

PT MITRABAHTERA SEGARA SEJATI TBK.
NAVIGATING CHALLENGES TOWARD SUSTAINABLE GROWTH
The Company recorded revenue of USD 151.1 Million in 2013

March 27, 2014, JAKARTA - PT Mitrabahtera Segara Sejati Tbk (MBSS) has reported revenues of USD 151.1 million, gross profit of USD 60.7 million, EBITDA of USD 71.5 million, and profit attributable to majority shareholders of USD 38.3 million for the audited financial statement period ended December 31, 2013. Complete audited financial statement for the period can be accessed on the company website www.mbss.co.id.

Rico Rustombi, President Director of MBSS, said though the average coal price in 2013 is lower than in 2012, but coal production in Indonesia grew to 421 million tons or 9.1% higher compared to previous year. In 2013, MBSS transshipped coal through barging of 38.4 million tons and floating cranes of 20.9 million tons. MBSS market share for the coal logistic industry is estimated about 14 – 16%.

Along with the recovery of coal mining industry is not yet in place, MBSS management encountered some challenges to maintain sustainable growth and provide the best services for the clients. During 2013, management has taken several strategic initiatives such as, performing continuous scheduled fleet maintenance to ensure the fleet is always ready to support the clients' logistical needs, performing fuel efficiency as one of the major operational cost components, deploying effectively the Company owned fleet rather than renting from third parties, increasing effectiveness of the fleet insurance premiums, and taking refinancing initiative to reduce the interest cost to be paid by the Company, said Rico. MBSS also discusses actively with clients in providing integrated sea logistics in order clients get the effective and efficient for their logistics cost.

In order to maintain the reliability of services for the clients, MBSS fleets are equipped with GPS system. It is designed to monitoring the fleets movement to ensure that the clients' cargo arrive according to the time that has been scheduled. Another main aspect that MBSS always concerns in performing the services is Health, Safety, and Environment (HSE). This is prioritized to minimize the accident and losses that may arise. This is reflected by the awards received by the MBSS in the field of HSE include Best Contractor of HSE Management from KPC, Zero Lost Time Award from Berau Coal, Zero Accident Award from Ministry of Man Power, etc.

To maintain MBSS's performance in the future, MBSS will increase the portfolio of the clients and diversify the bulk materials that will be transshipped such as bauxite, iron ore, pipe for oil and gas industry, and clinkers. MBSS recorded significant growth from this diversification of bulk material from USD 0.5 million in 2012 to USD 1.7 million in 2013 or increase by 240%.

MBSS plans to replace some barging fleets to the bigger size in 2014, for example replacing 300ft barging fleets with capacity of 7,500 tons per trip to 365ft barging fleet with capacity of 12,000 tons per trip. "With bigger fleet capacity, we could transship more coal so it could give more economics of scale for the Clients and MBSS" said Ika Bethari, Director of Finance and Corporate Planning. This fleet conversion initiative will be applied to only some clients that having good infrastructure such as deep river to support the bigger fleet capacity and bigger loading rate capacity in the client's jetty.

MBSS realized that 2014 will be challenging. The global economic is still recovering, economic growth in China as a main market of Indonesian coal is challenging, high inflation and current account deficit of Indonesia, Indonesian general election in 2014, commodity price especially coal price that is stagnant at USD 75-80 per tons, and also the renegotiation of contracts that will expire in 2014 are several challenges for MBSS management to maintain the Company performance. However, MBSS Management has already taken some strategies to anticipate the challenges, so the impact will not be so significant to the Company growth. Rico Rustombi further said that with hard work and continuous improvement of services, we can achieve the target in 2014 of 42.5 million tons for barging and 24.4 million tons for floating cranes.

Below is the summary of the Company performance during FY13:

Summary of operational performance	FY12	FY13	% Change
Barging			
Unit (Set)	74	75	1.4%
Volume (million ton)	29.3	38.4	31.1%
Floating Cranes			
Unit	7	7	0%
Volume (million ton)	17.5	20.9	19.4%

Summary of financial performance (in USD Million)	FY12	FY13	% Change
Revenues	141.4	151.1	6.8%
Barging	106.5	109.7	3.0%
Floating Cranes	34.9	41.4	18.6%
Direct Cost	85.0	90.4	6.4%
Gross Profit	56.4	60.7	7.6%
Income Before Tax	38.2	41.3	8.1%
Net Income	36.5	38.3	4.9%

Revenues

Revenues increased by USD 9.7 million which the revenues increased from USD 141.4 million in FY12 to USD 151.1 million in FY13. Barging contributed 72.6% to the total revenues. Barging revenues in FY13 increased by USD 3.2 million from USD 106.5 million in FY12 to USD 109.7 million in FY13. This was due to increase in barging volume transported from 29.3 million tons in FY12 to 38.4 million tons in FY13 resulted as a consequence of transport for transshipment (from loading port to the anchorage point).

Floating cranes contributed 27.4% to the total revenues. Floating crane revenues in FY13 increased by USD 6.5 million from USD 34.9 million in FY12 to USD 41.4 million in FY13. This was due to fully impact from operation of FC Blitz and FC Vittoria in FY13 in which FC Blitz started in operation since May 2012 and FC Vittoria started in operation since December 2012.

Direct Costs

Direct costs increased by USD 5.4 million from USD 85.0 million in FY12 to USD 90.4 million in FY13. The increase of the direct costs was mainly contributed by increase in depreciation which was USD 3.9 million, increase in repair and maintenance of USD 1.8 million, increase in fuel cost of USD 1.1 million, and increase in food provision and crew salaries of USD 1.0 million. These increases were offset by the decrease in vessel rental cost of USD 2.1 million due to the Company optimized the own fleet rather than chartered from the third parties in FY13 and decrease in vessel insurance of USD 0.6 million resulted from lower of insurance premium compared to last year with still maintaining the insurance coverage quality of the Company asset in which aligned to the business risk profile of the Company.

Operating Expenses

Operating expenses increased by USD 0.8 million from USD 11.9 million in FY12 to USD 12.7 million in FY13. This was due to increase in salaries and allowances which is in line with the addition of employees and increase in marketing expenses to support the Company growth. These increases were offset by the decrease in utility expenses, business travel expenses, and consulting cost due to Company cost efficiency.

Finance Cost

Finance cost decreased by USD 0.5 million from USD 6.7 million in FY12 to USD 6.2 million in FY13. This was due to lower interest cost resulting from refinancing initiatives in 2013.

Income Tax Expense

Income tax expense increased by USD 116 thousand. This increase was in line with the increase of the revenues.

Net Income

Net income increased by USD 1.8 million from USD 36.5 million in FY12 to USD 38.3 million in FY13. This was mainly contributed by increase in the Company revenues.

Summary of financial position (in USD Million)	FY2012	FY13	% Change
Total Assets	345.3	352.8	2.2%
Total Liabilities	134.0	111.0	(17.2%)
Total Bank Loans	115.5	97.5	(15.6%)
Total Equity	211.3	241.8	14.4%

Total Assets

Total assets increased by USD 7.5 million from USD 345.3 million at the end of 2012 to USD 352.8 million in FY13.

1. Current Assets

Current assets accounted for 22.8% of the total assets of the Company. Current assets increased by USD 27.4 million from USD 52.9 million at the end of 2012 to USD 80.3 million at 31 December 2013. The increase in current assets was mainly contributed by increase in cash and cash equivalents which resulted from revenues increase in 2013, better management of working capital, and positive impacts from refinancing initiatives to the cash flow.

2. Non-Current Assets

Non-Current assets accounted for 77.2% of the total assets of the Company. Non-current assets decreased by USD 19.9 million from USD 292.4 million at the end of 2012 to USD 272.5 million at 31 December 2013. The decrease was primarily due to the depreciation expenses over the fleets in FY13.

Total Liabilities

Total liabilities decreased by USD 23.0 million from USD 134.0 million at the end of 2012 to USD 111.0 million at 31 December 2013. The decrease was mainly contributed by decrease in bank loans of USD 18.0 million and decrease in third parties' trade payable of USD 4.6 million.

Total Equity

Total equity increased by USD 30.5 million from USD 211.3 million at the end of 2012 to USD 241.8 million at 31 December 2013. This was due to the increase in net income attributable to owners of the Company of USD 38.3 million and non-controlling interest of USD 1.2 million after net-off with dividend payment of USD 9.0 million.

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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