



## ■ ICTSI profit tumbles, allots \$270-M capex

International Container Terminal Services, Inc. (ICTSI) reported a 52 percent drop in audited consolidated attributable net income to US\$100.4 million last year from the US\$207.5 million earned in 2018. In a disclosure to the Philippine Stock Exchange, ICTSI said that, excluding non-recurring gains and charges, recurring net income in 2019 was 23 percent higher at US\$259.1 million compared to the US\$210.5 million earned the previous year. ICTSI reported that consolidated revenue from port operations reached US\$1.5 billion, an increase of seven percent over the US\$1.4 billion reported in 2018. ICTSI Chairman Enrique K. Razon, Jr. explained that, "owing to the one-off non-cash impairment of the concession right assets of Tecplata S.A which we re-valued in light of prolonged difficult economic conditions in Argentina, net income fell." "The outbreak of COVID-19 has had an impact on volumes particularly in Asia and we are closely reviewing developments across the regions in which we operate," he noted. The Group's capital expenditure budget for 2020 is approximately US\$270 million. (James A. Loyola)



# ICTSI earnings dipped 52% in 2019

RAZON-led International Container Terminal Services Inc. (ICTSI) saw its earnings drop by more than half last year, weighed down by problems in its Argentine operations.

In a disclosure on Thursday, the listed port operator said net income attributable to equity holders fell by 52 percent to \$100.4 million from \$207.5 million year-on-year.

"[O]wing to the one-off non-cash impairment of the concession right assets of Tecplata S.A, which we revalued in

light of prolonged difficult economic conditions in Argentina, [our] net income fell," ICTSI Chairman Enrique K. Razon Jr. explained in the filing.

Despite its lower income, the firm's revenues from port operations jumped by 7 percent to \$1.5 billion from \$1.4 billion in 2018 on the back of volume growth, tariff adjustments in some terminals, new contracts and terminals.

Consolidated cash operating expenses reached \$464.2 million last year,

compared with the \$452.2 million in 2018.

Earnings before interest, tax, depreciation and amortization reached \$830.1 million, up 10 percent from \$755.4 million.

Razon said ICTSI would be hit by the coronavirus disease 2019 (Covid-19) outbreak, but stressed the company was ready to lessen its impact on its business.

"The outbreak... has had an impact on volumes, particularly in Asia, and we are closely reviewing developments

across the regions in which we operate. While we cannot be certain how long this situation will last, we are seeking to mitigate this impact through rigorous cost control and increasing market share," he said.

"ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times," Razon added.

ICTSI shares fell by P3.10 or 2.95 percent to close at P102 on Friday.

LISBET K. ESMAEL



# ICTSI earnings drop 52% in 2019

By RICHMOND MERCURIO

International Container Terminal Services Inc. (ICTSI) of tycoon Enrique Razon saw its earnings fall by more than half last year despite higher revenues due to a one-off non-cash impairment of its concession right assets in Argentina.

ICTSI said its net income plunged 52 percent in 2019 to \$207.5 million.

The company recognized non-recurring charges of \$158.7 million last year, composed principally of impairment charges on the concession rights assets of Tecplata SA in Buenos Aires "due to lower projected cash flows on its updated business plan as a result of the prevailing and

challenging economic conditions in Argentina."

In addition, ICTSI booked a \$2.7 million charge on acceleration of debt issue cost brought about by the partial prepayment of the company's Euro-denominated term loan.

ICTSI's revenue from port operations reached \$1.5 billion, up seven percent while EBITDA grew 10 percent to \$830.1 million.

The increase in revenues was attributed to volume growth, tariff adjustments at certain terminals, new contracts with shipping lines and services, higher revenues from ancillary services, and the contribution from the company's new terminals.

Consolidated volume han-

dled by ICTSI reached 10.178 million twenty-foot equivalent units (TEUs), up five percent.

Razon said the outbreak of COVID-19 has had an impact on volumes, particularly in Asia.

As such, he said the company is closely reviewing developments across the regions in which it operates.

"While we can not be certain how long this situation will last, we are seeking to mitigate this impact through rigorous cost control and increasing market share. ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times," Razon said.



# ICTSI net income declines by half to \$100.4M in 2019

By LORENZ S. MARASIGAN [@lorenzmarasigan](#)

**I**NTERNATIONAL Container Terminal Services Inc. (ICTSI) saw profits declining by half in 2019 due to a “one-off non-cash impairment” in its Argentinian port, its chief reported on Thursday.

Enrique K. Razon Jr., who chairs the global port operator, said the company’s net income attributable to equity holders dropped by 52 percent in 2019 to \$100.4 million, from

\$207.5 million, even as its gross revenues grew by 7 percent to \$1.48 billion, from \$1.38 billion the year prior.

The decline in profits could be attributed to the \$158.7-million non-

recurring charges in its Argentinian subsidiary Tecplata SA. This brought consolidated financing charges and other expenses for 2019 to \$284 million, a 121-percent surge, from \$128.6 million the year prior.

“Owing to the one-off non-cash impairment of the concession right assets of Tecplata SA which we revalued in light of prolonged difficult economic conditions in Argentina, net income fell,” said Razon.

It, likewise, recorded a \$2.7-million debt acceleration charge due to its partial prepayment of euro-denominated term loan.

For 2020, it plans to spend \$270 million in capital expenditures to fund ongoing expansion projects

in Manila, Mexico, the Democratic Republic of Congo, and other modernization initiatives.

The company hopes to improve its financial standing this year.

“The outbreak of COVID-19 has had an impact on volumes particularly in Asia and we are closely reviewing developments across the regions in which we operate,” said Razon.

“While we cannot be certain how long this situation will last; we are seeking to mitigate this impact through rigorous cost control and increasing market share. ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times,” he added.



## ICTSI income dips 52% after one-off charges

PROFITS of International Container Terminal Services, Inc. (ICTSI) last year plunged 52% to \$100.4 million, attributable to non-recurring charges recorded during the period.

In a statement yesterday, the Razon-led port operator said its attributable net income last year was pulled by non-recurring charges amounting to \$158.7 million. This tempered the 7% rise in revenues to \$1.5 billion.

The bulk of the non-recurring charges are the \$156-million impairment charges from the company's operations of the Tecplata S.A terminal in Buenos Aires, Argentina. It was a result of lower projected cash flows in the terminal due to an updated business plan to address the "prevailing and challenging economic conditions in Argentina."

The balance of the charges is the \$2.7-million charge on the acceleration of the company's debt issue cost, following its partial prepayment of its euro-denominated term loan.

Without the non-recurring gains and charges, ICTSI's recurring net income last year grew 23% to \$259.1 million.

The single-digit rise in revenues is due to a 5% increase in consolidated volume at 10.18 million twenty-foot equivalent units (TEUs). This is mainly from new terminals in Papua New Guinea and Brazil; improved activity in Subic, Congo and Iraq; and new

shipping contracts in Australia, Poland, Croatia, Georgia and Mexico.

Consolidated cash expenses recorded a 3% uptick to \$464.2 million, largely from the increase in volume handled, salary rate adjustments and unfavorable foreign exchange rates.

"ICTSI delivered a positive performance in 2019 with revenue and EBITDA increasing by 7% and 10%, respectively," ICTSI Chairman Enrique K. Razon, Jr. said in the statement.

He noted, however, that the coronavirus disease 2019 (COVID-19) outbreak is challenging its volumes, especially in operations in Asia.

"[W]e are closely reviewing developments across the regions in which we operate. Whilst we cannot be certain how long this situation will last; we are seeking to mitigate this impact through rigorous cost control and increasing market share," Mr. Razon said.

"ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times," he added.

The company is allocating \$270 million for capital expenditures (capex) this year, which it will use for the expansion of its terminals in Manila, Mexico and Congo. It spent \$240.8 million in capex last year, 63% of its allocation of \$380 million.

Shares in ICTSI at the stock exchange fell 60 centavos or 0.57% to P105.10 apiece on Thursday. — **Denise A. Valdez**



# Ports giant ups capex to \$270M

BY RUELLE ALBERT CASTRO

INTERNATIONAL Container Terminal Services Inc. (ICTSI) said it looks to spend \$270 million this year, up 12.12 percent from last year's \$240.8 million.

ICTSI said the capital expenditure will be utilized mainly for ongoing expansion projects at Manila International Container Terminal in the Philippines and Contecon Manzanillo S.A. (CMSA) in Mexico, yard expansion at ICTSI Democratic Republic of Congo, equipment acquisitions and upgrades, and for maintenance requirements.

The company reported profit last year dropped 52 percent to \$100.4 million, from the prior year's \$207.5 million. Revenues grew seven percent to \$1.5 billion, from \$1.4 billion in 2018.

Earnings before interest, tax, depreciation and amortization rose 10 percent to \$830.1 million, from \$755.4 million in 2018.

The company said recurring profit grew 23 percent to \$259.1 million, from \$210.5 million the previous year.

ICTSI said it recognized non-re-

curing charges of \$158.7 million last year owing to "impairment charges on the concession rights assets of Tecplata S.A.," its terminal in Buenos Aires, Argentina, worth \$156 million due to lower projected cash flows on its updated business plan as a result of the prevailing and challenging economic conditions in Argentina.

"In addition, the company also booked a \$2.7 million charge on acceleration of debt issue cost brought about by the partial prepayment of the company's Euro-denominated term loan," it added.

In relation to 2018, ICTSI recognized a non-recurring gain of \$2.8 million due to the termination of the interest rate swap brought about by the prepayment of the Project Finance loan in CMSA, its container terminal in Manzanillo, Mexico, and a \$5.8 million non-recurring impairment charge on the goodwill at its terminal in Davao, Philippines.

ICTSI handled 10.18 million twenty-foot equivalent units (TEU) of cargo in 2019, up 5 percent from 9.74 million TEUs in 2018.

The increase in volume was mainly due to continuing ramp-up at ICTSI's new terminals in Lae and

Motukea in Papua New Guinea and the contribution of the new terminal in Rio de Janeiro in Brazil, as well as improvement in trade activities in Subic, Philippines; Matadi, Democratic Republic of Congo; and Basra, Iraq.

The higher volume was also due to new contracts with shipping lines and services at Victoria International Container Terminal in Melbourne, Australia; Baltic Container Terminal in Gdynia, Poland; Adriatic Gate Container Terminal in Rijeka, Croatia; Batumi International Container Terminal in Batumi, Georgia; and at CMSA.

ICTSI attributed the increase in revenues to volume growth, tariff adjustments at certain terminals, new contracts with shipping lines and services, higher revenues from ancillary services, and the contribution from its new terminals in Lae, Motukea and Rio De Janeiro.

ICTSI is a leading global developer, manager and operator of container terminals in the 50,000 to 3 million TEU/year range. It operates in six continents and continues to pursue container terminal opportunities around the world.

Business **Stocks extend rally: Jollibee gains**

**T**he Philippine Stock Exchange Index (PSEI) extended its rally on Thursday, ending at 6,114.44, up 10.14 points or 0.17 percent from the previous day. The index had gained 10.14 points from 6,104.30 on Wednesday. The PSEI had gained 10.14 points from 6,104.30 on Wednesday. The PSEI had gained 10.14 points from 6,104.30 on Wednesday.

**Mexico Stockmarket (Bolsa) Drops Since Reopen**

Mexico's stock market opened on Thursday after a two-day closure due to the coronavirus pandemic. The Mexico Stock Exchange Index (IMEX) fell 1.14 percent to 3,114.44. The index had gained 10.14 points from 3,104.30 on Wednesday. The IMEX had gained 10.14 points from 3,104.30 on Wednesday.

# ICTSI posts lower profit of \$100.4m

**By Darwin G. Amojelar**

INTERNATIONAL Container Terminals Inc. on Thursday said net income fell 52 percent to \$100.4 million last year from \$207.5 million in 2018.

ICTSI chairman and president Enrique Razon Jr. blamed the decline in net income on the “one-off non-cash impairment of the concession right assets of Tecplata S.A which we re-valued in light of prolonged difficult economic conditions in Argentina.”

“The outbreak of COVID-19 has had an impact on volumes particularly in Asia and we are closely reviewing developments across the regions in which we operate,” Razon said.

“Whilst we cannot be certain how long this situation will last; we are seeking to mitigate this impact through rigorous cost control and increasing market share. ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times,” he added.

Excluding the non-recurring gains and charges, recurring net income in 2019 was 23 percent higher at \$259.1 million compared with \$210.5 million in the previous year.

ICTSI’s gross revenues from port operations in 2019 increased seven percent to \$1.5 billion from \$1.4 billion reported in 2018.

“The increase in revenues was mainly due to volume growth; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; and the contribution from the Company’s new terminals in Lae and Motukea in Papua New Guinea, and Rio De Janeiro in Brazil,” ICTSI said.

ICTSI handled consolidated volume of 10,178,018 twenty-foot equivalent units (TEU) in 2019, five percent more than 9,736,621 TEUs handled in 2018.

The port operator said the increase in volume was mainly due to continuing expansion at ICTSI’s new terminals in Lae and Motukea in Papua New Guinea and the contribution of the new terminal in Rio de Janeiro in Brazil.

It also cited the improvement in trade activities in Subic, Philippines, Matadi, Democratic Republic of Congo and Basra, Iraq; new contracts with shipping lines and services at Victoria International Container Terminal (VICT) in Melbourne, Australia, Baltic Container Terminal (BCT) in Gdynia Poland, Adriatic Gate Container Terminal (AGCT) in Rijeka, Croatia, Batumi International Container Terminal (BICT) in Batumi, Georgia and Contecon Manzanillo S.A. (CMSA) in Manzanillo, Mexico.



# Argentine one-off cuts ICTSI profit

ICTSI 2019 recurring net income up 23 percent to \$259.1 million

BY MARIA ROMERO  
*@tribunephil\_mbr*

International Container Terminal Services Inc. (ICTSI) posted a 23 percent growth in recurring net income to \$259 million but financial adjustments in one of its foreign units reduced its profit to \$100.4 million, according to the global port operator.

Its latest financial report showed revenues grew seven percent to \$1.5 billion while earnings before income tax, depreciation and amortization (EBITDA) improved 10 percent to \$830.1 million.

ICTSI chairman Enrique K. Razon Jr. said the one-off non-cash impairment came from the revaluation of the assets of Tecplata S.A in light of prolonged difficult economic conditions in Argentina.

The outbreak of coronavirus disease 2019 (COVID-19) has had an impact on volumes particularly in Asia and we are closely reviewing developments across the regions

in which we operate, according to Razon.

While we cannot be certain how long this situation will last; we are seeking to mitigate this impact through rigorous cost control and increasing market share. ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times, the tycoon noted.

ICTSI's revenue from port operations of \$1.5 billion last year saw an increase of seven percent over the \$1.4 billion in 2018.

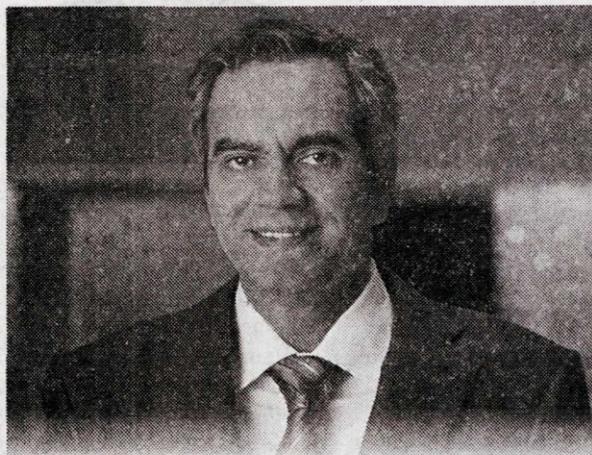
Razon said Tecplata took a beating as the Argentinian economy remains in difficult conditions.

To recover its losses, ICTSI is planning to raise its capital expenditure program this year to approximately \$270 million, a substantial improvement from \$240.8 million in 2019.

The budget will be utilized mainly for the ongoing expansion projects at Manila International Container Terminal (MICT) and other projects in Mexico and Congo.

In terms of consolidated volume, ICTSI has handled 10,178,018 twenty-foot equivalent units (TEU) in 2019, five percent more than the 9,736,621 TEUs in 2018.

The increase in volume was mainly due to continuing improvement at ICTSI's new terminals in Lae and Motukea in Papua New Guinea and the contribution of the new terminal in Rio de Janeiro in Brazil.



PHOTOGRAPH COURTESY OF ICTSI

RAZON vows to counter challenges.