

PT MITRABAHTERA SEGARA SEJATI TBK

The Company Records Revenues of US\$33.2 million in 6M17

Jakarta, August 31, 2017 – PT Mitrabahtera Segara Sejati Tbk (MBSS) recorded revenues of US\$33.2million, gross profit of US\$2.0million, EBITDA of US\$9.7million and net loss for the six months period of US\$3.8million in the limited review consolidated financial statements for the period ended on June 30, 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 6M17 slightly increased by 0.3% from 6M16 revenue of US\$33.1million. The improvement in revenue mostly contributed from barging segment, particularly from spot shipments and several short-term contracts that are likely converting to long-term contracts, with higher revenue contribution of US\$1.8million and US\$2.3million, respectively. It has compensated to the decline of long-term contracts revenue contribution due to rates and volume renegotiation of US\$2.5million. Further floating crane segment has recorded lower revenue by US\$1.6million due to contract renegotiation and several floating cranes enter spot market. In term of barging volume, despite higher revenue recorded in 6M17, volume is lower by 12% or 1.4Mt. It is indicating the shift of shipment pattern towards long-haul and spot basis rather than export oriented and transshipment. On the other hand, floating crane volume recorded lower by 1.0Mt due to change in contract type of our 2 floating cranes from freight charter to time charter.

Certain factors affected revenue from barging segment. The US\$1.7million increase in barging revenue was mainly due to significant increase in spot shipment by US\$1.8million and in several short-term contracts together with Time Charter (TC) revenue by US\$2.3million which compensated the decline in long-term contracts by US\$2.5million. Several short-term contracts in current period have positive impact of US\$1.5million, while during the year, there were new contracts signed under TC basis with Sinarmas LDA Maritime and Berau Coal that impacted into the increase in revenue for US\$0.8million. On the other hand, the decline in long-term contracts due to discontinued contracts totaling to US\$1.3million, lower volume and contribution from Adaro and Kaltim Prima Coal (KPC) contracts which have negative impact of US\$1.0million, further rates negotiation with Kideco impacted lower revenue by US\$1.1million. However, it was compensated by the increase of MMS contribution by US\$1.0million.

Meanwhile, the US\$1.6million decline in floating crane revenue was mostly due to the decline in Berau project by US\$4.2million and renegotiation with Kideco resulted lower rates and volume, although compensated with extension of 2 years and cancelation of purchase option clause, which has impacted a lower revenue by US\$1.2million. The discontinued contract from PT Bahari Cakrawala Sebuku (BCS) also has negative impact of US\$1.2million. Further new TC contracts with PT Winning Shipping Indonesia (Winning) and Chiyoda-Saipem-Tripatra-SAE Joint Operation (CSTS) contribution have increased the revenue by US\$2.2million and higher contribution in spot market has increased the revenue by US\$2.9million. The revenue increased in FC's new contracts and spot were still not able to compensate the decline of long-term contracts revenue.

In term of total volume, it has declined by 2.4Mt compared to 6M16. Despite higher revenue in barging, volume is lower by 12%, this was in line with the shifting of shipment pattern from short shipment to long-haul and spot basis. While the decline in floating crane volume by 16.3% mostly due to change in contract type of our 2 floating cranes from freight charter to time charter.

Given MBSS' large fleet and status as a confirmed vendor to PT Pelayaran Bahtera Adhiguna (BAG), the subsidiary of 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, operating expenses savings, streamlining the organization and business processes to be able to compete in current market condition.

Below is the summary of Company's performance in 6M17:

1. Operational Highlights

Description	Unit	6M17	6M16	Change (%)
Barging				
Fleets	Set	71.0	76.0	-6.6%
Volume	Mt	9.9	11.3	-12.0%
Floating Crane				
Fleets	Unit	6.0	6.0	-
Volume	Mt	5.4	6.4	-16.3%
Grand Total Volume	Mt	15.3	17.7	-13.5%

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

Description (in US\$m unless indicated)	6M17	6M16	Change (%)
Revenue			
Barging	24.0	22.3	7.5%
Floating Crane	9.2	10.8	-14.7%
Total Revenue	33.2	33.1	0.3%
Direct Costs	31.2	31.1	0.5%
Gross Profit	2.0	2.0	-3.3%
<i>% Gross profit</i>	<i>5.9%</i>	<i>6.2%</i>	<i>(617.0)bps</i>
Operating Expenses	4.0	5.5	-26.2%
Operating (Loss) Profit	(2.1)	(3.4)	-39.8%
<i>% Operating profit</i>	<i>-6.2%</i>	<i>-10.4%</i>	<i>(1,036.0)bps</i>
Other Income (Expenses)	(1.5)	(1.5)	-2.7%
Profit (Loss) Before Tax	(3.6)	(5.0)	-28.3%
Profit (Loss) for the Period attributable Owners	(3.8)	(6.1)	-36.8%
<i>% Net Profit After Tax</i>	<i>-11.6%</i>	<i>-18.4%</i>	<i>(1,836.0)bps</i>
Non-controlling Interest	(0.1)	0.7	-118.5%
EBITDA	9.7	8.3	16.7%
<i>% EBITDA</i>	<i>29.3%</i>	<i>25.1%</i>	<i>(2,514.0)bps</i>
Capex	4.3	3.6	21.8%

Revenues

Revenues slightly increased by 0.3% from US\$33.1million in 6M16 to US\$33.2million in 6M17, due to 7.5% higher barging segment revenue and netted by 14.7% lower floating crane revenue.

Direct Costs

Direct costs increased by US\$0.1million to US\$31.2million mainly due to increase in fuel cost by US\$1.0million in 6M17. Fuel is the main factor behind this higher direct cost in line with higher frequency of long-haul spot shipment during 6M17. Further the Company has conducted a variety of cost efficiency and rationalization measures particularly related with repair and maintenance activities. 2017 would be the last period of high docking cycle which we are expecting it will subside in 2018. Further in 2017 we have released 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\$1.5million from US\$5.5million in 6M16 to US\$4.0million in 6M17, mainly due to salary & allowances in line with cost saving measures taken by MBSS.

Other Income (Expenses)

Lower other expenses are mainly due to other income from recovery prepaid expenses of US\$0.4million although netted by the increase in interest expense by US\$0.1million due to liability management initiatives.

3. Summary Statements of Financial Position

Description (in US\$m unless indicated)	6M17	12M16	Change (%)
Cash and cash equivalents	32.1	33.7	-4.9%
Total current assets	56.7	56.4	0.4%
Total Assets	249.4	260.5	-4.3%
Current Liabilities	13.4	43.2	-69.0%
Total Debt	43.1	52.3	-17.7%
Total Liabilities	56.3	63.4	-11.3%
Total Equity	193.2	197.1	-2.0%
Current ratio (x)	4.2	1.3	
Debt to Equity (x)	0.2	0.3	

Total Assets

Total assets in 6M17 is 4.3% lower than 12M16 which mainly due to lower in non-current assets that affected by depreciation during the period. While the increase in current assets as shown by receivable balance, in line with higher revenue recorded in 6M17.

Total Liabilities

Total liabilities in 6M17 is 11.3% lower than 12M16, mainly due to repayment of bank loans and liability management through loan obtained from Indika Capital Pte. Ltd. (ICPL), a related company, and MBSS 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.

Total Equity

Lower equity is due to losses recorded in 6M17.

Capex

Higher capex in 6M17 by 21.8% from US\$3.6million in 6M16 to US\$4.3million in 6M17 in line with the 5-years docking cycle schedule.

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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