

PT MITRABAHTERA SEGARA SEJATI TBK

The Company Records Revenues of US\$15.8 million in 3M17

Jakarta, April 27, 2017 – PT Mitrabahtera Segara Sejati Tbk (MBSS) recorded revenues of US\$15.8million, gross profit of US\$0.6million, EBITDA of US\$4.0million and net loss for the three months period of US\$2.6million in the unaudited financial statements for the period ended on March 31, 2017. The complete financial statements for the period can be accessed on the company's website (www.mbss.co.id).

The Company's revenues in 3M17 reflect a 14.1% decline from 3M16 revenue of US\$18.3million. The decline in revenue is due to lower barging and floating crane revenues compared to 3M16 where barging revenue decline 9.1% from US\$12.2million to US\$11.1million and floating crane revenue decline by 24.0% from US\$6.1million to US\$4.7million.

Meanwhile, total volume transported in 3M17 show 23.8% decline from 3M16. This decline are due to lower in barging volume by 20.2% from 6.1 Mt in 3M16 to 4.9 Mt in 3M17 and lower in floating crane volume by 30.1% from 3.5 Mt in 3M16 to 2.4 Mt in 3M17.

The decline in revenue mostly due to bad weather in Q1 2017, particularly in February which impacted to the Company's productivity. This condition made our fleets sheltered for safety reason and negatively impacted the Company's revenue. Unstable supply and demand in market are still the main factors behind the pressure in coal logistics services in Indonesia. Despite the increased of coal price in second half of 2016, it wasn't directly change the logistic pattern particularly on barging segment however the Floating Crane segment is improved due to increase in export market.

Most of big coal producers have started to leverage their own in-house logistic providers, therefore the competition for cargo becoming more intense in the past few years.

Several factors affected revenue from barging segment. The US\$1.1million decline in barging revenue was mainly due to discontinued contracts totaling US\$0.3million. Lower volume and performance from Adaro, BCS, and KPC have negative impact of US\$1.8million, further rates negotiation for Kideco negatively impacted the revenue by US\$0.7million. These condition were partially compensated by increase in spot revenue and Time Charter (TC) segment by US\$1.4million and higher contribution of MMS with positive impact of US\$0.2million. These increments mostly due to our new contracts in 2017 with Sinarmas LDA Maritime and Berau Coal for Time Charter contract basis and also with BAG for spot shipment contract.

On the other hand, the US\$1.8million decline in floating crane revenue is mainly due to renegotiation of FC Vittoria with Kideco resulted lower rates, compensated with extension of 2 years and cancelation of purchase option clause. This has impacted a lower revenue by US\$0.8million. Further new contract of FC Chloe with Winning on Time Charter basis and spot revenue of FC Abby and FC Nicholas with total of US\$1.4million were not able to compensate the decrease from lower Berau contract contribution (FC Chloe and FC Blitz) in 2016 of US\$2.7million.

Given MBSS' large fleet and status as a confirmed vendor to the State Electricity Company PT PLN, the Company is well positioned to benefit from the continued rise in demand. Outside of coal, Indonesia's geography as the world's largest archipelago with open up ample maritime opportunities for the Company especially related to exploitation of oil and gas resources. Not many domestic shipping companies have the required skill, track record and capital to compete in this area. For route planning, the Company is exploring to serve multiple clients within the same area, in order to combine the volume from different sources.

In 2017, the Company continues its initiatives to become more effective and efficient by improving its productivity through safety and operational excellence, streamlining the organization and business processes to be able to compete in current market condition.

Below is the summary of Company's performance in 3M17:

1. Operational Highlights

Description	Unit	3M17	3M16	Change (%)
Barging				
Fleets	Set	71.0	76.0	-6.6%
Volume	Mt	4.9	6.1	-20.2%
Floating Crane				
Fleets	Unit	6.0	6.0	-
Volume	Mt	2.4	3.5	-30.1%
Grand Total Volume	Mt	7.3	9.6	-23.8%

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

Description (in US\$m unless indicated)	3M17	3M16	Change (%)
Revenue			
Barging	11.1	12.2	-9.1%
Floating Crane	4.7	6.1	-24.0%
Total Revenue	15.8	18.3	-14.1%
Direct Costs	15.2	15.3	-0.8%
Gross Profit	0.6	3.0	-81.3%
<i>% Gross profit</i>	<i>3.6%</i>	<i>16.6%</i>	<i>(1,655.0)bps</i>
Operating Expenses	2.2	2.8	-19.6%
Operating (Loss) Profit	(1.7)	0.2	-776.3%
<i>% Operating profit</i>	<i>-10.6%</i>	<i>1.3%</i>	<i>(135.0)bps</i>
Other Income (Expenses)	(0.7)	(0.8)	5.9%
Profit (Loss) Before Tax	(2.4)	(0.5)	368.7%
Profit (Loss) for the Period attributable Owners	(2.6)	(1.3)	102.5%
<i>% Net Profit After Tax</i>	<i>-16.3%</i>	<i>-6.9%</i>	<i>(690.0)bps</i>
Non-controlling Interest	(0.0)	0.5	-104.0%
EBITDA	4.0	6.1	-34.1%
<i>% EBITDA</i>	<i>25.6%</i>	<i>33.4%</i>	<i>(3,341.0)bps</i>
Capex	1.5	1.5	-1.7%

Revenues

Revenues decreased by 14.1% from US\$18.3million in 3M16 to US\$15.8million in 3M17, due to 9.1% lower barging segment revenue and 24.0% lower floating crane revenue.

Direct Costs

Direct costs decreased by US\$0.1million to US\$15.2million in line with the decrease in cargo volume transported. The decline in repair and maintenance by US\$0.1million from US\$1.1million in 3M16 to US\$1.0million in 3M17, is one of big contribution in lower direct costs. The Company has conducted a variety of cost efficiency and rationalization measures. 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. Further in 2017 we were releasing 5 sets of our fleets in line with its initiatives to improve safety and sea worthiness of our fleets anticipating the shift of logistic pattern to long haul shipment.

Operating Expenses

Operating expenses decreased by US\$0.6million from US\$2.8million in 3M16 to US\$2.2million in 3M17, mainly due to salary & allowances.

Other Income (Expenses)

Lower other expense is mainly due to decline in interest expense that driven by repayment of loan in 2017.

3. Summary Statements of Financial Position

Description (in US\$m unless indicated)	3M17	12M16	Change (%)
Cash and cash equivalents	28.5	33.7	-15.4%
Total current assets	49.9	56.4	-11.5%
Total Assets	249.8	260.5	-4.1%
Current Liabilities	40.9	43.2	-5.2%
Total Debt	42.5	52.3	-18.8%
Total Liabilities	55.3	63.4	-12.7%
Total Equity	194.4	197.1	-1.4%
Current ratio (x)	1.2	1.3	
Debt to Equity (x)	0.22	0.27	

Total Assets

Total assets in 3M17 is 4.1% lower than 3M16 as both current assets and non-current assets are lower. Lower current assets is mainly due to lower cash and receivables balance, in line with lower revenue recorded in 3M17. Meanwhile, non-current assets are lower mainly due to depreciation during the period.

Total Liabilities

Total liabilities in 3M17 is 12.7% lower than 3M16, mainly due to repayment of bank loans according to repayment schedule.

Total Equity

Lower equity is due to losses recorded in 3M17.

Events After The Reporting Period

On April 13, 2017, the Company signed an Assignment and Assumption Agreement with PT Indika Energy Tbk (IE), parent company, wherein IE agreed to assign to the Company part of its loan obtained from Indika Capital Pte. Ltd. (ICPL), a related company. Through this Assignment and Assumption Agreement, the Company is liable directly to ICPL at the amount of US\$ 41.7 million, bearing interest at 7%, payable semiannually in April and October. Such loan from ICPL will be due in April 2022.

The proceeds of the loan from ICPL will be used to partially prepay the Company's loan to Bank ANZ Indonesia and Standard Chartered, Permata Bank and Exim Bank.

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, particularly coal 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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