

## PT MITRABAHTERA SEGARA SEJATI TBK

*The Company Records Revenues of US\$51.0 million in 9M17*

**Jakarta, 27 November, 2017** – PT Mitrabahtera Segara Sejati Tbk (MBSS) recorded revenues of US\$51.0million, gross profit of US\$2.1million, EBITDA of US\$13.9million and net loss of US\$7.0million in the limited review consolidated financial statements for the nine months period ended on September 30, 2017. The complete financial statements for the period can be accessed on the company's website ([www.mbss.co.id](http://www.mbss.co.id)).

The Company's revenues in 9M17 slightly increased by 1.8% from 9M16 revenue of US\$50.0million. The improvement in revenue mostly contributed by barging segment, particularly from several short-term contracts that are likely converting to long-term contracts, and increased in Time Charter (TC) segment, with higher revenue contribution of US\$5.6million, and US\$1.5million respectively. It has compensated to the decline of long-term contracts revenue contribution due to rates and volume renegotiation of US\$3.1million, lower spot shipment of US\$0.7million, and discontinued contract of US\$2.0million. On the other hand floating crane segment has recorded lower revenue by US\$0.3million due to contract renegotiation and several floating cranes enter spot market. In term of barging volume, despite higher revenue recorded in 9M17, volume is lower by 16% or 2.7Mt. It is indicating the shift of shipment pattern towards long-haul and spot basis rather than export oriented and transshipment. Further, floating crane volume recorded lower by 2.6Mt due to change in contract type of our 3 floating cranes from freight charter to time charter which are not recognized any volume transshipped.

Certain factors affected revenue from barging segment. The US\$1.3million increase in barging revenue was mainly due to significant increase in several short-term contracts together with Time Charter (TC) revenue by US\$7.1million which compensated the decline in long-term contracts, spot, and discontinued contract by US\$5.8million. These short-term contracts generated positive contribution of US\$5.6million in revenue are Indocement, MUTU, Atlas, BAG Adaro, TCP, Berau, and BPB, while during the year, there were 2 new contracts signed under TC basis with Sinarmas LDA Maritime, and Berau Coal that impacted into the increase in revenue of US\$1.5million. On the other hand, the decline in long-term contracts due to discontinued contracts totaling to US\$2.0million, lower volume and contribution from Adaro and Kaltim Prima Coal (KPC) contracts which have negative impact of US\$3.1million, and lower spot shipment revenue contribution of US\$0.7million.

The US\$0.3million declined in floating crane revenue was mostly due to the decline in Berau project by US\$5.2million 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\$0.8million. The discontinued contract from PT Bahari Cakrawala Sebuku (BCS) also has negative impact of US\$1.9million. Further new TC contracts with Berau (starting June 2017), PT Winning Shipping Indonesia (Winning), and Chiyoda-Saipem-Tripatra-SAE Joint Operation (CSTS) contribution have increased the revenue by US\$3.3million and higher contribution in spot market has increased the revenue by US\$4.3million helped by increase of demand for spot transshipment activities in-line with strengthening coal price and salvage activity for FC Nicholas.

In term of total volume, it has declined by 5.2Mt compared to 9M16. Despite higher revenue in barging, volume is lower by 16%, 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 27% 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 9M17:

1. Operational Highlights

Description	Unit	9M17	9M16	Change (%)
<b>Barging</b>				
Fleets	Set	71.0	76.0	-6.6%
Volume	Mt	14.2	16.9	-15.8%
<b>Floating Crane</b>				
Fleets	Unit	6.0	6.0	-
Volume	Mt	7.0	9.6	-27.0%
<b>Grand Total Volume</b>	<b>Mt</b>	<b>21.2</b>	<b>26.5</b>	<b>-19.8%</b>

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

Description (in US\$m unless indicated)	9M17	9M16	Change (%)
<b>Revenue</b>			
Barging	36.9	35.6	3.6%
Floating Crane	14.1	14.4	-2.5%
<b>Total Revenue</b>	<b>51.0</b>	<b>50.0</b>	<b>1.8%</b>
<b>Direct Costs</b>	<b>48.9</b>	<b>47.2</b>	<b>3.6%</b>
<b>Gross Profit</b>	<b>2.1</b>	<b>2.9</b>	<b>-27.3%</b>
<i>% Gross profit</i>	<i>4.1%</i>	<i>5.8%</i>	<i>(575.0)bps</i>
<b>Operating Expenses</b>	<b>6.2</b>	<b>8.1</b>	<b>-23.6%</b>
<b>Operating (Loss) Profit</b>	<b>(4.1)</b>	<b>(5.3)</b>	<b>-21.6%</b>
<i>% Operating profit</i>	<i>-8.1%</i>	<i>-10.5%</i>	<i>(1,052.0)bps</i>
<b>Other Income (Expenses)</b>	<b>(2.6)</b>	<b>(0.3)</b>	<b>-761.7%</b>
<b>Profit (Loss) Before Tax</b>	<b>(6.7)</b>	<b>(5.6)</b>	<b>-20.6%</b>
<b>Profit (Loss) for the Period attributable Owners</b>	<b>(7.0)</b>	<b>(6.7)</b>	<b>-4.3%</b>
<i>% Net Profit After Tax</i>	<i>-13.7%</i>	<i>-13.4%</i>	<i>(1,341.0)bps</i>
<b>Non-controlling Interest</b>	<b>(0.1)</b>	<b>0.6</b>	<b>-119.3%</b>
<b>EBITDA</b>	<b>13.9</b>	<b>12.5</b>	<b>11.3%</b>
<i>% EBITDA</i>	<i>27.5%</i>	<i>25.0%</i>	<i>(2,495.0)bps</i>
<b>Capex</b>	<b>7.4</b>	<b>4.9</b>	<b>51.1%</b>

**Revenues**

Revenues slightly increased by 1.8% from US\$50.0million in 9M16 to US\$51.0million in 9M17, due to 3.6% higher barging segment revenue and netted by 2.5% lower floating crane revenue.

**Direct Costs**

Direct costs increased by US\$3.6million to US\$48.9million mainly due to increase in fuel cost by US\$1.0million in 9M17. Fuel is the main factor behind this higher direct cost in line with higher frequency of long-haul spot shipment during 9M17. 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.

**Operating Expenses**

Operating expenses decreased by US\$1.9million from US\$8.1million in 9M16 to US\$6.2million in 9M17, mainly due to salary & allowances in line with cost saving measures taken by MBSS.

### Other Income (Expenses)

Higher other expenses by US\$2.1million were mainly caused by higher interest expenses due to liability management initiatives, and there were an adjustment in 9M16 related the reversal of impairment FC Vittoria amounting to US\$2.8million.

Overall NPAT comparison 9M17 without reversal of impairment FC Vittoria would be better by US\$2.5million from US\$9.5million in 9M16 to US\$7.0million.

### 3. Summary Statements of Financial Position

Description (in US\$m unless indicated)	9M17	12M16	Change (%)
Cash and cash equivalents	32.3	33.7	-4.2%
Total current assets	54.6	56.4	-3.2%
Total Assets	244.2	260.5	-6.3%
Current Liabilities	11.3	43.2	-73.9%
Total Debt	43.2	52.3	-17.4%
Total Liabilities	54.2	63.4	-14.5%
Total Equity	190.0	197.1	-3.6%
Current ratio (x)	4.8	1.3	
Debt to Equity (x)	0.2	0.3	

#### Total Assets

Total assets in 9M17 is 6.3% lower than 12M16 which mainly due to lower in non-current assets that affected by depreciation during the period.

#### Total Liabilities

Total liabilities in 9M17 is 14.5% 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 9M17.

#### Capex

Higher capex in 9M17 by 51.1% from US\$4.9million in 9M16 to US\$7.4million in 9M17 in line with the 5-years docking cycle schedule.

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About PT Mitrabahtera Segara Sejati Tbk

[www.mbss.co.id](http://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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