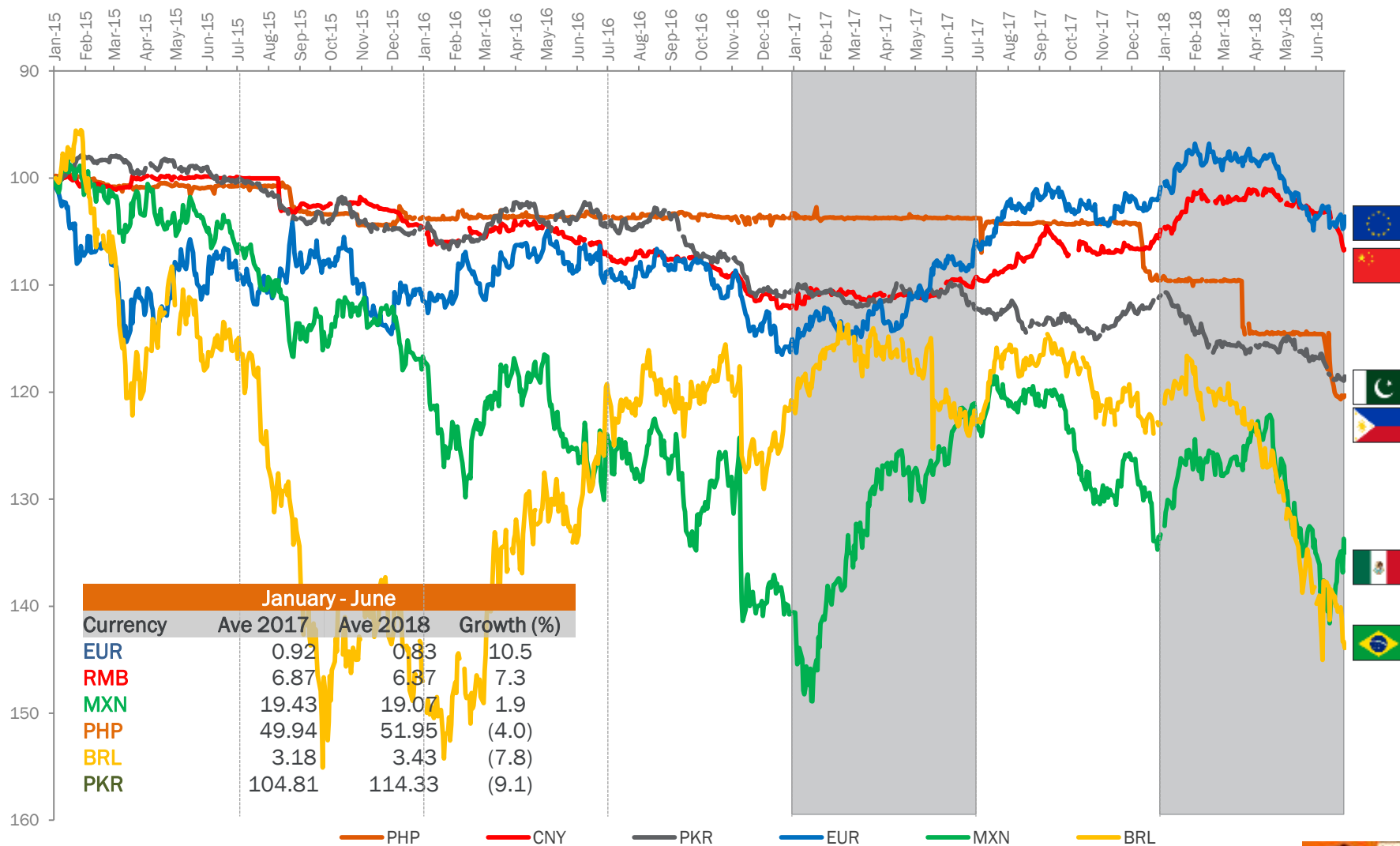


Cash Expenses
US\$ 502M

Note: Total Cash Expense includes Cash Opex, Port Fees, Realized FX losses, Interest Cost, Perp Distribution, IFRIC Interest, Other "cash" expenses and Income tax paid

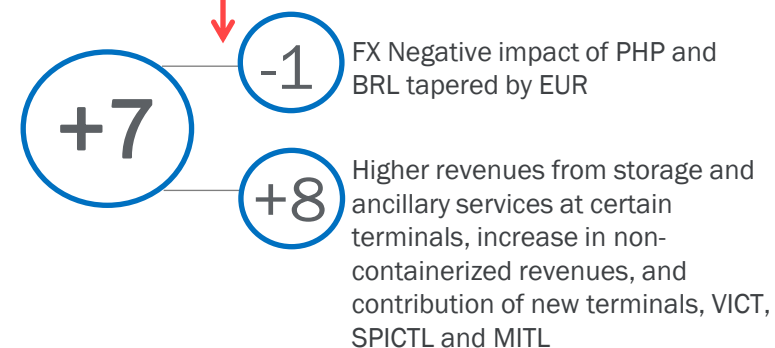
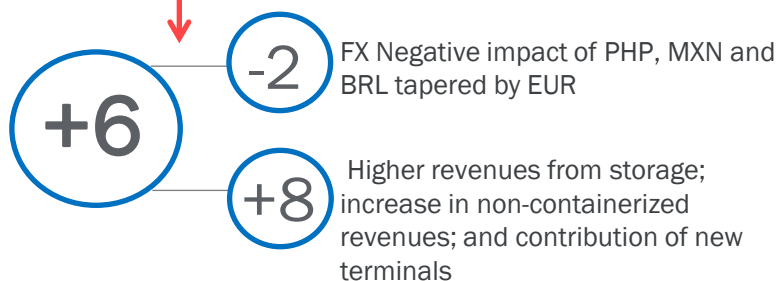
FX Movement

FX Movement since January 2015 and bottom line effect on ICTSI's margins.



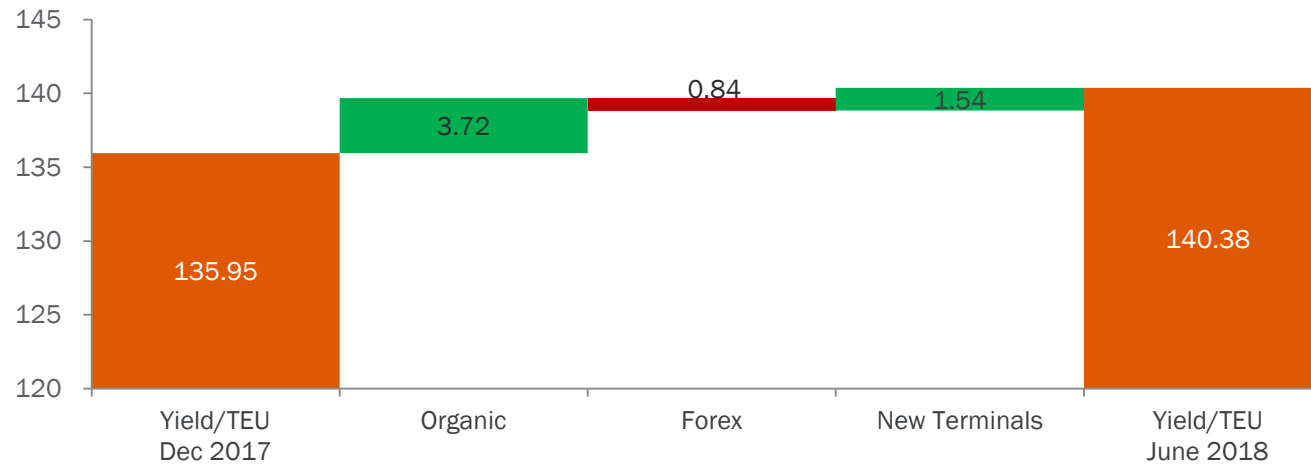
Yield/TEU Comparison

2Q 2017	2Q 2018	% change		1H 2017	1H 2018	% change
2,273	2,389	5%	Volume (TEU '000)	4,545	4,714	4%
307	336	10%	Revenues (US\$ million)	604	662	10%
135	141	4%	Yield/TEU (US\$)	133	140	6%
143	152	6%	EBITDA (US\$ millions)	290	300	3%
47%	45%		EBITDA Margin	48%	45%	

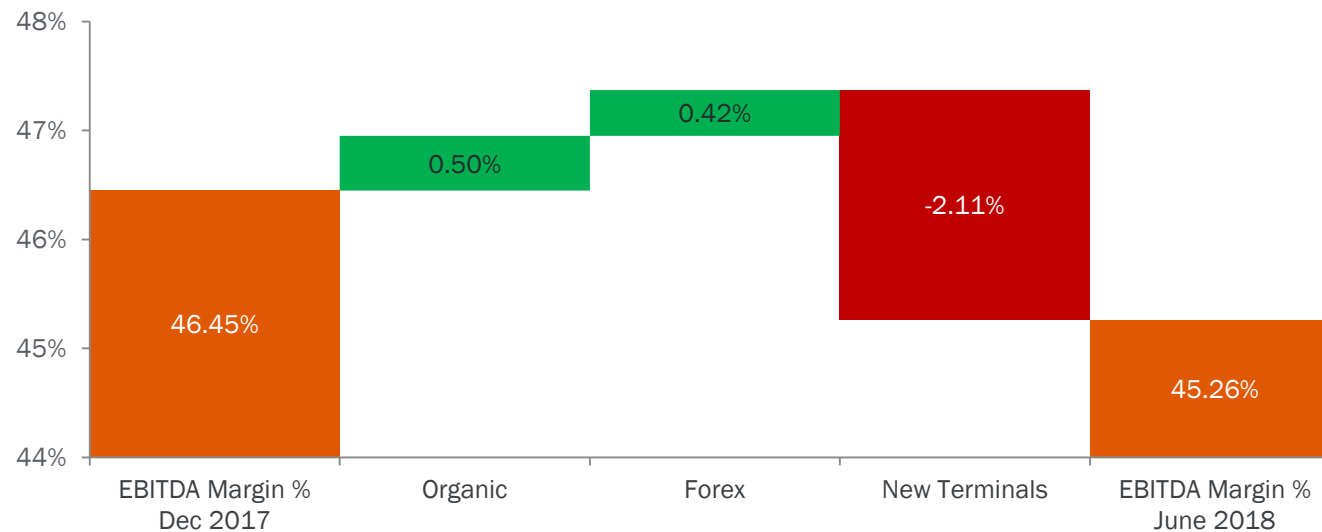


Yield/TEU and EBITDA Evolution

Yield/TEU Evolution



Evolution of EBITDA Margin



The background of the slide is a composite image. On the left, there is a large container ship docked at a port, with its deck covered in stacks of colorful shipping containers. Several orange gantry cranes are visible on the ship. To the right of the ship, a city skyline is visible, featuring numerous buildings and a body of water in the foreground. The sky is clear and blue.

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Balance Sheet Summary

(In US\$ Million)

	2016	2017	1H 2018
Intangible and Property and Equipment	3,102	3,203	3,296
Cash and Cash Equivalents	325	279	402
Other Current and Non-current Assets	756	888	889
Total Assets	4,183	4,371	4,587
Total Short-term and Long-term Debt	1,381	1,494	1,311
Concession Rights Payable	491	480	552
Other Current and Non-current Liabilities	545	524	534
Total Liabilities	2,417	2,498	2,397
Total Equity	1,766	1,873	2,190

Financial Ratios

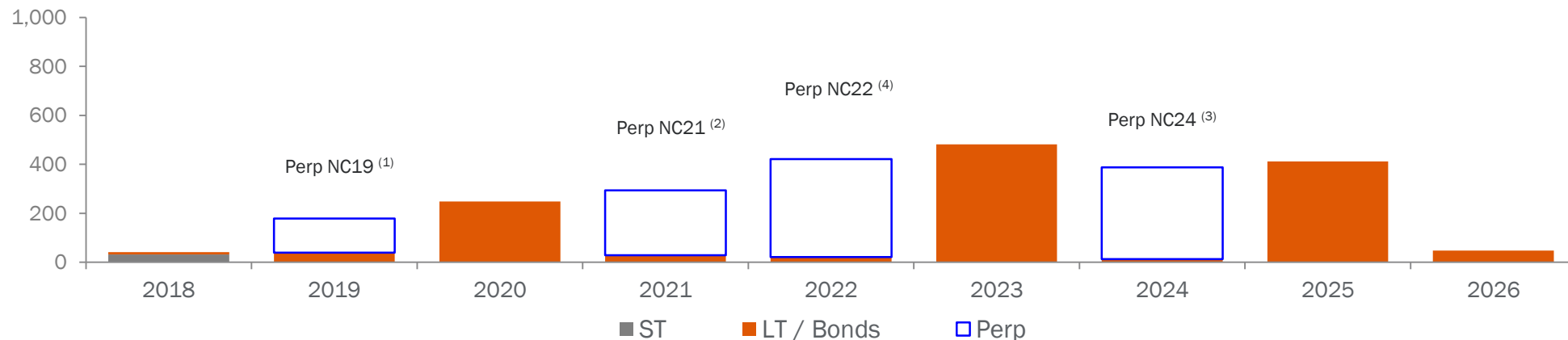
Gearing: Debt/SHE	0.78	0.80	0.60
Debt Cover Ratio: Debt/EBITDA (<i>per covenant</i>)	2.31	2.21	2.13
Current Ratio: Current Assets/Current Liabilities	1.18	1.25	1.68
DSCR: EBITDA/(Interest + Scheduled Principal Payments)	1.83	3.11	2.94

Note: (1) Current Ratio is calculated as Current Assets/ Current Liabilities (2) DSCR is calculated as EBITDA/ (Interest + Scheduled Principal Payments)

Principal Redemption Profile

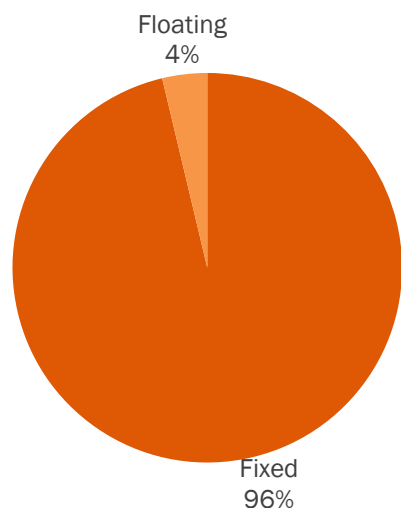
Principal Redemption Profile as of June 30, 2018

(US\$m)



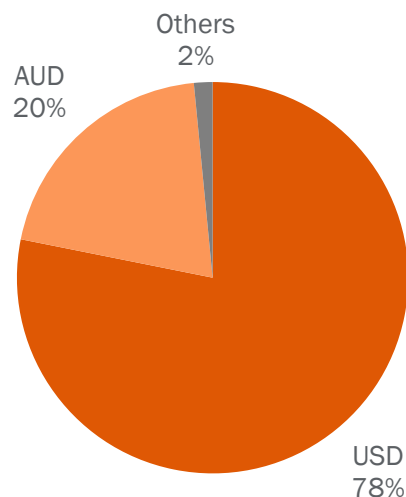
Debt Breakdown by Rate

(As of June 30, 2018)



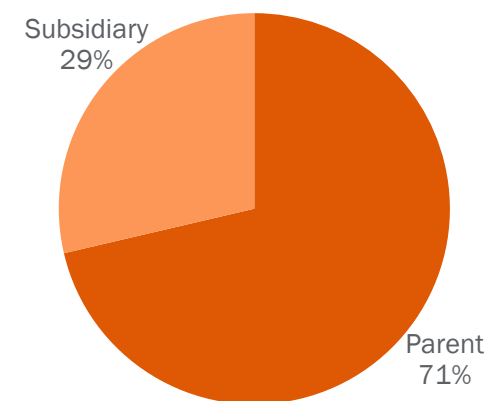
Debt Breakdown by Currency

(As of June 30, 2018)



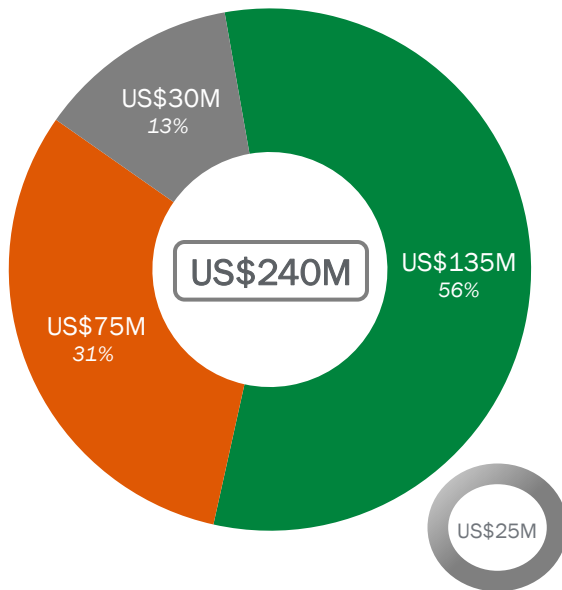
Debt Breakdown in Parent & Subsidiary

(As of June 30, 2018)



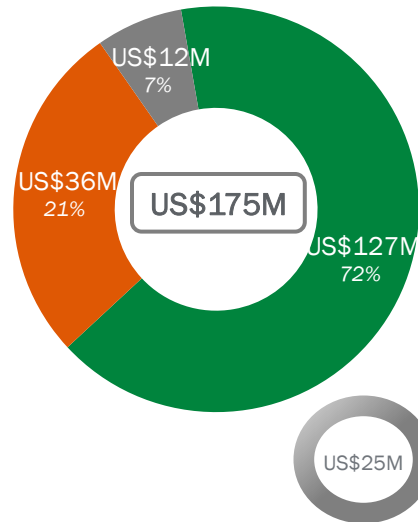
Capital Expenditures

2017B



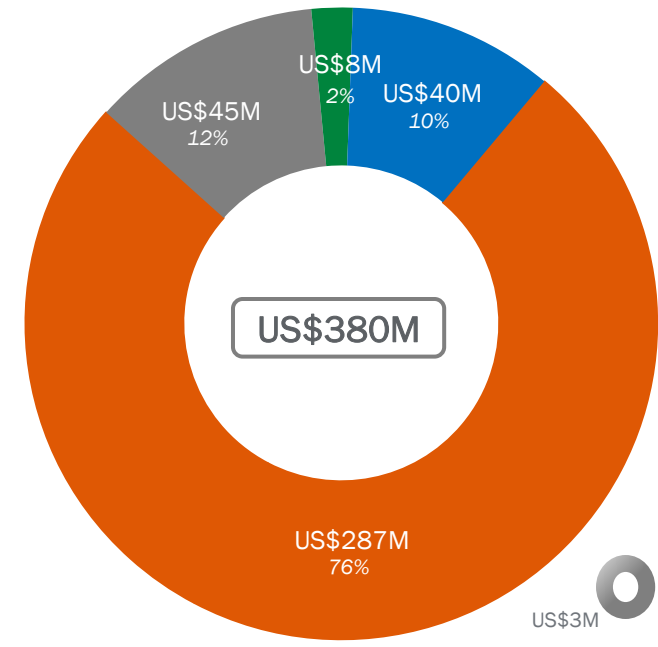
■ Greenfield ■ Expansionary ■ Maintenance

2017A



■ Greenfield ■ Expansionary ■ Maintenance

2018B



■ New Projects ● Investment (SPIA)

2017 CAPEX mainly for:

GREENFIELD: Australia, Iraq, DR Congo, Honduras & Cavite

EXPANSIONARY: Manila, Ecuador, China & Mexico

2018 CAPEX mainly for:

GREENFIELD: Australia

EXPANSIONARY: Manila, Honduras, Mexico & Iraq

NEW: Papua New Guinea & Cavite

The background of the slide is a photograph of a port. In the foreground, there are several large orange gantry cranes. Behind them, there are stacks of colorful shipping containers in various colors like blue, red, and yellow. In the background, there are green hills or mountains under a clear blue sky.

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2018	July	ICTSI declared Preferred Bidder to operate, manage and develop the South Port Container Terminal (“SPCT”) at the port of Port Sudan, Republic of the Sudan
	June	South Pacific International Container Terminal Limited (“SPICTL”) and Motukea International Terminal Limited (“MITL”) commenced full commercial operations
	May	ICTSI launched maiden Sustainability Report
	Feb	South Pacific International Container Terminal Limited (“SPICTL”) commenced partial commercial operations
	Jan	Issued US\$400M Senior Fixed-for-Life Perpetual Securities
2017	Nov	PT ICTSI Jasa Prima Tbk (IJP) 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 Anda (OJA) , subject to certain conditions.
	Oct	ICTSI has signed expansion agreement for the second development phase of the Basra Gateway Terminal (BGT) in the North Port, Umm Qasr, Iraq
	Sep	<p>Motukea International Terminal Limited (“MITL”) and South Pacific International Container Terminal Limited (“SPICTL”) signed 25-year Terminal Operating Agreements with PNG Ports Corporation Limited (“PNGPCL”) for the Operation, Management and Development of the international ports in Motukea and Lae, in Papua New Guinea</p> <p>ICTSI acquired 34.83% of Manila North Harbour Port, Inc (“MNHPI”) from Petron Corporation</p>



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