PT MITRABAHTERA SEGARA SEJATI TBK.

NAVIGATING CHALLENGES TOWARD SUSTAINABLE GROWTH

The Company recorded revenue growth (YoY) of 10.0%, gross profit of 12.5%, and EBITDA of 16.1%

30 July 2013, JAKARTA - PT Mitrabahtera Segara Sejati Tbk (MBSS) reported first half 2013 (1H-2013) revenues of USD 74.9 million, gross profit of USD 30.7 million, EBITDA of USD 36.1 million and net income attributable to owners of the Company of USD 19.5 million for the unaudited financial statements ended 30 June 2013. The complete financial statements for the period can be accessed on the Company website www.mbss.co.id

MBSS recorded revenues growth of 10.0% YoY, in which barging revenues grew by 2.1% and floating cranes by 36.5%. The efficiency in direct costs, were conducted among others by optimizing the utilization of own fleet rather than renting from the third parties fleet. This action resulted a better gross margin in 1H-2013 (41.0%) compared to 1H-2012 (40.1%).

MBSS' revenues growth impacted to the net income growth of 7.1% or became USD 19.5 million in 1H-2013, better EPS by 7.7% or to USD 0.0112 per share in 1H-2013 compared to USD 0.0104 per share in 1H-2012.

Rico Rustombi, President Director of MBSS mentioned: "The growth in the first half 2013 was mostly contributed by FC Vittoria and FC Blitz which have fully operated for the first six months in 2013. FC Blitz began in operations since May 2012 while FC Vittoria in December 2012. The continuous growth until the first half 2013 is encouraging and we are optimistic that in the second half 2013, we would maintain the positive growth. However, we realize that to maintain the continuous growth in the future especially in 2014 is very challenging for MBSS due to the current global economy that has not recovered yet".

To anticipate that challenging situations, Management of MBSS took some innovative and strategic initiatives to maintain the service quality and optimal logistic solutions to clients by performing the cost efficiency and diversifying the client's portfolio for non-coal producers to improve Company's risk profile. MBSS now has observed and freight for bulk material outside the coal market such as transporting pipes, iron ores, and bauxite.

"We continue observing the bulk material commodity market other than coal market to identify the potential market which can give the better margin and also to balance the business risk profile of MBSS. The operational strategic decision to expedite docking of our own fleet in Q1-2013 has shown a positive result in Q2-2013 in terms of increment of cargo that our client dedicated for us. Our own fleet was ready to carry our clients cargo and it contributed to the barging revenue growth in Q2-2013" said Rico Rustombi.

Management of MBSS also took the strategic initiatives to refinance the existing loans amounting of USD 59.1 million. "Refinancing with ballooning repayment scheme gave us the cash flow flexibility in the first two years where the repayment is only 10% from total facility and it will strengthen the Company's cash position. With the strong cash position, we may take some corporate actions in the current consolidated coal industry such as by acquiring the other logistic company, and if the global market will become worse then MBSS already has enough preserved cash to sustain the company's operations " Ika Bethari – Director of Finance and Corporate Planning said.

The refinancing agreement was signed on 23 May 2013 between MBSS, PT Bank ANZ Indonesia (ANZ Bank), Standard Chartered Bank (SCB) with 5 years tenor and will due on May 2018. As of 30 June 2013, the Company has already completely drawn the facility and used to repay the loans to be refinanced.

Ika Bethari furthermore explained "Despite the flexibility in cash flow management, the refinancing will improve the Company's financial performance with quick win which is lower cost of fund. Before refinancing, MBSS had to pay the average interest rate was 5.75% while the interest rate for the refinancing is 3.5% (3.25% + LIBOR). If the Company's facility is around USD 60 million, then the potential financial efficiency by lower cost of fund from this refinancing facility will be USD 1.3 million per year". From MBSS management's point of view, the refinancing also showed the great confidence from the creditors to MBSS's performance and credit profile, which was not only recognized by local banks but also international banks. It is also a good starting point for MBSS and to consolidate MBSS position in the global money market.

As of June 30, 2013, MBSS' cash and cash equivalents is USD 24.9 million. This cash position increased by USD 7.2 million or 40.7% growth compared to cash position at end of 2012. The reason is due to increase of revenue which was supported by better management of working capital. MBSS management estimated if the global economy and coal industry will not be worse than current situation, the company's cash will be at USD 35-40 million at end of 2013.

On July 31, 2013, MBSS will pay dividend of Rp 50 per share or grow by Rp 7 per share compared to the previous year.

Below is the summary of the Company performance during 1H-2013:

Summary of operational performance	1H12	1H13	% change
Barging			
Units (Sets)	72	75	4.2%
Volume (Million ton)	13.0	18.4	41.5%
Floating Cranes			
Units	6	7	16.7%
Volume (Million ton)	7.9	11.3	43.0%

Summary of financial performance (in USD Million)	1H12	1H13	% change
Revenues	68.1	74.9	10.0%
Barging	52.5	53.6	2.1%
Floating Cranes	15.6	21.3	36.5%
Direct Cost	40.8	44.2	8.3%
Gross Profit	27.3	30.7	12.5%
Income Before Tax	19.1	20.7	8.4%
Net Income	18.2	19.5	7.1%
EBITDA	31.1	36.1	16.1%

Revenues

Revenues increased by USD 6.8 million or 10.0% growth, which the revenue increased from USD 68.1 million in 1H-2012 to USD 74.9 million in 1H-2013. Barging contributed 71.6% to the total revenues. Barging revenues in 1H-2013 increased by USD 1.1 million or 2.1% growth from USD 52.5 million in 1H-2012 to USD 53.6 million in 1H-2013. This is due to increase in barging volume and increase in the Company's number of fleets from 72 in 1H-2012 to 75 in 1H-2013.

Floating cranes contributed 28.4% to total revenues. Floating crane revenues in 1H-2013 increased by USD 5.7 million from USD 15.6 million in 1H-2012 to USD 21.3 million in 1H-2013. This is due to addition of floating cranes from 6 units in 1H-2012 to 7 units in 1H-2013 and also fully impact from operation of FC Blitz in 1H-2013 where in the first half of 2012, it just started in operation since May 2012.

Direct Cost

Direct cost increased by USD 3.4 million or 8.3% growth, from USD 40.8 million in 1H-2012 to USD 44.2 million in 1H-2013. The increase of the direct cost is mainly contributed by the increase in depreciation which was USD 2.3 million, increase in fuel cost of USD 1.0 million, increase in repair and maintenance of USD 0.8 million, and increase in food provision and crew salaries of USD 0.8 million. These increases are offset by the decrease in rental vessel cost of USD 1.8 million due to the Company optimized the own fleet rather than chartered from the third parties in 1H-2013.

Operating Expense

Operating expense increased by USD 0.7 million or 12.5% growth, from USD 5.6 million in 1H-2012 to USD 6.3 million in 1H-2013. This is due to increase in salaries and allowances (represented 63.2% of total operating expense) which is in line with the additional numbers of employee to support Company's growth, salary adjustment and bonus distribution.

Finance Cost

Finance cost increase by USD 0.5 million or 15.6% growth, from USD 3.2 million in 1H-2012 to USD 3.7 million in 1H-2013. This is due to cost for early repayment of the existing loans being refinanced and the increase in bank loans in second semester of 2012 so the impact of the additional financial burden seen in 1H-2013.

Income Tax Expense

Income tax expense increased by USD 81.9 thousand or 10.0% growth. This growth was in line with the increase of the revenues. Income tax expense is 1.2% of the Company's revenue and is final.

Net Income

Net income increased by USD 1.3 million or 7.1% growth, from USD 18.2 million in 1H-2012 to USD 19.5 million in 1H-2013. This is mainly contributed by increase in the Company's revenues.

Summary of financial position (in USD Million)	FY2012	1H13	% Change
Total Assets	345.3	347.3	0.6%
Cash and Cash Equivalents	17.7	24.9	40.7%
Total Liabilities	134.0	125.3	(6.5%)
Total Bank Loans	115.5	102.4	(11.3%)
Total Equity	211.3	222.1	5.1%

Total Assets

Total assets increased by USD 2.0 million or 0.6% growth, from USD 345.3 million at the end of 2012 to USD 347.3million in 1H-2013.

1. *Current Assets*

Current assets accounted for 18.4% of the total assets of the Company. Current assets grew by USD 10.9 million or 20.6% growth, from USD 52.9 million at the end of 2012 to USD 63.8 million at 30 June 2013. The increase in current assets was mostly contributed by increase in cash and cash equivalents of USD 7.2 million which resulted from the better management of working capital, increase in account receivable of USD 1.4 million due to higher revenues, and increase in operational advance and prepayment of USD 1.9 million.

2. *Non-Current Assets*

Non-current assets accounted for 81.6% of the total assets of the Company. Non-current assets decrease of USD 8.9 million or 3.0% decrease, from USD 292.4 million at the end of 2012 to USD 283.5 million at 30 June 2013. The decrease was primarily due to the depreciation expenses over the fleets in 1H-2013.

Total Liabilities

Total liabilities decreased by USD 8.7 million or 6.5% decrease, from USD 134.0 million at the end of 2012 to USD 125.3 million at 30 June 2013. The decrease was mainly contributed by decrease in bank loans of USD 13.1 million and payment for trade payable and tax liability of USD 6.1 million, and net-off with increase in accrued expenses of USD 10.4 for dividend payable and other expenses.

Total Equity

Total equity increased by USD 10.8 million or 5.1% growth, from USD 211.3 million at the end of 2012 to USD 222.1 million at 30 June 2013. This is due to the increase in net income attributable to owners of the Company of USD 19.5 million and net-off with accrued dividend of USD 9.0 million.

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About PT Mitrabahtera Segara Sejati Tbk
www.mbss.co.id
PT Mitrabahtera Segara Sejati Tbk is an integrated service provider of sea logistic and transshipment focusing in 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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