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 17Q
(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

1,335
as at June 30, 2024
Total No. of Stockholders

Total Amount of Borrowings

US$1,079.1M	**US$1,535.7M**
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 **June 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 June 30, 2024
Common	**2,033,812,023** Shares

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 audited consolidated balance sheet as at December 31, 2023, and the interim condensed consolidated financial statements as at June 30, 2024 and for the three and six months ended June 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 June 30, 2024
(with Comparative Figures as at December 31, 2023)
and for the Three and Six Months Ended June 30, 2023 and 2024

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

As at June 30, 2024

(With Comparative Figures as at December 31, 2023)

(In Thousands)

	December 31, 2023 *(Audited)*	**June 30, 2024** *(Unaudited)*
ASSETS		
Noncurrent Assets		
Intangibles (Note 5)	US$2,389,063	**US$2,376,748**
Property and equipment (Note 6)	1,845,694	**1,792,345**
Right-of-use assets (Note 7)	916,366	**860,045**
Investment properties	5,634	**5,409**
Investments in and advances to joint ventures and an associate (Notes 8 and 13)	271,503	**214,128**
Deferred tax assets	408,653	**393,824**
Other noncurrent assets (Notes 9 and 16)	195,860	**263,509**
Total Noncurrent Assets	6,032,773	**5,906,008**
Current Assets		
Cash and cash equivalents (Note 10)	716,104	**892,107**
Receivables	182,507	**179,021**
Derivative assets (Note 16)	10,198	**17,184**
Spare parts and supplies	55,822	**57,943**
Prepaid expenses and other current assets	247,455	**257,187**
Total Current Assets	1,212,086	**1,403,442**
	US$7,244,859	**US$7,309,450**
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	**579,232**
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	**804,628**
Perpetual capital securities (Note 12)	583,163	**295,142**
Other comprehensive loss - net (Notes 12 and 16)	(154,358)	**(230,802)**
Total equity attributable to equity holders of the parent	1,592,743	**1,237,571**
Equity Attributable to Non-controlling Interests	312,426	**296,586**
Total Equity	1,905,169	**1,534,157**
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 11)	1,990,037	**2,413,711**
Concession rights payable - net of current portion	742,335	**741,889**
Lease liabilities - net of current portion	1,571,022	**1,486,944**
Deferred tax liabilities	273,523	**284,480**
Other noncurrent liabilities (Note 16)	47,157	**43,658**
Total Noncurrent Liabilities	4,624,074	**4,970,682**
Current Liabilities		
Loans payable (Note 11)	139,563	**159,230**
Accounts payable and other current liabilities	412,135	**481,580**
Current portion of long-term debt (Note 11)	42,389	**41,836**
Current portion of concession rights payable	14,682	**14,864**
Current portion of lease liabilities	41,877	**39,666**
Income tax payable	64,970	**54,282**
Derivative liabilities (Note 16)	–	**13,153**
Total Current Liabilities	715,616	**804,611**
Total Liabilities	5,339,690	**5,775,293**
	US$7,244,859	**US$7,309,450**

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 June 30		For the Six Months Ended June 30	
	2023	**2024**	2023	**2024**
INCOME				
Gross revenues from port operations (Note 4)	US$592,726	**US$684,025**	US$1,164,972	**US$1,321,673**
Interest income (Notes 9 and 10)	13,975	**16,233**	27,364	**37,134**
Foreign exchange gain	6,146	**7,816**	9,700	**10,313**
Other income (Note 15)	15,619	**6,033**	18,704	**29,841**
	628,466	**714,107**	1,220,740	**1,398,961**
EXPENSES				
Port authorities' share in gross revenues	55,332	**55,841**	110,243	**107,253**
Manpower costs	82,876	**89,541**	162,730	**176,523**
Equipment and facilities-related expenses	40,323	**46,636**	84,032	**88,691**
Administrative and other operating expenses	39,517	**40,779**	79,089	**84,220**
Depreciation and amortization (Notes 5, 6 and 7)	75,017	**73,867**	148,026	**148,034**
Interest expense and financing charges on borrowings (Note 11)	34,872	**42,541**	71,551	**81,128**
Interest expense on concession rights payable	16,533	**16,261**	32,514	**32,235**
Interest expense on lease liabilities	32,616	**34,654**	63,451	**70,132**
Foreign exchange loss	6,110	**–**	11,695	**4,830**
Equity share in net loss of joint ventures and an associate	737	**2,817**	4,027	**4,497**
Impairment loss on goodwill (Note 5)	10,615	**–**	10,615	**–**
Other expenses (Note 1)	6,837	**5,025**	9,534	**12,789**
	401,385	**407,962**	787,507	**810,332**
CONSTRUCTION REVENUE (EXPENSE)				
Construction revenue	12,253	**42,536**	30,148	**59,179**
Construction expense	(12,253)	**(42,536)**	(30,148)	**(59,179)**
	–	**–**	–	**–**
INCOME BEFORE INCOME TAX	227,081	**306,145**	433,233	**588,629**
PROVISION FOR INCOME TAX				
Current	48,432	**55,426**	81,010	**107,613**
Deferred	3,124	**18,536**	4,128	**19,049**
	51,556	**73,962**	85,138	**126,662**
NET INCOME	US$175,525	**US$232,183**	US$348,095	**US$461,967**
Attributable To				
Equity holders of the parent	US$159,188	**US$210,671**	US$313,797	**US$420,551**
Non-controlling interests	16,337	**21,512**	34,298	**41,416**
	US$175,525	**US$232,183**	US$348,095	**US$461,967**
Earnings Per Share (Note 14)				
Basic	US$0.075	**US$0.101**	US$0.147	**US$0.201**
Diluted	0.075	**0.101**	0.147	**0.200**

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 June 30		For the Six Months Ended June 30	
	2023	**2024**	2023	**2024**
NET INCOME FOR THE PERIOD	US$175,525	**US$232,183**	US$348,095	**US$461,967**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations' financial statements	(3,655)	**(97,811)**	24,473	**(104,113)**
Net change in unrealized mark-to-market values of derivatives (Note 16)	1,852	**8,676**	355	**18,152**
Net unrealized mark-to-market gain on financial assets at FVOCI	3,615	**(340)**	1,612	**778**
Share in other comprehensive gain (loss) of joint ventures	5,300	**431**	12,024	**(356)**
Income tax relating to components of other comprehensive income	(521)	**(2,163)**	(124)	**(4,546)**
	6,591	**(91,207)**	38,340	**(90,085)**
Items not to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive gain of joint ventures	–	**79**	32	**17**
Remeasurement gains/(losses) on defined benefit plans - net of tax	–	**21**	(19)	**(54)**
	6,591	**(91,107)**	38,353	**(90,122)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US$182,116	**US$141,076**	US$386,448	**US$371,845**
Attributable To				
Equity holders of the parent	US$174,694	**US$127,459**	US$357,545	**US$344,107**
Non-controlling interests	7,422	**13,617**	28,903	**27,738**
	US$182,116	**US$141,076**	US$386,448	**US$371,845**

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 Six Months Ended June 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	–	–	–	–	–	–	313,797	–	–	313,797	34,298	348,095
Other comprehensive income for the period	–	–	–	–	–	–	–	–	43,748	43,748	(5,395)	38,353
Total comprehensive income for the period	–	–	–	–	–	–	313,797	–	43,748	357,545	28,903	386,448
Share-based payments	–	–	2,804	–	–	–	–	–	–	2,804	–	2,804
Issuance of treasury shares	–	–	(2,595)	–	2,595	–	–	–	–	–	–	–
Purchase of treasury shares	–	–	–	–	(1,064)	–	–	–	–	(1,064)	–	(1,064)
Cash dividends	–	–	–	–	–	–	(370,267)	–	–	(370,267)	(38,729)	(408,996)
Distributions on perpetual capital securities	–	–	–	–	–	–	(14,513)	–	–	(14,513)	–	(14,513)
Balance at June 30, 2023 *(Unaudited)*	US$236	US$67,330	US$574,190	(US$72,492)	(US$38,460)	(US$172,685)	US$616,467	US$583,163	(US$154,663)	US$1,403,086	US$288,266	US$1,691,352
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	**–**	**–**	**–**	**–**	**–**	**–**	**420,551**	**–**	**–**	**420,551**	**41,416**	**461,967**
Other comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(76,444)**	**(76,444)**	**(13,678)**	**(90,122)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**420,551**	**–**	**(76,444)**	**344,107**	**27,738**	**371,845**
Share-based payments	**–**	**–**	**4,351**	**–**	**–**	**–**	**–**	**–**	**–**	**4,351**	**–**	**4,351**
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 subsidiaries (Note 1.2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,627**	**2,627**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(399,339)**	**–**	**–**	**(399,339)**	**(46,205)**	**(445,544)**
Balance at June 30, 2024 *(Unaudited)*	**US$236**	**US$67,330**	**US$579,232**	**(US$72,492)**	**(US$35,780)**	**(US$169,923)**	**US$804,628**	**US$295,142**	**(US$230,802)**	**US$1,237,571**	**US$296,586**	**US$1,534,157**

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 Six Months Ended June 30	
	2023	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US$433,233	**US$588,629**
Adjustments for:		
Depreciation and amortization	148,026	**148,034**
Interest expense on:		
Borrowings	71,551	**81,128**
Lease liabilities	63,451	**70,132**
Concession rights payable	32,514	**32,235**
Interest income	(27,364)	**(37,134)**
Impairment loss on goodwill (Note 5)	10,615	**–**
Net unrealized foreign exchange loss (gain)	8,195	**(6,712)**
Equity share in net loss of joint ventures and an associate	4,027	**4,497**
Share-based payments (Note 12)	2,899	**4,317**
Dividend income	–	**(1,137)**
Loss (gain) on sale of:		
Property and equipment	205	**(2,552)**
Subsidiaries (Note 1.2)	–	**1,640**
Operating income before changes in working capital	747,352	**883,077**
Increase in:		
Receivables	(2,705)	**(1,770)**
Spare parts and supplies	(1,429)	**(4,326)**
Prepaid expenses and other current assets	(25,379)	**(16,606)**
Increase (decrease) in:		
Accounts payable and other current liabilities	3,016	**39,432**
Retirement liabilities	(1,633)	**1,304**
Cash generated from operations	719,222	**901,111**
Income taxes paid	(83,316)	**(113,715)**
Net cash provided by operating activities	635,906	**787,396**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment	(101,996)	**(64,115)**
Intangible assets	(33,493)	**(61,531)**
Group of assets that constitute a business (Note 5)	–	**(2,517)**
Payments of concession rights	(10,946)	**(10,956)**
Interest received	21,499	**33,120**
Dividends received	–	**1,137**
Proceeds from disposal of:		
Property and equipment	430	**2,995**
Subsidiaries (Note 1.2)	–	**2,000**
Proceeds from repayment (extension) of advances to joint ventures	(1,573)	**58,042**
Decrease (increase) in:		
Advances to contractors and suppliers	(16,740)	**(58,888)**
Short-term investments and restricted cash	2,100	**(4,095)**
Other noncurrent assets	(11,883)	**(28,401)**
Net cash used in investing activities	(152,602)	**(133,209)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from:		
Long-term borrowings (Note 11)	116,273	**456,981**
Short-term borrowings (Note 11)	415,720	**274,957**
Payments of:		
Long-term borrowings (Note 11)	(419,546)	**(26,357)**
Dividends (Note 12)	(407,950)	**(429,988)**
Short-term borrowings (Note 11)	(276,739)	**(243,987)**
Interest on lease liabilities and concession rights payable	(95,872)	**(102,016)**
Interest on borrowings	(59,483)	**(68,029)**
Lease liabilities	(16,946)	**(19,417)**
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)	**–**
Decrease in other noncurrent liabilities	(869)	**(63)**
Net cash used in financing activities	(760,989)	**(462,210)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	14,019	**(15,974)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,666)	**176,003**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	838,940	**716,104**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 10)	US$575,274	**US$892,107**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

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 1,335 shareholders on record as at June 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 August 8, 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 August 8, 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 twelve 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 June 30, 2024 and for the three and six months ended June 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 as at and for the three and six months ended June 30, 2024 have been prepared in accordance with 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 June 30, 2024 (unaudited) and for the three and six months ended June 30, 2023 (unaudited) and 2024 (unaudited):

	For the Three Months Ended June 30, 2023				**For the Three Months Ended June 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume [a]	1,613,354	652,500	907,878	3,173,732	**1,784,637**	**607,489**	**829,918**	**3,222,044**
Gross revenues	US$258,299	US$121,893	US$212,534	US$592,726	**US$277,515**	**US$129,371**	**US$277,139**	**US$684,025**
Capital expenditures [b]	27,627	13,806	23,109	64,542	**40,908**	**33,167**	**43,701**	**117,776**

	For the Six Months Ended June 30, 2023				**For the Six Months Ended June 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume [a]	3,233,293	1,299,890	1,742,654	6,275,837	**3,462,657**	**1,161,925**	**1,687,581**	**6,312,163**
Gross revenues	US$532,443	US$244,608	US$387,921	US$1,164,972	**US$536,883**	**US$245,382**	**US$539,408**	**US$1,321,673**
Capital expenditures [b]	57,031	37,595	57,602	152,228	**62,383**	**47,288**	**76,044**	**185,715**

	As at December 31, 2023				**As at June 30, 2024**			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Other information:								
Segment assets [c]	US$3,781,442	US$907,755	US$2,147,009	US$6,836,206	**US$3,894,259**	**US$937,797**	**US$2,083,570**	**US$6,915,626**
Segment liabilities [d]	3,504,605	317,854	1,178,738	5,001,197	**3,969,757**	**345,907**	**1,120,867**	**5,436,531**

[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$33.5 million and US$61.5 million in 2023 and 2024, respectively, property and equipment (including those acquired under business combination) amounting to US$102.0 million and US$65.3 million in 2023 and 2024, respectively, as shown in the consolidated statements of cash flows, and advances to suppliers and contractors amounting to US$16.7 million and US$58.9 million in 2023 and 2024, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$408.7 million and US$393.8 million as at December 31, 2023 and June 30, 2024, respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$65.0 million and US$54.3 million and deferred tax liabilities amounting to US$273.5 million and US$284.5 million as at December 31, 2023 and June 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 six months ended June 30:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2024**	2023	**2024**
Net income attributable to equity holders of the parent	US$159,188	**US$210,671**	US$313,797	**US$420,551**
Non-controlling interests	16,337	**21,512**	34,298	**41,416**
Provision for income tax	51,556	**73,962**	85,138	**126,662**
Income before income tax	227,081	**306,145**	433,233	**588,629**
Add (deduct):				
Depreciation and amortization	75,017	**73,867**	148,026	**148,034**
Interest and other expenses [a]	108,320	**101,298**	203,387	**205,611**
Interest and other income [b]	(35,740)	**(30,082)**	(55,768)	**(77,288)**
EBITDA [c]	US$374,678	**US$451,228**	US$728,878	**US$864,986**

[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**

Concession Rights

Additions to concession rights amounting to US$83.7 million during the six months ended June 30, 2024 mainly pertain to the construction of various civil works and acquisitions of port facilities and equipment in MICT and certain Philippine terminals, East Java Multipurpose Terminal (EJMT) in Indonesia, and Madagascar International Container Terminal Services, Ltd. (MICTSL) in Madagascar; and the present value of fixed fee consideration under the new concession contract for ICPC in Iloilo.

Amortization of concession rights amounted to US$33.7 million and US$32.6 million for the three months ended June 30, 2023 and 2024, respectively; and US$66.0 million and US$65.1 million for the six months ended June 30, 2023 and 2024, respectively.

Goodwill

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$111.5 million during the six months ended June 30, 2024 mainly pertain to the construction of various civil works and acquisitions of terminal equipment in various ports, mainly in CMSA, IDRC, ICTSI Rio, VICT, MICT and certain Philippine terminals.

Depreciation of property and equipment amounted to US$26.0 million and US$25.4 million for the three months ended June 30, 2023 and 2024, respectively; and US$51.6 million and US$50.6 million for the six months ended June 30, 2023 and 2024, respectively.

Borrowing costs capitalized as part of property and equipment amounted to US$1.1 million and nil for the six months ended June 30, 2023 and 2024, respectively.

7. **Right-of-use Assets**

Additions to right-of-use assets amounting to US$25.3 million during the six months ended June 30, 2024 pertains to the impact of remeasurement of lease payments at certain terminals.

Amortization of right-of-use assets amounted to US$13.5 million and US$14.4 million for the three months ended June 30, 2023 and 2024, respectively; and US$26.7 million and US$29.2 million for the six months ended June 30, 2023 and 2024, respectively.

8. **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.

9. **Other Noncurrent Assets**

This account includes input tax, advances to suppliers and contractors, 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.

10. **Cash and Cash Equivalents**

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

	2023 *(Unaudited)*	**2024** *(Unaudited)*
Cash on hand and in banks	US$334,290	**US$422,031**
Cash equivalents	240,984	**470,076**
	US$575,274	**US$892,107**

11. **Long-term Debt and Loans Payable**

11.1 Outstanding Balances and Maturities of Long-term Debt

	Company	Maturity	December 31, 2023 *(Audited)*	**June 30, 2024** *(Unaudited)*
Medium-term Note (MTN) Programme				
Secured fixed interest USD bond	ICTSI Treasury B.V. (ITBV)	2025	US$390,038	**US$392,816**
Senior Notes				
Unsecured fixed interest USD bond	ICTSI	2030	394,209	**394,580**
Secured fixed interest US dollar bond	ITBV	2031	291,895	**292,339**
US dollar and Foreign Currency-denominated Term Loans and Securities				
Unsecured fixed interest USD term loan	ICTSI	2029	297,851	**745,098**
Secured fixed interest AUD bond	VICT	2039	270,261	**264,727**
Secured fixed interest US dollar term loan	ICTSI Global Finance B.V. (IGFBV)	2026	257,212	**252,864**
Secured floating interest PHP Term loan	Manila Harbor Center Port Services, Inc. (MHCPSI)	2029	89,605	**74,318**
Secured fixed interest USD term loans	IDRC	2025	18,000	**12,000**
Secured floating interest IDR term loan	EJD	2029	–	**10,149**
Secured floating interest PGK term loan	SPICTL	2024-2026	9,916	**6,975**
Secured floating interest PGK term loan	Motukea International Terminal Ltd. (MITL)	2024-2026	4,503	**2,835**
Secured fixed interest USD term loans	CGSA	2027	5,481	**4,795**
Secured floating interest NGN term loan	ICTSI Nigeria	2028	2,717	**1,525**
Secured fixed interest BRL term loans	CLIA Pouso Alegre	2026-2027	738	**526**
Total			2,032,426	**2,455,547**
Less current portion			42,389	**41,836**
Long-term debt, net of current portion			US$1,990,037	**US$2,413,711**

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).

On April 24, 2024, EJD availed of IDR167.0 billion from the five-year term loan facility with interest based on 3-month JIBOR plus an agreed spread.

11.2 Loans Payable

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

	Company	December 31, 2023 *(Audited)*	**June 30, 2024** *(Unaudited)*
Secured fixed interest JPY loan	ICTSI	US$–	**US$152,032**
Unsecured floating interest PGK loan	SPICTL	2,681	**2,599**
Unsecured floating interest PGK loan	MITL	2,681	**2,599**
Secured fixed interest USD loan	CGSA	–	**2,000**
Secured fixed interest USD loan	ICTSI Ltd.	134,201	**–**
		US$139,563	**US$159,230**

ICTSI. On March 21, 2024, ICTSI availed of a short-term loan amounting to JPY15.9 billion with a tenor of one year. ICTSI entered into a cross-currency swap to hedge the foreign exchange exposure of this loan (see Note 16).

On June 5, 2024, ICTSI availed of a short-term loan amounting to JPY8.6 billion with a tenor of nine months. ICTSI entered into a cross-currency swap to hedge the foreign exchange exposure of this loan (see Note 16).

ICTSI Ltd. On January 12, 2024, ICTSI Ltd. repaid the US$85.0 million loan availed on February 13, 2023.

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.

On May 31, 2024, ICTSI Ltd. repaid the US$49.2 million loan availed on November 17, 2023.

SPICTL. On May 24, 2024, SPICTL repaid the PGK10.0 million loan availed on May 24, 2023. On the same date, SPICTL availed of a PGK10.0 million loan with interest based on the lending bank's published Indicator Lending Rate minus an agreed Margin and a tenor of one year.

MITL. On May 30, 2024, MITL repaid the PGK10.0 million loan availed on May 30, 2023. On the same date, MITL availed of a PGK10.0 million loan a with interest based on the lending bank's published Indicator Lending Rate minus an agreed Margin and a tenor of one year.

CGSA. On May 13, 2024, CGSA availed of a fixed rate loan amounting to US$2.0 million with a tenor of one year.

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 June 30, 2024, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense on borrowings, net of any amount capitalized as intangible assets and property and equipment, amounted to US$34.9 million and US$42.5 million for the three months ended June 30, 2023 and 2024, respectively; and US$71.6 million and US$81.1 million for the six months ended June 30, 2023 and 2024, respectively (see Notes 5 and 6). Interest expense includes amortization of debt issuance costs amounting to US$2.1 million and US$2.4 million for the three months ended June 30, 2023 and 2024, respectively; and US$4.2 million and US$4.7 million for the six months ended June 30, 2023 and 2024, respectively.

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 six months ended June 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)

Total compensation expense recognized on the vesting of the fair value of stock awards amounted to US$1.9 million and US$2.3 million for the three months ended June 30, 2023 and 2024, respectively; and US$3.5 million and US$4.3 million for the six months ended June 30, 2023 and 2024, respectively.

1,823,420 treasury shares were issued to certain officers and employees on March 1, 2024 (2023: 1,861,069 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$208,727)	US$11,940	US$610	US$12,854	(US$12,325)	(US$2,763)	(US$198,411)
Translation differences arising from translation of foreign operations' financial statements	29,868	–	–	–	–	–	29,868
Net change in actuarial loss on defined benefit plans	–	–	–	–	32	(19)	13
Net change in unrealized mark-to-market values of derivatives	–	355	–	–	–	–	355
Share in other comprehensive loss of joint ventures	–	–	–	–	12,024	–	12,024
Net unrealized mark-to-market gain on financial assets at FVOCI	–	–	–	1,612	–	–	1,612
Income tax relating to components of other comprehensive income	–	(124)	–	–	–	–	(124)
Balance at June 30, 2023	(US$178,859)	US$12,171	US$610	US$14,466	(US$269)	(US$2,782)	(US$154,663)

	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	**(90,435)**	–	–	–	–	–	**(90,435)**
Net change in actuarial loss on defined benefit plans	–	–	–	–	**17**	**(54)**	**(37)**
Net change in unrealized mark-to-market values of derivatives	–	**18,152**	–	–	–	–	**18,152**
Share in other comprehensive loss of joint ventures	–	–	–	–	**(356)**	–	**(356)**
Net unrealized mark-to-market gain on financial assets at FVOCI	–	–	–	**778**	–	–	**778**
Income tax relating to components of other comprehensive income	–	**(4,546)**	–	–	–	–	**(4,546)**
Balance at June 30, 2024	**(US$248,376)**	**US$16,562**	**US$610**	**US$2,956**	**US$1,228**	**(US$3,782)**	**(US$230,802)**

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 recorded under equity representing accrued distributions was treated as a direct reduction in retained earnings.

13. Related Party Transactions

			2023			**2024**		
Related Party	Relationship	Nature of Transaction	Transaction Amount for the Three Months Ended June 30	Transaction Amount for the Six Months Ended June 30 (i)	Outstanding Receivable (Payable) Balance Amount as at Dec 31	**Transaction Amount for the Three Months Ended June 30**	**Transaction Amount for the Six Months Ended June 30 (i)**	**Outstanding Receivable (Payable) Balance Amount as at June 30**
					(In Millions)			
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (including interest converted into interest-bearing loan) (see Note 8) (ii)	US$2.77	US$4.58	US$206.44	**US$3.94**	**US$8.51**	**US$156.20**
		Interest receivable (ii)	3.05	6.03	6.18	**3.14**	**5.59**	**2.13**
Yantai International Container Terminal Ltd. (YICT)								
Yantai Port Group (YPG)	Common shareholder	Port fees (iii)	0.91	1.71	0.83	**0.84**	**1.60**	**0.64**
		Trade transactions (iv)	0.53	1.05	–	**0.02**	**0.04**	**–**
Yantai Port Holdings (YPH)	Non-controlling shareholder	Trade transactions (iv)	0.13	0.20	(0.11)	**0.75**	**1.40**	**(0.11)**
Yantai Port Container Terminal Ltd. (YPHT)		Outsourced services	1.39	2.57	0.93	**1.53**	**2.78**	**1.49**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.03	0.07	0.01	**0.04**	**0.04**	**0.01**
Adriatic Gate Container Terminal (AGCT)								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services (v)	0.35	0.67	(0.11)	**0.05**	**0.31**	**–**

(Forward)

Related Party	Relationship	Nature of Transaction	2023 Transaction Amount for the Three Months Ended June 30	2023 Transaction Amount for the Six Months Ended June 30 (i)	2023 Outstanding Receivable (Payable) Balance Amount as at Dec 31	**2024 Transaction Amount for the Three Months Ended June 30**	**2024 Transaction Amount for the Six Months Ended June 30 (i)**	**2024 Outstanding Receivable (Payable) Balance Amount as at June 30**
					(In Millions)			
PICT								
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges (vi)	US$0.11	US$0.29	US$–	**US$–**	**US$–**	**US$–**
		Container handling revenue (vi)	–	0.02	–	**–**	**–**	**–**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.06	0.17	(0.07)	**0.03**	**0.10**	**(0.02)**
		Maintenance and repairs	0.02	0.04	(0.03)	**0.01**	**0.02**	**(0.01)**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	1.80	2.70	(0.90)	**0.90**	**1.80**	–
		Loans (x)	3.06	3.06	–	–	–	–
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services (vii)	1.06	1.96	(2.02)	**1.64**	**3.47**	**(1.69)**
		Dredging service	0.60	1.77	(0.01)	**1.20**	**2.64**	–
		Sublease (viii)	–	–	0.08	**–**	**–**	**0.07**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.01	0.01	0.07	**–**	**–**	**0.07**
		Sublease (viii)	–	–	(0.01)	**–**	**–**	**(0.01)**
Prime Metroline Infrastructure Holdings Corporation	Common Shareholder	Reimbursement of operating expenses	0.03	0.03	0.01	**–**	**–**	**0.01**
		Sublease(viii)	–	–	(0.04)	**–**	**–**	**0.05**
		Sale of asset(ix)	–	–	0.56	**–**	**–**	**–**
FAMI	Joint Venture	Reimbursement of operating expenses	0.02	0.05	0.45	**0.02**	**0.01**	**0.47**
		Management fees	0.51	0.95	(0.31)	**0.49**	**0.93**	**(0.30)**
IW Cargo Handlers, Inc.								
Aviation Concepts Terminal Services Inc. (ACTSI)	Common Shareholder	Sale of asset(xi)	–	–	17.20	**–**	**–**	**16.79**

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

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

(v) 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.

(vi) 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.

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

(viii) 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.

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

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

(xi) 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 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 six months ended June 30 (amounts are in thousands, except number of shares and per share data):

	For the Three Months Ended June 30		For the Six Months Ended June 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$159,188	**US$210,671**	US$313,797	**US$420,551**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities	(7,179)	**(5,098)**	(14,436)	**(12,355)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$152,009	**US$205,573**	US$299,361	**US$408,196**
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	(13,619,554)	**(11,821,503)**	(13,619,554)	**(11,821,503)**
Weighted average shares outstanding (b)	2,031,558,117	**2,033,356,168**	2,031,558,117	**2,033,356,168**
Effect of dilutive stock awards	4,430,100	**4,594,388**	4,430,100	**4,594,388**
Weighted average shares outstanding adjusted for potential common shares (c)	2,035,988,217	**2,037,950,556**	2,035,988,217	**2,037,950,556**
Basic earnings per share (a/b)	US$0.075	**US$0.101**	US$0.147	**US$0.201**
Diluted earnings per share (a/c)	US$0.075	**US$0.101**	US$0.147	**US$0.200**

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.

ICTSI Oregon
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.

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 (amounts in thousands):

	December 31, 2023		**June 30, 2024**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities				
Long-term debt	US$2,032,426	US$2,007,224	**US$2,455,547**	**US$2,418,414**
Concession rights payable	757,017	841,775	**756,753**	**713,737**

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 3.40 percent to 13.90 percent as at June 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

		June 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 swaps	**US$22,903**	**US$–**	**US$22,903**	**US$–**
Financial assets at FVOCI	**4,097**	**4,097**	**–**	**–**
Liabilities measured at fair value:				
Derivative liabilities - cross-currency swaps	**13,153**	**–**	**13,153**	**–**
Liabilities for which fair values are disclosed:				
Long-term debt	**2,418,414**	**1,044,736**	**–**	**1,373,678**
Concession rights payable	**713,737**	**–**	**–**	**713,737**

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 <u>Derivative Instruments and Hedge Accounting</u>

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 June 30, 2024, the cumulative market valuation gain on the outstanding interest rate swaps amounted to US$12.3 million, reflected in the interim condensed consolidated balance sheet as derivative asset amounting to US$7.5 million presented as current asset and US$4.8 million presented under other noncurrent assets. The effective portion of the change in the fair value of the interest rate swaps amounting to US$0.8 million, net of US$0.3 million deferred tax, for the six months ended June 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 June 30, 2024, the cumulative market valuation gain on the outstanding interest rate swaps amounted to US$10.6 million, reflected in the interim condensed consolidated balance sheet as derivative asset amounting to US$9.7 million presented as current asset, and US$0.9 million presented as other noncurrent assets. The effective portion of the change in the fair value of the interest rate swaps amounting to US$13.3 million, net of US$4.5 million deferred tax for the six months ended June 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 June 30, 2024, the market valuation loss on the outstanding cross-currency swaps amounted to US$13.2 million, reflected in the interim condensed consolidated balance sheet as derivative liabilities and classified as current. The effective portion of the change in fair value of the cross-currency swap amounting to US$7.9 million, net of US$2.6 million deferred tax, for the six months ended June 30, 2024, was taken to equity under other comprehensive income.

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 June 30, 2024, the net accumulated foreign exchange loss on the US dollar bank deposits totaling US$0.5 million was taken to other comprehensive loss under equity. For the six months ended June 30, 2024, foreign exchange loss on the US dollar bank deposits amounting to US$2.0 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 six months ended June 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 June 30, 2024, foreign currency translation loss on the USD-denominated payable aggregating to US$17.9 million was taken to other comprehensive loss under equity. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the six months ended June 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 June 30, 2024, foreign currency translation loss on the lease liability aggregating to US$7.1 million was taken to other comprehensive loss under equity. No ineffectiveness was recognized in the interim condensed consolidated statement of income for the six months ended June 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 June 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 August 8, 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.

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 wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying interim condensed consolidated financial statements as at and for the three and six months ended June 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 August 8, 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 - ICTSI Iloilo and Visayas Container Terminal, Iloilo Commercial Port Complex, Philippines (*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 six months ended June 30, 2024 as compared with the same period 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 June 30			For the Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change	2023	**2024**	% Change
Gross revenues from port operations	US$592,726	**US$684,025**	15.4	US$1,164,972	**US$1,321,673**	13.5
Revenues from port operations, net of port authorities' share	537,394	**628,184**	16.9	1,054,729	**1,214,420**	15.1
Total income (net revenues, interest and other income)	573,134	**658,266**	14.9	1,110,497	**1,291,708**	16.3
Total expenses (operating, financing and other expenses)	346,053	**352,121**	1.8	677,264	**703,079**	3.8
EBITDA[1]	374,678	**451,228**	20.4	728,878	**864,986**	18.7
EBIT[2]	299,661	**377,361**	25.9	580,852	**716,952**	23.4
Net income attributable to equity holders of the parent	159,188	**210,671**	32.3	313,797	**420,551**	34.0
Earnings per share						
Basic	US$0.075	**US$0.101**	35.1	US$0.147	**US$0.201**	36.2
Diluted	0.075	**0.101**	35.1	0.147	**0.200**	36.2

[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 six months ended June 30, 2024 as compared with the same period in 2023:

Table 2.2 EBITDA Computation

	For the Three Months Ended June 30			For the Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change	2023	**2024**	% Change
Net income attributable to equity holders of the parent	US$159,188	**US$210,671**	32.3	US$313,797	**US$420,551**	34.0
Non-controlling interests	16,337	**21,512**	31.7	34,298	**41,416**	20.8
Provision for income tax	51,556	**73,962**	43.5	85,138	**126,662**	48.8
Income before income tax	227,081	**306,145**	34.8	433,233	**588,629**	35.9
Add (deduct):						
Depreciation and amortization	75,017	**73,867**	(1.5)	148,026	**148,034**	0.0
Interest and other expenses	108,320	**101,298**	(6.5)	203,387	**205,611**	1.1
Interest and other income	(35,740)	**(30,082)**	(15.8)	(55,768)	**(77,288)**	38.6
EBITDA	US$374,678	**US$451,228**	20.4	US$728,878	**US$864,986**	18.7

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 12.4 to 32.7 moves per hour in 2024 from 13.0 to 31.8 moves per hour in 2023. Crane availability ranged from 71.1 percent to 99.0 percent in 2024 from 72.8 percent to 98.1 percent in 2023. Berth utilization was 22.5 percent to 82.0 percent in 2024 and 27.4 percent to 75.9 percent in 2023.

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

Table 2.3 Volume

	For the Three Months Ended June 30		
	2023	**2024**	% Change
Asia	1,613,354	**1,784,637**	10.6
Americas	907,878	**829,918**	(8.6)
EMEA	652,500	**607,489**	(6.9)
	3,173,732	**3,222,044**	1.5

The Group's consolidated volume increased by 1.5 percent to 3,222,044 TEUs for the quarter ended June 30, 2024 from 3,173,732 TEUs for the same period in 2023 mainly due to new services and improvement in trade activities at certain terminals; 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 (Iloilo terminal) and discontinued operations (PICT and OJA), Group's consolidated volume would have increased by 5.9 percent for the quarter ended June 30, 2024.

Volume from the Asia operations, consisting of terminals in the Philippines, China, Indonesia, Australia and Papua New Guinea, increased by 10.6 percent to 1,784,637 TEUs for the quarter ended June 30, 2024 from 1,613,354 TEUs for the same period in 2023 mainly due to new services and improvement in trade activities largely at VICT and MICT, including contribution of new terminal in Iloilo, Philippines; 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 13.5 percent for the quarter ended June 30, 2024. The Asia operations accounted for 50.8 percent and 55.4 percent of the Group's consolidated volume for the quarters ended June 30, 2023 and 2024, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and Argentina, decreased by 8.6 percent to 829,918 TEUs for the quarter ended June 30, 2024 from 907,878 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 28.6 percent and 25.8 percent of the Group's consolidated volume for the quarters ended June 30, 2023 and 2024, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Madagascar, Croatia, Nigeria and Pakistan, decreased by 6.9 percent to 607,489 TEUs for the quarter ended June 30, 2024 from 652,500 TEUs for the same period in 2023 mainly due to the impact of expiration of the concession contract at PICT; partially tapered by volume growth due to market recovery at BGT; new services and improvement in trade activities at BCT and IDRC. Excluding the impact of discontinued operations at PICT, volume from the EMEA segment would have increased by 8.5 percent for the quarter ended June 30, 2024. The EMEA operations accounted for 20.6 percent and 18.8 percent of the Group's consolidated volume for the quarters ended June 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 three months ended June 30, 2023 and 2024:

Table 2.4 Total Income

	For the Three Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Gross revenues from port operations	US$592,726	**US$684,025**	15.4
Port authorities' share in gross revenues	55,332	**55,841**	0.9
Net revenues	537,394	**628,184**	16.9
Interest income	13,975	**16,233**	16.2
Foreign exchange gain	6,146	**7,816**	27.2
Other income	15,619	**6,033**	(61.4)
Total income	US$573,134	**US$658,266**	14.9

For the quarter ended June 30, 2024, net revenues stood at 95.4 percent of the total consolidated income whereas interest income, foreign exchange gain, and other income accounted for 2.5 percent, 1.2 percent and 0.9 percent, respectively. For the same period in 2023, net revenues stood at 93.8 percent of the total consolidated income while interest income, foreign exchange gain, and other income accounted for 2.4 percent, 1.1 percent and 2.7 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 June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Asia	US$258,299	**US$277,515**	7.4
Americas	212,534	**277,139**	30.4
EMEA	121,893	**129,371**	6.1
	US$592,726	**US$684,025**	15.4

The Group's consolidated gross revenues from port operations increased by 15.4 percent to US$684.0 million for the quarter ended June 30, 2024 from US$592.7 million for the same period in 2023 mainly due to higher revenues from ancillary services, tariff adjustments and volume growth with favorable container mix at certain terminals; growth in general cargo activities; and favorable translation impact mainly of the appreciation of Mexican Peso (MXN)-based revenues at CMSA; 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 Nigerian Naira (NGN)- and Philippine Peso (PHP)-based revenues at OMT and Philippine terminals, respectively. Excluding the impact of new (CLIA Pouso Alegre and Iloilo terminal) and discontinued operations, Group's consolidated gross revenues would have increased by 16.6 percent for the quarter ended June 30, 2024.

Gross revenues from the Asia segment increased by 7.4 percent to US$277.5 million for the quarter ended June 30, 2024 from US$258.3 million for the same period in 2023 mainly due to volume-driven increase, including tariff adjustment, at VICT; and contribution of new terminal in Iloilo, Philippines; partially 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 impact of new and discontinued operations, gross revenues of Asia segment would have increased by 6.4 percent for the quarter ended June 30, 2024. The Asia operations captured 43.6 percent and 40.6 percent of the Group's consolidated gross revenues for the quarters ended June 30, 2023 and 2024, respectively.

Gross revenues from the Americas segment increased by 30.4 percent to US$277.1 million for the quarter ended June 30, 2024 from US$212.5 million for the same period in 2023 mainly due to higher revenues from ancillary services, tariff adjustments and volume growth with favorable container mix largely at CMSA, ICTSI Rio and TSSA; and net favorable translation impact of foreign currency-denominated revenues against US dollar; partially tapered by volume-driven decrease in revenues at CGSA. Excluding contribution of CLIA Pouso Alegre, gross revenues of Americas segment would have increased by 29.8 percent for the quarter ended June 30, 2024. The Americas operations accounted for 35.9 percent and 40.5 percent of the Group's consolidated gross revenues for the quarters ended June 30, 2023 and 2024, respectively.

Gross revenues from the EMEA operations increased by 6.1 percent to US$129.4 million for the quarter ended June 30, 2024 from US$121.9 million for the same period in 2023 mainly due to volume-driven increase and higher revenues from ancillary services largely at IDRC; 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 impact of discontinued operations at PICT, gross revenues of EMEA segment would have increased by 14.7 percent for the quarter ended June 30, 2024. The EMEA operations stood at 20.5 percent and 18.9 percent of the Group's consolidated gross revenues for the quarters ended June 30, 2023 and 2024, respectively.

2.3.2.2 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 16.2 percent to US$16.2 million for the quarter ended June 30, 2024 from US$14.0 million for the same period in 2023 mainly due to interest earned from short-term deposits and investments at certain terminals.

Foreign exchange gain increased by 27.2 percent to US$7.8 million for the quarter ended June 30, 2024 from US$6.1 million for the same period in 2023 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income decreased by 61.4 percent to US$6.0 million for the quarter ended June 30, 2024 from US$15.6 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 three months ended June 30, 2023 and 2024.

Table 2.6 Total Expenses

	For the Three Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Manpower costs	US$82,876	**US$89,541**	8.0
Equipment and facilities-related expenses	40,323	**46,636**	15.7
Administrative and other operating expenses	39,517	**40,779**	3.2
Total cash operating expenses	162,716	**176,956**	8.8
Depreciation and amortization	75,017	**73,867**	(1.5)
Interest expense and financing charges on borrowings	34,872	**42,541**	22.0
Interest expense on lease liabilities	32,616	**34,654**	6.2
Interest expense on concession rights payable	16,533	**16,261**	(1.6)
Equity share in net loss of joint ventures and an associate	737	**2,817**	282.2
Foreign exchange loss and others	23,562	**5,025**	(78.7)
Total expenses	US$346,053	**US$352,121**	1.8

Total cash operating expenses of the Group increased by 8.8 percent to US$177.0 million for the quarter ended June 30, 2024 from US$162.7 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 activities and non-containerized general cargo 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. Excluding impact of new and discontinued operations, Group's consolidated cash operating expenses would have increased by 10.2 percent.

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

2.3.3.1 Manpower Costs

Manpower costs increased by 8.0 percent to US$89.5 million for the quarter ended June 30, 2024 from US$82.9 million for the same period in 2023 primarily due to government-mandated and contracted salary rate adjustments, including benefits, and increase in headcount at certain terminals; partially tapered by volume/revenue-driven 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, the Group's consolidated manpower costs would have increased by 9.4 percent.

Manpower costs accounted for 50.9 percent and 50.6 percent of consolidated cash operating expenses for the quarters ended June 30, 2023 and 2024, respectively.

2.3.3.2 Equipment and Facilities-related Expenses

Equipment and facilities-related expenses increased by 15.7 percent to US$46.6 million for the quarter ended June 30, 2024 from US$40.3 million for the same period in 2023 mainly due to increase in equipment repairs and maintenance; volume-driven increase in outsourced facilities and services, power and fuel costs, and equipment rentals at certain terminals; partially tapered by volume/revenue-driven 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, the Group's consolidated equipment and facilities-related expenses would have increased by 19.0 percent.

Equipment and facilities-related expenses stood at 24.8 percent and 26.4 percent of consolidated cash operating expenses for the quarters ended June 30, 2023 and 2024, respectively.

2.3.3.3 Interest Expense and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 22.0 percent to US$42.5 million for the quarter ended June 30, 2024 from US$34.9 million for the same period in 2023 mainly due to higher average loan balance.

2.3.3.4 Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 6.2 percent to US$34.7 million for the quarter ended June 30, 2024 from US$32.6 million for the same period in 2023 mainly due to the renewal of the concession contract at BCT; and remeasurement of lease liabilities at certain terminals; partially tapered by net favorable translation impact of certain currencies against US dollar.

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

Equity share in net loss of joint ventures and an associate increased to US$2.8 million for the quarter ended June 30, 2024 from US$0.7 million for the same period in 2023 mainly due to higher net loss of SPIA.

2.3.3.6 Foreign Exchange Loss and Other Expenses

Foreign exchange loss and other expenses decreased by 78.7 percent to US$5.0 million for the quarter ended June 30, 2024 from US$23.6 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.

2.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 20.4 percent to US$451.2 million for the quarter ended June 30, 2024 from US$374.7 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 66.0 percent for the quarter ended June 30, 2024 from 63.2 percent for the same period in 2023. Excluding impact of new and discontinued operations, EBITDA would have increased by 21.6 percent.

Meanwhile, consolidated EBIT increased by 25.9 percent to US$377.4 million for the quarter ended June 30, 2024 from US$299.7 million for the same period in 2023 mainly due to higher EBITDA, complemented with lower depreciation and amortization charges. EBIT margin increased to 55.2 percent for the quarter ended June 30, 2024 from 50.6 percent for the same period in 2023. Excluding impact of new and discontinued operations, EBIT would have increased by 26.6 percent.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 34.8 percent to US$306.1 million for the quarter ended June 30, 2024 from US$227.1 million for the same period in 2023 primarily due to higher operating income, lower depreciation and amortization charges, and nonrecurring goodwill impairment charge in 2023; partially tapered by increases in interest on loans and lease liabilities, and equity share in net loss of joint ventures and an associate. Excluding impact of nonrecurring goodwill impairment charge in 2023, consolidated income before income tax would have increased by 28.8 percent.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 38.3 percent and 44.8 percent for the quarters ended June 30, 2023 and 2024, respectively.

Consolidated provision for income taxes increased by 43.5 percent to US$74.0 million for the quarter ended June 30, 2024 from US$51.6 million for the same period in 2023. Effective income tax rate for the quarters ended June 30, 2023 and 2024 stood at 22.7 percent and 24.2 percent, respectively. Increase in the provision for income taxes and effective income tax rate from prior period is due to higher taxable income subjected to higher tax rates at certain terminals.

2.3.6 Net Income and Earnings per Share

Consolidated net income increased by 32.3 percent to US$232.2 million for the quarter ended June 30, 2024 from US$175.5 million for the same period in 2023. The ratio of consolidated net income to gross revenues stood at 29.6 percent and 33.9 percent for the quarter ended June 30, 2023 and 2024, respectively. Excluding impact of nonrecurring impairment charge in 2023, consolidated net income would have increased by 24.7 percent.

Consolidated net income attributable to equity holders increased by 32.3 percent to US$210.7 million for the quarter ended June 30, 2024 from US$159.2 million for the same period in 2023. Excluding impact of nonrecurring impairment charge in 2023, consolidated net income attributable to equity holders would have increased by 24.1 percent.

Basic earnings per share amounted to US$0.075 and US$0.101 for the quarters ended June 30, 2023 and 2024, respectively. Diluted earnings per share amounted to US$0.075 and US$0.101 for the quarters ended June 30, 2023 and 2024, respectively.

2.4 Comparison of Operating Results for the Six Months Ended June 30, 2023 and 2024

2.4.1 TEU Volume

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

Table 2.7 Volume

	For the Six Months Ended June 30		
	2023	**2024**	% Change
Asia	3,233,293	**3,462,657**	7.1
Americas	1,742,654	**1,687,581**	(3.2)
EMEA	1,299,890	**1,161,925**	(10.6)
	6,275,837	**6,312,163**	0.6

The Group's consolidated volume increased by 0.6 percent to 6,312,163 TEUs for the six months ended June 30, 2024 from 6,275,837 TEUs for the same period in 2023 mainly due to the impact of new services and improvement in trade activities at certain terminals; tapered by the decrease in volume of CGSA, the impact of expiration of the concession contract at PICT, and sale of OJA. Excluding impact of new and discontinued operations, consolidated volume would have increased by 5.6 percent for the six months ended June 30, 2024.

Volume from the Asia segment increased by 7.1 percent to 3,462,657 TEUs for the six months ended June 30, 2024 from 3,233,293 TEUs for the same period in 2023 mainly due to new services and improvement in trade activities largely at VICT and MICT, including contribution of new terminal in Iloilo, Philippines; partially tapered by the impact of sale of OJA. Excluding impact of new and discontinued operations, volume from the Asia segment would have increased by 10.0 percent for the six months ended June 30, 2024. The Asia operations captured 51.5 percent and 54.9 percent of the consolidated volume for the six months ended June 30, 2023 and 2024, respectively. `

Volume from the Americas segment decreased by 3.2 percent to 1,687,581 TEUs for the six months ended June 30, 2024 from 1,742,654 TEUs for the same period in 2023 mainly due to 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 27.8 percent and 26.7 percent of the consolidated volume for the six months ended June 30, 2023 and 2024, respectively.

Volume from the EMEA segment decreased by 10.6 percent to 1,161,925 TEUs for the six months ended June 30, 2024 from 1,299,890 TEUs for the same period in 2023 mainly due to the impact of expiration of the concession contract at PICT; partially tapered by volume growth due to market recovery at BGT; and improvement in trade activities at IDRC. Excluding the impact of discontinued operations at PICT, volume from the EMEA segment would have increased by 7.0 percent for the six months ended June 30, 2024. The EMEA segment stood at 20.7 percent and 18.4 percent of the consolidated volume for the six months ended June 30, 2023 and 2024, respectively.

2.4.2 Total Income

Table 2.8 Total Income

	For the Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Gross revenues from port operations	US$1,164,972	**US$1,321,673**	13.5
Port authorities' share in gross revenues	110,243	**107,253**	(2.7)
Net revenues	1,054,729	**1,214,420**	15.1
Interest income	27,364	**37,134**	35.7
Foreign exchange gain	9,700	**10,313**	6.3
Other income	18,704	**29,841**	59.5
Total income	US$1,110,497	**US$1,291,708**	16.3

For the six months ended June 30, 2024, net revenues accounted for 94.0 percent of the total consolidated income whereas interest income, foreign exchange gain, and other income represented 2.9 percent, 0.8 percent, and 2.3 percent, respectively. For the same period in 2023, net revenues accounted for 95.0 percent of the total consolidated income whereas interest income, foreign exchange gain, and other income represented 2.4 percent, 0.9 percent, and 1.7 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 Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Asia	US$532,443	**US$536,883**	0.8
Americas	387,921	**539,408**	39.1
EMEA	244,608	**245,382**	0.3
	US$1,164,972	**1,321,673**	13.5

The Group's consolidated gross revenues from port operations increased by 13.5 percent to US$1,321.7 million for the six months ended June 30, 2024 from US$1,165.0 million for the same period in 2023 mainly due to higher revenues from ancillary services, tariff adjustments and volume growth with favorable container mix at certain terminals; growth in general cargo activities; and favorable translation impact mainly of the appreciation of MXN-based revenues at CMSA; 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. Excluding impact of new and discontinued operations, consolidated gross revenues would have increased by 15.4 percent for the six months ended June 30, 2024.

Gross revenues from the Asia segment increased by 0.8 percent to US$536.9 million for the six months ended June 30, 2024 from US$532.4 million for the same period in 2023 mainly due to volume-driven increase, including tariff adjustment, at VICT; and contribution of new terminal in Iloilo, Philippines; 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. The Asia segment captured 45.7 percent and 40.6 percent of the consolidated gross revenues for the six months ended June 30, 2023 and 2024, respectively.

Gross revenues from the Americas segment increased by 39.1 percent to US$539.4 million for the six months ended June 30, 2024 from US$387.9 million for the same period in 2023 mainly due to higher revenues from ancillary services, tariff adjustments and volume growth with favorable container mix largely at CMSA, ICTSI Rio and TSSA; and net favorable translation impact of foreign currency-denominated revenues against US dollar; partially tapered by volume-driven decrease in revenues at CGSA. The Americas segment accounted for 33.3 percent and 40.8 percent of the consolidated gross revenues for the six months ended June 30, 2023 and 2024, respectively.

Gross revenues from the EMEA segment is flat at US$245.4 million for the six months ended June 30, 2024 mainly due to volume-driven increase and higher revenues from ancillary services largely at IDRC; 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 10.8 percent for the six months ended June 30, 2024. The EMEA operations stood at 21.0 percent and 18.6 percent of the consolidated gross revenues for the six months ended June 30, 2023 and 2024, respectively.

2.4.2.2 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 35.7 percent to US$37.1 million for the six months ended June 30, 2024 from US$27.4 million for the same period in 2023 mainly due to interest earned from short-term deposits and investments at certain terminals.

Foreign exchange gain increased by 6.3 percent to US$10.3 million for the six months ended June 30, 2024 from US$9.7 million for the same period in 2023 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income increased by 59.5 percent to US$29.8 million for the six months ended June 30, 2024 from US$18.7 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 six months ended June 30, 2023 and 2024:

Table 2.10 Total Expenses

	For the Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Manpower costs	US$162,730	**US$176,523**	8.5
Equipment and facilities-related expenses	84,032	**88,691**	5.5
Administrative and other expenses	79,089	**84,220**	6.5
Total cash operating expenses	325,851	**349,434**	7.2
Depreciation and amortization	148,026	**148,034**	0.0
Interest expense and financing charges on borrowings	71,551	**81,128**	13.4
Interest expense on lease liabilities	63,451	**70,132**	10.5
Interest expense on concession rights payable	32,514	**32,235**	(0.9)
Equity share in net loss of joint ventures and an associate	4,027	**4,497**	11.7
Foreign exchange loss and others	31,844	**17,619**	(44.7)
Total expenses	US$677,264	**US$703,079**	3.8

The Group’s cash operating expenses increased by 7.2 percent to US$349.4 million for the six months ended June 30, 2024 from US$325.9 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 activities and non-containerized general cargo at certain terminals; increase in government-mandated and contracted salary rate adjustments, including benefits; and unfavorable foreign exchange effect mainly of MXN-based expenses at CMSA; 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. Excluding impact of new and discontinued operations, consolidated cash operating expenses would have increased by 9.7 percent.

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

2.4.3.1 Manpower Costs

Manpower costs increased by 8.5 percent to US$176.5 million for the six months ended June 30, 2024 from US$162.7 million for the same period in 2023 primarily due to government-mandated and contracted salary rate adjustments, including benefits, and an increase in headcount at certain terminals; partially tapered by volume/revenue-driven 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 impact of new and discontinued operations, consolidated manpower costs would have increased by 10.5 percent.

Manpower costs accounted for 49.9 percent and 50.5 percent of consolidated cash operating expenses for the six months ended June 30, 2023 and 2024, respectively.

2.4.3.2 Equipment and Facilities-related Expenses

Equipment and facilities-related expenses increased by 5.5 percent to US$88.7 million for the six months ended June 30, 2024 from US$84.0 million for the same period in 2023 mainly due to increase in equipment repairs and maintenance; volume-driven increase in outsourced facilities and services, and power costs; partially tapered by volume/revenue-driven 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 impact of new and discontinued operations, consolidated equipment and facilities-related expenses would have increased by 10.1 percent.

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

2.4.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 6.5 percent to US$84.2 million for the six months ended June 30, 2024 from US$79.1 million for same period in 2023 mainly due to increase in provision for claims and losses, sponsorships, taxes linked to revenues, and insurance costs; partially tapered by decrease in professional fees; the impact of expiration of the concession contract at PICT; continuous cost optimization measures implemented; and net favorable translation impact of foreign currency-denominated administrative and other operating expenses against US dollar. Excluding impact of new and discontinued operations, consolidated administrative and other operating expenses would have increased by 7.7 percent.

Administrative and other operating expenses accounted for 24.3 percent and 24.1 percent of consolidated cash operating expenses for the six months ended June 30, 2023 and 2024, respectively.

2.4.3.4 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 13.4 percent to US$81.1 million for the six months ended June 30, 2024 from US$71.6 million for the same period in 2023 mainly due to higher average loan balance.

2.4.3.5 Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 10.5 percent to US$70.1 million for the six months ended June 30, 2024 from US$63.5 million for the same period in 2023 mainly due to the renewal of the concession contract at BCT; and remeasurement of lease liabilities at certain terminals; partially tapered by net favorable translation impact of certain currencies against US dollar.

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

Equity share in net loss of joint ventures and an associate increased by 11.7 percent to US$4.5 million for the six months ended June 30, 2024 from US$4.0 million for the same period in 2023 mainly from equity share in net loss of SPIA.

2.4.3.7 Foreign Exchange Loss and Others

Foreign exchange loss and others decreased by 44.7 percent to US$17.6 million for the six months ended June 30, 2024 from US$31.8 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 18.7 percent to US$865.0 million for the six months ended June 30, 2024 from US$728.9 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 in 2024 from 62.6 percent in 2023. Excluding impact of new and discontinued operations, EBITDA would have increased by 20.5 percent.

Meanwhile, consolidated EBIT increased by 23.4 percent to US$717.0 million for the six months ended June 30, 2024 from US$580.9 million for the same period in 2023 mainly due to higher EBITDA. EBIT margin increased to 54.2 percent in 2024 from 49.9 percent in 2023. Excluding impact of new and discontinued operations, EBIT would have increased by 25.0 percent.

2.4.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 35.9 percent to US$588.6 million for the six months ended June 30, 2024 from US$433.2 million for the same period in 2023 primarily due to higher operating income, nonrecurring income from settlement of legal claims in 2024, and nonrecurring impairment charge in 2023; partially tapered by increase in interest on loans and lease liabilities; and nonrecurring loss on sale of OJA. Excluding impact of nonrecurring income and charges, consolidated income before income tax would have increased by 28.4 percent.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 37.2 percent and 44.5 percent in 2023 and 2024, respectively.

Consolidated provision for income taxes increased by 48.8 percent to US$126.7 million for the six months ended June 30, 2024 from US$85.1 million for the same period in 2023. Effective income tax rate in 2023 and 2024 stood at 19.7 percent and 21.5 percent, respectively. Increase in the provision for income taxes and effective income tax rate from prior period is due to higher taxable income subjected to higher tax rates at certain terminals. Excluding impact of nonrecurring income and charges, effective income tax rate for the six months ended June 30, 2023 and 2024 would have been 19.2 percent and 22.2 percent, respectively.

2.4.6 Net Income

Consolidated net income increased by 32.7 percent to US$462.0 million for the six months ended June 30, 2024 from US$348.1 million for the same period in 2023. The ratio of consolidated net income to gross revenues stood at 29.9 percent and 35.0 percent for the six months ended June 30, 2023 and 2024, respectively. Excluding impact of nonrecurring income and charges, consolidated net income would have increased by 23.5 percent.

Consolidated net income attributable to equity holders increased by 34.0 percent to US$420.6 million for six months ended June 30, 2024 from US$313.8 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 23.8 percent.

Basic earnings per share increased to US$0.201 in 2024 from US$0.147 in 2023. Diluted earnings per share increased to US$0.200 in 2024 from US$0.147 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 August 8, 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)*	**June 30, 2024** *(Unaudited)*	% Change
Total assets	US$7,244,859	**US$7,309,450**	0.9
Current assets	1,212,086	**1,403,442**	15.8
Total equity	1,905,169	**1,534,157**	(19.5)
Total equity attributable to equity holders of the parent	1,592,743	**1,237,571**	(22.3)
Total interest-bearing debt	2,171,989	**2,614,777**	20.4
Current liabilities	715,616	**804,611**	12.4
Total liabilities	5,339,690	**5,775,293**	8.2
Current assets/total assets	16.7%	**19.2%**	
Current ratio	1.69	**1.74**	
Debt-equity ratio[1]	1.14	**1.70**	

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

Total assets increased marginally by 0.9 percent to US$7,309.5 million as at June 30, 2024 from US$7,244.9 million as at December 31, 2023 primarily due to the increase in cash and cash equivalents mainly due 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; and unfavorable impact on the translation of certain foreign operations' accounts.

Current assets increased by 15.8 percent to US$1,403.4 million as at June 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.

Total equity decreased by 19.5 percent to US$1,534.2 million as at June 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 8.2 percent to US$5,775.3 million as at June 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 12.4 percent to US$804.6 million as at June 30, 2024 from US$715.6 million as at December 31, 2023 mainly due higher accounts payable and other current liabilities.

2.6.1.1 Material Variances Affecting the Balance Sheet

Balance sheet accounts as at June 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 6.1 percent to US$860.0 million as at June 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 21.1 percent to US$214.1 million as at June 30, 2024 mainly due to the partial collection of advances to SPIA amounting to US$55.9 million.
3. Other noncurrent assets increased by 34.5 percent to US$263.5 million as at June 30, 2024 primarily due to higher advances to suppliers and contractors.

Current Assets

4. Cash and cash equivalents increased by 24.6 percent to US$892.1 million as at June 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.
5. Derivative assets increased by 68.5 percent to US$17.2 million as at June 30, 2024 due to favorable impact on market valuation of interest rate swaps.

Equity

6. Treasury shares decreased by 6.7 percent to US$35.8 million as at June 30, 2024 due to issuance of treasury shares for vested stock awards under the employee stock incentive plan.
7. Perpetual capital securities decreased by 49.4 percent to US$295.1 million as at June 30, 2024 mainly due to partial redemption in May 2024.
8. Other comprehensive loss increased by 49.5 percent to US$230.8 million as at June 30, 2024 mainly due to net unfavorable exchange differences on translation of foreign operations' accounts.
9. Equity attributable to non-controlling interests decreased by 5.1 percent to US$296.6 million as at June 30, 2024 due to higher cash dividends declared partially tapered by the net income attributable to non-controlling interests during the period.

Noncurrent Liabilities

10. Noncurrent portion of long-term debt increased by 21.3 percent to US$2,413.7 million as at June 30, 2024 mainly due to the net availment of loans by the Group.
11. Noncurrent portion of lease liabilities decreased by 5.4 percent to US$1,486.9 million as at June 30, 2024 mainly due to favorable impact on the translation of certain foreign operations' accounts; partially tapered by the impact of remeasurement of lease payments at certain terminals.
12. Other noncurrent liabilities decreased by 7.4 percent to US$43.7 million as at June 30, 2024 mainly due to favorable impact on market valuation of interest rate swaps.

Current Liabilities

13. Loans payable increased by 14.1 percent to US$159.2 million as at June 30, 2024 due to the net availment of short-term loans by the Group.
14. Accounts payable and other current liabilities increased by 16.9 percent to US$481.6 million as at June 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 lease liabilities decreased by 5.3 percent to US$39.7 million as at June 30, 2024 mainly due to lease payments during the period, complemented with favorable impact on the translation of certain foreign operations' accounts.
16. Income tax payable decreased by 16.5 percent to US$54.3 million as at June 30, 2024 mainly due to timing of payment of 2023 annual income tax.
17. Derivative liability amounting to US$13.2 million as at June 30, 2024 pertains to market valuation of the new cross-currency swap arrangements entered in March and June 2024.

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 June 30, 2023 and 2024:

Table 2.12 Consolidated Cash Flows

	For the Six Months Ended June 30		
(In thousands, except % change data)	2023	**2024**	% Change
Net cash provided by operating activities	US$635,906	US$787,396	23.8
Net cash used in investing activities	(152,602)	**(133,209)**	(12.7)
Net cash used in financing activities	(760,989)	**(462,210)**	(39.3)
Effect of exchange rate changes on cash	14,019	**(15,974)**	(213.9)
Net increase (decrease) in cash and cash equivalents	(263,666)	**176,003**	166.8
Cash and cash equivalents, beginning	838,940	**716,104**	(14.6)
Cash and cash equivalents, end	US$575,274	**US$892,107**	55.1

Consolidated cash and cash equivalents was higher by 55.1 percent to US$892.1 million as at June 30, 2024 from US$575.3 million for the same period in 2023, mainly due to higher cash generated from operations, and lower net cash used in financing and investing activities.

Net cash provided by operating activities increased by 23.8 percent to US$787.4 million for the six months ended June 30, 2024 from US$635.9 million for the same period in 2023 mainly due to strong results of operations in 2024.

Net cash used in investing activities for the six months ended June 30, 2024 amounted to US$133.2 million which consists mainly of capital expenditures of US$185.7 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 deposits and investments at certain terminals. Meanwhile, net cash used in investing activities for the same period in 2023 consists mainly of capital expenditures of US$152.2 million, primarily for the ongoing expansions and/or acquisition of equipment at certain terminals.

Net cash used in financing activities for the six months ended June 30, 2024 amounted to US$462.2 million which consists mainly of payment of dividends amounting to US$430.0 million; partial redemption of perpetual capital securities; payment of interests on lease liabilities, concession rights payable and borrowings; tapered by the proceeds from the net availment of loans. Meanwhile, the net cash used in financing activities for the same period in 2023 consists mainly of payment of dividends amounting to US$408.0 million; payment of principal and interests on borrowings, 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 June 30, 2024:

Table 2.13 Capital Sources

(In thousands, except % change data)	December 31, 2023 *(Audited)*	**June 30, 2024** *(Unaudited)*	% Change
Loans payable	US$139,563	**US$159,230**	14.1
Current portion of long-term debt	42,389	**41,836**	(1.3)
Long-term debt, net of current portion	1,990,037	**2,413,711**	21.3
Total short-term and long-term debt	2,171,989	**2,614,777**	20.4
Equity	1,905,169	**1,534,157**	(19.5)
Total debt and equity capital	US$4,077,158	**US$4,148,934**	1.8

The Group's total debt and equity capital increased by 1.8 percent as at June 30, 2024 primarily due to the net availment of loans by the Group; and 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 June 30, 2024:

Table 2.14 Outstanding Long-Term Debt Maturities

	Amount
2024 [i]	US$20,853
2025	437,016
2026	273,917
2027	108,737
2028 onwards	1,642,365
Total	US$2,482,888

[i] *July 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 June 30, 2024, ICTSI and subsidiaries were in compliance with their loan covenants.

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 June 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 57.3 percent and 61.8 percent of gross revenues for the periods ended June 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 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 six months ended June 30, 2024:

Table 2.15 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	50% USD	50% PHP
SBITC/ICTSI Subic	46% USD	54% PHP
MICTSI	51% USD	49% PHP
SCIPSI		100% PHP
BIPI	20% USD	80% PHP
LGICT	27% USD	73% PHP
CGT		100% PHP
Iloilo	33% USD	67% PHP
MMT	27% USD	73% PHP
MNHPI		100% PHP
OJA*	74% USD	26% IDR
EJMT		100% IDR
PNG		100% PGK
YICT		100% RMB
VICT		100% AUD
CMSA	18% USD	82% MXN
CGSA	100% USD	
ICTSI Rio	48% USD	52% BRL
IRB Logistica		100% BRL
CLIA Pouso Alegre		100% BRL
OPC	100% USD	
TSSA		100% BRL
Tecplata	100% USD	
AGCT	100% EUR	
BCT	69% USD/1% EUR	30% PLN

(Forward)

Subsidiary	USD/EUR Composition	Local Currency
BICTL	100% USD	
ICTSI Iraq	55% USD	45% IQD
IDRC	100% USD	
KMT		100% XAF**
MICTSL	100% EUR	
OMT	60% USD	40% 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 is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

ANNEX 1

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES

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

	Trade	Advances	Total
Under six months	US$145,701	US$21,357	US$167,058
Six months to one year	1,504	1,264	2,768
Over one year	5,298	3,897	9,195
	US$152,503	US$26,518	US$179,021

ANNEX 2

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS
As at and for the Six Months Ended June 30

	2023	**2024**
Liquidity ratios		
Current ratio [a]	1.00	**1.74**
Interest rate coverage ratio [b]	10.19	**10.66**
Solvency ratios		
Debt to equity ratio [c]	1.37	**1.70**
Asset to equity ratio [d]	4.21	**4.76**
Profitability ratio		
EBITDA margin [e]	62.6%	**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 June 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 August 8, 2024.

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

By

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

August 8, 2024

Arlyn L. McDonald
Vice President, Global Financial
Controller

August 8, 2024