COVER SHEET

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SEC Registration Number

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

(Company's Full Name)

ICTSI ADMINISTRATION BUILDING, MANILA INTERNATIONAL CONTAINER TERMINAL, SOUTH ACCESS ROAD, MANILA

(Business Address: No. Street City/Town/Province)

Arlyn L. McDonald
(Contact Person)

8245-4101
(Company Telephone Number)

1 2 *Month* **3 1** *Day*
(Fiscal Year)

SEC 17 Q
(Form Type)

0 4 *Month* **Every 3rd Thursday** *Day*
(Annual Meeting)

N/A
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

1,338
as at September 30, 2024
Total No. of Stockholders

Total Amount of Borrowings

US$1,077.2M	**US$1,580.4M**
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2024**

2. Commission identification number: **147212**

3. BIR Tax Identification No. **000-323-228**

1. Exact name of issuer as specified in its charter:
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: ___________________ (SEC Use Only)

7. Address of issuer's principal office: **ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila** Postal Code: **1012**

8. Registrant's telephone number, including area code: **(632) 8245-4101**

9. Former name, former address, and former fiscal year: **Not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

Title of Each Class	Number of shares outstanding as at September 30, 2024
Common	**2,033,812,023**

11. Are any or all of the Securities listed on a Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange **Common shares**

12. Indicate by check mark whether the issuer:

a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).
Yes [x] No [ ]

(b) has been subject to such filing for the past 90 days. Yes [x] No [ ]

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated balance sheet as at December 31, 2023 and the interim condensed consolidated financial statements as at September 30, 2024 and for the three and nine months ended September 30, 2023 and 2024 and the related notes to interim condensed consolidated financial statements of International Container Terminal Services, Inc. and Subsidiaries (collectively referred to as "the Group") are filed as part of this Form 17-Q.

International Container Terminal Services, Inc. and Subsidiaries

Interim Condensed Consolidated Financial Statements
As at September 30, 2024
(with Comparative Figures as at December 31, 2023)
and for the Three and Nine Months Ended September 30, 2023 and 2024

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

As at September 30, 2024

(With Comparative Figures as at December 31, 2023)

(In Thousands)

	December 31, 2023 *(Audited)*	**September 30, 2024** *(Unaudited)*
ASSETS		
Noncurrent Assets		
Intangibles (Note 5)	US$2,389,063	**US$2,443,096**
Property and equipment (Note 6)	1,845,694	**1,801,369**
Right-of-use assets (Note 7)	916,366	**859,827**
Investment properties	5,634	**5,560**
Investments in and advances to joint ventures and an associate (Notes 9 and 13)	271,503	**218,345**
Deferred tax assets	408,653	**383,453**
Other noncurrent assets (Notes 8 and 16)	195,860	**235,374**
Total Noncurrent Assets	6,032,773	**5,947,024**
Current Assets		
Cash and cash equivalents (Note 10)	716,104	**1,032,209**
Receivables	182,507	**209,241**
Derivative assets (Note 16)	10,198	**10,285**
Spare parts and supplies	55,822	**60,043**
Prepaid expenses and other current assets	247,455	**256,515**
Total Current Assets	1,212,086	**1,568,293**
	US$7,244,859	**US$7,515,317**
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Capital stock:		
Preferred stock	US$236	**US$236**
Common stock	67,330	**67,330**
Additional paid-in capital (Note 12)	577,431	**581,733**
Preferred shares held by a subsidiary	(72,492)	**(72,492)**
Treasury shares (Note 12)	(38,330)	**(35,780)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed	(169,923)	**(169,923)**
Retained earnings (Note 12)	799,686	**1,016,660**
Perpetual capital securities (Note 12)	583,163	**295,142**
Other comprehensive loss - net (Notes 12 and 16)	(154,358)	**(281,809)**
Total equity attributable to equity holders of the parent	1,592,743	**1,401,097**
Equity Attributable to Non-controlling Interests	312,426	**317,216**
Total Equity	1,905,169	**1,718,313**
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 11)	1,990,037	**2,038,047**
Concession rights payable - net of current portion	742,335	**742,917**
Lease liabilities - net of current portion	1,571,022	**1,497,598**
Deferred tax liabilities	273,523	**274,800**
Other noncurrent liabilities (Note 16)	47,157	**58,502**
Total Noncurrent Liabilities	4,624,074	**4,611,864**
Current Liabilities		
Loans payable (Note 11)	139,563	**182,503**
Accounts payable and other current liabilities	412,135	**444,114**
Current portion of long-term debt (Note 11)	42,389	**437,077**
Current portion of concession rights payable	14,682	**15,615**
Current portion of lease liabilities	41,877	**44,467**
Income tax payable	64,970	**61,364**
Total Current Liabilities	715,616	**1,185,140**
Total Liabilities	5,339,690	**5,797,004**
	US$7,244,859	**US$7,515,317**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2024**	2023	**2024**
INCOME				
Gross revenues from port operations (Note 4)	US$594,878	**US$691,697**	US$1,759,850	**US$2,013,370**
Interest income (Notes 8 and 10)	14,721	**17,540**	42,086	**54,673**
Foreign exchange gain	405	**2,679**	9,366	**12,200**
Other income (Note 15)	2,214	**3,443**	20,918	**33,283**
	612,218	**715,359**	1,832,220	**2,113,526**
EXPENSES				
Port authorities' share in gross revenues	53,738	**60,354**	163,982	**167,608**
Manpower costs	82,554	**92,543**	245,285	**269,066**
Equipment and facilities-related expenses	39,983	**47,637**	124,015	**136,328**
Administrative and other operating expenses	40,754	**39,653**	119,843	**123,874**
Depreciation and amortization (Notes 5, 6 and 7)	72,553	**76,158**	220,579	**224,192**
Interest expense and financing charges on borrowings (Note 11)	36,398	**39,413**	107,950	**120,542**
Interest expense on concession rights payable	16,417	**15,384**	48,932	**47,619**
Interest expense on lease liabilities	35,574	**33,739**	99,024	**103,871**
Foreign exchange loss	334	**–**	11,290	**4,038**
Equity share in net loss of joint ventures and an associate	3,078	**88**	7,105	**4,586**
Impairment loss on goodwill (Note 5)	–	**–**	10,615	**–**
Other expenses (Note 1)	4,587	**5,550**	14,119	**18,333**
	385,970	**410,519**	1,172,739	**1,220,057**
CONSTRUCTION REVENUE (EXPENSE)				
Construction revenue	18,637	**70,210**	48,785	**129,388**
Construction expense	(18,637)	**(70,210)**	(48,785)	**(129,388)**
	–	**–**	–	**–**
INCOME BEFORE INCOME TAX	226,248	**304,840**	659,481	**893,469**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	45,976	**59,368**	126,986	**166,981**
Deferred	(7,849)	**12,787**	(3,721)	**31,836**
	38,127	**72,155**	123,265	**198,817**
NET INCOME	US$188,121	**US$232,685**	US$536,216	**US$694,652**
Attributable To				
Equity holders of the parent	US$170,739	**US$212,032**	US$484,536	**US$632,583**
Non-controlling interests	17,382	**20,653**	51,680	**62,069**
	US$188,121	**US$232,685**	US$536,216	**US$694,652**
Earnings Per Share (Note 14)				
Basic	US$0.080	**US$0.102**	US$0.228	**US$0.303**
Diluted	0.080	**0.102**	0.227	**0.303**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2024**	2023	**2024**
NET INCOME FOR THE PERIOD	US$188,121	**US$232,685**	US$536,216	**US$694,652**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations’ financial statements	(17,518)	**(12,448)**	7,277	**(116,561)**
Net change in unrealized mark-to-market values of derivatives (Note 16)	4,209	**(33,883)**	5,431	**(15,731)**
Net unrealized mark-to-market gain (loss) on financial assets at FVOCI	(97)	**473**	326	**1,251**
Share in other comprehensive gain (loss) of joint ventures	(88)	**257**	11,936	**(99)**
Income tax relating to components of other comprehensive income	(1,274)	**8,515**	(1,398)	**3,969**
	(14,768)	**(37,086)**	23,572	**(127,171)**
Items not to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive gain (loss) of joint ventures	(11)	**–**	21	**17**
Remeasurement gain (loss) on defined benefit plans - net of tax	24	**(67)**	5	**(121)**
	(14,755)	**(37,153)**	23,598	**(127,275)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US$173,366	**US$195,532**	US$559,814	**US$567,377**
Attributable To				
Equity holders of the parent	US$158,418	**US$161,025**	US$515,963	**US$505,132**
Non-controlling interests	14,948	**34,507**	43,851	**62,245**
	US$173,366	**US$195,532**	US$559,814	**US$567,377**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED September 30, 2023 and 2024

(In Thousands)

	Attributable to Equity Holders of the Parent											
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 12)	**Preferred Shares Held by a Subsidiary**	**Treasury Shares** (Note 12)	**Excess of Consideration Over the Carrying Value of Non-controlling Interests Acquired or Disposed**	**Retained Earnings** (Note 12)	**Perpetual Capital Securities** (Note 12)	**Other Compre-hensive Loss - net** (Notes 12 and 16)	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at December 31, 2022	US$236	US$67,330	US$573,981	(US$72,492)	(US$39,991)	(US$172,685)	US$687,450	US$583,163	(US$198,411)	US$1,428,581	US$298,092	US$1,726,673
Net income for the period	–	–	–	–	–	–	484,536	–	–	484,536	51,680	536,216
Other comprehensive loss for the period	–	–	–	–	–	–	–	–	31,427	31,427	(7,829)	23,598
Total comprehensive income for the period	–	–	–	–	–	–	484,536	–	31,427	515,963	43,851	559,814
Share-based payments	–	–	4,273	–	–	–	–	–	–	4,273	–	4,273
Issuance of treasury shares	–	–	(2,725)	–	2,725	–	–	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	(1,064)	–	–	–	–	(1,064)	–	(1,064)
Cash dividends	–	–	–	–	–	–	(370,267)	–	–	(370,267)	(48,438)	(418,705)
Acquisition/disposal of non-controlling interests	–	–	–	–	–	2,762	–	–	–	2,762	(1,397)	1,365
Distributions on perpetual capital securities	–	–	–	–	–	–	(14,513)	–	–	(14,513)	–	(14,513)
Balance at September 30, 2023 *(Unaudited)*	US$236	US$67,330	US$575,529	(US$72,492)	(US$38,330)	(US$169,923)	US$787,206	US$583,163	(US$166,984)	US$1,565,735	US$292,108	US$1,857,843
Balance at December 31, 2023	**US$236**	**US$67,330**	**US$577,431**	**(US$72,492)**	**(US$38,330)**	**(US$169,923)**	**US$799,686**	**US$583,163**	**(US$154,358)**	**US$1,592,743**	**US$312,426**	**US$1,905,169**
Net income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**632,583**	**–**	**–**	**632,583**	**62,069**	**694,652**
Other comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(127,451)**	**(127,451)**	**176**	**(127,275)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**632,583**	**–**	**(127,451)**	**505,132**	**62,245**	**567,377**
Share-based payments	**–**	**–**	**6,852**	**–**	**–**	**–**	**–**	**–**	**–**	**6,852**	**–**	**6,852**
Issuance of treasury shares	**–**	**–**	**(2,550)**	**–**	**2,550**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Redemption of perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**(8,820)**	**(288,021)**	**–**	**(296,841)**	**–**	**(296,841)**
Distributions on perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**(7,450)**	**–**	**–**	**(7,450)**	**–**	**(7,450)**
Disposal of a subsidiary (Note 1.2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,627**	**2,627**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(399,339)**	**–**	**–**	**(399,339)**	**(60,082)**	**(459,421)**
Balance at September 30, 2024 *(Unaudited)*	**US$236**	**US$67,330**	**US$581,733**	**(US$72,492)**	**(US$35,780)**	**(US$169,923)**	**US$1,016,660**	**US$295,142**	**(US$281,809)**	**US$1,401,097**	**US$317,216**	**US$1,718,313**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	For the Nine Months Ended September 30	
	2023	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US$659,481	**US$893,469**
Adjustments for:		
Depreciation and amortization	220,579	**224,192**
Interest expense on:		
Borrowings (Note 11)	107,950	**120,542**
Lease liabilities	99,024	**103,871**
Concession rights payable	48,932	**47,619**
Interest income	(42,086)	**(54,673)**
Dividend income	(5)	**(1,137)**
Impairment loss on goodwill (Note 5)	10,615	–
Net unrealized foreign exchange loss (gain)	6,084	**(6,439)**
Equity share in net loss (profit) of joint ventures and an associate	7,105	**4,586**
Share-based payments (Note 12)	4,367	**6,451**
Loss (gain) on sale of:		
A subsidiary (Note 1.2)	–	**1,640**
Property and equipment	156	**(2,765)**
Operating income before changes in working capital	1,122,202	**1,337,356**
Increase in:		
Receivables	(19,066)	**(27,674)**
Spare parts and supplies	(1,511)	**(6,092)**
Prepaid expenses and other current assets	(20,092)	**(24,006)**
Increase (decrease) in:		
Accounts payable and other current liabilities	2,134	**29,836**
Pension liabilities	(1,411)	**1,607**
Cash generated from operations	1,082,256	**1,311,027**
Income taxes paid	(126,697)	**(163,251)**
Net cash provided by operating activities	955,559	**1,147,776**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Intangible assets (Note 5)	(46,522)	**(133,057)**
Property and equipment (Note 6)	(159,798)	**(103,550)**
Group of assets that constitute a business (Note 5)	–	**(2,517)**
Payments of concession rights (Note 5)	(15,093)	**(16,556)**
Effect of business combination with CLIA Pouso Alegre	(13,882)	**–**
Interest received	33,274	**47,608**
Dividends received	5	**1,137**
Proceeds from:		
Sale of a subsidiary (Note 1.2)	–	**2,000**
Sale of property and equipment	510	**3,772**
Decrease (increase) in:		
Advances to contractors and suppliers	(27,264)	**(60,844)**
Investment in and advances to joint ventures and an associate	1,004	**55,317**
Other noncurrent assets	557	**(25,838)**
Short-term investments and restricted cash	7,912	**(6,804)**
Net cash used in investing activities	(219,297)	**(239,332)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from:		
Long-term borrowings (Note 11)	413,065	**470,276**
Short-term borrowings (Note 11)	415,755	**279,583**
Payments of:		
Dividends (Note 12)	(417,455)	**(441,707)**
Long-term borrowings	(528,603)	**(36,444)**
Short-term borrowings (Note 11)	(576,811)	**(243,941)**
Interest on lease liabilities and concession rights payable	(147,956)	**(150,715)**
Interest and financing charges on borrowings	(91,928)	**(110,362)**
Lease liabilities	(23,482)	**(32,175)**
Redemption of perpetual capital securities (Note 12)	–	**(296,841)**
Distributions on perpetual capital securities	(14,513)	**(7,450)**
Purchase of treasury shares (Note 12)	(1,064)	**–**
Increase (decrease) in other noncurrent liabilities	(360)	**5**
Net cash used in financing activities	(973,352)	**(569,771)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,601	**(22,568)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(235,489)	**316,105**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	838,940	**716,104**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 10)	US$603,451	**US$1,032,209**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

International Container Terminal Services, Inc. (ICTSI or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 24, 1987. The registered office address of the Parent Company is ICTSI Administration Building, MICT South Access Road, Manila. ICTSI's common shares were listed with the Philippine Stock Exchange on March 23, 1992 at an offer price of ₱6.70. ICTSI has 2,033,812,023 common shares outstanding held by 1,338 shareholders on record as at September 30, 2024.

The interim condensed consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on November 4, 2024.

1.2 Port Operations

ICTSI and subsidiaries (collectively referred to as "the Group") entered into various concessions of port operations which include development, management, and operation of container terminals and related facilities around the world. As at November 4, 2024, the Group is involved in 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are 10 terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), four in Brazil (including an intermodal rail ramp terminal and a Customs-bonded facility), two in Papua New Guinea (PNG), one each in China, Indonesia, Ecuador, Poland, Georgia, Madagascar, Croatia, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia, Cameroon and Nigeria.

Concessions for port operations entered into, acquired, extended, disposed and expired during the last two years are summarized below:

Acquisition and Extension of Concessions
Iloilo Commercial Port Complex (ICPC), Philippines. In January 2024, the Philippine Ports Authority (PPA) has awarded to ICTSI the 25-year contract to develop and operate the ICPC. On April 15, 2024, the Group received from the PPA the notice to proceed and the 25-year ICPC port management contract was entered between ICTSI and PPA on the same date.

Port of Gdynia, Poland. In December 2022, ICTSI, through its subsidiary, Baltic Container Terminal (BCT), signed a new 30-year lease with the Port Authority of Gdynia S.A. (PAGSA). This new lease extends BCT's operation of the multipurpose terminal at Port of Gdynia in Poland from 2023 up to 2053.

Tanjung Pakis Lamongan Public Terminal, East Java, Indonesia. On July 27, 2022, ICTSI signed a Conditional Share Subscription and Purchase Agreement with Indo Port Holding Pte Ltd. and Eastlog Holding Pte Ltd. to acquire majority share ownership up to 66.67% in PT East Java Development (EJD). EJD holds a concession right to operate a multi-purpose terminal in Lamongan Regency, East Java, Indonesia, effective until December 31, 2065.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of Hold-over-Authority (HOA) on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. SCIPSI has been granted a new HOA that is valid for 12 months starting from January 1, 2024. The HOA may be pre-terminated upon the award of a new contract by the PPA or revoked for a reason by the PPA.

Disposal and Expiration of Concessions

Jakarta, Indonesia. On January 22, 2024, ICTSI, through its wholly owned subsidiary, ICTSI Far East Pte. Ltd. (IFEL), signed a Conditional Share Sale and Purchase Agreement with PT Sarana Kelola Investa in connection with the sale of 80.19% shares of PT ICTSI Jasa Prima Tbk (IJP) for US$2.0 million, the Company's listed subsidiary in Indonesia which owns PT PBM Olah Jasa Andal (OJA), which in turn has an equipment supply cooperation agreement with PT Pelabuhan Indonesia II (Pelindo II) at the Port of Tanjung Priok in Jakarta, Indonesia. The sale of IJP shares closed on February 1, 2024 and resulted to a loss on sale of IJP and OJA amounting to US$1.6 million.

Port of Karachi, Pakistan. In June 2023, the concession agreement between Pakistan International Container Terminal Ltd. (PICT) and Karachi Port Trust (KPT), for a period of 21 years, has expired. On the same month, ICTSI was informed by KPT that PICT's container terminal concession in Karachi, Pakistan will revert to the port authority effective June 18, 2023. Thereafter, PICT has fully transitioned the terminal operations to the new port operator.

Port of Makassar, Indonesia. The extended term of the cooperation agreement between PT Makassar Terminal Services (MTS) and PT Pelabuhan Indonesia IV (Pelindo IV) for the procurement, installation and operation of container loading and unloading equipment at the Makassar Port Container Terminal, South Sulawesi, Indonesia expired on January 31, 2023. The parties mutually agreed not to renew the cooperation agreement. Immediately thereafter, MTS ceased its operations at the Makassar Port Container Terminal.

2. Basis of Preparation and Statement of Compliance

2.1 Basis of Preparation

The interim condensed consolidated financial statements as at September 30, 2024 and for the three and nine months ended September 30, 2023 and 2024 have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been measured at fair value. The interim condensed consolidated financial statements are presented in United States dollar (US dollar, USD or US$), the Parent Company's functional currency. All values are rounded to the nearest thousand US dollar unit, except when otherwise indicated. Any discrepancies in the tables between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

2.2 Statement of Compliance

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the interim condensed consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended December 31, 2023.

3. Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2023, except for the adoption of the following new accounting pronouncements starting January 1, 2024. The Group has not early adopted any accounting pronouncement that has been issued but is not yet effective.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments had no impact on the Group because the Group's accounting policies are aligned with the amendments to PAS 1.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The Group has not entered into any sale and leaseback transactions.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The Group has not entered into any supplier finance arrangements.

4. **Segment Information**

The table below presents financial information on geographical segments as at December 31, 2023 (audited) and as at September 30, 2024 (unaudited) and for the three and nine months ended September 30, 2023 (unaudited) and 2024 (unaudited) (amounts are in thousands, except volume data):

	For the Three Months Ended September 30, 2023				**For the Three Months Ended September 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume [a]	1,602,759	622,002	951,315	3,176,076	**1,760,439**	**673,317**	**858,208**	**3,291,964**
Gross revenues	US$246,999	US$123,058	US$224,821	US$594,878	**US$291,605**	**US$135,939**	**US$264,153**	**US$691,697**
Capital expenditures [b]	75,744	26,158	43,995	145,897	**70,007**	**8,897**	**34,011**	**112,915**

	For the Nine Months Ended September 30, 2023				**For the Nine Months Ended September 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume [a]	4,836,052	1,921,892	2,693,968	9,451,912	**5,223,096**	**1,835,242**	**2,545,789**	**9,604,127**
Gross revenues	US$779,443	US$367,666	US$612,741	US$1,759,850	**US$828,488**	**US$381,321**	**US$803,561**	**US$2,013,370**
Capital expenditures [b]	105,147	49,948	78,488	233,583	**132,392**	**56,185**	**110,055**	**298,632**

	As at December 31, 2023				**As at September 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Segment assets [c]	US$3,781,442	US$907,755	US$2,147,009	US$6,836,206	**US$4,070,927**	**US$958,533**	**US$2,102,404**	**US$7,131,864**
Segment liabilities [d]	3,504,605	317,854	1,178,738	5,001,197	**4,037,524**	**338,876**	**1,084,440**	**5,460,840**

[a] *Measured in TEUs.*

[b] *Capital expenditures include amount disbursed for the acquisition of port facilities and equipment classified as intangibles under IFRIC 12 amounting to US$46.5 million and US$133.1 million in 2023 and 2024, respectively, property and equipment (including those acquired under business combination) amounting to US$159.8 million and US$104.7 million in 2023 and 2024, respectively, as shown in the consolidated statements of cash flows, and advances to suppliers and contractors amounting to US$27.3 million and US$60.8 million in 2023 and 2024, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$408.7 million and US$383.5 million as at December 31, 2023 and September 30, 2024, respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$65.0 million and US$61.4 million and deferred tax liabilities amounting to US$273.5 million and US$274.8 million as at December 31, 2023 and September 30, 2024, respectively.*

The following table shows the computation of earnings before interest, taxes, depreciation, and amortization (EBITDA) as derived from the interim consolidated net income attributable to equity holders of the parent for the three and nine months ended September 30:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	**2024**	2023	**2024**
Net income attributable to equity holders of the parent	US$170,739	**US$212,032**	US$484,536	**US$632,583**
Non-controlling interests	17,382	**20,653**	51,680	**62,069**
Provision for income tax	38,127	**72,155**	123,265	**198,817**
Income before income tax	226,248	**304,840**	659,481	**893,469**
Add (deduct):				
Depreciation and amortization	72,553	**76,158**	220,579	**224,192**
Interest and other expenses [a]	96,388	**94,174**	299,035	**298,989**
Interest and other income [b]	(17,340)	**(23,662)**	(72,370)	**(100,156)**
EBITDA [c]	US$377,849	**US$451,510**	US$1,106,725	**US$1,316,494**

[a] *Interest and other expenses include the following as shown in the interim condensed consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; impairment loss on goodwill; equity share in net loss of joint ventures and an associate; and other expenses.*

[b] *Interest and other income include the following as shown in the interim condensed consolidated statements of income: foreign exchange gain; interest income; and other income.*

[c] *EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in the industry.*

The Group EBITDA figures are not; however, readily comparable with other companies' EBITDA figures as these may be calculated differently thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRSs. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for working capital needs;*
- *EBITDA does not reflect fixed (and in-substance fixed) port fees and lease payments that are capitalized as concession assets under IFRIC 12 and right-of-use assets under PFRS 16;*
- *EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal debt payments;*
- *Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on PFRS results and uses EBITDA only as supplementary information.

5. **Intangibles**

<u>Concession Rights</u>
Additions to concession rights amounting to US$155.1 million during the nine months ended September 30, 2024 mainly pertain to the construction of various civil works and acquisitions of port facilities and equipment in Manila International Container Terminal (MICT) and certain Philippine terminals, East Java Multipurpose Terminal (EJMT) in Indonesia; and the present value of fixed fee consideration under the new concession contract for ICPC in Iloilo.

Amortization of concession rights amounted to US$32.3 million and US$33.2 million for the three months ended September 30, 2023 and 2024, respectively; and US$98.3 million for the nine months ended September 30, 2023 and 2024.

<u>Goodwill</u>
In 2023, the goodwill attributed to PICT's business amounting to US$10.6 million (PKR3.0 billion) was fully impaired and charged to profit or loss as a result of the expiry of PICT's concession effective June 17, 2023 (see Note 1.2).

In June 2024, IRB Logistica, a wholly-owned subsidiary of ICTSI domiciled in Brazil, acquired a group of assets consisting of various property and equipment and business contracts from a Brazilian logistics company for US$10.1 million (BRL52.8 million). The purchase price is payable in three installments with first installment already paid in June 2024 and the remaining two installments over the next two years. As the acquisition qualifies to be treated as a business combination, the Group recognized a provisional goodwill of US$8.9 million (BRL46.6 million). The provisional goodwill comprises the value of expected synergies from the acquisition.

6. Property and Equipment

Additions to property and equipment amounting to US$129.5 million during the nine months ended September 30, 2024 mainly pertain to the construction of various civil works and acquisitions of terminal equipment in various ports, mainly in Contecon Manzanillo S.A. (CMSA), ICTSI DR Congo S.A. (IDRC), ICTSI Rio Brasil Terminal 1 S.A. (ICTSI Rio) and Victoria International Container Terminal Ltd. (VICT).

Depreciation of property and equipment amounted to US$24.5 million and US$25.4 million for the three months ended September 30, 2023 and 2024, respectively; and US$76.1 million and US$76.0 million for the nine months ended September 30, 2023 and 2024, respectively.

7. Right-of-use Assets

Additions to right-of-use assets amounting to US$51.8 million during the nine months ended September 30, 2024 pertains to the impact of remeasurement of lease payments at certain terminals.

Amortization of right-of-use assets amounted to US$14.4 million and US$16.1 million for the three months ended September 30, 2023 and 2024, respectively; and US$41.1 million and US$45.3 million for the nine months ended September 30, 2023 and 2024, respectively.

8. Other Noncurrent Assets

This account includes advances to suppliers and contractors, input tax, derivative assets, restricted cash, and financial assets at FVOCI, among others. This account increased primarily due to higher advances to suppliers and contractors for capital expenditures.

9. Investments in and Advances to Joint Ventures and an Associate

This account pertains mainly to ICTSI's investment in and advances to Sociedad Puerto Industrial Aguadulce SA (SPIA). In April 2024, the Group received US$55.9 million as partial repayment of the advances previously extended to its joint venture, SPIA.

10. Cash and Cash Equivalents

For the purpose of interim condensed consolidated statements of cash flows, cash and cash equivalents as at September 30 are comprised of the following:

	2023 *(Unaudited)*	**2024** *(Unaudited)*
Cash on hand and in banks	US$312,024	**US$400,042**
Cash equivalents	291,427	**632,167**
	US$603,451	**US$1,032,209**

11. Long-term Debt and Loans Payable

11.1 Outstanding Balances and Maturities of Long-term Debt

	Company	Maturity	December 31, 2023 *(Audited)*	**September 30, 2024** *(Unaudited)*
Medium-term Note (MTN) Programme				
Secured fixed interest USD bond	ICTSI Treasury B.V. (ITBV)	2025	US$390,038	**US$394,236**
Senior Notes				
Unsecured fixed interest USD bond	ICTSI	2030	394,209	**394,771**
Secured fixed interest US dollar bond	ITBV	2031	291,895	**292,564**
US dollar and Foreign Currency-denominated Term Loans and Securities				
Unsecured fixed interest USD term loan	ICTSI	2029	297,851	**745,434**
Secured fixed interest AUD bond	VICT	2039	270,261	**274,423**
Secured fixed interest US dollar term loan	ICTSI Global Finance B.V. (IGFBV)	2026	257,212	**252,998**
Secured floating interest PHP Term loan	Manila Harbor Center Port Services, Inc. (MHCPSI)	2029	89,605	**72,336**
Secured fixed interest USD term loans	IDRC	2025	18,000	**9,000**
Secured floating interest IDR term loan	EJD	2029	–	**24,852**
Secured floating interest PGK term loan	SPICTL	2024-2026	9,916	**5,785**
Secured floating interest PGK term loan	Motukea International Terminal Ltd. (MITL)	2024-2026	4,503	**2,465**
Secured fixed interest USD term loans	CGSA	2027	5,481	**4,453**
Secured floating interest NGN term loan	ICTSI Nigeria	2028	2,717	**1,319**
Secured fixed interest BRL term loans	CLIA Pouso Alegre	2026-2027	738	**488**
Total			2,032,426	**2,475,124**
Less current portion			42,389	**437,077**
Long-term debt, net of current portion			US$1,990,037	**US$2,038,047**

On January 12, 2024, ICTSI availed of the remaining US$450.0 million from the $750.0 million six-year term loan facility with interest rate based on six-month term SOFR plus an agreed margin. ICTSI entered into an interest rate swap to hedge the interest rate exposure of this loan (see Note 16).

In 2024, EJD made various drawdowns from the five-year term loan facility with principal of IDR377.0 billion and interest based on 3-month JIBOR plus an agreed margin.

11.2 Loans Payable

A summary of outstanding balance of loans payable is presented below:

	Company	December 31, 2023 *(Audited)*	**September 30, 2024** *(Unaudited)*
Secured fixed interest JPY loan	ICTSI	US$–	**US$170,299**
Secured floating interest PGK loan	SPICTL	2,681	**5,102**
Secured floating interest PGK loan	MITL	2,681	**5,102**
Secured fixed interest USD loan	CGSA	–	**2,000**
Secured fixed interest USD loan	ICTSI Ltd.	134,201	**–**
		US$139,563	**US$182,503**

ICTSI. ICTSI availed short-term loans amounting to JPY24.5 billion with a tenor of one year. ICTSI entered into cross-currency swaps to hedge the foreign exchange exposure of these loans (see Note 16).

ICTSI Ltd. On January 17, 2024, ICTSI Ltd. availed of a short-term loan amounting to US$104.5 million at a fixed interest rate. The loan was repaid in March 2024.

ICTSI Ltd. paid off US$134.2 million short-term loans availed during 2023.

11.3 Loan Covenants and Capitalized Borrowing Costs

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or certain class of stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to its debt to EBITDA of up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debt. As at September 30, 2024, ICTSI and subsidiaries were in compliance with their loan covenants.

12. Equity

12.1 Stock Incentive Plan (SIP)

Stock awards, including DRIP shares, granted by the Stock Incentive Committee to officers and employees of the Group during the nine months ended September 30, 2023 and 2024:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 1, 2023	2,238,750	US$3.62 (₱198.98)
March 28, 2023	197,522	US$3.80 (₱207.00)
March 1, 2024	1,978,205	US$5.06 (₱283.20)
March 25, 2024	153,920	US$5.62 (₱317.19)

Share-based payment expense amounted to US$1.6 million and US$2.3 million for the three months ended September 30, 2023 and 2024, respectively; and US$5.2 million and US$6.5 million for the nine months ended September 30, 2023 and 2024, respectively.

1,823,420 treasury shares were issued to certain officers and employees on March 1, 2024 (2023: 1,953,884 treasury shares) upon vesting of stock awards previously granted.

12.2 Cash Dividends Declared on Common Stock

	2023	**2024**
Date of Board approval	March 6, 2023	**March 1, 2024**
Cash dividends (regular) per share	US$0.156 (₱8.56)	**US$0.167 (₱9.35)**
Cash dividends (special) per share	US$0.026 (₱1.44)	**US$0.029 (₱1.65)**
Record date	March 20, 2023	**March 15, 2024**
Payment date	March 28, 2023	**March 25, 2024**

12.3 Treasury Shares

In May 2023, the Company acquired 306,230 of its own shares of common stock for US$1.1 million.

12.4 Components of Other Comprehensive Loss

	Cumulative Translation Adjustments	Unrealized Mark-to-Market Gain (Loss) on Derivatives	Business Combination Revaluation Reserve	Unrealized Mark-to-Market Gain on Financial Assets at FVOCI	Share of Other Comprehensive Loss of Joint Ventures and Associates	Remeasurement Loss on Defined Benefit Plans	Total Comprehensive Income (Loss)
Balance at January 1, 2023	(US$196,787)	US$11,073	US$610	US$1,781	(US$12,325)	(US$2,763)	(US$198,411)
Translation differences arising from translation of foreign operations' financial statements	15,106	–	–	–	–	–	15,106
Net change in actuarial loss on defined benefit plans	–	–	–	–	21	5	26
Net change in unrealized mark-to-market values of derivatives	–	5,431	–	–	–	–	5,431
Share in other comprehensive loss of joint ventures	–	–	–	–	11,936	–	11,936
Net unrealized mark-to-market gain on financial assets at FVOCI	–	–	–	326	–	–	326
Income tax relating to components of other comprehensive income	–	(1,398)	–	–	–	–	(1,398)
Balance at September 30, 2023	(US$181,681)	US$15,106	US$610	US$2,107	(US$368)	(US$2,758)	(US$166,984)

	Cumulative Translation Adjustments	**Unrealized Mark-to-Market Gain (Loss) on Derivatives**	**Business Combination Revaluation Reserve**	**Unrealized Mark-to-Market Gain on Financial Assets at FVOCI**	**Share of Other Comprehensive Income of Joint Ventures and Associates**	**Remeasurement Loss on Defined Benefit Plans**	**Total Comprehensive Income (Loss)**
Balance at January 1, 2024	**(US$157,941)**	**US$2,956**	**US$610**	**US$2,178**	**US$1,567**	**(US$3,728)**	**(US$154,358)**
Translation differences arising from translation of foreign operations' financial statements	**(116,737)**	**–**	**–**	**–**	**–**	**–**	**(116,737)**
Net change in actuarial loss on defined benefit plans	**–**	**–**	**–**	**–**	**17**	**(121)**	**(104)**
Net change in unrealized mark-to-market values of derivatives	**–**	**(15,731)**	**–**	**–**	**–**	**–**	**(15,731)**
Share in other comprehensive loss of joint ventures	**–**	**–**	**–**	**–**	**(99)**	**–**	**(99)**
Net unrealized mark-to-market gain on financial assets at FVOCI	**–**	**–**	**–**	**1,251**	**–**	**–**	**1,251**
Income tax relating to components of other comprehensive income	**–**	**3,969**	**–**	**–**	**–**	**–**	**3,969**
Balance at September 30, 2024	**(US$274,678)**	**(US$8,806)**	**US$610**	**US$3,429**	**US$1,485**	**(US$3,849)**	**(US$281,809)**

12.5 Perpetual Capital Securities

On May 6, 2024, RCBV (the "Issuer") and ICTSI (the "Guarantor") redeemed the US$289.8 million 4.875 percent Senior Guaranteed Perpetual Capital Securities ("Securities"). The US$8.8 million difference between the redemption amount of US$296.8 million and the Securities' carrying amount of US$288.0 million represents accrued distributions and was treated as a direct reduction in retained earnings.

13. Related Party Transactions

Related Party	Relationship	Nature of Transaction	2023 Transaction Amount for the Three Months Ended Sept 30	2023 Transaction Amount for the Nine Months Ended Sept 30 [i]	2023 Outstanding Receivable (Payable) Balance Amount as at Dec 31	**2024 Transaction Amount for the Three Months Ended Sept 30**	**2024 Transaction Amount for the Nine Months Ended Sept 30 [i]**	**2024 Outstanding Receivable (Payable) Balance Amount as at Sept 30**
					(In Millions)			
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (including interest converted into interest-bearing loan (see Note 9) [ii]	US$2.63	US$7.21	US$206.45	**US$–**	**US$8.51**	**US$156.20**
		Interest receivable [ii]	3.13	9.16	6.18	**2.40**	**7.98**	**4.53**
Yantai International Container Terminal Ltd. (YICT)								
Yantai Port Group (YPG)	Common shareholder	Cargo handling charges [iii]	0.90	2.59	0.83	**0.85**	**2.45**	**0.63**
		Trade transactions [iv]	0.56	1.60	–	**0.04**	**0.08**	**(0.01)**
Yantai Port Holdings (YPH)	Non-controlling shareholder	Trade transactions [iv]	0.13	0.19	–	**0.75**	**1.98**	**(0.15)**
		Port fees [v]	0.14	0.28	(0.11)	**0.18**	**0.36**	**–**
Yantai Port Container Terminal Ltd. (YPHT)	Common shareholder	Outsourced services	1.46	4.00	0.93	**1.31**	**4.09**	**1.34**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.03	0.10	(0.01)	**0.04**	**0.13**	**(0.02)**
Adriatic Gate Container Terminal (AGCT)								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services [vi]	0.38	1.05	(0.11)	**0.01**	**0.31**	**–**
PICT								
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges [viii]	–	0.28	–	**–**	**–**	**–**
		Container handling revenue [viii]	–	0.02	–	**–**	**–**	**–**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.08	0.24	(0.07)	**–**	**0.10**	**–**
		Maintenance and repairs	0.02	0.06	(0.03)	**0.02**	**0.04**	**(0.02)**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	0.90	2.70	(0.90)	**0.90**	**2.70**	**–**
		Loans [ix]	–	3.06	–	**–**	**–**	–
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services [xi]	1.14	3.09	(2.02)	**2.52**	**5.99**	**(14.43)**
		Dredging service	0.60	2.37	(0.01)	**0.94**	**3.57**	**–**
		Sublease [vii]	–	–	0.08	**–**	**–**	**0.08**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	–	0.01	0.07	**–**	**–**	**0.07**
		Sublease [vii]	–	–	(0.01)	**–**	**–**	**(0.01)**
Prime Metroline Infrastructure Holdings Corporation	Common Shareholder	Reimbursement of operating expenses	0.01	0.04	0.01	**–**	**–**	**0.01**
		Sublease [vii]	–	–	(0.04)	**–**	**–**	**0.06**
		Sale of asset [x]	–	–	0.56	–	–	**–**

(Forward)

Related Party	Relationship	Nature of Transaction	2023 Transaction Amount for the Three Months Ended Sept 30	2023 Transaction Amount for the Nine Months Ended Sept 30 (i)	2023 Outstanding Receivable (Payable) Balance Amount as at Dec 31	**2024 Transaction Amount for the Three Months Ended Sept 30**	**2024 Transaction Amount for the Nine Months Ended Sept 30 (i)**	**2024 Outstanding Receivable (Payable) Balance Amount as at Sept 30**
					(In Millions)			
FAMI	Joint Venture	Reimbursement of operating expenses	US$0.02	US$0.03	US$0.45	**US$0.01**	**US$0.03**	**US$0.72**
		Management fees	0.42	1.37	(0.31)	**0.52**	**1.45**	**(0.35)**
IW Cargo Handlers, Inc.								
Aviation Concepts Terminal Services Inc. (ACTSI)	Common Shareholder	Sale of asset(xii)	–	–	17.20	**0.46**	**0.46**	**–**

(i) *Amount of transactions do not include payments, collections and foreign exchange movements.*

(ii) *On October 1, 2018, ICTSI EMEA B.V. (IEBV) assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into an interest-bearing loan, and interest receivable from SPIA as at the same date, amounting to US$321.1 million and US$9.6 million, respectively.*

(iii) *Fees received by YICT from YPG member companies, acting as freight forwarders and shipping agencies, for the landside charge/harbor dues on cargoes on behalf of cargo owners/shipping lines.*

(iv) *Trade transactions include utilities, rent, and other transactions paid by YICT to YPH and YPG.*

(v) *YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes and facility security fees in accordance with government regulations. Port fees remitted by YICT for YPH are presented as part of "Port authorities' share in gross revenues" in the interim condensed consolidated statements of income. Outstanding payable to YPH related to these port charges are presented under "Accounts payable and other current liabilities" account.*

(vi) *AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel, and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the interim condensed consolidated statements of income as part of Manpower costs, Equipment and facilities-related expenses, and Administrative and other operating expenses.*

(vii) *ICTSI has entered into contracts with Prime Metro BMD Corporation, Prime Metro Power Holdings Corporation, and Prime Metroline Infrastructure Holdings Corporation for the sublease of office space.*

(viii) *PICT has entered into an agreement with Bilal Associates (Pvt) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.*

(ix) *In April 2023, IDRC entered into a shareholder loan agreement with Ledya SARL. The loan was settled in June 2023.*

(x) *ICTSI and Prime Metroline Infrastructure Holdings Corporation entered into an agreement for the sale of certain leasehold improvements.*

(xi) *ICTSI has entered into contracts with Prime Metro BMD Corporation for the construction, repairs, and maintenance of port facilities.*

(xii) *On December 12, 2023, IW Cargo Handlers, Inc. and ACTSI entered into a deed of absolute sale for the sale of transportation equipment and related accessories. The payment for the transportation equipment was settled in September 2024.*

The outstanding balances arising from these related party transactions are current and generally collectible/payable upon demand.

14. Earnings Per Share Computation

The table below shows the computation of basic and diluted earnings per share for the three and nine months ended September 30 (amounts are in thousands, except number of shares and per share data):

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023 *(Unaudited)*	**2024** *(Unaudited)*	2023 *(Unaudited)*	**2024** *(Unaudited)*
Net income attributable to equity holders of the parent, as presented in the unaudited interim condensed consolidated statements of income	US$170,739	**US$212,032**	US$484,536	**US$632,583**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities	(7,334)	**(3,725)**	(21,770)	**(16,080)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$163,405	**US$208,307**	US$462,766	**US$616,503**
Common shares outstanding at beginning of year	2,045,177,671	**2,045,177,671**	2,045,177,671	**2,045,177,671**
Weighted treasury shares	(13,596,351)	**(11,821,503)**	(13,596,351)	**(11,821,503)**
Weighted average shares outstanding (b)	2,031,581,320	**2,033,356,168**	2,031,581,320	**2,033,356,168**
Effect of dilutive stock awards	4,330,310	**4,594,388**	4,330,310	**4,594,388**
Weighted average shares outstanding adjusted for potential common shares (c)	2,035,911,630	**2,037,950,556**	2,035,911,630	**2,037,950,556**
Basic earnings per share (a/b)	US$0.080	**US$0.102**	US$0.228	**US$0.303**
Diluted earnings per share (a/c)	US$0.080	**US$0.102**	US$0.227	**US$0.303**

15. Contingencies

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from the existing legal actions and proceedings, if any, will not have a material adverse impact on the Group's interim condensed consolidated financial position and results of operations.

<u>Labor Disruption Settlement</u>
Due to labor disruptions caused by International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon from June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The claim went to trial, and a jury verdict awarded damages to ICTSI Oregon.

On September 30, 2023, ILWU filed a Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the Northern District of California.

On February 2, 2024, ILWU and ICTSI Oregon jointly announced that a settlement of all legal claims had been reached. The settlement resolves all of ICTSI Oregon's claims in the case on which ICTSI Oregon received payment of US$20.5 million in March 2024. The settlement arises from the parties' participation in several days of mediation during ILWU's chapter 11 bankruptcy case, which has been voluntarily dismissed as part of the terms of the settlement. The dismissal order of the damage case filed by ICTSI Oregon in the federal court has become final.

The Group recorded the receipt of the US$20.5 million proceeds described above as part of "Other income" account in the consolidated statement of income.

Arbitration against Republic of Honduras

The arbitration requested by ICTSI and its subsidiary in Honduras, Operadora Portuaria Centroamericana, S.A. de C.V. (OPC), against the Republic of Honduras were both registered by the International Centre for Settlement of Investment Disputes (ICSID) in August 2024. This was due to the sovereign decision of Honduras to denounce the ICSID treaty on February 24, 2024.

In the arbitration proceedings, ICTSI and OPC alleged that the Republic of Honduras has breached certain obligations. There is no impact to day-to-day operations. ICTSI and OPC are open to further discussions with the Government of Honduras to seek appropriate solutions.

16. Financial Instruments

16.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments by category whose fair value is different from its carrying amount (amount in thousands):

	December 31, 2023		**September 30, 2024**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities				
Long-term debt	US$2,032,426	US$2,007,224	**US$2,475,124**	**US$2,431,463**
Concession rights payable	757,017	841,775	**758,532**	**734,800**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities, loans payable approximate their fair values due to their short-term maturities.

The fair values of the US dollar-denominated notes and US dollar-denominated medium-term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 2.93 percent to 14.23 percent as at December 31, 2023 and 2.98 percent to 14.17 percent as at September 30, 2024.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

The fair values of derivative assets and liabilities, specifically cross-currency swaps, interest rate swaps, currency forwards and other structured derivatives, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions as well as counterparty credit adjustments, as necessary.

16.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments (amount in thousands):

	December 31, 2023			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets - interest rate swaps	US$14,385	US$−	US$14,385	US$−
Financial assets at FVOCI	3,327	3,327	−	−
Liabilities measured at fair value:				
Derivative liabilities - interest rate swaps	10,317	−	10,317	−
Liabilities for which fair values are disclosed:				
Long-term debt	2,007,224	1,052,637	−	954,587
Concession rights payable	841,775	−	−	841,775

	September 30, 2024			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:				
Derivative assets - interest rate and cross currency swaps	**US$11,859**	**US$−**	**US$11,859**	**US$−**
Financial assets at FVOCI	**4,570**	**4,570**	**−**	**−**
Liabilities measured at fair value:				
Derivative liabilities - interest rate swaps	**19,940**	**−**	**19,940**	**−**
Liabilities for which fair values are disclosed:				
Long-term debt	**2,431,463**	**1,075,196**	**−**	**1,356,267**
Concession rights payable	**734,800**	**−**	**−**	**734,800**

In 2023 and 2024, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

16.3 Derivative Instruments and Hedge Accounting

Interest Rate Swaps. In April 2019, the Group entered into interest rate swap transactions to hedge the interest rate exposures of the ICTSI Global Finance B.V.'s floating rate US$-denominated loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, fixed interest is being paid and floating interest of three-month LIBOR on the notional amount is being received. In 2023, the interest rate swap arrangements were amended and effective January 29, 2023, an annual fixed interest will be paid, and floating interest based on compounded SOFR will be received. As at September 30, 2024, the cumulative market valuation gain on the outstanding interest rate swaps amounted to US$6.7 million, reflected in the interim condensed consolidated balance sheet as derivative asset amounting to US$5.1 million presented as current asset and US$1.6 million presented under other noncurrent assets. The effective portion of the change in the fair value of the interest rate swaps amounting to US$3.4 million, net of US$1.2 million deferred tax, for the nine months ended September 30, 2024, was taken to other comprehensive income under equity.

In September 2023 and January 2024, ICTSI entered into interest rate swap transactions to hedge the interest rate exposure of the MBTC floating rate facility maturing in 2029. A total notional amount of US$750.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, fixed interest will be paid, and floating interest based on six-month term SOFR will be received. As at September 30, 2024, the cumulative market valuation loss on the outstanding interest rate swaps amounted to US$17.7 million, reflected in the interim condensed consolidated balance sheet as derivative asset amounting to US$2.2 million presented as current asset, and derivative liability amounting to US$19.9 million presented under noncurrent liabilities. The effective portion of the change in the fair value of the interest rate swaps amounting to US$7.9 million, net of US$2.6 million deferred tax for the nine months ended September 30, 2024, was taken to other comprehensive income under equity.

Cross-Currency Swaps. On March 22, 2024, ICTSI entered into a cross-currency swap transaction to hedge the foreign currency exposure on the Group's JPY15.9 billion short-term loan facility maturing on March 21, 2025. Under the cross-currency swap, ICTSI sells JPY15.9 billion for value on March 22, 2024 on the near leg and buys JPY16.1 billion for value on March 18, 2025 on the far leg. The notional amount of the cross-currency swap equals that of the loan. On June 7, 2024, ICTSI entered into a cross-currency swap transaction to hedge the foreign currency exposure on the Group's JPY8.6 billion short-term loan facility maturing on March 21, 2025. Under the cross-currency swap, ICTSI sells JPY8.6 billion for value on June 7, 2024 on the near leg and buys JPY8.7 billion for value on March 18, 2025 on the far leg. The notional amount of the cross-currency swap equals that of the loan. As at September 30, 2024, the market valuation gain on the outstanding cross-currency swaps amounted to US$2.9 million, reflected in the interim condensed consolidated balance sheet as derivative assets and classified as current. The effective portion of the change in fair value of the cross-currency swaps amounting to US$5.8 million, net of US$1.9 million deferred tax, for the nine months ended September 30, 2024, was taken to equity under other comprehensive income. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the nine months ended September 30, 2024.

Translation Hedging. On January 1, 2023, CMSA, whose functional currency is Mexican Peso, designated a total of US$43.5 million of its US dollar bank deposits with Bank Mendes Gans, to hedge its firm commitments to purchase equipment and construct civil works that are denominated in US dollar. Foreign currency translation gains or losses deferred in equity form part of the cost of the port infrastructure and recycled to profit and loss through depreciation. As at September 30, 2024, the net accumulated foreign exchange gain on the US dollar bank deposits totaling US$25.0 thousand was taken to other comprehensive loss under equity. For the nine months ended September 30, 2024, foreign exchange loss on the US dollar bank deposits amounting to US$1.9 million associated to the settlement of hedged purchase contracts was reclassified to property and equipment account. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the nine months ended September 30, 2024.

On April 1, 2023, ICTSI Nigeria, whose functional currency is NGN, designated its USD-denominated payable amounting to US$24.0 million, to hedge the currency risk on its forecasted USD-denominated revenues. Effective portion of the hedge is deferred in equity whereas any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at September 30, 2024, foreign currency translation loss on the USD-denominated payable aggregating to US$19.4 million was taken to other comprehensive loss under equity. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the nine months ended September 30, 2024.

On June 1, 2023, BCT, whose functional currency is USD, designated its PLN-denominated lease liability related to the new 30-year lease agreement with the Port Authority of Gdynia S.A. (PAGSA) amounting to PLN605.3 million (US$142.9 million), to hedge the currency risk on its forecasted PLN-denominated revenues. Effective portion of the hedge is deferred in equity while any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at September 30, 2024, foreign currency translation loss on the lease liability aggregating to US$14.6 million was taken to other comprehensive loss under equity. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the nine months ended September 30, 2024.

ICTSI designated its PHP-denominated concession rights payable relating to the new concession contract for ICPC amounting to PHP1.3 billion (US$23.3 million) to hedge the currency risk on its forecasted PHP-denominated revenues from operating the ICPC. Effective portion of the hedge is deferred in equity while any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at September 30, 2024, foreign currency translation loss on the said liability aggregating to US$1.0 million was taken to other comprehensive loss under equity. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the nine months ended September 30, 2024.

17. Other Matters

The Group is exposed to a number of trends, events, and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel, and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Appreciation of the US dollar relative to other major currencies may adversely affect the Group’s reported levels of revenues and profits.

International Tax Reform - Pillar Two Rules

The Pillar Two Global anti-Base Erosion rules (GloBE or Pillar Two Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose new taxing mechanisms under which multinational enterprises would pay a minimum level of tax. Tax legislations implementing the GloBE Rules have been enacted or substantively enacted in certain jurisdictions where the Group operates. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

As at September 30, 2024, the Group has no significant exposure arising from the Pillar Two legislation.

Russia-Ukraine and Israel-Hamas Conflicts
On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

On October 8, 2023, Israel officially declared war against the Palestinian militant group Hamas related to a surprise attack by Hamas. This declaration has triggered a potential escalation in the ongoing conflict, posing a threat to the stability of the region.

These events set several uncertainties with the potential to disrupt businesses and institutions and pose threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. These events had no material impact on the Group's business.

The scale and duration of these developments and events remain uncertain as at November 4, 2024. It is not possible to estimate the overall impact of the wars' near-term and longer effects. The Group will continue to closely monitor the progress of these situations.

18. Events after the Balance Sheet Date

On October 10, 2024, ICTSI purchased a 27-hectare property in Barangay San Roque and San Andres I, Municipality of Bauan, Province of Batangas. The property is adjacent to ICTSI's Batangas property and will be utilized for the Group's expansion plans.

Item 2. Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and related notes as at and for the three and nine months ended September 30, 2024. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, whereas references to "the Group" pertain to ICTSI and its subsidiaries.

2.1 Overview

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughput ranging from 50,000 to 3,500,000 TEUs. It also handles general cargoes and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers. As at November 4, 2024, the Group is involved in 32 terminal operations, including concessions and port development projects in 19 countries worldwide. There are 10 terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), four (4) in Brazil (including an intermodal rail ramp terminal and a Customs-bonded facility), two (2) in Papua New Guinea (PNG); and one (1) each in China, Indonesia, Ecuador, Poland, Georgia, Madagascar, Croatia, Honduras, Mexico, Iraq, Argentina, Democratic Republic (DR) of the Congo, Colombia, Australia, Cameroon and Nigeria.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network of efficient and sustainable origin and destination gateway terminals in locations with supportive demographics, a favorable competitive environment and scope for operational improvements. International acquisitions throughout Asia, Europe, Middle East and Africa (EMEA), and Americas substantially contributed to the growth in volume, revenues, earnings before interest, taxes, depreciation and amortization (EBITDA), and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals, proactively seek acquisition opportunities that meet its investment criteria while delivering returns to the shareholders.

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its business into three (3) geographical segments:

- Asia
  - Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
  - Manila - Manila North Harbour Port, Inc., North Harbor, Manila, Philippines (MNHPI)
  - Misamis Oriental - Mindanao Container Terminal, Phividec Industrial Estate, Tagaloan, Philippines (MCT)
  - Zambales - Subic Bay International Terminal Corp., Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
  - General Santos - South Cotabato Integrated Port Services, Inc., Port of General Santos, Philippines (SCIPSI)
  - Iloilo - Visayas Container Terminal, Iloilo Commercial Port Complex, Philippines (VCT; *started April 1, 2024*)
  - Manila - Manila Multipurpose Terminal, Manila, Philippines (MMT)
  - Batangas - Bauan International Port, Inc., Bauan, Philippines (BIPI)
  - Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)
  - Cavite - Cavite Gateway Terminal, Tanza, Cavite, Philippines (CGT)

- Australia - Victoria International Container Terminal Ltd., Webb Dock East, Port of Melbourne, Australia (VICT)
- China - Yantai International Container Terminals Ltd., Port of Yantai, Shandong Province, China (YICT)
- Papua New Guinea - Motukea International Terminal Ltd., Port of Motukea, Papua New Guinea (MITL) and South Pacific International Container Terminal Ltd., Port of Lae, Papua New Guinea (SPICTL)
- Indonesia - East Java Multipurpose Terminal, Tanjung Pakis Lamongan Public Terminal, East Java, Indonesia (EJMT); Makassar Terminal Services, Makassar, South Sulawesi, Indonesia (MTS; *ceased commercial operations on January 31, 2023*); and Olah Jasa Andal, Port of Tanjung Priok, Jakarta, Indonesia (OJA; *until February 1, 2024*)

- EMEA
  - Iraq - Basra Gateway Terminal, Port of Umm Qasr, Iraq (ICTSI Iraq)
  - Poland - Baltic Container Terminal Ltd., Gdynia, Poland (BCT)
  - Croatia - Adriatic Gate Container Terminal, Rijeka, Croatia (AGCT)
  - DR Congo - ICTSI D.R. Congo S.A., Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Madagascar - Madagascar International Container Terminal Services Ltd., Port of Toamasina, Toamasina, Madagascar (MICTSL)
  - Nigeria - Onne, Multipurpose Terminal, Port of Onne, Rivers State, Nigeria (OMT)
  - Georgia - Batumi International Container Terminal LLC, Port of Batumi, Batumi, Georgia (BICTL)
  - Cameroon - Kribi Multipurpose Terminal, Kribi, Cameroon (KMT)
  - Pakistan - Pakistan International Container Terminal, Port of Karachi, Karachi, Pakistan (PICT; *concession contract ended June 17, 2023*)

- Americas
  - Mexico - Contecon Manzanillo S.A. de C.V., Port of Manzanillo, Manzanillo, Mexico (CMSA)
  - Honduras - Operadora Portuaria Centroamericana, SA de CV, Puerto Cortés, Republic of Honduras (OPC)
  - Brazil - Tecon Suape, S.A., Suape, Brazil, Terminal de Contêineres (TSSA); Rio Brasil Terminal, Port of Rio de Janeiro City, Brazil (ICTSI Rio); iTracker, Floriano Intermodal Terminal, Barra Mansa, Rio de Janeiro State, Brazil (IRB Logistica); and CLIA Pouso Alegre, Minas Gerais, Brazil (*acquired on September 5, 2023*)
  - Ecuador - Contecon Guayaquil S.A., Port of Guayaquil, Guayaquil, Ecuador (CGSA)
  - Argentina - TecPlata S.A., Port of La Plata, Buenos Aires Province, Argentina (TecPlata)
  - Colombia - Sociedad Puerto Industrial de Aguadulce S.A., Port of Buenaventura, Buenaventura, Colombia (SPIA; *a joint venture*)

2.2 Results of Operations and Key Performance Indicators

2.2.1 Results of Operations

The following table shows a summary of the results of operations for the three and nine months ended September 30, 2024 as compared with the same periods in 2023 as derived from the accompanying unaudited interim condensed consolidated financial statements.

Table 2.1 Interim Condensed Consolidated Statements of Income

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change	2023	**2024**	% Change
Gross revenues from port operations	US$594,878	**US$691,697**	16.3	US$1,759,850	**US$2,013,370**	14.4
Revenues from port operations, net of port authorities' share	541,140	**631,343**	16.7	1,595,868	**1,845,762**	15.7
Total income (net revenues, interest and other income)	558,480	**655,005**	17.3	1,668,238	**1,945,918**	16.6
Total expenses (operating, financing and other expenses)	332,232	**350,165**	5.4	1,008,757	**1,052,449**	4.3
EBITDA[1]	377,849	**451,510**	19.5	1,106,725	**1,316,494**	19.0
EBIT[2]	305,296	**375,352**	22.9	886,146	**1,092,302**	23.3
Net income attributable to equity holders of the parent	170,739	**212,032**	24.2	484,536	**632,583**	30.6
Earnings per share						
Basic	US$0.080	**US$0.102**	27.4	US$0.228	**US$0.303**	33.1
Diluted	0.080	**0.102**	27.4	0.227	**0.303**	33.1

[1] EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not, however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRSs. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect fixed (and in-substance fixed) port fees and lease payments that are accounted as concession assets under Philippine Interpretation IFRIC 12, *Service Concession Arrangements* and right-of-use assets under PFRS 16, *Leases*;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest and distributions on perpetual securities or principal debt payments and perpetual security redemptions;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

[2] EBIT or Earnings Before Interest and Taxes, is calculated by taking net revenues from port operations and deducting cash operating expenses, and depreciation and amortization.

The following table presents the computation of EBITDA as derived from the Group's unaudited interim condensed consolidated statements of income for the three and nine months ended September 30, 2024 as compared with the same period in 2023:

Table 2.2 EBITDA Computation

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change	2023	**2024**	% Change
Net income attributable to equity holders of the parent	US$170,739	**US$212,032**	24.2	US$484,536	**US$632,583**	30.6
Non-controlling interests	17,382	**20,653**	18.8	51,680	**62,069**	20.1
Provision for income tax	38,127	**72,155**	89.2	123,265	**198,817**	61.3
Income before income tax	226,248	**304,840**	34.7	659,481	**893,469**	35.5
Add (deduct):						
Depreciation and amortization	72,553	**76,158**	5.0	220,579	**224,192**	1.6
Interest and other expenses	96,388	**94,174**	(2.3)	299,035	**298,989**	(0.0)
Interest and other income	(17,340)	**(23,662)**	36.5	(72,370)	**(100,156)**	38.4
EBITDA	US$377,849	**US$451,510**	19.5	US$1,106,725	**US$1,316,494**	19.0

2.2.2 Key Performance Indicators

Key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which affect the operations of the Group, and volume growth in TEU and gross revenue growth, which are both financial in nature.

The gross moves per hour per crane is a measure of crane productivity while working on vessels during discharging or loading operations. The crane availability relates to the efficiency of the maintenance of the crane. While berth utilization is a measure of how long the berth is utilized for a given period and this indicator measures the efficiency of the operations and the productivity on the vessel.

2024 Compared with 2023

Gross moves per hour per crane ranged from 14.1 to 37.4 moves per hour in 2024 and from 12.5 to 31.1 moves per hour in 2023. Crane availability ranged from 80.7 percent to 99.3 percent in 2024 and from 81.3 percent to 99.8 percent in 2023. Berth utilization ranged from 19.9 percent to 80.2 percent in 2024 and from 27.1 percent to 77.7 percent in 2023.

2.3 Comparison of Operating Results for the Quarters Ended September 30, 2023 and 2024

2.3.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the quarters ended September 30, 2023 and 2024:

Table 2.3 Volume

	For the Three Months Ended September 30		
	2023	**2024**	% Change
Asia	1,602,759	**1,760,439**	9.8
Americas	951,315	**858,208**	(9.8)
EMEA	622,002	**673,317**	8.2
	3,176,076	**3,291,964**	3.6

The Group's consolidated volume increased by 3.6 percent to 3,291,964 TEUs for the quarter ended September 30, 2024 from 3,176,076 TEUs for the same period in 2023 mainly due to the new services and improvement in trade activities at certain terminals; and contribution of new terminal (VCT in Iloilo, Philippines); partially tapered by the decrease in volume of CGSA; and the impact of sale of OJA. Excluding the impact of new (VCT) and discontinued operations (OJA), Group's consolidated volume would have increased by 4.0 percent for the quarter ended September 30, 2024.

Volume from the Asia operations, consisting of terminals in the Philippines, China, Indonesia, Australia and Papua New Guinea, increased by 9.8 percent to 1,760,439 TEUs for the quarter ended September 30, 2024 from 1,602,759 TEUs for the same period in 2023 mainly due to the new services and improvement in trade activities largely at VICT and Philippine terminals, including contribution of VCT; partially tapered by the impact of sale of OJA. Excluding the impact of new and discontinued operations, volume from the Asia segment would have increased by 10.6 percent for the quarter ended September 30, 2024. The Asia operations captured 50.4 percent and 53.5 percent of the consolidated volume for the quarters ended September 30, 2023 and 2024, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and Argentina, decreased by 9.8 percent to 858,208 TEUs for the quarter ended September 30, 2024 from 951,315 TEUs for the same period in 2023 mainly due to decrease in volume of CGSA; partially tapered by the improvement in trade activities and new services largely at TSSA, ICTSI Rio and CMSA. The Americas operations accounted for 30.0 percent and 26.1 percent of the consolidated volume for the quarters ended September 30, 2023 and 2024, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Madagascar, Croatia and Nigeria, increased by 8.2 percent to 673,317 TEUs for the quarter ended September 30, 2024 from 622,002 TEUs for the same period in 2023 mainly due to the improvement in trade activities at BCT, AGCT and MICTSL. The EMEA operations stood at 19.6 percent and 20.4 percent of the consolidated volume for the quarters ended September 30, 2023 and 2024, respectively.

2.3.2 Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the quarters ended September 30, 2023 and 2024:

Table 2.4 Total Income

	For the Three Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Gross revenues from port operations	US$594,878	**US$691,697**	16.3
Port authorities' share in gross revenues	53,738	**60,354**	12.3
Net revenues	541,140	**631,343**	16.7
Interest income	14,721	**17,540**	19.1
Foreign exchange gain	405	**2,679**	561.5
Other income	2,214	**3,443**	55.5
Total income	US$558,480	**US$655,005**	17.3

For the quarter ended September 30, 2024, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 2.7 percent, 0.4 percent and 0.5 percent, respectively. For the same period in 2023, net revenues stood at 96.9 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 2.6 percent, 0.1 percent and 0.4 percent, respectively.

2.3.2.1 Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

Table 2.5 Gross Revenues from Port Operations

	For the Three Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Asia	US$246,999	**US$291,605**	18.1
Americas	224,821	**264,153**	17.5
EMEA	123,058	**135,939**	10.5
	US$594,878	**US$691,697**	16.3

The Group's consolidated gross revenues from port operations increased by 16.3 percent to US$691.7 million for the quarter ended September 30, 2024 from US$594.9 million for the same period in 2023 mainly due to volume growth with favorable container mix, tariff adjustments, higher revenues from ancillary services and growth in general cargo activities at certain terminals; partially tapered by volume-driven decrease in revenues at certain terminals; and unfavorable translation impact mainly of the depreciation of Mexican Peso (MXN)-based revenues at CMSA, Brazilian Real (BRL)-based revenues at TSSA and ICTSI Rio, and Philippine Peso (PHP)- and Nigerian Naira (NGN)-based revenues at Philippine terminals and OMT, respectively. Excluding the impact of new (VCT and CLIA Pouso Alegre) and discontinued operations (OJA), Group's consolidated gross revenues would have increased by 15.5 percent for the quarter ended September 30, 2024.

Gross revenues from the Asia segment increased by 18.1 percent to US$291.6 million for the quarter ended September 30, 2024 from US$247.0 million for the same period in 2023 mainly due to volume-driven increase, coupled with tariff adjustment, at VICT and Philippine terminals; and contribution of VCT; partially tapered by the impact of sale of OJA; and net unfavorable translation impact of foreign currency-denominated revenues against US dollar. Excluding the impact of new and discontinued operations, gross revenues of Asia segment would have increased by 16.9 percent for the quarter ended September 30, 2024. The Asia operations captured 41.5 percent and 42.2 percent of the consolidated gross revenues for the quarters ended September 30, 2023 and 2024, respectively.

Gross revenues from the Americas segment increased by 17.5 percent to US$264.2 million for the quarter ended September 30, 2024 from US$224.8 million for the same period in 2023 mainly due to volume growth with favorable container mix, tariff adjustments and higher revenues from ancillary services largely at CMSA, ICTSI Rio and TSSA; partially tapered by volume-driven decrease in revenues at CGSA; and net unfavorable translation impact of foreign currency-denominated revenues against US dollar. Excluding contribution of CLIA Pouso Alegre, gross revenues of Americas segment would have increased by 16.9 percent for the quarter ended September 30, 2024. The Americas operations accounted for 37.8 percent and 38.2 percent of the consolidated gross revenues for the quarters ended September 30, 2023 and 2024, respectively.

Gross revenues from the EMEA operations increased by 10.5 percent to US$135.9 million for the quarter ended September 30, 2024 from US$123.1 million for the same period in 2023 mainly due to volume-driven increase, higher revenues from ancillary services, and tariff increases largely at IDRC, MICTSL and AGCT; partially tapered by net unfavorable translation impact of foreign currency-denominated revenues against US dollar. The EMEA operations stood at 20.7 percent and 19.6 percent of the consolidated gross revenues for the quarters ended September 30, 2023 and 2024, respectively.

2.3.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities at certain terminals, other than minimum guaranteed variable fees that were capitalized as part of concession rights and right-of-use assets and are amortized on a straight-line basis over the term of the concession, increased by 12.3 percent to US$60.4 million for the quarter ended September 30, 2024 from US$53.7 million for the same period in 2023 as a result of higher revenues at these terminals.

2.3.2.3 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 19.1 percent to US$17.5 million for the quarter ended September 30, 2024 from US$14.7 million for the same period in 2023 mainly due to interest earned from short-term investments and deposits at certain terminals.

Foreign exchange gain increased to US$2.7 million for the quarter ended September 30, 2024 from US$0.4 million for the same period in 2023 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income increased by 55.5 percent to US$3.4 million for the quarter ended September 30, 2024 from US$2.2 million for the same period in 2023. Other income includes the Group's rental, gain from disposals and claims, dividend income, and sundry income accounts.

2.3.3 Total Expenses

The table below shows the breakdown of total expenses for the quarters ended September 30, 2023 and 2024.

Table 2.6 Total Expenses

	For the Three Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Manpower costs	US$82,554	**US$92,543**	12.1
Equipment and facilities-related expenses	39,983	**47,637**	19.1
Administrative and other operating expenses	40,754	**39,653**	(2.7)
Total cash operating expenses	163,291	**179,833**	10.1
Depreciation and amortization	72,553	**76,158**	5.0
Interest expense and financing charges on borrowings	36,398	**39,413**	8.3
Interest expense on lease liabilities	35,574	**33,739**	(5.2)
Interest expense on concession rights payable	16,417	**15,384**	(6.3)
Equity share in net loss of joint ventures and an associate	3,078	**88**	(97.1)
Foreign exchange loss and others	4,921	**5,550**	12.8
Total expenses	US$332,232	**US$350,165**	5.4

Total cash operating expenses of the Group increased by 10.1 percent to US$179.8 million for the quarter ended September 30, 2024 from US$163.3 million for the same period in 2023 mainly driven by volume-driven increase in operating expenses, including increases related to the growth in revenue generating ancillary services and general cargo activities at certain terminals; and increase in government-mandated and contracted salary rate adjustments, including benefits; partially tapered by continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of BRL-based and MXN-based expenses. Excluding the impact of new and discontinued operations, Group's consolidated cash operating expenses would have increased by 9.1 percent for the quarter ended September 30, 2024.

Expense accounts for the quarter ended September 30, 2024 with variances of plus or minus 5.0 percent against September 30, 2023 balances are discussed, as follows:

2.3.3.1 Manpower Costs

Manpower costs increased by 12.1 percent to US$92.5 million for the quarter ended September 30, 2024 from US$82.6 million for the same period in 2023 primarily due to government-mandated and contracted salary rate adjustments, including benefits, and volume-driven increase in headcount at certain terminals; partially tapered by the decrease in manpower costs at CGSA; continuous cost optimization measures implemented; and net favorable translation impact of foreign currency-denominated manpower costs against US dollar. Excluding the impact of new and discontinued operations, consolidated manpower costs would have increased by 10.9 percent for the quarter ended September 30, 2024.

Manpower costs accounted for 50.6 percent and 51.5 percent of consolidated cash operating expenses for the quarters ended September 30, 2023 and 2024, respectively.

2.3.3.2 Equipment and Facilities-related Expenses

Equipment and facilities-related expenses increased by 19.1 percent to US$47.6 million for the quarter ended September 30, 2024 from US$40.0 million for the same period in 2023 mainly due to volume/revenue-driven increase in outsourced facilities and services, and equipment repairs and maintenance; partially tapered by the decrease in power and fuel at CGSA; continuous cost optimization measures implemented; and net favorable translation impact of foreign currency-denominated equipment and facilities-related expenses against US dollar. Excluding the impact of new and discontinued operations, consolidated equipment and facilities-related expenses would have increased by 18.6 percent for the quarter ended September 30, 2024.

Equipment and facilities-related expenses represented 24.5 percent and 26.5 percent of consolidated cash operating expenses for the quarters ended September 30, 2023 and 2024, respectively.

2.3.3.3 Depreciation and Amortization

Depreciation and amortization expense increased by 5.0 percent to US$76.2 million for the quarter ended September 30, 2024 from US$72.6 million for the same period in 2023 mainly driven by the acquisition of additional fixed assets and expansion projects at a number of terminals; and increase in right-of-use assets from new leased areas and remeasurement of lease liabilities at certain terminals; partially tapered by net favorable translation impact of certain currencies against US dollar. Excluding the impact of new and discontinued operations, depreciation and amortization expense would have increased by 4.8 percent for the quarter ended September 30, 2024.

2.3.3.4 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 8.3 percent to US$39.4 million for the quarter ended September 30, 2024 from US$36.4 million for the same period in 2023 primarily due to higher average loan balance.

2.3.3.5 Interest Expense on Lease Liabilities

Interest expense on lease liabilities decreased by 5.2 percent to US$33.7 million for the quarter ended September 30, 2024 from US$35.6 million for the same period in 2023 mainly due to net favorable translation impact of certain currencies against US dollar; partially tapered by the remeasurement of lease liabilities at certain terminals.

2.3.3.6 Interest Expense on Concession Rights Payable

Interest expense on concession rights payable decreased by 6.3 percent to US$15.4 million for the quarter ended September 30, 2024 from US$16.4 million for the same period in 2023 mainly due to lower outstanding concession rights payable; and net favorable translation impact of certain currencies against US dollar.

2.3.3.7 Equity Share in Net Loss of Joint Ventures and an Associate

Equity share in net loss of joint ventures and an associate decreased by 97.1 percent to US$0.1 million for the quarter ended September 30, 2024 from US$3.1 million for the same period in 2023 mainly due to improved result of operations at SPIA.

2.3.3.8 Foreign Exchange Loss and Others

Foreign exchange loss and others increased by 12.8 percent to US$5.6 million for the quarter ended September 30, 2024 from US$4.9 million for the same period in 2023 mainly due to higher bank charges.

2.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 19.5 percent to US$451.5 million for the quarter ended September 30, 2024 from US$377.8 million for the same period in 2023 mainly due to higher revenues partially tapered by the increase in cash operating expenses. EBITDA margin increased to 65.3 percent for the quarter ended September 30, 2024 from 63.5 percent in the same period in 2023. Excluding the impact of new and discontinued operations, EBITDA would have increased by 19.0 percent for the quarter ended September 30, 2024.

Meanwhile, consolidated EBIT increased by 22.9 percent to US$375.4 million for the quarter ended September 30, 2024 from US$305.3 million for the same period in 2023 mainly due to higher EBITDA partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 54.3 percent for the quarter ended September 30, 2024 from 51.3 percent in the same period in 2023. Excluding the impact of new and discontinued operations, EBIT would have increased by 22.4 percent for the quarter ended September 30, 2024.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 34.7 percent to US$304.8 million for the quarter ended September 30, 2024 from US$226.2 million for the same period in 2023 primarily due to higher operating income, complemented with lower equity share in net loss of joint ventures and an associate, and interest on lease liabilities and concession rights payable; partially tapered by higher depreciation and amortization charges, and interest on loans.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 38.0 percent and 44.1 percent for the quarter ended September 30, 2023 and 2024, respectively.

Consolidated provision for income taxes increased by 89.2 percent to US$72.2 million for the quarter ended September 30, 2024 from US$38.1 million for the same period in 2023. Effective income tax rate for the quarter ended September 30, 2023 and 2024 stood at 16.9 percent and 23.7 percent, respectively. Increase in the provision for income taxes and effective income tax rate from prior period is due to higher taxable income at certain terminals operating in jurisdictions with higher tax rates.

2.3.6 Net Income and Earnings per Share

Consolidated net income increased by 23.7 percent to US$232.7 million for the quarter ended September 30, 2024 from US$188.1 million for the same period in 2023. The ratio of consolidated net income to gross revenues from port operations stood at 31.6 percent and 33.6 percent for the quarter ended September 30, 2023 and 2024, respectively.

Consolidated net income attributable to equity holders increased by 24.2 percent to US$212.0 million for the quarter ended September 30, 2024 from US$170.7 million for the same period in 2023.

Basic and diluted earnings per share amounted to US$0.080 and US$0.102 for the quarters ended September 30, 2023 and 2024, respectively.

2.4 Comparison of Operating Results for the Nine Months Ended September 30, 2023 and 2024

2.4.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the nine months ended September 30, 2023 and 2024:

Table 2.7 Volume

	For the Nine Months Ended September 30		
	2023	**2024**	% Change
Asia	4,836,052	**5,223,096**	8.0
Americas	2,693,968	**2,545,789**	(5.5)
EMEA	1,921,892	**1,835,242**	(4.5)
	9,451,912	**9,604,127**	1.6

The Group's consolidated volume increased by 1.6 percent to 9,604,127 TEUs for the nine months ended September 30, 2024 from 9,451,912 TEUs for the same period in 2023 mainly due to the new services and improvement in trade activities at certain terminals; and contribution of VCT; partially tapered by the decrease in volume of CGSA; and the impact of expiration of the concession contract at PICT, and sale of OJA. Excluding the impact of new (VCT) and discontinued (PICT, OJA and MTS) operations, consolidated volume would have increased by 5.0 percent for the nine months ended September 30, 2024.

Volume from the Asia segment increased by 8.0 percent to 5,223,096 TEUs for the nine months ended September 30, 2024 from 4,836,052 TEUs for the same period in 2023 mainly due to new services and improvement in trade activities largely at VICT and Philippine terminals, including contribution of VCT; partially tapered by the impact of sale of OJA. Excluding the impact of new and discontinued operations, volume from the Asia segment would have increased by 10.2 percent for the nine months ended September 30, 2024. The Asia operations captured 51.2 percent and 54.4 percent of the consolidated volume for the nine months ended September 30, 2023 and 2024, respectively.

Volume from the Americas segment decreased by 5.5 percent to 2,545,789 TEUs for the nine months ended September 30, 2024 from 2,693,968 TEUs for the same period in 2023 mainly due to the decrease in volume of CGSA; partially tapered by the new services and improvement in trade activities largely at CMSA, TSSA and ICTSI Rio. The Americas operations accounted for 28.5 percent and 26.5 percent of the consolidated volume for the nine months ended September 30, 2023 and 2024, respectively.

Volume from the EMEA segment decreased by 4.5 percent to 1,835,242 TEUs for the nine months ended September 30, 2024 from 1,921,892 TEUs for the same period in 2023 mainly due to the impact of expiration of the concession contract at PICT; partially tapered by improvement in trade activities at BCT and IDRC; and volume growth due to market recovery at BGT. Excluding the impact of discontinued operations at PICT, volume from the EMEA segment would have increased by 7.5 percent for the nine months ended September 30, 2024. The EMEA segment stood at 20.3 percent and 19.1 percent of the consolidated volume for the nine months ended September 30, 2023 and 2024, respectively.

2.4.2 Total Income

Table 2.8 Total Income

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Gross revenues from port operations	US$1,759,850	**US$2,013,370**	14.4
Port authorities' share in gross revenues	163,982	**167,608**	2.2
Net revenues	1,595,868	**1,845,762**	15.7
Interest income	42,086	**54,673**	29.9
Foreign exchange gain	9,366	**12,200**	30.3
Other income	20,918	**33,283**	59.1
Total income	US$1,668,238	**US$1,945,918**	16.6

For the nine months ended September 30, 2024, net revenues accounted for 94.9 percent of the total consolidated income while interest income, foreign exchange gain, and other income represented 2.8 percent, 0.6 percent and 1.7 percent, respectively. For the same period in 2023, net revenues accounted for 95.7 percent of the total consolidated income while interest income, foreign exchange gain, and other income represented 2.5 percent, 0.6 percent and 1.2 percent, respectively.

2.4.2.1 Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

Table 2.9 Gross Revenues from Port Operations

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Asia	US$779,443	**US$828,488**	6.3
Americas	612,741	**803,561**	31.1
EMEA	367,666	**381,321**	3.7
	US$1,759,850	**US$2,013,370**	14.4

The Group's consolidated gross revenues from port operations increased by 14.4 percent to US$2,013.4 million for the nine months ended September 30, 2024 from US$1,759.9 million for the same period in 2023 mainly due to volume growth with favorable container mix, tariff adjustments, higher revenues from ancillary services and growth in general cargo activities at certain terminals; partially tapered by volume-driven decrease in revenues at certain terminals; the impact of expiration of the concession contract at PICT; and unfavorable translation impact mainly of the depreciation of NGN- and PHP-based revenues at OMT and Philippine terminals, respectively, and BRL-based revenues at TSSA and ICTSI Rio. Excluding the impact of new (VCT and CLIA Pouso Alegre) and discontinued (PICT and OJA) operations, consolidated gross revenues would have increased by 15.4 percent for the nine months ended September 30, 2024.

Gross revenues from the Asia segment increased by 6.3 percent to US$828.5 million for the nine months ended September 30, 2024 from US$779.4 million for the same period in 2023 mainly due to volume-driven increase, including tariff adjustment, at VICT; and contribution of VCT; tapered by lower revenues from ancillary services at certain Philippine terminals; the impact of sale of OJA; and net unfavorable translation impact of certain currencies against US dollar. Excluding the impact of new and discontinued operations, gross revenues of Asia segment would have increased by 5.7 percent for the nine months ended September 30, 2024. The Asia segment captured 44.3 percent and 41.2 percent of the consolidated gross revenues for the nine months ended September 30, 2023 and 2024, respectively.

Gross revenues from the Americas segment increased by 31.1 percent to US$803.6 million for the nine months ended September 30, 2024 from US$612.7 million for the same period in 2023 mainly due to volume growth with favorable container mix, tariff adjustments and higher revenues from ancillary services largely at CMSA, ICTSI Rio and TSSA; partially tapered by volume-driven decrease in revenues at CGSA; and net unfavorable translation impact of foreign currency-denominated revenues against US dollar. The Americas segment accounted for 34.8 percent and 39.9 percent of the consolidated gross revenues for the nine months ended September 30, 2023 and 2024, respectively.

Gross revenues from the EMEA segment increased by 3.7 percent to US$381.3 million for the nine months ended September 30, 2024 from US$367.7 million for the same period in 2023 due to volume-driven increase and higher revenues from ancillary services largely at IDRC, BCT and ICTSI Iraq; partially tapered by the impact of expiration of the concession contract at PICT; and net unfavorable translation impact of foreign currency-denominated revenues against US dollar. Excluding the impact of discontinued operations at PICT, gross revenues of EMEA segment would have increased by 10.5 percent for the nine months ended September 30, 2024. The EMEA operations stood at 20.9 percent and 18.9 percent of the consolidated gross revenues for the nine months ended September 30, 2023 and 2024, respectively.

2.4.2.2 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 29.9 percent to US$54.7 million for the nine months ended September 30, 2024 from US$42.1 million for the same period in 2023 mainly due to interest earned from short-term investments and deposits at certain terminals.

Foreign exchange gain increased by 30.3 percent to US$12.2 million for the nine months ended September 30, 2024 from US$9.4 million for the same period in 2023 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income increased by 59.1 percent to US$33.3 million for the nine months ended September 30, 2024 from US$20.9 million for the same period in 2023 mainly due to nonrecurring income from the settlement of legal claims.

2.4.3 Total Expenses

The table below shows the breakdown of total expenses for the nine months ended September 30, 2023 and 2024:

Table 2.10 Total Expenses

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Manpower costs	US$245,285	**US$269,066**	9.7
Equipment and facilities-related expenses	124,015	**136,328**	9.9
Administrative and other expenses	119,843	**123,874**	3.4
Total cash operating expenses	489,143	**529,268**	8.2
Depreciation and amortization	220,579	**224,192**	1.6
Interest expense and financing charges on borrowings	107,950	**120,542**	11.7
Interest expense on lease liabilities	99,024	**103,871**	4.9
Interest expense on concession rights payable	48,932	**47,619**	(2.7)
Equity share in net loss of joint ventures and an associate	7,105	**4,586**	(35.5)
Foreign exchange loss and others	36,024	**22,371**	(37.9)
Total expenses	US$1,008,757	**US$1,052,449**	4.3

The Group's cash operating expenses increased by 8.2 percent to US$529.3 million for the nine months ended September 30, 2024 from US$489.1 million for the same period in 2023 mainly driven by volume-driven increase in operating expenses, including increases related to the growth in revenue generating ancillary services and general cargo activities at certain terminals; and increase in government-mandated and contracted salary rate adjustments, including benefits; partially tapered by the impact of expiration of the concession contract at PICT; continuous cost optimization measures implemented; and favorable foreign exchange effect mainly of NGN- and PHP-based expenses at OMT and Philippine terminals, respectively, and BRL-based expenses at ICTSI Rio, TSSA and IRB Logistica. Excluding the impact of new and discontinued operations, consolidated cash operating expenses would have increased by 9.5 percent for the nine months ended September 30, 2024.

Expense accounts for the nine months ended September 30, 2024 with variances of plus or minus 5.0 percent against September 30, 2023 balances are discussed, as follows:

2.4.3.1 Manpower Costs

Manpower costs increased by 9.7 percent to US$269.1 million for the nine months ended September 30, 2024 from US$245.3 million for the same period in 2023 primarily due to government-mandated and contracted salary rate adjustments, including benefits, and volume-driven increase in headcount at certain terminals; partially tapered by the decrease in manpower costs at CGSA; the impact of expiration of the concession contract at PICT; continuous cost optimization measures implemented; and net favorable translation impact of foreign currency-denominated manpower costs against US dollar. Excluding the impact of new and discontinued operations, consolidated manpower costs would have increased by 10.6 percent for the nine months ended September 30, 2024.

Manpower costs accounted for 50.1 percent and 50.8 percent of consolidated cash operating expenses for the nine months ended September 30, 2023 and 2024, respectively.

2.4.3.2 Equipment and Facilities-related Expenses

Equipment and facilities-related expenses increased by 9.9 percent to US$136.3 million for the nine months ended September 30, 2024 from US$124.0 million for the same period in 2023 mainly due to volume/revenue-driven increase in outsourced facilities and services, and equipment repairs and maintenance; partially tapered by the decrease in power and fuel at CGSA; the impact of expiration of the concession contract at PICT; continuous cost optimization measures implemented; and net favorable translation impact of foreign currency-denominated equipment and facilities-related expenses against US dollar. Excluding the impact of new and discontinued operations, consolidated equipment and facilities-related expenses would have increased by 12.9 percent for the nine months ended September 30, 2024.

Equipment and facilities-related expenses stood at 25.4 percent and 25.8 percent of consolidated cash operating expenses for the nine months ended September 30, 2023 and 2024, respectively.

2.4.3.3 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 11.7 percent to US$120.5 million for the nine months ended September 30, 2024 from US$108.0 million for the same period in 2023 primarily due to higher average loan balance.

2.4.3.4 Equity Share in Net Loss of Joint Ventures and an Associate

Equity share in net loss of joint ventures and an associate decreased by 35.5 percent to US$4.6 million for the nine months ended September 30, 2024 from US$7.1 million for the same period in 2023 mainly due to lower equity share in net loss of SPIA.

2.4.3.5 Foreign Exchange Loss and Others

Foreign exchange loss and others decreased by 37.9 percent to US$22.4 million for the nine months ended September 30, 2024 from US$36.0 million for the same period in 2023 mainly due to the nonrecurring impairment of goodwill attributed to PICT in 2023; complemented with lower foreign exchange loss arising from the unfavorable translation impact of certain currencies against US dollar during the period; partially tapered by nonrecurring loss on sale of OJA in 2024.

2.4.4 EBITDA and EBIT

Consolidated EBITDA increased by 19.0 percent to US$1,316.5 million for the nine months ended September 30, 2024 from US$1,106.7 million for the same period in 2023 mainly due to higher revenues partially tapered by the increase in cash operating expenses. EBITDA margin increased to 65.4 percent for the nine months ended September 30, 2024 from 62.9 percent in the same period in 2023. Excluding the impact of new and discontinued operations, EBITDA would have increased by 20.0 percent for the nine months ended September 30, 2024.

Meanwhile, consolidated EBIT increased by 23.3 percent to US$1,092.3 million for the nine months ended September 30, 2024 from US$886.1 million for the same period in 2023 mainly due to higher EBITDA; partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 54.3 percent for the nine months ended September 30, 2024 from 50.4 percent in the same period in 2023. Excluding the impact of new and discontinued operations, EBIT would have increased by 24.1 percent for the nine months ended September 30, 2024.

2.4.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 35.5 percent to US$893.5 million for the nine months ended September 30, 2024 from US$659.5 million for the same period in 2023 primarily due to higher operating income, nonrecurring income from settlement of legal claims in 2024, nonrecurring impairment charge in 2023, and net favorable foreign exchange translation impact; partially tapered by increase in interest on loans and lease liabilities, higher depreciation and amortization, and nonrecurring loss on sale of OJA. Excluding impact of nonrecurring income and charges, consolidated income before income tax would have increased by 30.5 percent for the nine months ended September 30, 2024.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 37.5 percent and 44.4 percent for the nine months ended September 30, 2023 and 2024, respectively.

Consolidated provision for income taxes increased by 61.3 percent to US$198.8 million for the nine months ended September 30, 2024 from US$123.3 million for the same period in 2023. Effective income tax rate for the nine months ended September 30, 2023 and 2024 stood at 18.7 percent and 22.3 percent, respectively. Increase in the provision for income taxes and effective income tax rate from prior period is due to higher taxable income at certain terminals operating in jurisdictions with higher tax rates.

2.4.6 Net Income

Consolidated net income increased by 29.5 percent to US$694.7 million for the nine months ended September 30, 2024 from US$536.2 million for the same period in 2023. The ratio of consolidated net income to gross revenues stood at 30.5 percent and 34.5 percent for the nine months ended September 30, 2023 and 2024, respectively. Excluding impact of nonrecurring income and charges, consolidated net income would have increased by 23.6 percent for nine months ended September 30, 2024.

Consolidated net income attributable to equity holders increased by 30.6 percent to US$632.6 million for nine months ended September 30, 2024 from US$484.5 million for the same period in 2023. Excluding impact of nonrecurring income and charges, consolidated net income attributable to equity holders would have increased by 23.9 percent for nine months ended September 30, 2024.

Basic earnings per share increased to US$0.303 in 2024 from US$0.228 in 2023. Diluted earnings per share increased to US$0.303 in 2024 from US$0.227 in 2023.

2.5 Trends, Events or Uncertainties Affecting Revenues and Profits

The Group is exposed to a number of trends, events, and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel, and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Appreciation of the US dollar relative to other major currencies may adversely affect the Group's reported levels of revenues and profits.

Russia-Ukraine and Israel-Hamas Conflicts
On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

On October 8, 2023, Israel officially declared war against the Palestinian militant group Hamas related to a surprise attack by Hamas. This declaration has triggered a potential escalation in the ongoing conflict, posing a threat to the stability of the region.

These events set several uncertainties with the potential to disrupt businesses and institutions and pose threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. These events had no material impact on the Group's business.

The scale and duration of these developments and events remain uncertain as at November 4, 2024. It is not possible to estimate the overall impact of the wars' near-term and longer effects. The Group will continue to closely monitor the progress of these situations.

2.6 Financial Position

Table 2.11 Interim Condensed Consolidated Balance Sheets

(In thousands, except % change data)	December 31, 2023 *(Audited, except for ratios)*	**September 30, 2024** *(Unaudited)*	% Change
Total assets	US$7,244,859	**US$7,515,317**	3.7
Current assets	1,212,086	**1,568,293**	29.4
Total equity	1,905,169	**1,718,313**	(9.8)
Total equity attributable to equity holders of the parent	1,592,743	**1,401,097**	(12.0)
Total interest-bearing debt	2,171,989	**2,657,627**	22.4
Current liabilities	715,616	**1,185,140**	65.6
Total liabilities	5,339,690	**5,797,004**	8.6
Current assets/total assets	16.7%	**20.9%**	
Current ratio	1.69	**1.32**	
Debt-equity ratio[1]	1.14	**1.55**	

[1] Debt includes interest-bearing debt. Equity means Total Equity as shown in the consolidated balance sheets.

Total assets increased by 3.7 percent to US$7,515.3 million as at September 30, 2024 from US$7,244.9 million as at December 31, 2023 primarily due to the increase in cash and cash equivalents driven by cash generated from operations, and proceeds from the net availment of loans; partially tapered by payment of dividends and partial redemption of perpetual capital securities; and unfavorable impact on the translation of certain foreign operations' accounts.

Current assets increased by 29.4 percent to US$1,568.3 million as at September 30, 2024 from US$1,212.1 million as at December 31, 2023 mainly due to the increase in cash and cash equivalents attributable to cash generated from operations, and proceeds from the net availment of loans, partially tapered by payment of dividends and partial redemption of perpetual capital securities, funding of capital expenditures, and payment of interest on lease liabilities, concession rights payable and borrowings; and increase in receivables associated with revenue growth.

Total equity decreased by 9.8 percent to US$1,718.3 million as at September 30, 2024 from US$1,905.2 million as at December 31, 2023 primarily due to the declaration of dividends; partial redemption of perpetual capital securities; and net unfavorable exchange differences on translation of foreign operations' accounts; partially tapered by the net income generated for the period.

Total liabilities increased by 8.6 percent to US$5,797.0 million as at September 30, 2024 from US$5,339.7 million as at December 31, 2023 mainly due to the net availment of loans; higher accounts payable and other current liabilities; partially offset by net favorable impact on the translation of certain foreign operations' accounts.

Current liabilities increased by 65.6 percent to US$1,185.1 million as at September 30, 2024 from US$715.6 million as at December 31, 2023 mainly due to reclassification of long-term debt maturing within the next 12 months, from non-current to current; net availment of short-term loans by the Group; and higher accounts payable and other current liabilities.

2.6.1 *Material Variances Affecting the Balance Sheet*

Balance sheet accounts as at September 30, 2024 with variances of plus or minus 5.0 percent against December 31, 2023 balances are discussed, as follows:

Noncurrent Assets

1. Right-of-use assets decreased by 6.2 percent to US$859.8 million as at September 30, 2024 mainly due to unfavorable impact on the translation of certain foreign operations' accounts; and amortization charges during the period; partially tapered by the impact of remeasurement of lease payments at certain terminals.
2. Investments in and advances to joint ventures and an associate decreased by 19.6 percent to US$218.3 million as at September 30, 2024 mainly due to the partial collection of advances to SPIA amounting to US$55.9 million.
3. Deferred tax assets decreased by 6.2 percent to US$383.5 million as at September 30, 2024 mainly due to utilization of income tax benefits that reduces income tax payable.
4. Other noncurrent assets increased by 20.2 percent to US$235.4 million as at September 30, 2024 primarily due to higher advances to suppliers and contractors.

Current Assets

5. Cash and cash equivalents increased by 44.1 percent to US$1,032.2 million as at September 30, 2024 mainly due to cash generated from operations, and proceeds from the net availment of loans; partially tapered by payment of dividends; partial redemption of perpetual capital securities; deployment of cash to fund capital expenditures; and payment of interest on lease liabilities, concession rights payable and borrowings.
6. Receivables increased by 14.6 percent to US$209.2 million as at September 30, 2024 primarily due to higher revenues from port operations.
7. Spare parts and supplies increased by 7.6 percent to US$60.0 million as at September 30, 2024 mainly due to acquisition of spare parts associated with operational requirements.

Equity

8. Treasury shares decreased by 6.7 percent to US$35.8 million as at September 30, 2024 due to issuance of treasury shares for vested stock awards under the employee stock incentive plan.
9. Retained earnings increased by 27.1 percent to US$1,016.7 million as at September 30, 2024 mainly due to the net income generated for the period amounting to US$632.6 million; tapered by the dividends declared and paid during the period.
10. Perpetual capital securities decreased by 49.4 percent to US$295.1 million as at September 30, 2024 mainly due to partial redemption in May 2024.
11. Other comprehensive loss increased by 82.6 percent to US$281.8 million as at September 30, 2024 mainly due to net unfavorable exchange differences on translation of foreign operations' accounts.

Noncurrent Liabilities

12. Other noncurrent liabilities increased by 24.1 percent to US$58.5 million as at September 30, 2024 mainly due to unfavorable impact on market valuation of certain interest rate swaps.

Current Liabilities

13. Loans payable increased by 30.8 percent to US$182.5 million as at September 30, 2024 due to the net availment of short-term loans by the Group.
14. Accounts payable and other current liabilities increased by 7.8 percent to US$444.1 million as at September 30, 2024 mainly due to increase in operating expenses; increase in output and other taxes payable driven by higher revenues; and dividends payable.
15. Current portion of long-term debt increased to US$437.1 million as at September 30, 2024 due to reclassification of loans maturing within the next 12 months, from non-current to current.

16. Current portion of concession rights payable increased by 6.4 percent to US$15.6 million as at September 30, 2024 due to higher fixed concession fees scheduled for payment within the next 12 months.
17. Current portion of lease liabilities increased by 6.2 percent to US$44.5 million as at September 30, 2024 due to higher lease payments scheduled for payment within the next 12 months; partially tapered by favorable impact on the translation of certain foreign operations' accounts.
18. Income tax payable decreased by 5.6 percent to US$61.4 million as at September 30, 2024 mainly due to timing of payment of 2023 annual income tax.

2.7 Liquidity and Capital Resources

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

2.7.1 Liquidity

The table below shows the Group's consolidated cash flows as at September 30, 2023 and 2024:

Table 2.12 Consolidated Cash Flows

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2023	**2024**	% Change
Net cash provided by operating activities	US$955,559	**US$1,147,776**	20.1
Net cash used in investing activities	(219,297)	**(239,332)**	9.1
Net cash used in financing activities	(973,352)	**(569,771)**	(41.5)
Effect of exchange rate changes on cash	1,601	**(22,568)**	(1,509.6)
Net decrease in cash and cash equivalents	(235,489)	**316,105**	234.2
Cash and cash equivalents, beginning	838,940	**716,104**	(14.6)
Cash and cash equivalents, end	US$603,451	**US$1,032,209**	71.1

Consolidated cash and cash equivalents was higher by 71.1 percent to US$1,032.2 million as at September 30, 2024 from US$603.5 million for the same period in 2023, mainly due to higher cash generated from operations; and lower net cash used in financing activities; partially tapered by higher net cash used in investing activities.

Net cash provided by operating activities increased by 20.1 percent to US$1,147.8 million for the nine months ended September 30, 2024 from US$955.6 million for the same period in 2023 mainly due to strong results of operations in 2024.

Net cash used in investing activities for the nine months ended September 30, 2024 amounted to US$239.3 million which consists mainly of capital expenditures of US$298.6 million, primarily for ongoing expansions at certain terminals; partially tapered by the partial collection of advances to SPIA amounting to US$55.9 million, interest income from short-term investments and deposits at certain terminals. Meanwhile, net cash used in investing activities for the same period in 2023 consists mainly of capital expenditures of US$233.6 million, primarily for the ongoing expansions and/or acquisition of equipment at certain terminals; partially tapered by interest income from short-term investments and deposits at certain terminals.

Net cash used in financing activities for the nine months ended September 30, 2024 amounted to US$569.8 million which consists mainly of payment of dividends amounting to US$441.7 million; redemption of perpetual capital securities; payment of interests on lease liabilities, concession rights payable and borrowings; partially tapered by the proceeds from the net availment of loans. Meanwhile, net cash used in financing activities for the same period in 2023 consists mainly of payment of dividends amounting to US$417.5 million; payment of principal and interests on borrowings, and interests on lease liabilities and concession rights payable; partially tapered by proceeds from the availment of loans.

2.7.2 Capital Resources

The table below illustrates the Group's capital sources as at December 31, 2023 and September 30, 2024:

Table 2.13 Capital Sources

(In thousands, except % change data)	December 31, 2023 *(Audited)*	**September 30, 2024** *(Unaudited)*	% Change
Loans payable	US$139,563	**US$182,503**	30.8
Current portion of long-term debt	42,389	**437,077**	931.1
Long-term debt, net of current portion	1,990,037	**2,038,047**	2.4
Total short and long-term debt	2,171,989	**2,657,627**	22.4
Equity	1,905,169	**1,718,313**	(9.8)
Total debt and equity capital	US$4,077,158	**US$4,375,940**	7.3

The Group's total debt and equity capital increased by 7.3 percent as at September 30, 2024 primarily due to the net availment of loans by the Group; and the net income generated during the period; partially tapered by dividends declared and paid during the period; and redemption of perpetual capital securities.

2.7.2.1 Debt Financing

The table below is a summary of long-term debt maturities, gross of unamortized debt issuance costs, of the Group as at September 30, 2024:

Table 2.14 Outstanding Long-Term Debt Maturities

	Amount
2024 (i)	US$10,805
2025	437,724
2026	275,059
2027	110,018
2028 onwards	1,666,577
Total	US$2,500,183

(i) *October 1, 2024 through December 31, 2024*

The average duration of the Group's long-term debt was extended by the availment of the US$450.0 million six-year term loan in January 2024. As a result, 82% of the Group's long-term debt will mature in 2026 and beyond.

Details of the Group's outstanding loans are disclosed in Note 11, *Long-term Debt and Loans Payable* to the Unaudited Interim Condensed Consolidated Financial Statements.

2.7.2.2 Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or certain class of stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to its debt to EBITDA of up to 4 times when acquiring additional debt.

There was no material change in the covenants related to the Group's long-term debts. As at September 30, 2024, ICTSI and subsidiaries were in compliance with their loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as at September 30, 2024, except as discussed in Note 11, *Long-term Debt and Loans Payable* to the Unaudited Interim Condensed Consolidated Financial Statements.

2.7.2.3 Equity Financing

Perpetual Capital Securities

RCBV engaged in a series of financial transactions involving the issuance, redemption, and consolidation of Senior Guaranteed Perpetual Capital Securities ("Securities"). These Securities are unconditionally and irrevocably guaranteed by ICTSI and were used to refinance existing debts, fund capital expenditures, and support general corporate purposes.

On May 6, 2024, RCBV (the "Issuer") and ICTSI (the "Guarantor") redeemed the US$289.8 million 4.875 percent Senior Guaranteed Perpetual Capital Securities ("Securities"). The US$8.8 million difference between the redemption amount of US$296.8 million and the Securities' carrying amount of US$288.0 million recorded under equity representing accrued distributions was treated as a direct reduction in retained earnings.

As at September 30, 2024, the carrying value of the outstanding perpetual capital securities amounted to US$295.1 million.

2.8 Risks

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

2.8.1 Foreign Exchange Risk

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as PHP, MXN, BRL, AUD and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 57.8 percent and 62.1 percent of gross revenues for the periods ended September 30, 2023 and 2024, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession and lease fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The table below provides the currency breakdown of the Group's revenue for the nine months ended September 30, 2024:

Table 2.15 Revenue Currency Profile

Business Unit	USD/EUR Composition	Local Currency
ICTSI	49% USD	51% PHP
SBITC/ICTSI Subic	45% USD	55% PHP
MICTSI	51% USD	49% PHP
SCIPSI		100% PHP
BIPI	26% USD	74% PHP
LGICT	21% USD	79% PHP
CGT		100% PHP
VCT	14% USD	86% PHP
MMT	31% USD	69% PHP
MNHPI		100% PHP
OJA*	74% USD	26% IDR
EJMT		100% IDR
PNG		100% PGK
YICT		100% RMB
VICT		100% AUD
CMSA	17% USD	83% MXN
CGSA	100% USD	
ICTSI Rio	49% USD	51% BRL
IRB Logistica		100% BRL
CLIA Pouso Alegre		100% BRL
OPC	100% USD	
TSSA		100% BRL
Tecplata	100% USD	
AGCT	100% EUR	
BCT	72% USD/1% EUR	27% PLN
BICTL	100% USD	
ICTSI Iraq	55% USD	45% IQD
IDRC	100% USD	
KMT		100% XAF**
MICTSL	99% EUR	1% MGA
OMT	61% USD	39% NGN

** Sold on February 1, 2024*
***XAF pegged to the EURO*

2.8.2 Interest Rate Risk

The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

2.8.3 Liquidity Risk

The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed in a timely manner to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing short-term and long-term bank loan facilities, project finance loans/bonds and the capital markets.

ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

There are no other known trends, demands, commitments, events or uncertainties that will materially affect the Group’s liquidity.

PART II – OTHER INFORMATION

There are no other information not previously reported in SEC Form 17-C that need to be reported in this section.

ANNEX 1

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES

SCHEDULE OF AGING OF RECEIVABLES
As at September 30, 2024
(Unaudited, in Thousands)

	Trade	Advances	Total
Under six months	US$155,707	US$41,951	US$197,658
Six months to one year	1,341	1,104	2,445
Over one year	4,913	4,225	9,138
	161,961	47,280	209,241

ANNEX 2

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS
As at and for the Nine Months Ended September 30

	2023	**2024**
Liquidity ratios		
Current ratio [a]	1.47	**1.32**
Interest rate coverage ratio [b]	10.25	**10.92**
Solvency ratios		
Debt to equity ratio [c]	1.18	**1.55**
Asset to equity ratio [d]	3.82	**4.37**
Profitability ratio		
EBITDA margin [e]	62.9%	**65.4%**

[a] *Current assets over current liabilities*

[b] *EBITDA over interest expense and financing charges on borrowings*

[c] *Interest-bearing debts over total equity*

[d] *Total assets over total equity*

[e] *EBITDA over gross revenues from port operations*

ICTSI Group – Map of Subsidiaries

As of September 30, 2024

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this report is signed on behalf of the registrant, thereunto duly authorized, in the City of Manila on November 4, 2024.

Registrant **INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.**

By

Emilio Manuel V. Pascua
Senior Vice President,
Chief Financial Officer and
Chief Risk Officer

November 4, 2024

Arlyn L. McDonald
Vice President, Global Financial
Controller

November 4, 2024