



International  
Container Terminal  
Services, Inc.



**FY 2019  
Investors' Briefing**

*March 5, 2020*

## Strong Financial and Operational Performance



- 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

**01** Recent Financial Performance

**02** Liquidity and Capital Resources

**03** Other Matters

**04** Questions and Answers

**05** Appendix

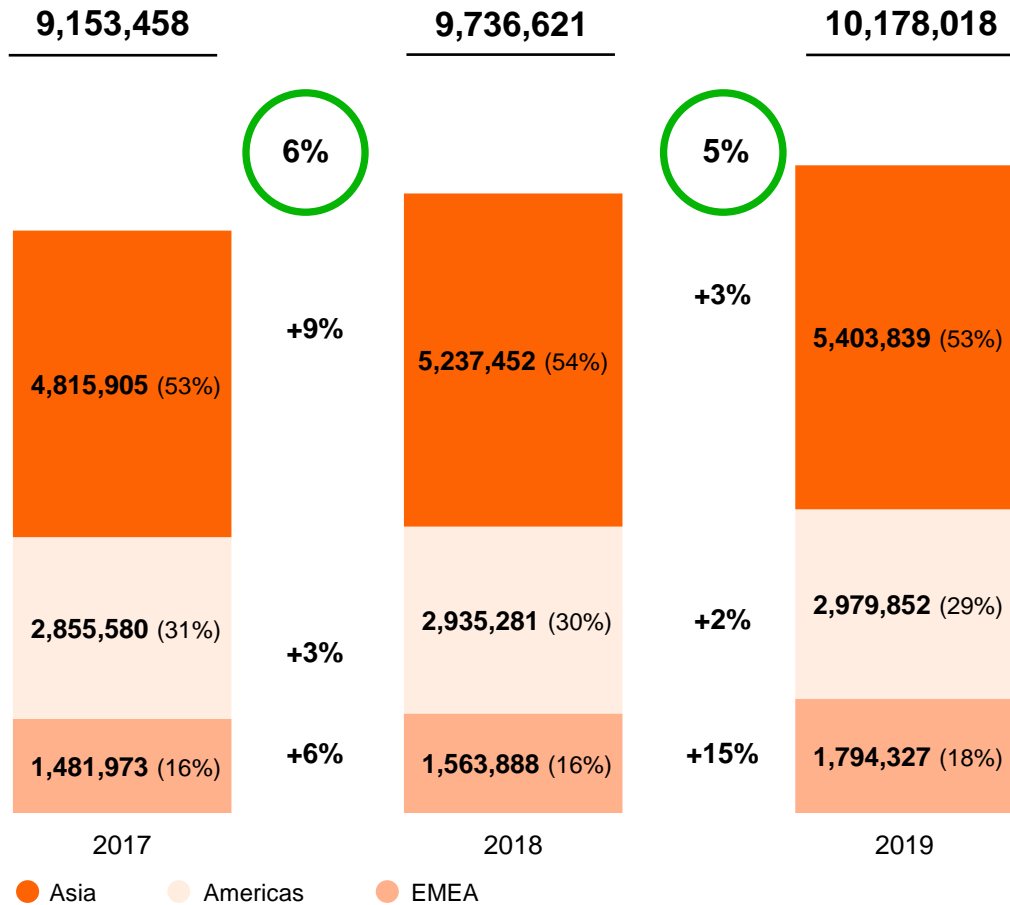
**01**

**Recent Financial Performance**

# Volume and Revenue

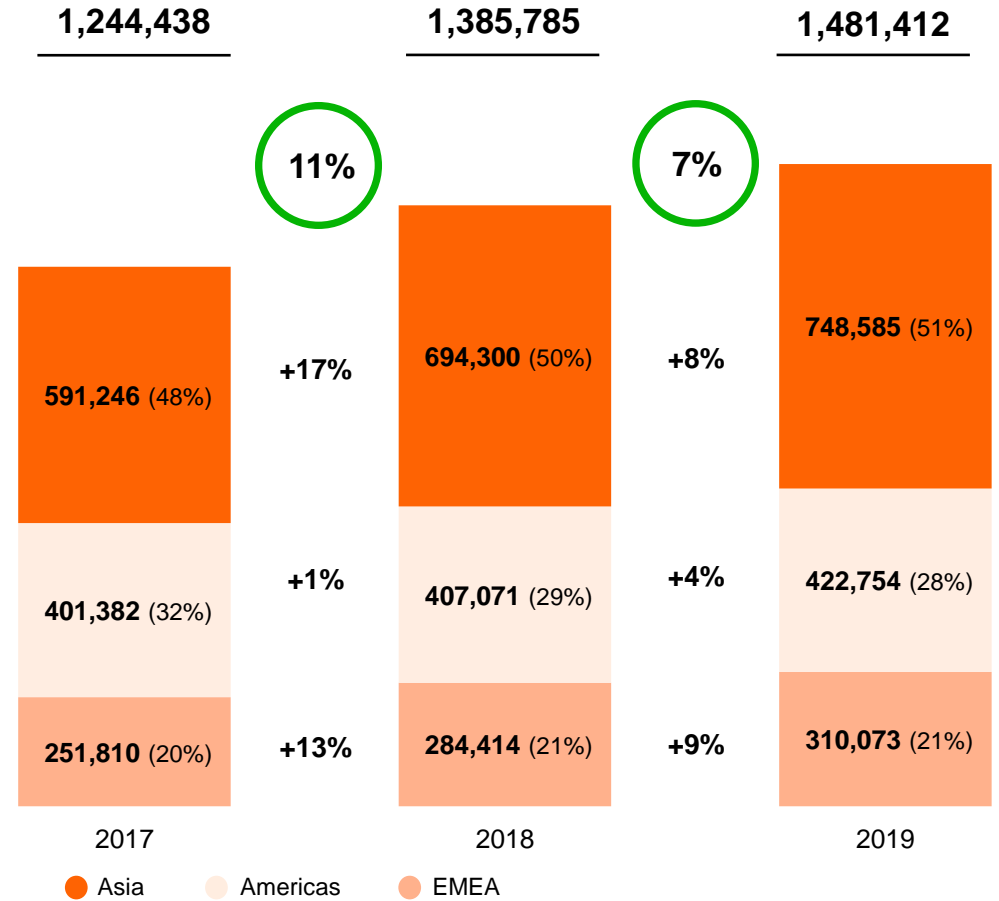
## Volume

(in TEU)



## Revenue

(in US\$ '000)



# Consolidated P&L Highlights



(In US\$ 000, except Volume and EPS)

	2018*	2019	% Change	
<b>Volume</b> (in TEU)	9,736,622	10,178,018	+5% ▼	Volume up <b>5%</b> 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.
<b>Gross Revenues from Port Operations</b>	1,385,785	1,481,412	+7% ▼	Revenues increased <b>7%</b> 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;
<b>Cash Operating Expenses</b>	452,225	464,170	+3% ▼	Cash Opex <b>3%</b> 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
<b>EBITDA</b>	755,406	830,144	+10% ▼	EBITDA increased <b>10%</b> mainly due to strong revenue growth and minimal cash operating expense increase EBITDA margin increased from <b>55%</b> to <b>56%</b>
<b>EBIT</b>	529,430	595,179	+12% ▼	
<b>Financing Charges and Other Expenses</b>	128,582	283,991	+121% ▼	Financing charges and other expenses surged <b>121%</b> primarily due to the impairment charges at Tecplata
<b>Net Income Attributable to Equity Holders</b>	207,477	100,367	-52% ▼	Net income attributable to equity holders down <b>52%</b> due to non-recurring charges. Recurring income up <b>23%</b>
<b>Fully Diluted EPS</b>	0.071	0.020	-71% ▼	

\*December 31, 2018 as Restated

# Financing Charges & Other Expenses



	2018*	2019	% Change	
<i>(In US\$' 000)</i>				
<b>Financing Charges &amp; Other Expenses</b>	<b>128,582</b>	<b>283,991</b>	<b>+121%</b> ▼	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
<ul style="list-style-type: none"> <li>▪ Interest Expense on Loans/Bonds</li> <li>▪ Capitalized Borrowing Cost</li> <li>▪ Amortization of Debt Issue Cost</li> <li>▪ Impairment Charge &amp; Other Expenses</li> </ul>	<p>99,274</p> <p>(4,331)</p> <p>6,367</p> <p>27,272</p>	<p>102,630</p> <p>(1,656)</p> <p>7,227</p> <p>175,790</p>	<p><b>+3%</b> ▼</p> <p><b>+62%</b> ▼</p> <p><b>+14%</b> ▼</p> <p><b>+545%</b> ▼</p>	
<b>Average Outstanding Debt Balance</b>	<b>1,400,957</b>	<b>1,704,036</b>	<b>+22%</b> ▼	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
<b>Average Remaining Tenor</b>	<b>5.1 yrs</b>	<b>4.4 yrs</b>		
<b>Average Cost of Debt (post CIT)</b>	<b>5.0% p.a.</b>	<b>4.4% p.a.</b>		

\*December 31, 2018 as Restated

# Recurring Net Income



(In US\$ 000)

	2018*	2019	% Change
<b>Net Income Attributable to Equity Holders</b>	207,477	100,367	-52%
<b>Non-recurring item:</b>			
▪ 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	
<b>Recurring Net Income Attributable to Equity Holders</b>	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

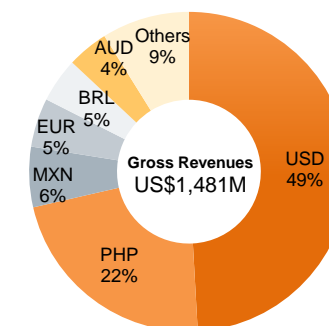
	Subsidiaries	USD	EUR	Local Currency
Asia	MICT	42%		58% PHP
	PTMTS			100% IDR
	YICT			100% CNY
	OJA	73%		27% IDR
	PICT	81%		19% PKR
	SBITC/ISI	55%		45% PHP
	SCIPSI			100% PHP
	DIPSSCOR			100% PHP
	HIPS			100% PHP
	MICTSI			100% PHP
	BIPI			100% PHP
	LGICT	23%		77% PHP
	VICT			100% AUD
	SPICTL/MITL			100%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

## Cash Expense Currency by Subsidiary

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

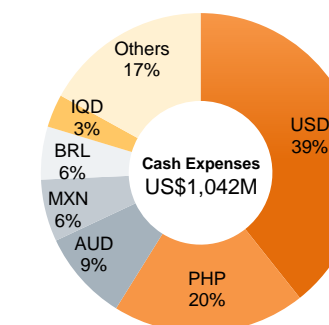
## US\$ Revenues from Port Operations

(2019 Revenue Breakdown by Currency)



## Expenses favourably Matching Revenues

(2019 Revenue Breakdown by Currency)



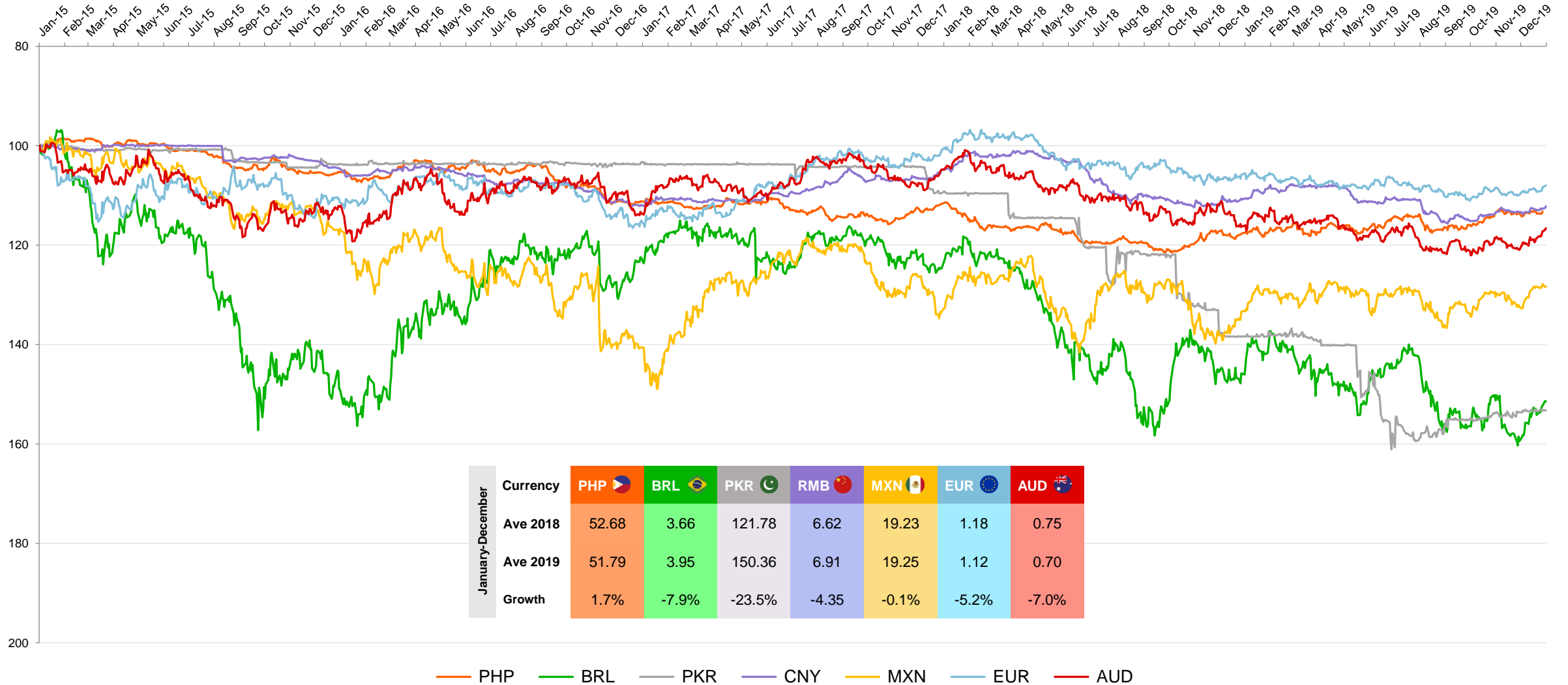
### Note

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



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



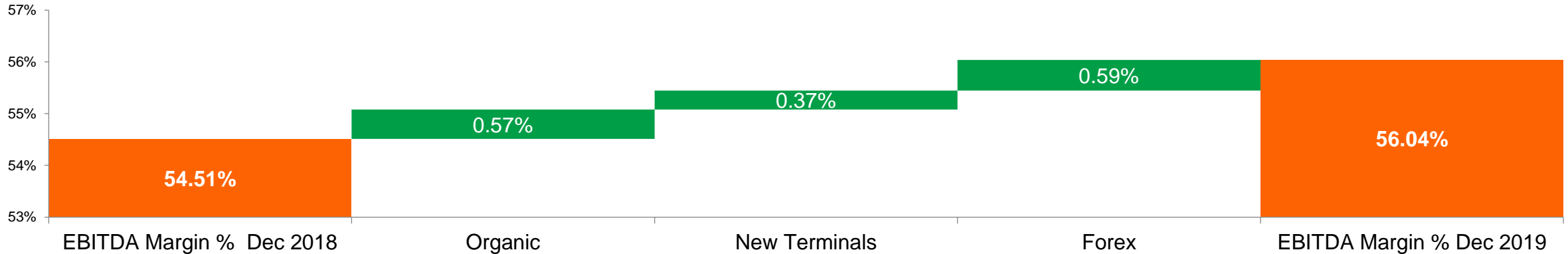
# Yield/TEU and EBITDA Margin



## Yield/TEU Evolution



## EBITDA Margin Evolution



\*EBITDA Margin December 31, 2018 as Restated

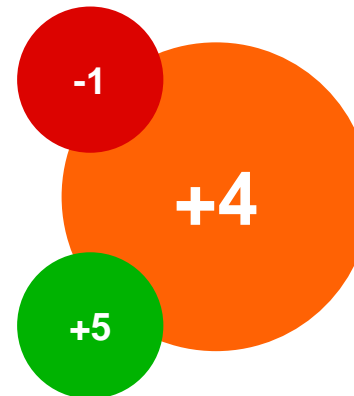
# Yield/TEU Comparison

	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
<b>Total Assets</b>	<b>5,453</b>	<b>5,751</b>
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
<b>Total Liabilities</b>	<b>3,505</b>	<b>4,116</b>
<b>Total Equity</b>	<b>1,948</b>	<b>1,635</b>

\* December 31, 2018 as Restated

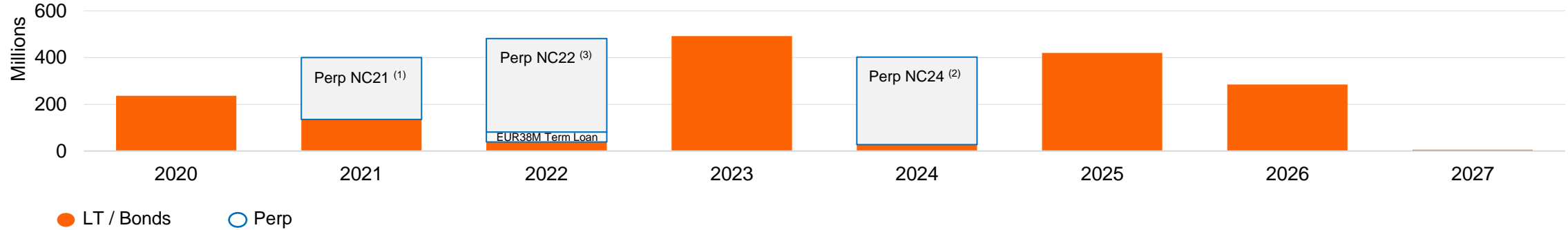
## Financial Ratios

	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 <sup>(2)</sup>	2.10
DSCR: EBITDA/(Interest + Scheduled Principal Payments)	3.42 <sup>(2)</sup>	4.61

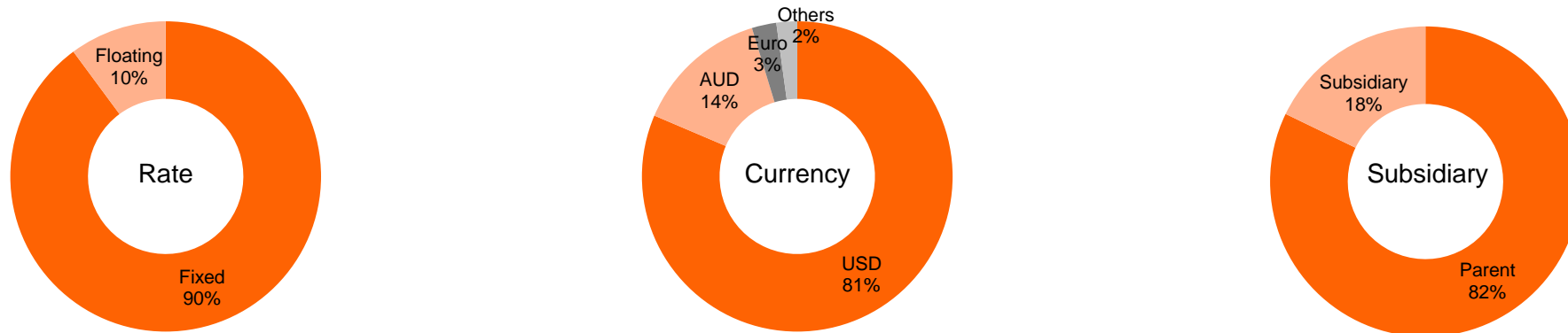
# Principal Redemption Profile

As of Dec 31, 2019

(US\$ millions)



## Debt Breakdown<sup>(4)</sup>



**Notes:**

(1) Callable in 2021 with rate reset and 250-bp step-up in 2021

(3) Callable in 2022

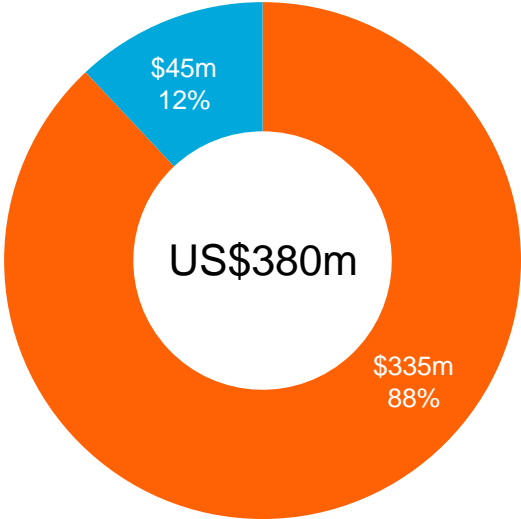
(2) Callable in 2024 with rate reset and 250-bp step-up in 2024

(4) Perpetual Securities are not included

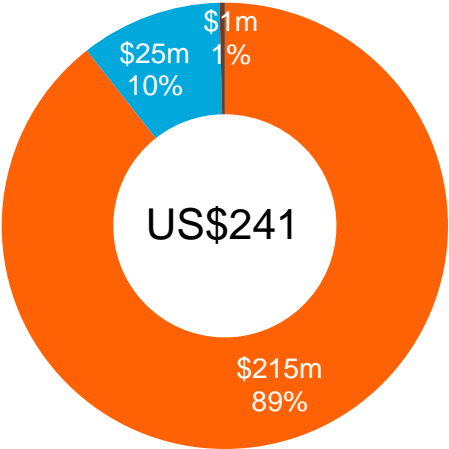
# Capital Expenditures

(In US\$ millions)

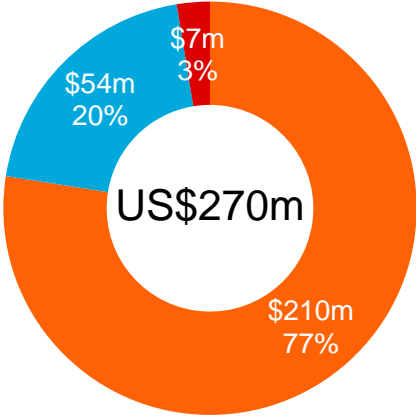
## 2019B



## 2019A



## 2020B



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

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



**03**

**Other Matters**

# ICTSI Sustainability Reports

			
Edition Covered	2017	2018	2019
Published	2018	2019	2020
Coverage: Operation	<ul style="list-style-type: none"> <li>Selected metrics: Group-wide</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Selected metrics: Group-wide</li> <li>For performance in Environment, Governance, Economy, Employees, Customers, Society: eight key terminals                             <ul style="list-style-type: none"> <li>• MICT, Philippines</li> <li>• TSSA, Brazil</li> <li>• CGSA, Ecuador</li> <li>• MICTSL, Madagascar</li> <li>• PICT, Pakistan</li> <li>• BGT, Iraq</li> <li>• CMSA, Mexico</li> <li>• OPC, Honduras</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Selected metrics: Group-wide</li> <li>For performance in Environment, Governance, Economy, Employees, Customers, Society: eight key terminals                             <ul style="list-style-type: none"> <li>• MICT, Philippines</li> <li>• TSSA, Brazil</li> <li>• CGSA, Ecuador</li> <li>• MICTSL, Madagascar</li> <li>• PICT, Pakistan</li> <li>• BGT, Iraq</li> <li>• CMSA, Mexico</li> <li>• OPC, Honduras</li> </ul> </li> </ul>
Coverage: Main Performance Areas	<ul style="list-style-type: none"> <li>Environment, Governance, Economy, Employees, Customers, and Society</li> </ul>	<ul style="list-style-type: none"> <li>Environment, Governance, Economy, Employees, Customers, and Society</li> </ul>	<ul style="list-style-type: none"> <li>Environment, Governance, Economy, Employees, Customers, and Society</li> </ul>

# Recent Events



Year	Month	Event
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
	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
2019	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  Moukea International Terminal Limited (MITL) entered into agreements with the local Tatana and Baruni communities for the latter to acquire a <b>30%</b> 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 ( <b>100%</b> ) 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 <b>15.17%</b> MNHPI shares to ICTSI; ICTSI's shareholdings in MNHPI has been increased from <b>34.83%</b> to <b>50%</b>
	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 <b>15.17%</b> 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 <b>34.83%</b> to <b>50%</b>
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
<b>Victoria International Container Terminal Ltd. (VICT)</b> Australia	26	2040
<b>Contecon Mazanillo S.A. (CMSA)</b> Mexico	34	2044
<b>Tecon Suape S.A. (TSSA)</b> Brazil	30	2031
<b>Baltic Container Terminal (BCT)</b> Poland	20	2023
<b>Mindanao International Container Terminal Services, Inc. (MICTSI)</b> Philippines	25	2033
<b>Batumi International Container Terminal Ltd. (BICTL)</b> Georgia	48	2055
<b>Tecplata S.A.</b> Argentina	20	2029
<b>Terminal Maritima de Tuxpan (TMT)</b> Mexico	5	2020

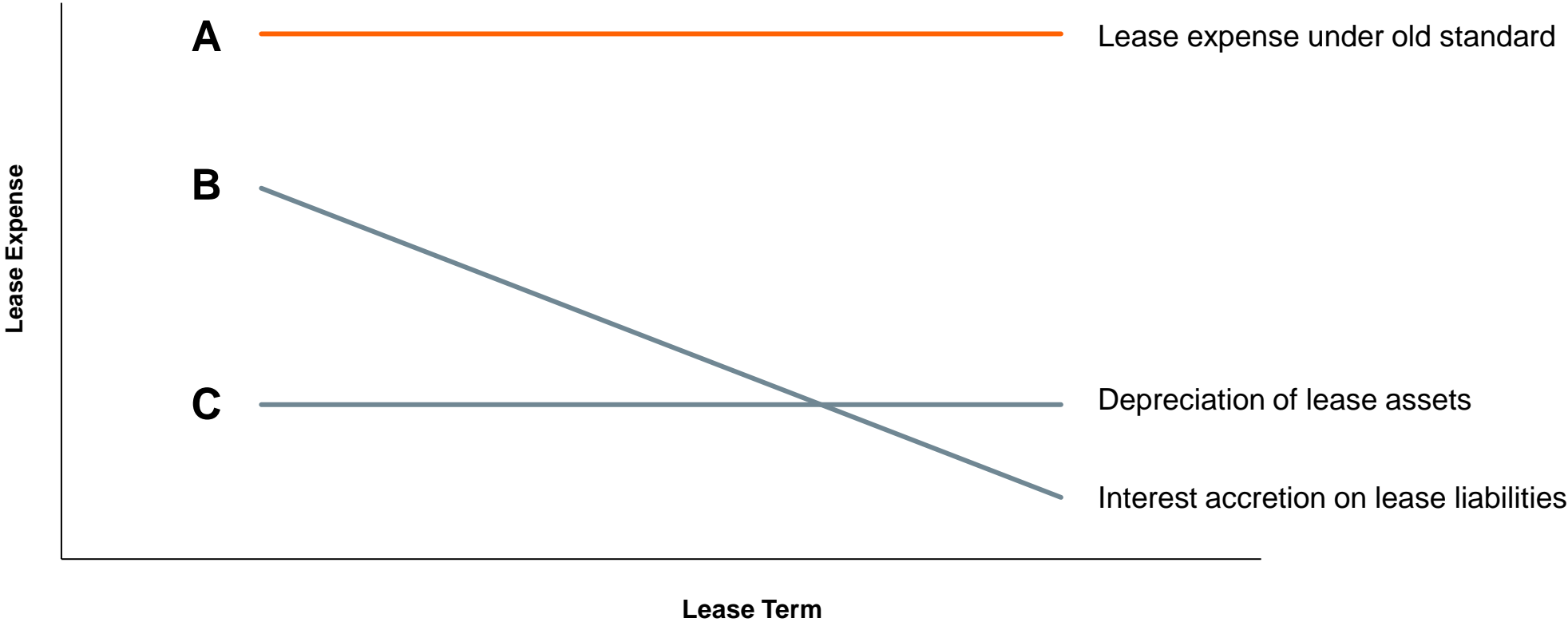
# Impact of PFRS 16 on 2018 P&L

(In US\$ 000)

Dec 31, 2018

<b>EBITDA – Pre PFRS 16</b>		
▪ Port Authorities' Share in Gross Revenues	24,952	
▪ Equipment and Facilities – related expenses	88,233	
		642,221
<b>Fixed and Guaranteed Port Fees</b>		113,185
<b>EBITDA – Post PFRS 16</b>		755,406
<b>Net Income – Pre PFRS 16</b>		
▪ 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	
		249,823
<b>Net Impact of PFRS 16 Adoption</b>		(14,016)
<b>Net Income – Post PFRS 16</b>		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



(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
<b>Total Assets</b>	<b>4,703</b>	<b>+613</b>	<b>5,316</b>
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
<b>Total Liabilities</b>	<b>2,474</b>	<b>+937</b>	<b>3,410</b>
<b>Total Equity</b>	<b>2,229</b>	<b>-324</b>	<b>1,906</b>

# 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)
<b>Net Increase (Decrease ) in Cash and Cash Equivalents</b>	<b>167,652</b>	<b>–</b>	<b>167,652</b>
<b>Cash and Cash Equivalents, beginning of period</b>	<b>279,427</b>		<b>279,427</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>447,079</b>		<b>447,079</b>



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**Thank you!**