

# News Release

5 March 2015

## ICTSI reports strong results driven by international expansion

- **Throughput grew 18% to 7.4 million TEUs; revenues increased 24% to US\$1.1 billion; EBITDA improved 17% to US\$443.0 million**
- **Net Income up 6% to US\$182 million**

International Container Terminal Services, Inc. (ICTSI) reported audited consolidated financial results for the year ended December 31, 2014, posting revenue from port operations of US\$1.1 billion, an increase of 24 percent over the US\$852.4 million reported for the same period the previous year; Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of US\$443.0 million, 17 percent higher than the US\$377.3 million generated last year; and net income attributable to equity holders of US\$182.0 million, up six percent compared to the US\$172.4 million earned in 2013. Diluted earnings per share for the period was likewise higher by five percent at US\$0.075, from US\$0.071 in 2013.

The increase in net income attributable to equity holders for 2014 was mainly due to strong consolidated revenue and EBITDA growth driven by increased contributions from newer operations in Manzanillo, Mexico and Puerto Cortes, Honduras; the consolidation of terminal operations in Yantai, China; and improved performance at Subic Bay, Philippines. Net Income growth was also negatively impacted by start-up costs and higher levels of operating expenses in Mexico, Honduras and China, higher levels of depreciation expense and increased interest expense driven by lower levels of capitalized interest during construction. In addition, net income was also affected by a number of non-recurring items, including gains on the sale of non-operating subsidiary in the Philippines (US\$13.2 million), the termination of a management contract in Kattupalli, India (US\$1.9 million), settlement of insurance claims at Guayaquil, Ecuador (US\$1.5 million) and a gain on the restructuring of investment in Yantai China of US\$31.8 million. These items were offset by an impairment charge of US\$38.1 million relating to the goodwill component of a subsidiary in Argentina (TECPLATA, S.A.) and a US\$0.9 million settlement of an insurance claim at Gdynia, Poland. Excluding the non-recurring items, net income would have been flat at US\$172.6 million.

ICTSI handled consolidated volume of 7,438,635 twenty-foot equivalent units (TEUs) for the year ended December 31, 2014, 18 percent more than the 6,309,840 TEUs handled in 2013. The increase in volume was mainly due to the volume generated by Contecon Manzanillo S.A. (CMSA), Operadora Portuaria Centroamericana, S.A. de C.V (OPC), and ICTSI Iraq, the Company's new container terminals in Manzanillo, Mexico, Puerto Cortes, Honduras, and Umm Qasr, Iraq, respectively; the positive impact of the consolidation of terminal operations at the Port of Yantai in Yantai, China from July 2014; and the 20 percent volume growth in Baltic Container Terminal (BCT) in Gdynia, Poland. Excluding the volume from the three new terminals, organic volume would have increased by slightly more than two percent. The Company's seven key terminal operations in Manila, Brazil, Poland, Madagascar, China, Ecuador and Pakistan, which grew by five percent, accounted for 70 percent of the Group's consolidated volume in 2014.

Gross revenues from port operations in 2014 surged 24 percent to US\$1.1 billion from the US\$852.4 million reported in 2013. The increase in gross revenues was mainly due to the revenue contribution from the new terminals in Manzanillo, Mexico, Puerto Cortes, Honduras, and Umm Qasr, Iraq; a strong 45 percent revenue growth from the Company's consolidated terminal operations in Yantai, China; and favorable volume mix. Excluding the revenues from the new terminals, organic revenue growth was eight percent. All three geographical segments reported double-digit growth in gross revenues with Americas posting a notable growth of 40 percent and Asia and EMEA each posting strong 16 percent increases. The Group's seven key terminal operations in Manila, Brazil, Poland, Madagascar, China, Ecuador and Pakistan, which grew 10 percent, accounted for 74 percent of the Group's consolidated revenues in 2014.

Consolidated cash operating expenses in 2014 grew 26 percent to US\$454.5 million, from US\$359.5 million in 2013 reflecting the ramp-up in operations at Manzanillo, Mexico (CMSA), Puerto Cortes, Honduras (OPC) and the consolidation at Yantai, China. The increase was mainly driven by higher volume-related expenses (i.e., on-call labor, fuel, power and repairs and maintenance), government-mandated and contracted salary rate increases in certain terminals, increased business development activities, and cash operating expenses and start-up costs of new terminals and projects. Excluding the cash operating expenses of the new terminals in 2014, total cash operating expenses would have increased by only seven percent.

Consolidated EBITDA for 2014 increased 17 percent to US\$443.0 million, from US\$377.3 million in 2013 mainly due to the contribution from the new terminals in Puerto Cortes, Honduras and Manzanillo, Mexico, and the positive impact of the consolidation of operations at Yantai port. Excluding the contributions of the new terminals, consolidated EBITDA would have increased five percent. Meanwhile, consolidated EBITDA margin decreased to 42 percent in 2014 compared to 44 percent in 2013 mainly due to the effect of the new terminals and higher business development expenses as the Company pursued additional new projects during the period.

Consolidated financing charges and other expenses increased 17 percent, from US\$48.2 million in 2013 to US\$ 56.5 million in 2014 mainly due to lower capitalized borrowing cost at CMSA and slightly higher interest expense as a result of the higher debt level for the period.

ICTSI's capital expenditure in 2014 amounted to US\$279.0 million against a full year capital expenditure budget of US\$310.0 million. Last year's capital expenditure was mainly attributed to the development of new container terminals in Mexico and Argentina; capacity expansion in its terminal operation in Croatia; facilities rehabilitation in its newly acquired terminal in Honduras; and to start the development of the terminal in Democratic Republic of Congo. The Group's capital expenditure budget for 2015 is approximately US\$530.0 million mainly allocated for the completion of development at the Company's new container terminals in Mexico and Democratic Republic of Congo, capacity expansion in its terminal operation in Manila, and to start the development of the new terminals in Iraq and Australia. With regard to ICTSI's joint venture container terminal development project with PSA International Pte Ltd. (PSA) in Buenaventura, Colombia, the Company invested US\$64.7 million in 2014, and expects to invest approximately US\$140.0 million in 2015 to complete phase one of the project.

## ICTSI and Subsidiaries

Financial Highlights

YoY Comparison

### For the full year ended December 31

<i>(In million USD, except Earnings per share data)</i>		<b>2014</b>		<b>2013</b>	<b>% Change</b>
Gross Revenues	USD	1,061.2	USD	852.4	24%
EBITDA		443.0		377.3	17%
Net Income		191.5		180.7	6%
Net Income Attributable to Equity Holders		182.0		172.4	6%
Earnings per share					
Basic		0.075		0.072	5%
Diluted		0.075		0.071	5%