

## PT MITRABAHTERA SEGARA SEJATI TBK SECURING THE FUTURE WITH RESILIENCE

*The Company Records Revenues of US\$135.3 million in FY14*

**Jakarta, March 31<sup>st</sup>, 2015** - PT Mitrabahtera Segara Sejati Tbk (MBSS) reported revenues of US\$135.3 million, gross profit of US\$43.4 million, EBITDA of US\$53.6 million and net income attributable to owners of the Company of US\$20.1 million for the audited financial statements for the period ended on December 31<sup>st</sup>, 2014. The complete financial statements for the period can be accessed on the Company's website ([www.mbss.co.id](http://www.mbss.co.id)).

Rico Rustombi, the President Director of MBSS said that the decline in coal commodity price to a level below US\$70 per metric ton by the end of 2014 has put pressure on the prices of logistics services supporting the coal industry. In 2014, around 30% of MBSS' contracts came due where MBSS had to take a strategic move to maintain its market share with its clients by providing a win-win solution through lowering its transportation tariffs in return of higher volumes or longer contract terms. "The lowering of tariffs depressed the Company's profitability margins in 2014, where gross profit declined from US\$60.7 million to US\$43.5 million or a decline of gross profit margin from 40.2% to 32.1%" Rico mentioned. Through the move, MBSS succeeded in renewing 40% of its due contracts for the period. Meanwhile, it also succeeded in converting 25% of due contracts into new contracts while the remaining 14% were allocated for spot market.

Rico also mentioned that MBSS' ability to offer competitive pricing had to do with one of its competitive advantages in term of cost structure. "MBSS' success in refinancing several of its term facilities in 2013 meant lower average effective interest rate of 5.4% in 2014 compared to 5.8% in 2013, which translated into lower interest expense of US\$ 4.9 million in 2014 compared to US\$6.2 million in 2013", he added.

In 2014, the Company transported 52.6 million tons of coal, consisted of 31.1 million tons in the barging segment and 21.5 million tons in floating crane segment. Barging volume experienced a 24% year-on-year decline while floating crane volume increased by 3% y.o.y. The decline in barging volume in 2014 was driven by more long haul (inter island) trips compared to short haul (transshipment), in line with the increase of domestic need for coal as well as increasing demand for coal from the cement industry. Rico further explained that longer trip distance led to lower fleet turnaround causing the total volume transported for the same period of time to be lower when compared to short distance trip. i.e. from a loading port to an anchorage point where coal transshipment bound for export markets is performed.

Ika Bethari, the Finance and Corporate Planning Director of MBSS also mentioned several factors causing the decline of net income in 2014 aside from price pressure, namely the increase of the Company's fleet dockings in compliance with class regulations, and the fleet turnaround for long haul trips couldn't be maximized due to adverse weather in the third and fourth quarters of 2014 which forced the Company's fleet to take shelter for safety. In addition, a settlement for the postponement of debt payment obligations (PKPU) of US\$3.2 million filed by PT Great Dyke also depressed the Company's net income. "If we exclude the PKPU settlement, the Company's normalized net income would stand at US\$23.3 million", Ika said. She further explained that the PKPU settlement was a one-off event as the structure of the contract, which was prepared and signed by the previous Management, was the only one in which MBSS did not directly deal with the counter party. "The Management of MBSS is confident that this kind of event will not recur in the future considering no other contract has similar structure", Ika concluded.

Reflecting on the operational results in 2014 and the challenges faced by the Company ahead, the Management of MBSS has prepared several strategic plans. The contribution of domestic coal transportation or inter island/long haul trips are expected to increase, in relation with the Indonesian Government's plan in the energy sector to build a power generation system with 35 thousand megawatts capacity. "The building of electricity infrastructure is a positive news for MBSS as it provides an opportunity in term of coal transportation", Rico said. Upon realizing the increasing importance of domestic coal transportation, the Company intends to focus its efforts on improving its fleet management as well as crew resources in order to optimize fleet turnaround for long haul trips.

Below is the summary of the Company's performance in FY14:

Table 1. Summary of Operational Performance

Item	Unit	FY14	FY13	% Change
Barging				
Unit	(sets)	76	75	1.3%
Volume	(million tons)	31.1	40.7	-23.7%
Floating Crane				
Unit	(units)	7	7	0.0%
Volume	(million tons)	21.5	20.9	3.0%
Total Vol.	(million tons)	52.6	61.6	-14.6%

Table 2. Summary of Financial Performance

Item	Unit	FY14	FY13	% Change
Revenues	US\$ million	135.3	151.1	-10.5%
Barging	US\$ million	94.3	109.7	-14.1%
Floating Crane	US\$ million	41.0	41.4	-1.0%
Direct Costs	US\$ million	91.9	90.4	1.6%
Gross Profit	US\$ million	43.4	60.7	-28.5%
Income Before Tax	US\$ million	23.3	41.3	-43.6%
Net Income	US\$ million	20.1	38.3	-47.4%
EBITDA	US\$ million	53.6	71.5	-25.0%

### Revenues

Revenues declined by US\$15.8million compared to previous year to US\$135.3 million in FY14. The decline was contributed by a US\$15.4 million revenue decline in the barging segment and a US\$0.4 million revenue decline in the floating crane segment. The revenue decline in the barging segment which represents 70% of total revenues was primarily due to price pressure on 30% of the Company's due contracts in 2014, lower volume as the portion of long haul trips increased and adverse weather throughout the third and fourth quarters of 2014 which resulted in lower fleet trip cycle. The decline however, was countered by revenues from several new contracts won by the Company in 2014 as well as spot market.

In line with the barging segment, revenues from the floating crane segment which represents 30% of total revenues also declined caused by price pressure on due contracts in 2014.

### Direct Costs

Direct costs increased by US\$1.5 million to US\$1.9 million mainly due to increases in fuel cost and vessel rental cost. These were due to the price pressure requiring the Company to work harder, increase in long haul trips and adverse weather faced by the Company throughout 2014. These factors contributed in increasing fuel cost by US\$1.8 million to US\$29 million in 2014. Meanwhile, the US\$1.6 million increase in vessel rental cost to US\$4.8 million was due to more vessels rented by the Company to support the brokering effort. The increase in direct costs was countered by a US\$1.0 million decrease in wages cost for KPC Bengalon project which ended in June 2014, and a US\$1.0 million decrease in repair and maintenance cost.

### Operating Expenses

Operating expenses increased by US\$1.0 million to US\$13.7 million mainly due to severance payment for ex-employees working for KPC Bengalon project whose contract ended in June 2014.

### Other Expenses

Other expenses declined by US\$261 thousand driven by a decline in finance cost as a result of the lowering of interest rate in the Company's loan refinancing. However, the decline was offset by a PKPU claim settlement of US\$3.2 million.

### Income Tax

Income tax declined by US\$167 thousand in line with the decline in the Company's revenues in 2014.

### Net Income

Above mentioned factors caused net income to decline by US\$18.2 million to US\$20.1 million for FY2014. If normalized by excluding PKPU claim settlement of US\$3.2 million, the Company's net income would stand at US\$ 23.3million.

Table 3. Summary of Financial Position

Item	Unit	FY14	FY13	% Change
Total Assets	US\$ million	351.6	352.8	-0.3%
Total Liabilities	US\$ million	98.0	111.0	-11.7%
Total Bank Loans	US\$ million	85.9	97.6	-12.0%
Total Equity	US\$ million	253.6	241.8	4.9%

### Total Assets

Total assets declined by US\$1.2 million to US\$351.6 million as of December 31<sup>st</sup>, 2014. The decline was mainly due to disposal of fixed assets of ex-KPC Bengalon projects with net book value of US\$1.3 million in 2014.

#### Current Assets

Current assets represents 27% of the Company's total assets. It increased by US\$15.1 million to US\$95.4 million which was mainly contributed by increases in cash and cash equivalents, trade account receivables, inventories and project prepaid expenses.

#### Non-current Assets

Non-current Assets represents 73% of the Company's total assets. It declined by US\$16.2 million to US\$256.2 million. The decline was mainly due to the depreciation cost of the Company's vessels in 2014 as well as a disposal of fixed assets of ex-KPC Bengalon project. The decline was countered by the acquisition of a set of barging fleet (tug boat and barge) and two units of barges in 2014.

### Total Liabilities

Total liabilities declined by US\$13 million to US\$98 million. The decline was mainly due to the decline in account payables to suppliers and the payment of bank loan installments of US\$12.3 million in 2014.

### Total Equity

Total equity in FY14 increased by US\$11.9 million or 4.9% compared to FY13 to US\$ 253.6 million. It was due to net income attributable to owners of the Company of US\$10.5 million and net income attributable to minority interest of US\$1.4 million, after accounting for dividend distributed amounting to US\$9.6 million for 2013 net income.

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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 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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