

PT MITRABAHTERA SEGARA SEJATI TBK

The Company Records Revenues of US\$50.0 million in 9M16

Jakarta, October 31, 2016 – PT Mitrabahtera Segara Sejati Tbk (MBSS) reported revenues of US\$50.0million, gross profit of US\$2.9million, EBITDA of US\$12.7million and net loss for the nine months period of US\$6.7million in the unaudited financial statements for the period ended on September 30, 2016. The complete financial statements for the period can be accessed on the company's website (www.mbss.co.id).

The Company's revenues in 9M16 reflect a 30.1% decline from 9M15 revenue of US\$71.5million. The revenue decline is due to lower barging and floating crane revenues compared to 9M15 where barging revenue decline 22.0% from US\$45.7million to US\$35.6million and floating crane revenue decline by 44.2% from US\$25.8million to US\$14.4million.

Several factors affected revenue from barging segment. Continuation of high docking cycle from 2015 led to lower fleet availability in 9M16. Contract rates renegotiation and lower fuel price also contributed to lower freight rates as the Company has adjustment mechanism in relation to the rise or fall of fuel price in its contracts. Additionally, several contracts were discontinued. The revenue downside is partially compensated by higher revenue from spot projects, which is dominated by long distance shipments. The company had concluded contract renegotiation with Kideco-Cotrans with lower rates and extension of 2 years as compensation.

The US\$10.1million decline in barging revenue was mainly due to discontinued contracts totaling US\$6.9million, lower volume from Adaro, KPC, and rates negotiation for Kideco with negative impact of US\$5.5million, which was partially compensated by increase in spot revenue of US\$2.3million.

Meanwhile, the US\$11.4million decline in floating crane revenue was mainly due to no revenue generated from FC Rachel which was released in October 2015 as the client, PT Kideco Jaya Agung through its affiliate PT Seabridge Shipping, exercised its option to purchase the floating crane. This negatively impacted revenue by US\$3.2million. Subsequently, lower revenue also generated by FC Abby, FC Nicholas, and FC Chloe which were entered spot market in 2016 with negative impact of US\$4.7million. Further contract renegotiation of FC Vittoria with Kideco resulted lower rates with extension of 2 years and cancelation of purchase option clause have negative impact of US\$2.1million. Additionally, lower revenue generated by other floating cranes which in turn was due to lower volume as more geared vessels operated by our clients' buyers.

To overcome the challenges in 9M16, the Company has taken several actions to mitigate their impact on performance. The Company still maintains relationship with its existing clients and closely working with them in order to help make their logistic operations more efficient. The Company pursues to maintain its long-term relationship and willing to renegotiate the contract terms and conditions for long-term benefit. As mentioned previously, the Company's performance in 9M16 is supported, among others, by spot projects that is dominated by long distance shipments in line with rising coal demand for domestic consumption especially for power plants.

Below is the summary of Company's performance in 9M16:

1. Operational Highlights

Description	Unit	9M16	9M15	Change (%)
<u>Barging</u>				
Fleets	Set	76.0	78.0	-2.6%
Volume	Mt	16.9	17.3	-2.1%
<u>Floating Crane</u>				
Fleets	Unit	6.0	7.0	-14.3%
Volume	Mt	9.6	15.1	-36.9%
Grand Total Volume	Mt	26.5	32.4	-18.4%

2. Summary Statements of Profit and Loss and Other Comprehensive Income

Description (in US\$m unless indicated)	9M16	9M15	Change (%)
Revenue			
Barging	35.6	45.7	-22.0%
Floating Crane	14.4	25.8	-44.2%
Total Revenue	50.0	71.5	-30.0%
Direct Costs	47.1	54.2	-13.1%
Gross Profit	2.9	17.3	-83.2%
<i>% Gross profit</i>	<i>8.1%</i>	<i>37.9%</i>	<i>(3,786.0)bps</i>
Operating Expenses	8.1	8.9	-8.3%
Operating (Loss) Profit	(5.2)	8.4	-162.2%
<i>% Operating profit</i>	<i>-14.7%</i>	<i>18.4%</i>	<i>(1,844.0)bps</i>
Other Income (Expenses)	(0.3)	(6.2)	-95.2%
Profit (Loss) Before Tax	(5.5)	2.2	-352.4%
Profit (Loss) for the Period attributable Owners	(6.7)	0.2	-3598.5%
<i>% Net Profit After Tax</i>	<i>-18.8%</i>	<i>0.4%</i>	<i>(42.0)bps</i>
Non-controlling Interest	0.6	1.1	-51.9%
EBITDA	12.7	26.2	-51.6%
<i>% EBITDA</i>	<i>35.6%</i>	<i>57.4%</i>	<i>(5,738.0)bps</i>
Capex	4.9	6.1	-20.3%

Revenues

Revenues decreased by 30.0% from US\$71.5million in 9M15 to US\$50.0million in 9M16, due to 22.0% lower barging segment revenue and 44.2% lower floating crane revenue.

Direct Costs

Direct costs decreased by US\$7.1million to US\$47.1 million in line with the decrease in cargo volume transported and lower fuel price. The Company has conducted a variety of cost efficiency and rationalization measures, especially for variable components such as fuel. However, the fixed component of direct costs such as depreciation of vessels, and costs associated with high docking cycle which are still continuing, caused the decrease in direct costs to be less than the decrease in revenue.

Operating Expenses

Operating expenses decreased by US\$0.8million from US\$8.9million in 9M15 to US\$8.1million in 9M16, mainly due to salary & allowances and transportation & allowances.

Other Income (Expenses)

Lower other expense is mainly due to reversal of FC Vittoria loss on asset impairment, and foreign exchange gain recorded in 9M16, whereas in 9M15 the Company recorded foreign exchange loss.

3. Summary Statements of Financial Position

Description (in US\$m unless indicated)	9M16	12M15	Change (%)
Cash and cash equivalents	32.5	41.7	-22.0%
Total current assets	71.9	81.5	-11.8%
Total Assets	290.2	307.8	-5.7%
Current Liabilities	43.8	39.0	12.4%
Total Debt	57.1	70.9	-19.4%
Total Liabilities	69.2	80.7	-14.2%
Total Equity	220.9	227.1	-2.7%
Current ratio (x)	1.6	2.1	
Debt to Equity (x)	0.3	0.3	

Total Assets

Total assets in 9M16 is 5.7% lower than 12M15 as both current assets and non-current assets are lower. Lower current assets is mainly due to lower cash balance, in line with lower revenue recorded in 9M16. Meanwhile, non-current assets is lower mainly due to depreciation during the period.

Total Liabilities

Total liabilities in 9M16 is 14.2% lower than 12M15, mainly due to repayment of bank loans according to repayment schedule.

Total Equity

Lower equity is due to losses recorded in 9M16.

About PT Mitrabahtera Segara Sejati Tbk

www.mbss.co.id

PT Mitrabahtera Segara Sejati Tbk is an integrated service provider of sea logistics and transshipment focusing on natural resources and bulk materials with its strategic investments in PT Mitra Swire CTM, PT Mitra Alam Segara Sejati, Mitra Segara Sejati Pte. Ltd., PT Mitra Hartono Sejati and PT Mitra Jaya Offshore.

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Disclaimer:

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