

**PROPOSED ACQUISITION BY INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. OF
SHARES IN MANILA NORTH HARBOUR PORT, INC.**

M-2018-034

Statement on the Opening of a Phase II Review

12 December 2018

On 15 November 2018¹, the Mergers and Acquisitions Office (“MAO”) decided to move to a Phase II Review of the PROPOSED ACQUISITION BY INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. OF SHARES IN MANILA NORTH HARBOUR PORT, INC. (the “Transaction”), pursuant to Section 17 of Republic Act No. 10667 (“R.A. No. 10667”).

The initial market investigation conducted by MAO indicates that the Transaction may affect the port industry, particularly the markets for the provision of port operation and transshipment services in the Port of Manila. In accordance with R.A. No. 10667 and its Implementing Rules, MAO has a period of sixty (60) days from 15 November 2018 within which to conduct the Phase II Review of the Transaction.

The commencement of Phase II Review of the Transaction does not mean that MAO has made a definitive finding of substantial lessening of competition or has prejudged the review. This only signifies that a more detailed analysis of the Transaction is required using additional information from International Container Terminal Services, Inc. (“ICTSI”), Manila North Harbour Port, Inc. (“MNHPI”, collectively with ICTSI, the “Notifying Parties”), and third parties.

Abstract of the Transaction

ICTSI proposes to acquire from Harbour Centre Port Terminal, Inc. shares in MNHPI which would bring its current shareholding to 50.00%. Post-transaction, ICTSI will own and control 50% shareholdings in MNHPI, with the remaining shares held by San Miguel Holdings Corporation (“SMHC”) (43.33%), IZ Investment Holdings, Inc. (6.50%), and Petron Corporation (0.17%).

ICTSI is a port management company operating in various countries. In the Philippines, ICTSI operates in Laguna, Olongapo, Batangas, Davao, Cagayan de Oro, and South Cotabato. It also owns and operates the Manila International Container Terminal which services international cargo from the Port of the Manila.

¹ 30th day of Phase I review expires on 15 November 2018 subject to an approved waiver and extension of the periods under Section 17 of Republic Act No. 10667 and Rule 4, Section 5 of its Implementing Rules and Regulations submitted by ICTSI.

MNHPI is a subsidiary of SMHC, a company owned by San Miguel Corporation (“San Miguel”), a Philippine conglomerate with interests in food and beverage, packaging, properties, fuel and oil, energy, infrastructure, and banking industries. The ultimate parent entity of San Miguel is Top Frontier Investment Holdings, Inc.

MNHPI operates the Manila North Harbour which services domestic cargoes in the Port of Manila.

Notification of the Transaction

The Notifying Parties’ respective Notification Forms were filed on 11 October 2018 and Phase I Review of the Transaction commenced on 12 October 2018.

Review of the Transaction

After the initial 30-day Phase I Review, the MAO decided it needs to conduct a more detailed inquiry through an additional 60-day Phase II Review, to determine whether the Transaction will likely to lead a substantial lessening of competition in the market for port operation and transshipment services.

Particularly, the MAO seeks to investigate whether the Transaction enhances the ability and incentive of the Notifying Parties to engage in foreclosure of competitors where vertical relationships between the Notifying Parties’ operations are present, such as, but not limited to, transshipments.