



International  
Container Terminal  
Services, Inc.

EXCELLENCE UNCONTAINED

March 7, 2019

# FY 2018 INVESTOR BRIEFING PRESENTATION





# AGENDA

1 Recent Financial Performance

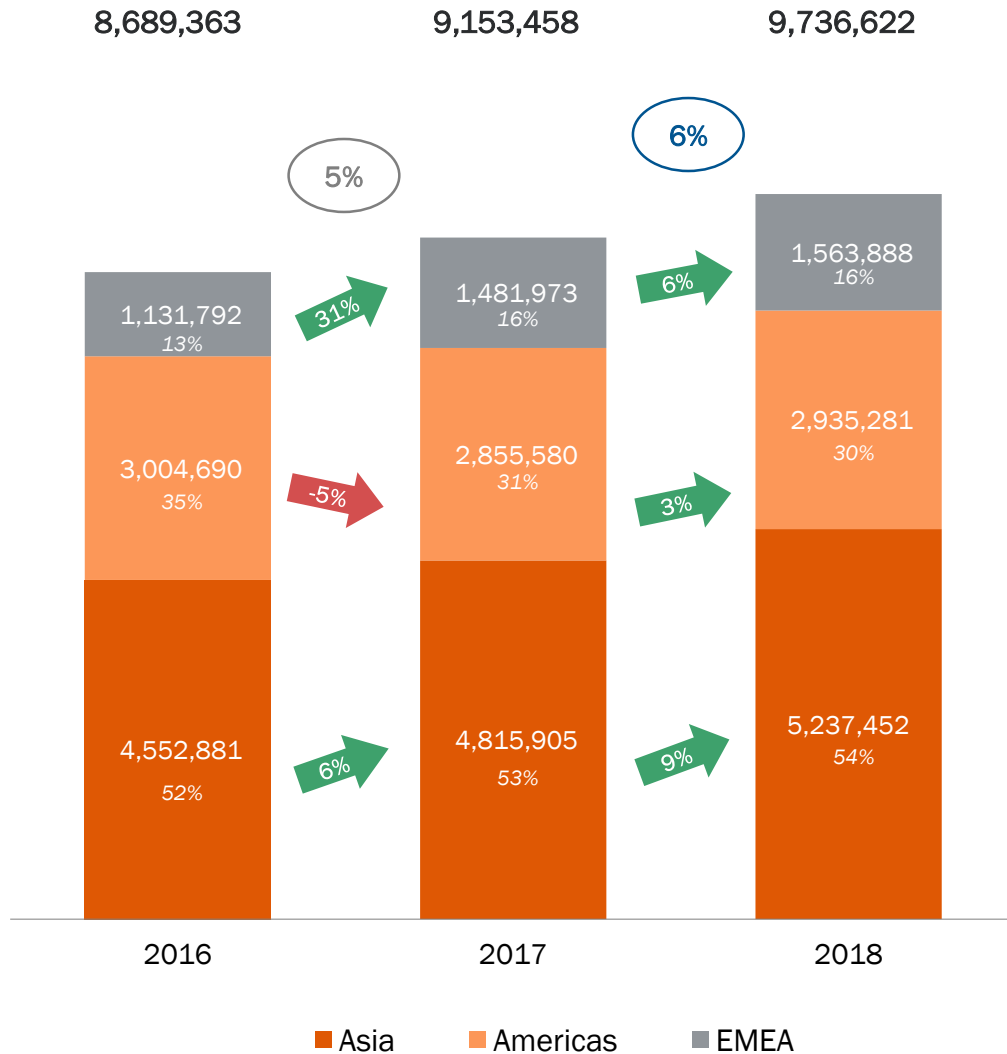
2 Liquidity and Capital Resources

3 Other Matters

4 Questions and Answers

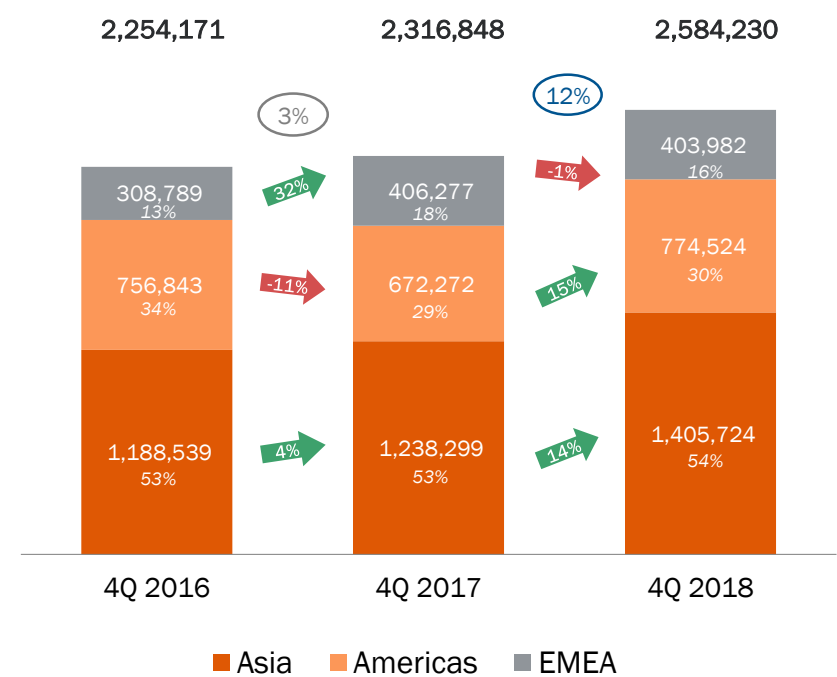
## Full Year

(in TEU)



## Fourth Quarter

(in TEU)

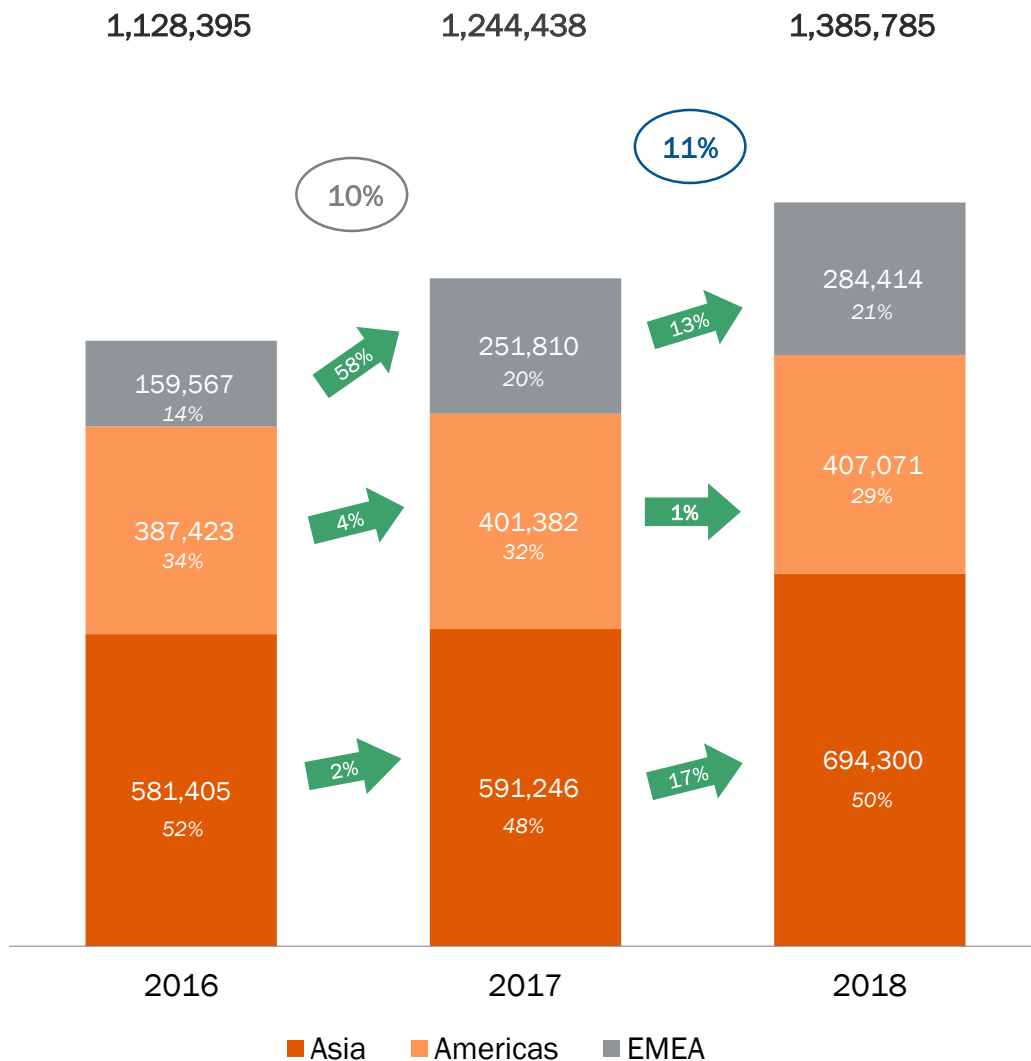


- 2018 vs 2017 consolidated volume up 6%; Organic volume grew 3%
- Volume growth was due to improvement in trade activities at most of the Company's terminal locations, new contracts with shipping lines, and the contribution of new terminals – VICT, SPICTL and MITL

# Revenues

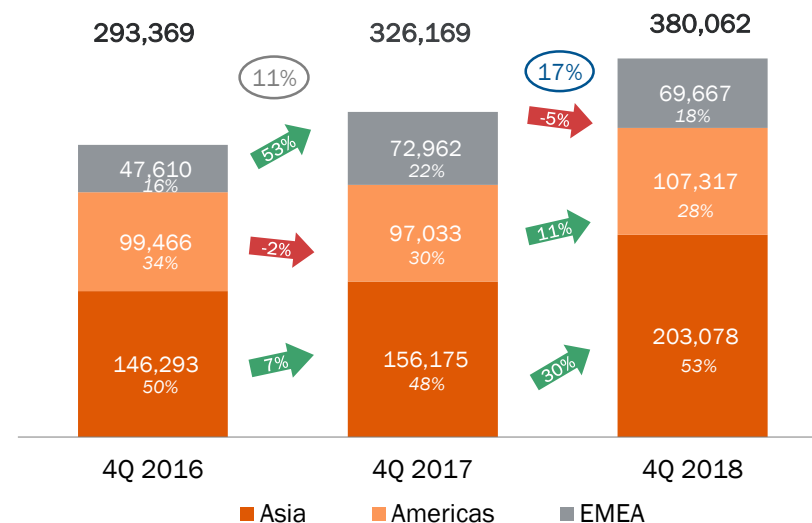
## Full Year

(in US\$ '000)



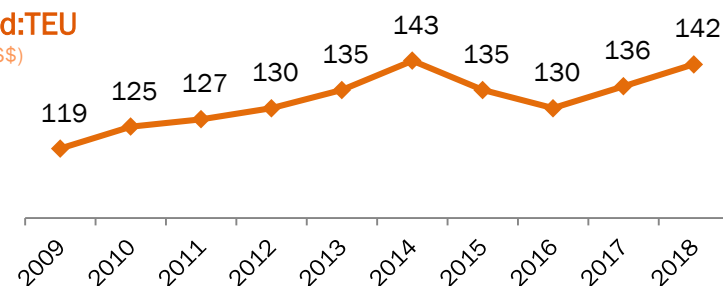
## Fourth Quarter

(in US\$ '000)



## Yield:TEU

(in US\$)



- Consolidated revenues 11% higher in 2018 vs 2017; Organic revenue increased 7%
- Consolidated 2018 yield to TEU at US\$142

# Consolidated P&L Highlights



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

	2017	2018	% Change	
<b>Volume</b> (In TEU)	9,153,458	9,736,621	6%	<ul style="list-style-type: none"> <li>Volume up <b>6%</b> due to improving global trade particularly in the emerging markets; continuing volume growth at most terminals and the continuing ramp-up at the new terminals in Lae and Motukea in PNG and Melbourne, Australia; Organic volume growth at <b>3%</b>.</li> </ul>
<b>Gross Revenues from Port Operations</b>	1,244,438	1,385,785	11%	<ul style="list-style-type: none"> <li>Revenues increased <b>11%</b> mainly due to volume growth; new contracts with shipping lines and services; increase in revenues from non-containerized cargoes, storage and ancillary services; tariff adjustments and contribution of the new terminals in PNG and Australia; Organic revenue growth at <b>7%</b></li> </ul>
<b>Cash Operating Expenses</b>	475,899	540,459	14%	<ul style="list-style-type: none"> <li>Cash Opex <b>14%</b> higher due to cost contribution of the new terminals, higher fuel price and power consumption driven by volume growth, and higher equipment rentals at certain terminals</li> </ul>
<b>EBITDA</b>	578,012	642,221	11%	<ul style="list-style-type: none"> <li>EBITDA increased <b>11%</b> mainly due to strong revenues and positive contribution of SPICTL and MITL, tapered by higher fixed port lease expense at VICT</li> </ul>
<b>EBIT</b>	404,547	446,509	10%	<ul style="list-style-type: none"> <li>EBITDA margin slightly decreased from 46.5% to <b>46.4%</b> mainly due to the additional operating expenses from the new terminals</li> </ul>
<b>Financing Charges and Other Expenses</b>	132,461	128,582	-3%	<ul style="list-style-type: none"> <li>Financing charges and other expenses down <b>3%</b> primarily due to the lower interest expense due to the prepayment of the CMSA project finance loan and lower restructuring and separation costs, tapered by the lower capitalized borrowing cost of qualifying asset and non-recurring impairment charge on the goodwill at DIPSSCOR in 2018</li> </ul>
<b>Net Income</b>	207,717	249,823	20%	
<b>Net Income Attributable to Equity Holders</b>	182,141	221,494	22%	<ul style="list-style-type: none"> <li>Net income attributable to equity holders up <b>22%</b> mainly due to strong operating income from organic terminals; a decrease in the Company's net loss at SPIA, lower of restructuring and separation costs and a non-recurring gain from the pre-termination of interest rate swap at CMSA in May 2018.</li> </ul>
<b>Fully Diluted EPS</b>	0.069	0.077	12%	<ul style="list-style-type: none"> <li>EPS up <b>12%</b> mainly due to higher net income, partially tapered by increase in distributions to holders of perpetual capital securities from issuance of senior guaranteed perpetual capital securities in January 2018.</li> </ul>

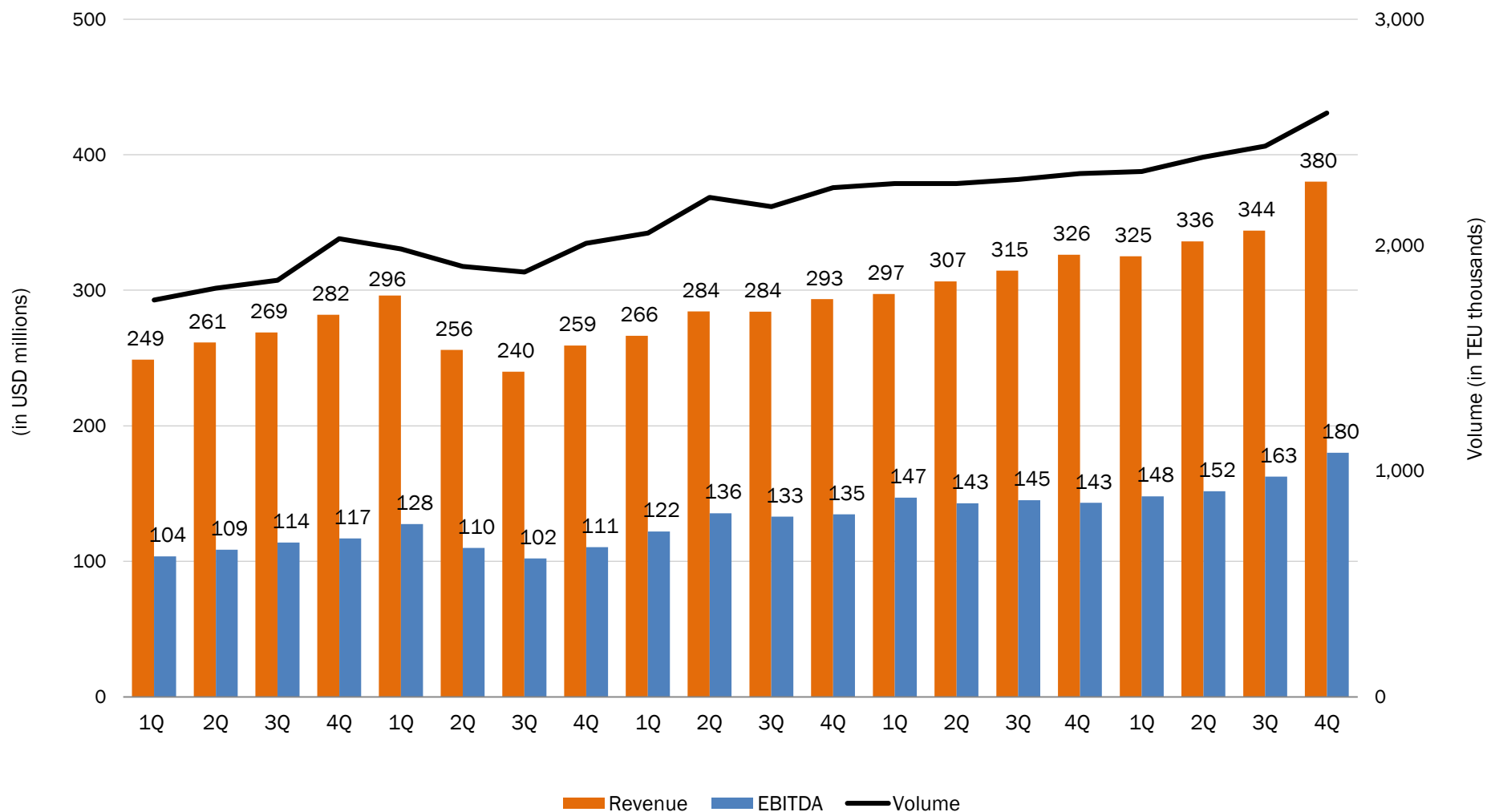


# Financing Charges & Other Expenses

(In US\$ '000)

	2017	2018	% Change	
<b>Financing Charges &amp; Other Expenses</b>	132,461	128,582	-3%	
• Interest Expense on Loans/Bonds	104,211	99,274	-5%	• Lower interest expense due to lower loan balance
• Capitalized Borrowing Cost	(10,424)	(4,331)	58%	• Lower capitalized borrowing cost on qualifying assets
• Amortization of Debt Issue Cost	6,626	6,367	-4%	
• Other Expenses	32,048	27,272	-15%	
<b>Average Outstanding Debt Balance</b>	1,505,796	1,400,957	-7%	• Average loan balance 7% lower due to the pre-payment of CMSA's project finance facility
<b>Average Remaining Tenor</b>	6.6 yrs	5.1 yrs		
<b>Average Cost of Debt</b> <i>(post CIT)</i>	4.9% 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

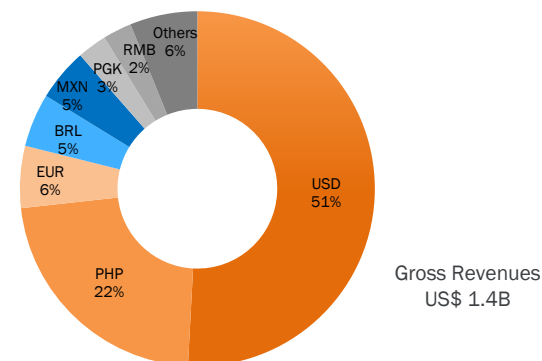
	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	42%		58% PHP
	PTMTS			100% IDR
	YICT			100% RMB
	OJA	70%		30% IDR
	PICT	76%		24% PKR
	SBITC/ISI	56%		44% PHP
	SCIPSI			100% PHP
	DIPSSCOR			100% PHP
	HIPS			100% PHP
	MICTSI			100% PHP
	BIPI			100% PHP
	LGICT	30%		70% PHP
	VICT			100% AUD
EMEA	SPICTL/MITL			100% PGK
	BCT	68%	5%	27% PLN
	MICTSL		100%	
	BICT	100%		
	AGCT		79%	21% HRK
	BGT	84%		16% IQD
Americas	IDRC	100%		
	TSSA			100% BRL
	CGSA	100%		
	OPC	100%		
	CMSA	49%		51% MXN

## Cash Expense Currency by Subsidiary

	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	30%		70% PHP
	PTMTS			100% IDR
	YICT			100% RMB
	OJA	8%		92% IDR
	PICT	18%		82% PKR
	SBITC/ISI	34%		66% PHP
	SCIPSI			100% PHP
	DIPSSCOR			100% PHP
	HIPS			100% PHP
	MICTSI			100% PHP
	BIPI	1%		99% PHP
	LGICT			100% PHP
	VICT	16%		84% AUD
EMEA	SPICTL/MITL			100% PGK
	BCT	31%	1%	68% PLN
	MICTSL	2%	42%	56% MGA
	BICT			100% GEL
	AGCT		9%	91% HRK
	BGT	15%		85% IQD
Americas	IDRC	92%		8% CDF
	TSSA			100% BRL
	CGSA	100%		
	OPC	52%		48% HNL
	CMSA	7%		93% MXN
	TECPLATA	5%		95% ARS

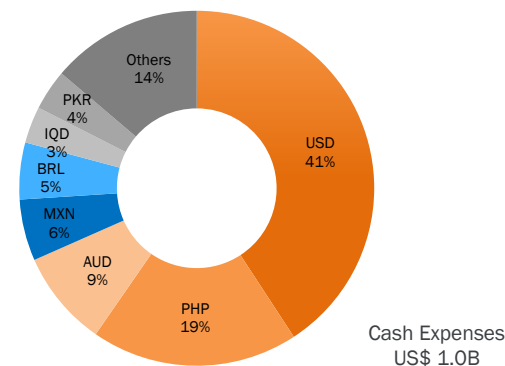
## US\$ Revenues from Port Operations

(2018 Revenue Breakdown by Currency)



## Expenses favorably Matching Revenues

(2018 Expenses Breakdown by Currency)

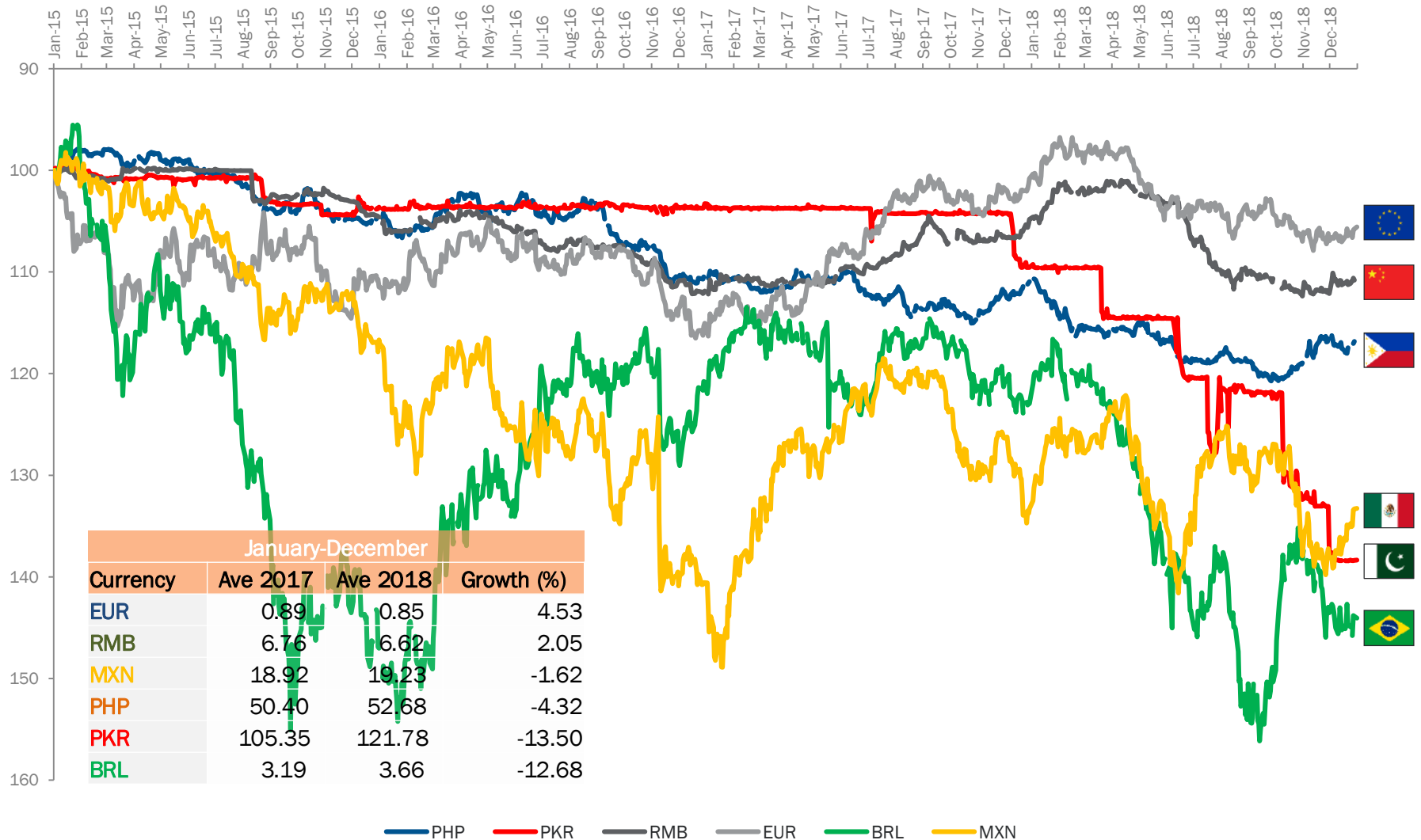


Note: Total Cash Expense includes Cash Opex, Port Fees, Realized FX losses, Interest Cost, Perp Distribution, IFRIC Interest, Other "cash" expenses and Income tax paid






# FX Movement

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

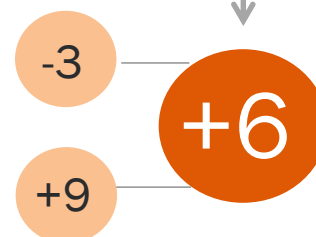


# Yield/TEU Comparison

	2017	2018	% change
 Volume (TEU '000)	9,153	9,737	6%
 Revenues (US\$ million)	1,244	1,386	11%
 Yield/TEU (US\$)	136	142	5%
EBITDA (US\$ millions)	578	642	11%
EBITDA Margin	46%	46%	

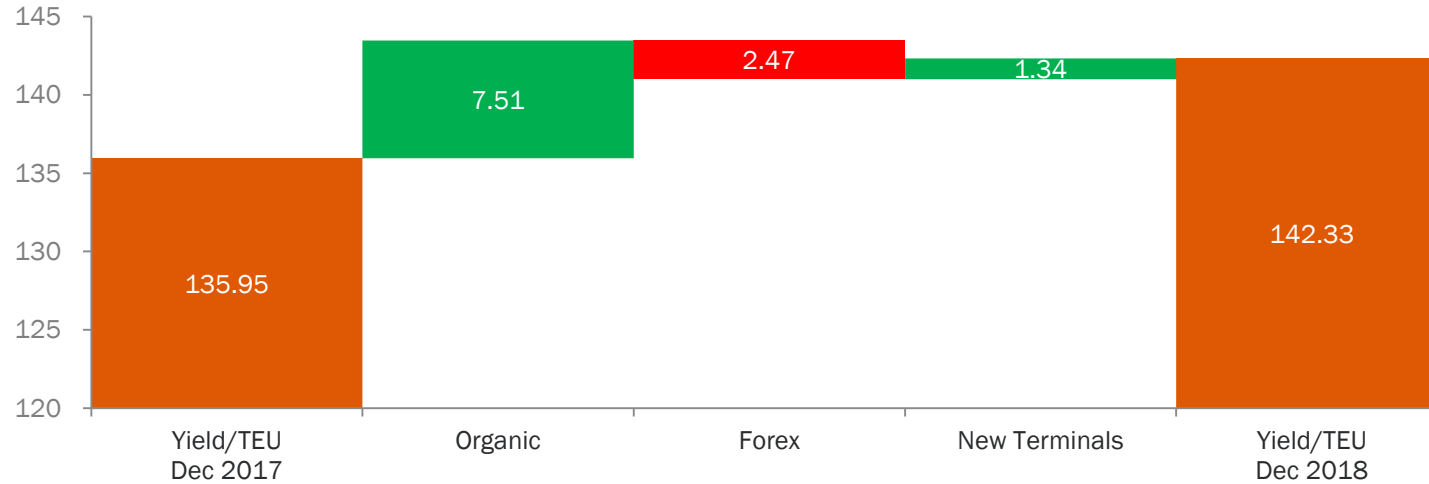
FX : Negative impact of PHP and BRL tapered by positive impact of EUR

Increase revenues from non-containerized cargoes, storage and ancillary services; tariff adjustments; and contribution of new terminals, VICT, SPICTL & MITL

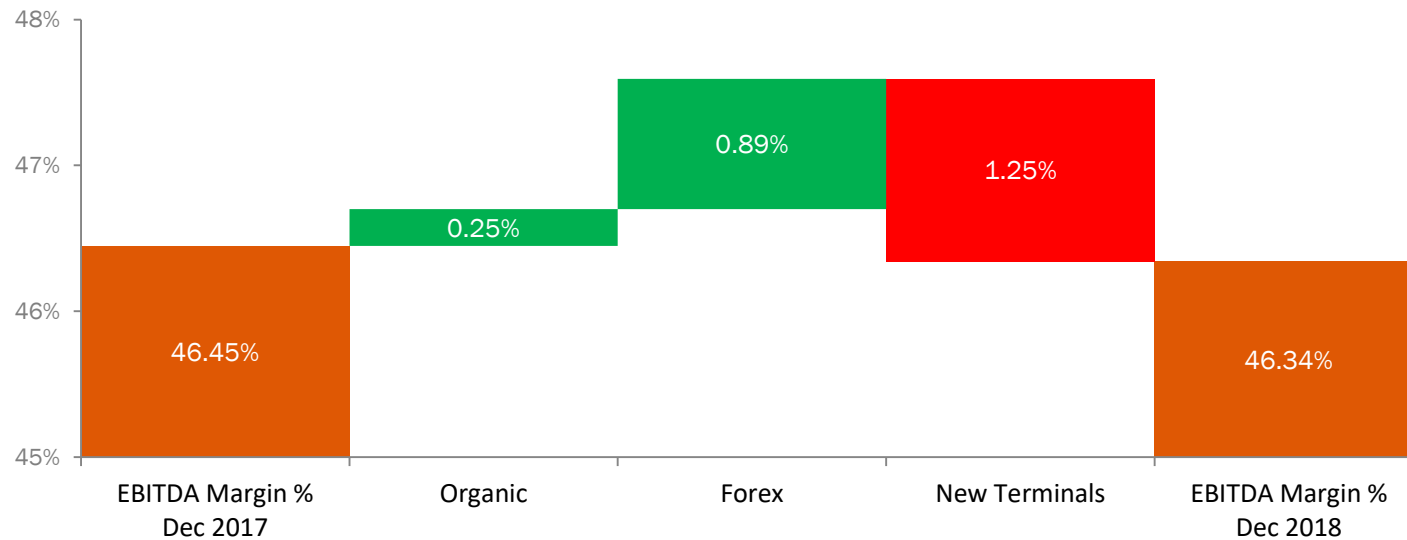


# Yield/TEU and EBITDA Evolution

## Yield/TEU Evolution



## Evolution of EBITDA Margin





An aerial photograph of a busy port. A large container ship is docked at a pier, with its deck covered in stacks of colorful shipping containers. Several orange gantry cranes are positioned along the pier. In the background, a city with dense buildings and a body of water are visible under a clear blue sky.

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# Balance Sheet Summary

(In US\$ Million)

	2016	2017	2018
Intangible and Property and Equipment	3,170	3,272	3,344
Cash and Cash Equivalents	325	279	447
Other Current and Non-current Assets	688	819	912
<b>Total Assets</b>	<b>4,183</b>	<b>4,371</b>	<b>4,703</b>
Total Short-term and Long-term Debt	1,381	1,494	1,307
Concession Rights Payable	490	480	541
Other Current and Non-current Liabilities	545	524	625
<b>Total Liabilities</b>	<b>2,417</b>	<b>2,498</b>	<b>2,474</b>
<b>Total Equity</b>	<b>1,766</b>	<b>1,873</b>	<b>2,240</b>

## Financial Ratios

Gearing: Debt/SHE	0.78	0.80	0.59
Debt Cover Ratio: Debt/EBITDA (per covenant)	2.31	2.21	2.16 <sup>(1)</sup>
Current Ratio: Current Assets/Current Liabilities	1.16	1.24	1.54
DSCR: EBITDA/(Interest + Scheduled Principal Payments)	1.83	3.11	3.42 <sup>(2)</sup>

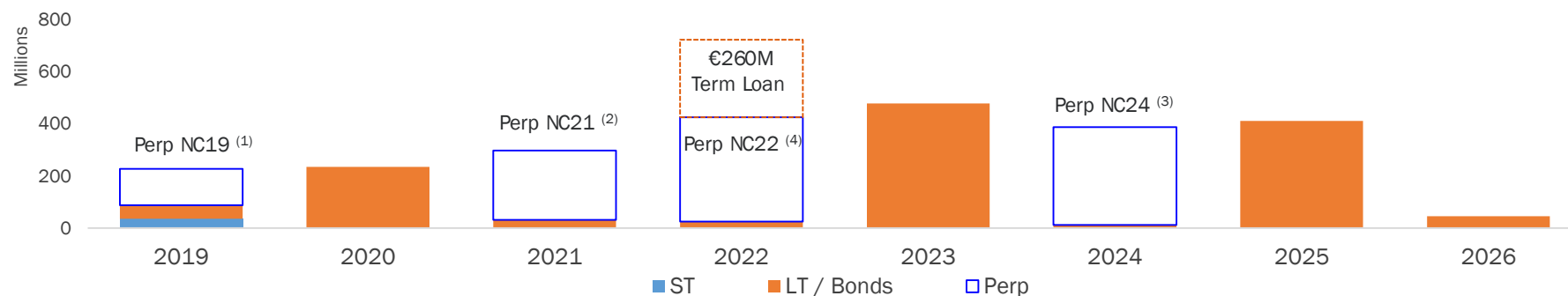
Note: (1) Proforma Debt Cover Ratio (including EUR260M Term Loan) is at 2.62

(2) Excludes unscheduled payment related to prepayment of CMSA loan; Including this prepayment, DSCR would have been 1.77

# Principal Redemption Profile

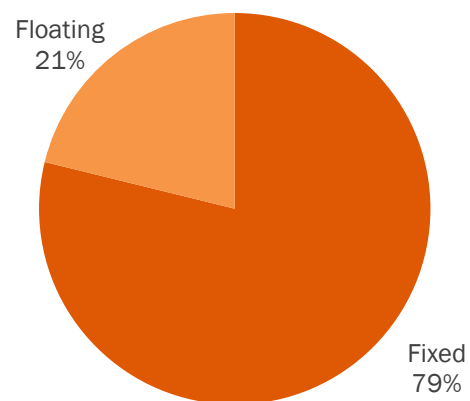
## Principal Redemption Profile Proforma as of January 31, 2019

(US\$m)



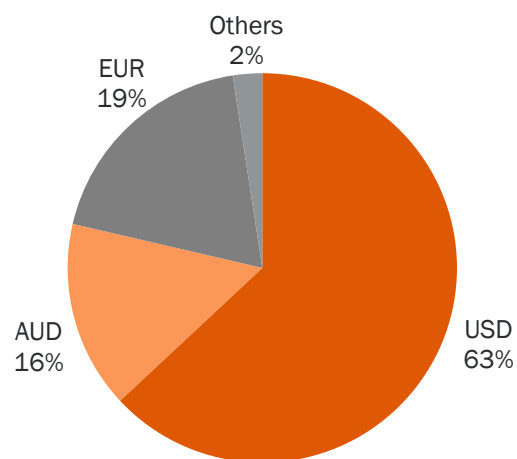
### Debt Breakdown by Rate

(Proforma as of Jan 31, 2019)



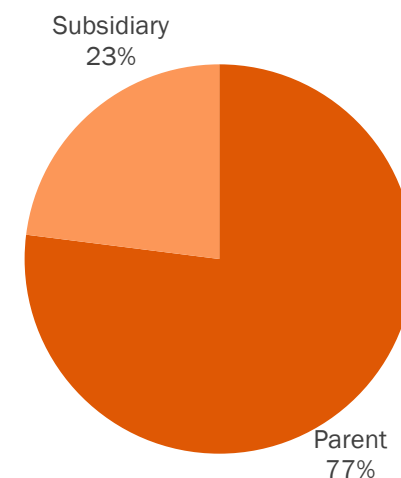
### Debt Breakdown by Currency

(Proforma as of Jan. 31, 2019)



### Debt Breakdown in Parent & Subsidiary

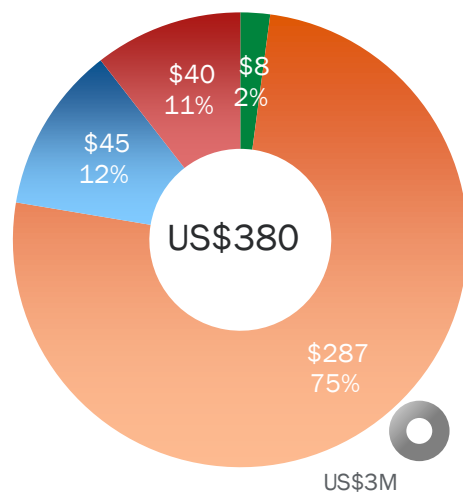
(Proforma as of Jan. 31, 2019)



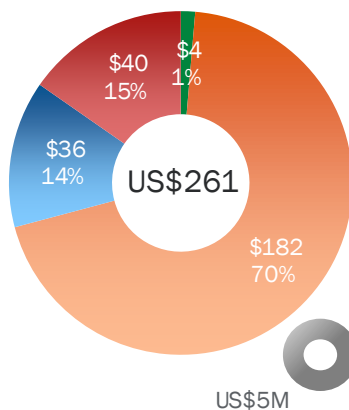


# Capital Expenditures

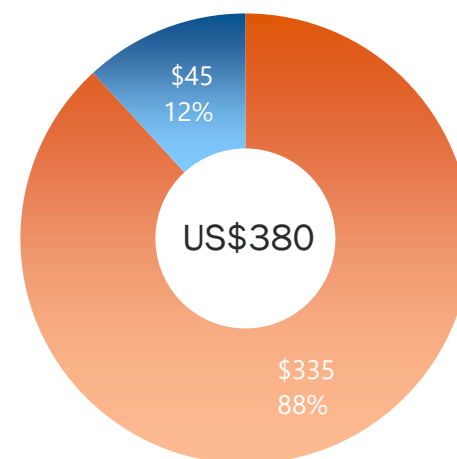
2018B



2018A



2019B



■ Greenfield   
 ■ Expansionary   
 ■ Maintenance   
 ■ New Projects   
 ○ Investment (SPIA)

**2018 CAPEX** mainly for:

**GREENFIELD:** Australia

**EXPANSIONARY:** Manila, Honduras, Mexico & Iraq

**NEW:** Papua New Guinea & Cavite

**2019 CAPEX** mainly for:

**EXPANSIONARY:** Manila, Honduras, Mexico & Iraq

The background of the slide is a photograph of a port. In the foreground, there are several large orange gantry cranes. Below them, a large number of colorful shipping containers (red, blue, green, yellow) are stacked. In the background, there are green hills and a body of water under a clear blue sky.

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2019	Jan	ICTSI signed Euro260M Guaranteed Term Loan Credit Facility under its 2014 Loan Facility Program
		ICTSI signed the Concession Agreement to operate, manage and develop the South Port Container Terminal (SPCT) at the port of Sudan, Republic of Sudan
2018	Sept	ICTSI acquired additional 15.17% of Manila North Harbour Port, Inc (“MNHPI”) from Harbour Centre Port Terminal, Inc., subject to certain conditions precedent; Upon completion of this transaction, ICTSI shareholdings in MNHPI will increase from 34.83% to 50%
	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





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