International Container Terminal Services, Inc.

FY 2019 Investors' Briefing

March 5, 2020

Highlights

International Container Terminal Services, Inc.

Strong Financial and Operational Performance

Volume	Revenues	EBITDA	Net income attributable to equity holders	Recurring Net income attributable to equity holders
+5%	+7%	+10%	-52%	+23%
		EBITDA Margin 56%		

- Positive FY volume and revenue growth despite global headwinds
- Higher EBITDA Margin due to higher revenues and diligent cost management
- Recurring net income grew due to improved operating performance from new terminals
- Net income reduced by the impairment charges on the concession rights assets of Tecplata

Agenda

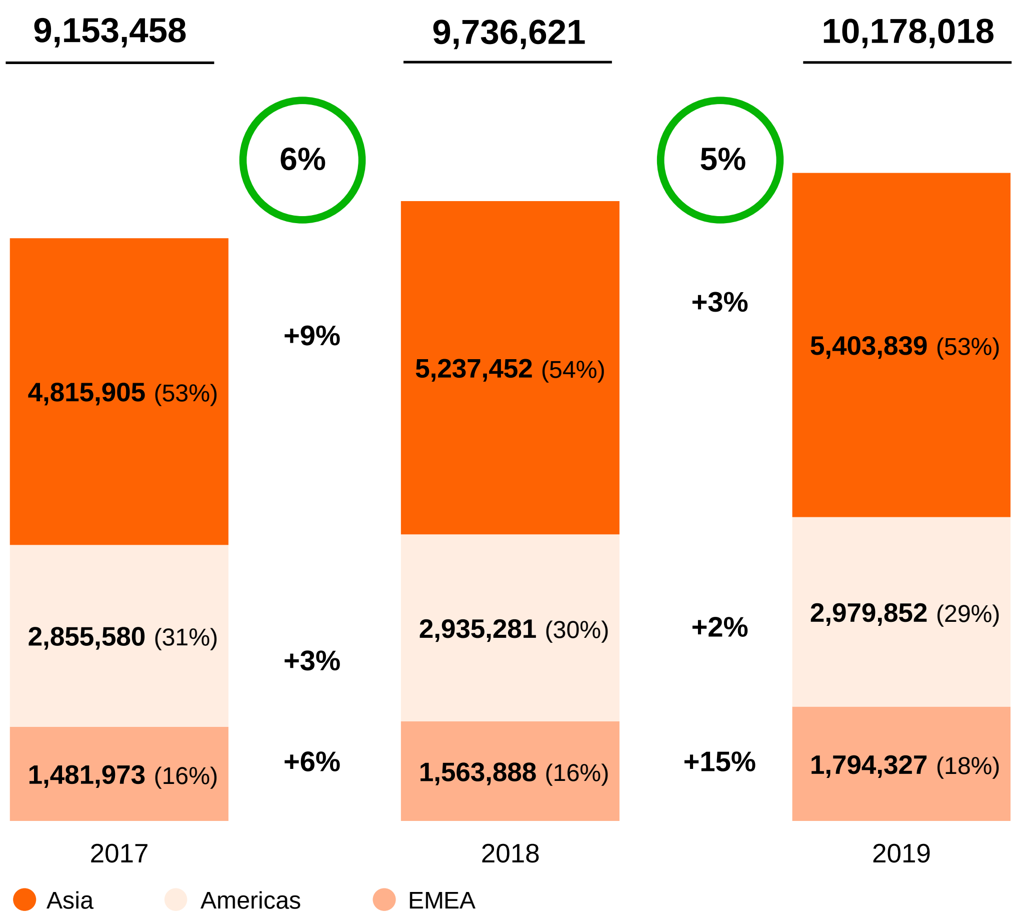
International Container Terminal Services, Inc.

01

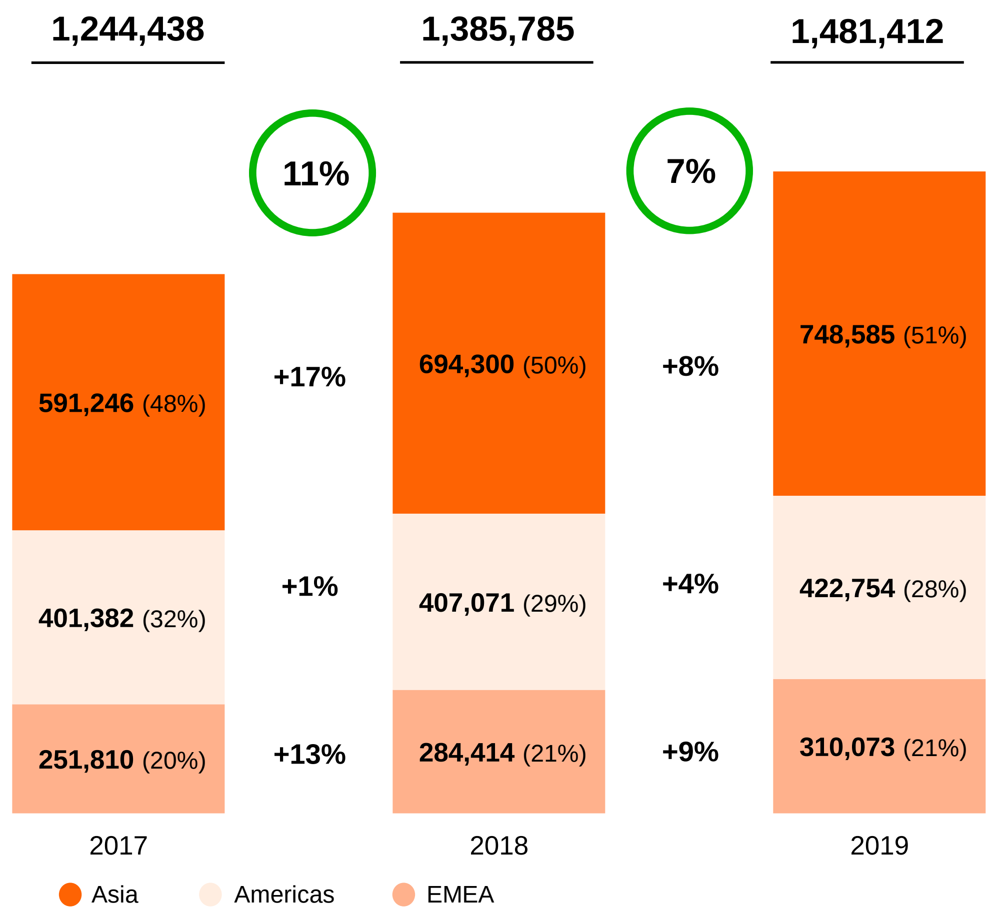
Recent Financial Performance

Volume and Revenue

Volume
(in TEU)



Revenue
(in US$ '000)



Consolidated P&L Highlights

(In US$ 000, except Volume and EPS)	2018*	2019	% Change	
Volume (in TEU)	9,736,622	10,178,018	+5%	Volume up **5%** mainly due continuing ramp-up at new terminals in PNG and contribution of new terminal in Rio, Brazil; improvement in trade activities at SBITC, IDRC and ICTSI Iraq; and new contracts with shipping lines and services at VICT, BCT, AGCT, BICT and CMSA.
Gross Revenues from Port Operations	1,385,785	1,481,412	+7%	Revenues increased **7%** 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 new terminals;
Cash Operating Expenses	452,225	464,170	+3%	Cash Opex **3%** higher mainly due to higher volume; government-mandated and contracted salary rate adjustments at certain terminals; unfavorable translation impact of PHP; and the cost contribution of the new terminals in PNG and Rio, Brazil; partially tapered by continuous monitoring of cost optimization measures and favorable translation impact of PKR, AUD & BRL
EBITDA	755,406	830,144	+10%	EBITDA increased **10%** mainly due to strong revenue growth and minimal cash operating expense increase EBITDA margin increased from **55%** to **56%**
EBIT	529,430	595,179	+12%	
Financing Charges and Other Expenses	128,582	283,991	+121%	Financing charges and other expenses surged **121%** primarily due to the impairment charges at Tecplata
Net Income Attributable to Equity Holders	207,477	100,367	-52%	Net income attributable to equity holders down **52%** due to non-recurring charges. Recurring income up **23%**
Fully Diluted EPS	0.071	0.020	-71%	

**December 31, 2018 as Restated*

Financing Charges & Other Expenses

International Container Terminal Services, Inc.

(In US$' 000)

	2018*	2019	% Change	
Financing Charges & Other Expenses	128,582	283,991	+121%	Higher due to interest expense, lower capitalized borrowing cost, acceleration of debt issue cost associated with the partial prepayment of Euro-denominated term loan and the impairment charge at Tecplata
▪ Interest Expense on Loans/Bonds	99,274	102,630	+3%	
▪ Capitalized Borrowing Cost	(4,331)	(1,656)	+62%	
▪ Amortization of Debt Issue Cost	6,367	7,227	+14%	
▪ Impairment Charge & Other Expenses	27,272	175,790	+545%	
Average Outstanding Debt Balance	1,400,957	1,704,036	+22%	Higher due to the EUR260M loan drawdown in January 2019 and US$300M term loan facility at ICTSI Global Finance B.V. in April 2019 tapered by the prepayment of the CMSA and Euro-loan
Average Remaining Tenor	5.1 yrs	4.4 yrs		
Average Cost of Debt (post CIT)	5.0% p.a.	4.4% p.a.		

**December 31, 2018 as Restated*

Recurring Net Income

(In US$ 000)	2018*	2019	% Change
Net Income Attributable to Equity Holders	207,477	100,367	-52%
Non-recurring item: ▪ Add: Impairment charge on the concession rights assets of TECPLATA	-	156,000	
▪ Less: MTM Gain on derivative of CMSA	(2,752)	–	
▪ Add: Impairment charge on goodwill of DIPSSCOR	5,786	-	
▪ Add: Acceleration of DIC associated with the partial prepayment of Euro term loan	-	2,737	
Recurring Net Income Attributable to Equity Holders	210,512	259,104	+23%

*****December 31, 2018 as Restated

Proactive FX Risk Management

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

Revenue Currency by Subsidiary

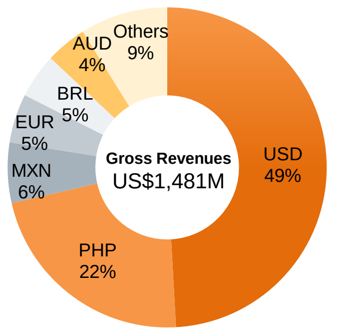
Region	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	42%		58% PHP
Asia	PTMTS			100% IDR
Asia	YICT			100% CNY
Asia	OJA	73%		27% IDR
Asia	PICT	81%		19% PKR
Asia	SBITC/ISI	55%		45% PHP
Asia	SCIPSI			100% PHP
Asia	DIPSSCOR			100% PHP
Asia	HIPS			100% PHP
Asia	MICTSI			100% PHP
Asia	BIPI			100% PHP
Asia	LGICT	23%		77% PHP
Asia	VICT			100% AUD
Asia	SPICTL/MITL			100% PGK
EMEA	BCT	69%	10%	21% PLN
EMEA	MICTSL		100%	
EMEA	BICT	100%		
EMEA	AGCT		79%	21% HRK
EMEA	BGT	81%		19% IQD
EMEA	IDRC	100%		
Americas	TSSA			100% BRL
Americas	CGSA	100%		
Americas	OPC	100%		
Americas	CMSA	39%		61% MXN
Americas	TECPLATA	100%		
Americas	RIO	20%		80% BRL

Cash Expense Currency by Subsidiary

Region	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	30%		70% PHP
Asia	PTMTS			100% IDR
Asia	YICT			100% CNY
Asia	OJA	11%		89% IDR
Asia	PICT	22%		78% PKR
Asia	SBITC/ISI	23%		77% PHP
Asia	SCIPSI			100% PHP
Asia	DIPSSCOR			100% PHP
Asia	HIPS			100% PHP
Asia	MICTSI			100% PHP
Asia	BIPI	1%		99% PHP
Asia	LGICT			100% PHP
Asia	VICT			100% AUD
Asia	SPICTL/MITL			100% PGK
EMEA	BCT	9%	1%	90% PLN
EMEA	MICTSL	3%	36%	62% MGA
EMEA	BICT	13%		87% GEL
EMEA	AGCT		9%	91% HRK
EMEA	BGT	17%		83% IQD
EMEA	IDRC	95%		5% CDF
Americas	TSSA			100% BRL
Americas	CGSA	100%		
Americas	OPC	52%		48% HNL
Americas	CMSA	6%		94% MXN
Americas	TECPLATA	5%		95% ARS
Americas	RIO			100% BRL

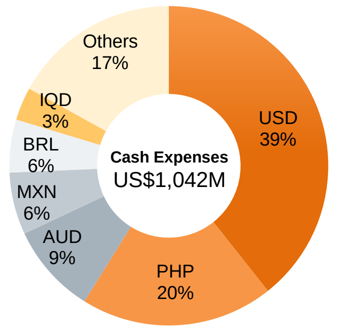
US$ Revenues from Port Operations

(2019 Revenue Breakdown by Currency)



Expenses favourably Matching Revenues

(2019 Revenue Breakdown by Currency)

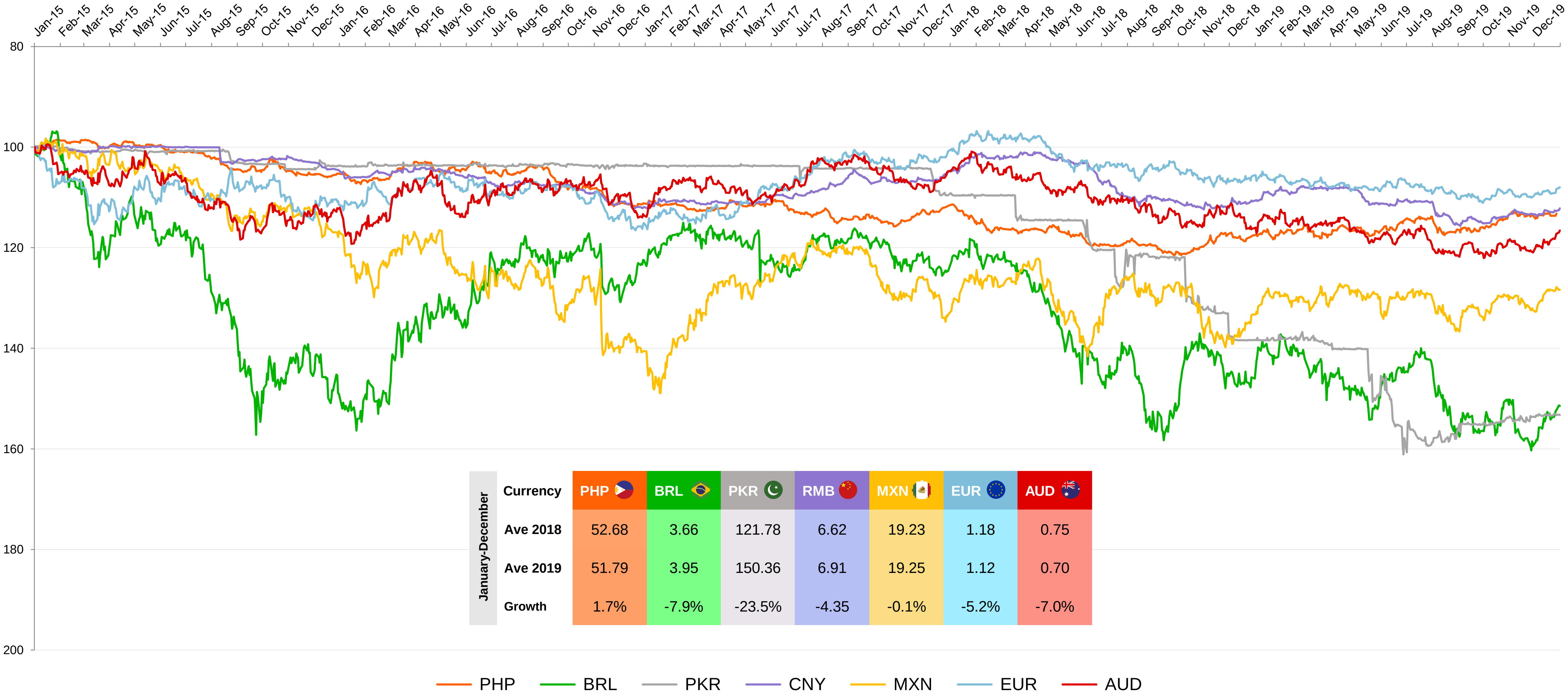


Note
Total Cash Expense includes Cash Opex, Port Fees, Realized FX losses, Interest Cost, Perp Distribution, IFRIC Interest, Other "cash" expenses and Income tax paid

FX Movement

International Container Terminal Services, Inc.

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

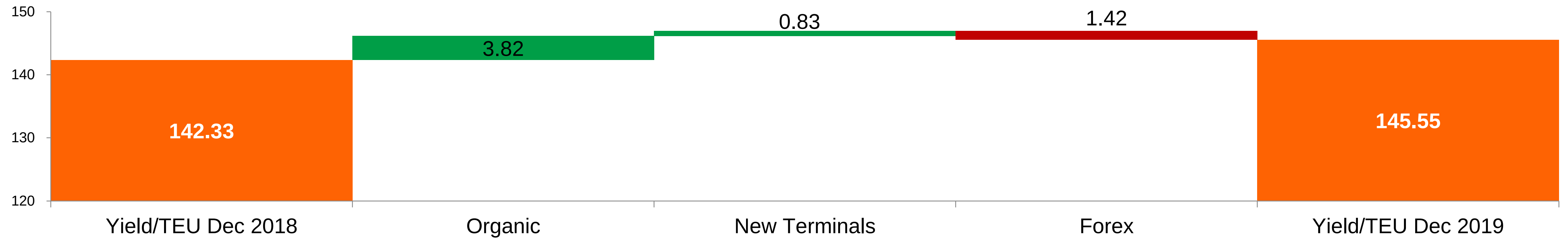


January-December							
Currency	PHP	BRL	PKR	RMB	MXN	EUR	AUD
Ave 2018	52.68	3.66	121.78	6.62	19.23	1.18	0.75
Ave 2019	51.79	3.95	150.36	6.91	19.25	1.12	0.70
Growth	1.7%	-7.9%	-23.5%	-4.35	-0.1%	-5.2%	-7.0%

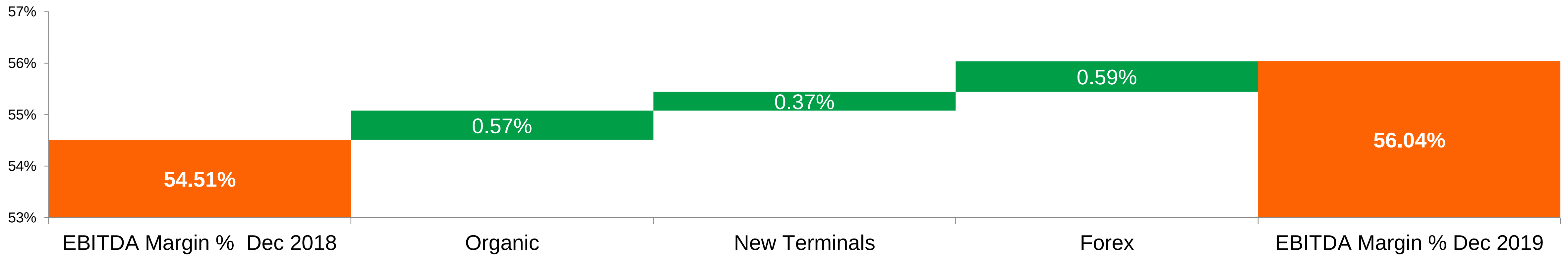
Yield/TEU and EBITDA Margin

International Container Terminal Services, Inc.

Yield/TEU Evolution



EBITDA Margin Evolution



**EBITDA Margin December 31, 2018 as Restated*

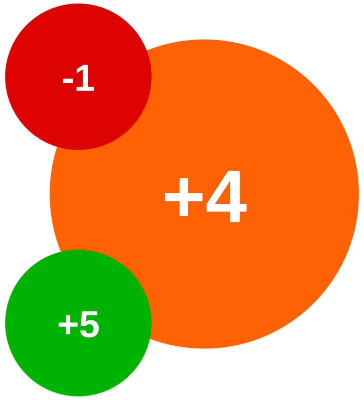
Yield/TEU Comparison

International Container Terminal Services, Inc.

	2018*	2019	% Change
Volume (TEU '000)	9,737	10,178	+5%
Revenues (US$ millions)	1,386	1,481	+7%
Yield/TEU (US$)	142	146	+2%
EBITDA (US$ millions)	755	830	+10%
EBITA Margin	55%	56%	

**December 31, 2018 as Restated*

FX: Negative impact of EUR, BRL, AUD, PGK, tapered by positive impact of PHP



Favorable container mix, increase in ancillary services, tariff adjustments at certain terminals and contribution of new terminal

02

Liquidity and Capital Resources

Balance Sheet Summary

(In US$ millions)	Dec 31, 2018*	Dec 31, 2019
Intangible and Property and Equipment	3,333	3,590
Lease Assets	591	576
Cash and Cash Equivalents	447	235
Other Current and Non-current Assets	1,083	1,351
Total Assets	5,453	5,751
Total Short-term and Long-term Debt	1,307	1,663
Concession Rights Payable	541	661
Lease Liabilities	1,137	1,189
Other Current and Non-current Liabilities	520	604
Total Liabilities	3,505	4,116
Total Equity	1,948	1,635

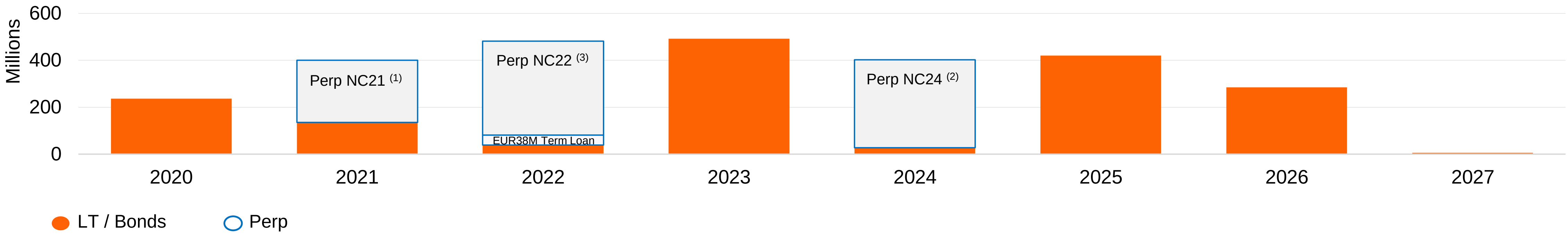
* *December 31, 2018 as Restated*

Financial Ratios

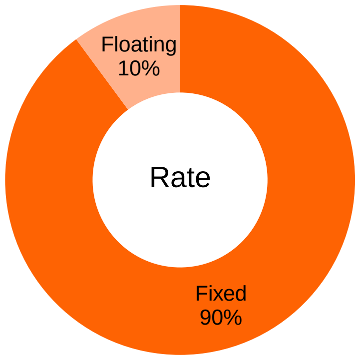
	Dec 31, 2018*	Dec 31, 2019
Gearing: Debt/SHE	0.67	1.02
Current Ratio: Current Assets/Current Liabilities	1.51	0.72
Debt Cover Ratio: Debt/EBITDA (per covenant)	2.16 (2)	2.10
DSCR: EBITDA/(Interest + Scheduled Principal Payments)	3.42 (2)	5.75

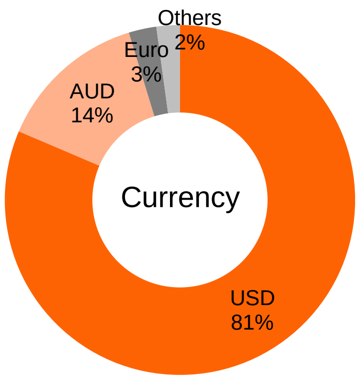
Principal Redemption Profile

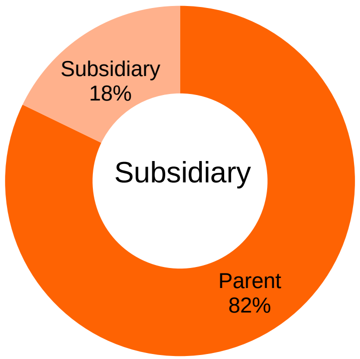
As of Dec 31, 2019
(US$ millions)



Debt Breakdown[4]





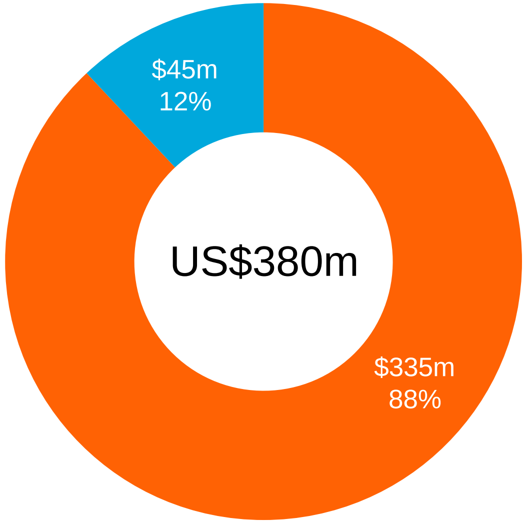


Notes:
(1) Callable in 2021 with rate reset and 250–bp step–up in 2021
(2) Callable in 2024 with rate reset and 250–bp step–up in 2024
(3) Callable in 2022
(4) Perpetual Securities are not included

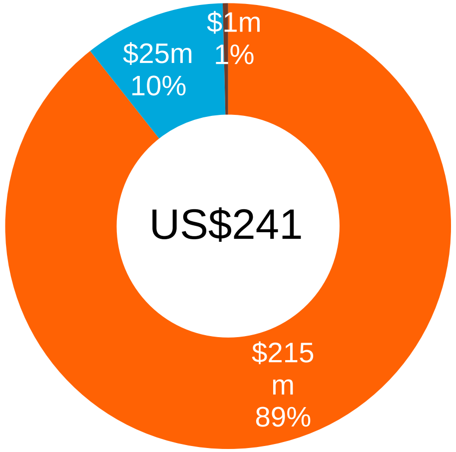
Capital Expenditures

(In US$ millions)

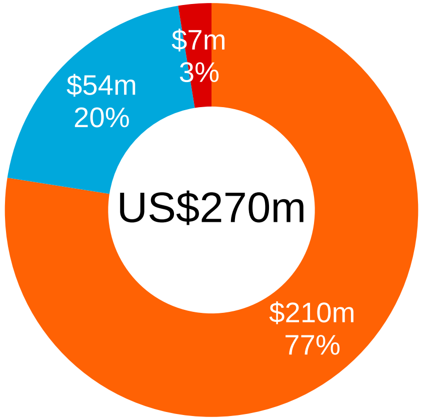
2019B



2019A



2020B



2019 CAPEX mainly for:
EXPANSIONARY: Manila, Honduras, Mexico & Iraq

2020B CAPEX mainly for:
EXPANSIONARY: Manila, Mexico & DR Congo
NEW: Rio

Greenfield   Expansionary   Maintenance   New Projects   Investment (SPIA)

03

Other Matters

ICTSI Sustainability Reports

			
Edition Covered	**2017**	**2018**	**2019**
Published	**2018**	**2019**	**2020**

Coverage:
Operation
	• Selected metrics: Group-wide
	• For performance in Environment, Governance, Economy, Employees, Customers, Society: MICT, as the first venture for ICTSI, and the flagship operation in the entire ICTSI Group
		• Selected metrics: Group-wide
		• For performance in Environment, Governance, Economy, Employees, Customers, Society: eight key terminals
		  • MICT, Philippines
		  • TSSA, Brazil
		  • CGSA, Ecuador
		  • MICTSL, Madagascar
		  • PICT, Pakistan
		  • BGT, Iraq
		  • CMSA, Mexico
		  • OPC, Honduras
			• Selected metrics: Group-wide
			• For performance in Environment, Governance, Economy, Employees, Customers, Society: eight key terminals
			  • MICT, Philippines
			  • TSSA, Brazil
			  • CGSA, Ecuador
			  • MICTSL, Madagascar
			  • PICT, Pakistan
			  • BGT, Iraq
			  • CMSA, Mexico
			  • OPC, Honduras

Coverage: Main Performance Areas	• Environment, Governance, Economy, Employees, Customers, and Society	• Environment, Governance, Economy, Employees, Customers, and Society	• Environment, Governance, Economy, Employees, Customers, and Society

Recent Events

2020	Feb	South Pacific International Terminal Limited (“SPICTL”) entered into agreements with the local communities - Ahi and Labu, to each acquire a 15% stake of SPICTL
2019	Dec	ICTSI received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110,190,000 (equivalent to approximately EUR27million). ICTSI continues productive discussions with the Ministry of Finance and Economic Planning of the Republic of the Sudan for the refund of the remaining balance of the Upfront Fee under the terms of the Refund Bond.
		ICTSI took over the facilities and started to operate Libra Terminal Rio S.A. in the port of Rio de Janeiro City, Federative Republic of Brazil after completing all conditions precedent and required regulatory approvals.
		Contecon Guayaquil, S.A. (CGSA) Concession Agreement, which was to end on July 31, 2027, was extended for approximately 19 ½ more years to December 31, 2046
	Nov	Federal jury verdict in Portland, Oregon, USA rendered in favor of ICTSI Oregon Inc. with a total sum of $93,635,000 in a case it filed against the International Longshore and Warehouse Union (ILWU) and ILWU Local 8 for unlawful labor practices
	Aug	ICTSI received a letter from the Sudanese Ministry of Finance & Economic Planning confirming the remittance of EUR195.2 million as partial repayment of the EUR410 million upfront fee in accordance with a refund bond, and that the balance will be repaid as soon as possible. ICTSI continues to reserve its rights under the Concession Agreement
		Motukea International Terminal Limited (MITL) entered into agreements with the local Tatana and Baruni communities for the latter to acquire a **30%** stake of MITL, in line with the Terminal Operating Agreement entered by ICTSI and the PNG Ports Authority
	Jul	ICTSI Americas B.V, signed a Share Purchase Agreement with Boreal Empreendimentos e Participações S.A. to acquire one hundred per cent (**100%**) of the shares of Libra Terminal Rio S.A. located in the port of Rio de Janeiro City, Federative Republic of Brazil. Transfer of the facilities to ICTSI expected to take place late 2019, once all conditions precedent and required regulatory approvals have been obtained
	Jun	ICTSI declared preferred bidder for the concession to develop, operate and manage the Multi-Purpose Terminal of the Port of Kribi in Cameroon
	May	Complied with the last of the Conditions Precedent (CPs) needed prior to the transfer a further **15.17%** MNHPI shares to ICTSI; ICTSI's shareholdings in MNHPI has been increased from **34.83%** to **50%**
	Apr	ICTSI Global Finance B.V. availed of US$300M Guaranteed Term Loan
		ICTSI declared a regular cash dividend in the amount of Php2.92 per share, alongside a special cash dividend in the amount of Php2.08 per share. The total dividend (regular and special) of Php5.00 per share was paid on May 7, 2019
	Mar	ICTSI obtained approval of the transfer by the Philippine Competition Commission (PCC) regarding the acquisition of additional **15.17%** of Manila North Harbour Port, Inc (“MNHPI”) from Harbour Centre Port Terminal, Inc. Upon completion of this transaction, ICTSI shareholdings in MNHPI will increase from **34.83%** to **50%**
	Jan	ICTSI Middle East DMCC availed of a Euro260M Guaranteed Term Loan 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

04

Questions and Answers

05

Appendix

Entities with PFRS 16 Impact

	Lease Term (in years)	End of Lease Term
Victoria International Container Terminal Ltd. (VICT) Australia	26	2040
Contecon Mazanillo S.A. (CMSA) Mexico	34	2044
Tecon Suape S.A. (TSSA) Brazil	30	2031
Baltic Container Terminal (BCT) Poland	20	2023
Mindanao International Container Terminal Services, Inc. (MICTSI) Philippines	25	2033
Batumi International Container Terminal Ltd. (BICTL) Georgia	48	2055
Tecplata S.A. Argentina	20	2029
Terminal Maritima de Tuxpan (TMT) Mexico	5	2020

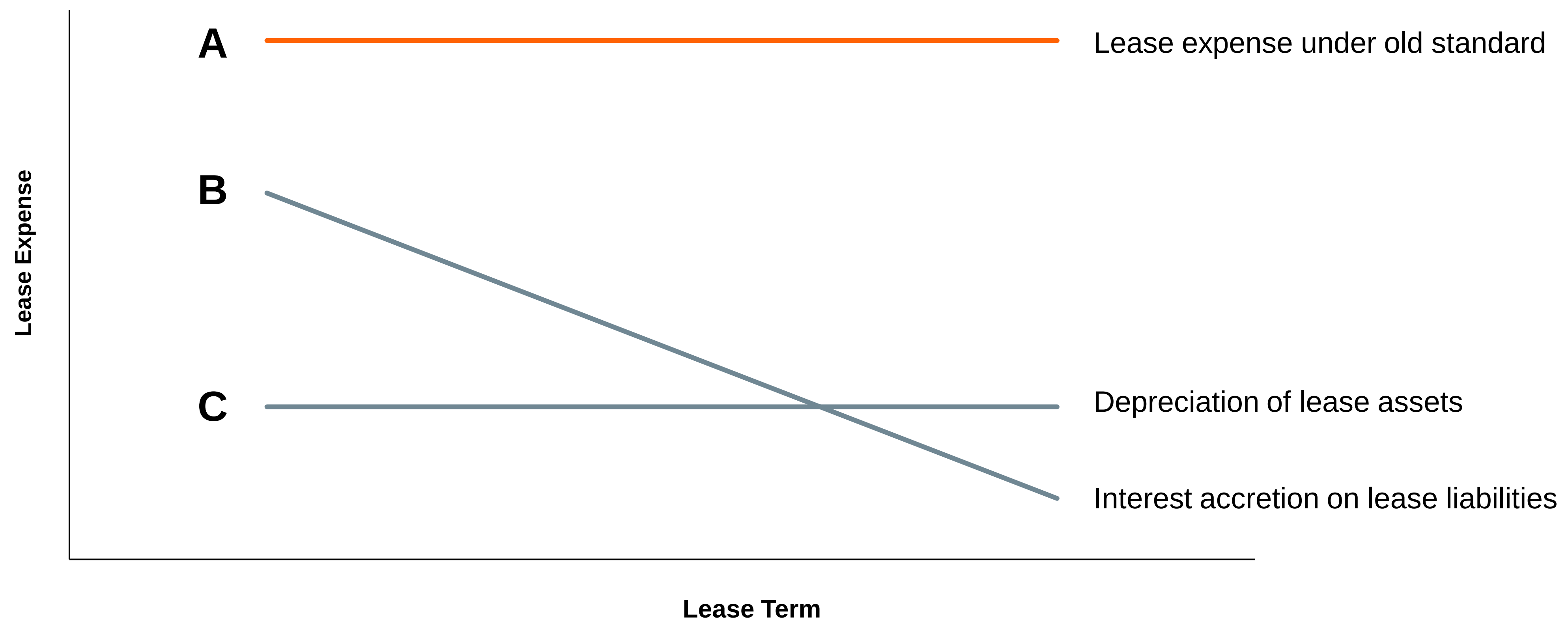
Impact of PFRS 16 on 2018 P&L

International Container Terminal Services, Inc.

(In US$ 000)

		Dec 31, 2018
EBITDA – Pre PFRS 16		**642,221**
▪ Port Authorities' Share in Gross Revenues	**24,952**	
▪ Equipment and Facilities – related expenses	**88,233**	
Fixed and Guaranteed Port Fees		**113,185**
EBITDA – Post PFRS 16		**755,406**
Net Income – Pre PFRS 16		**249,823**
▪ Fixed and Guaranteed Port Fees	**113,185**	
▪ Depreciation of right-of-use asset	**(30,264)**	
▪ Interest expense on lease liability	**(103,486)**	
▪ Foreign Exchange Gain	**242**	
▪ Equity in net loss of a joint venture and an associate	**46**	
▪ Tax impact	**6,260**	
Net Impact of PFRS 16 Adoption		**(14,016)**
Net Income – Post PFRS 16		**235,807**

Impact of PFRS 16



A = Lease expense under old standard
B + C = Lease expense under new standard (PFRS16)

Impact of PFRS 16 on 2018 Balance Sheet

International Container Terminal Services, Inc.

(In US$ millions)	Dec 31, 2018 (Audited)	PFRS 16 adjustments	Dec 31, 2018 (Restated)
Intangible and Property and Equipment	3,344	–	3,344
Lease Assets	–	+523	523
Cash and Cash Equivalents	447	–	447
Other Current and Non-current Assets	912	+90	1,002
Total Assets	**4,703**	**+613**	**5,316**
Total Short-term and Long-term Debt	1,307	–	1,307
Concession Rights Payable	541	–	541
Lease Liabilities	–	+1,132	1,132
Other Current and Non-current Liabilities	625	-194	431
Total Liabilities	**2,474**	**+937**	**3,410**
Total Equity	**2,229**	**-324**	**1,906**

Impact of PFRS 16 on 2018 Cash Flows

(In US$ '000)	Dec 31, 2018 (Audited)	PFRS 16 adjustments	Dec 31, 2018 (Restated)
Net Cash Flows from Operating Activities	642,404	53,383	695,787
Net Cash Flows from Investing Activities	(327,900)	–	(327,900)
Net Cash Flows from Financing Activities	(132,554)	(53,383)	(185,937)
Effect of Exchange Rate on Cash and Cash Equivalents	(14,297)	–	(14,297)
Net Increase (Decrease) in Cash and Cash Equivalents	167,652	–	167,652
Cash and Cash Equivalents, beginning of period	279,427		279,427
Cash and Cash Equivalents, end of period	447,079		447,079

International Container Terminal Services, Inc.

Thank you!