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## MBSS TAKES STRATEGIC, INNOVATIVE STEPS FOR CONTINUOUS GROWTH

# Sets 2013 revenue target above \$150 million

**P**T Mitrabahtera Segara Sejati Tbk (MBSS), a provider of bulk materials transportation for natural resources, recorded revenue and net profit of US\$74.9 million and \$19.5 million, respectively, in the first semester of 2013.

This amounted to a 10 percent increase in revenue and 7.1 percent net profit growth compared to the same period last year.

The MBSS fleet capacity is one of the largest in the industry; it owns and operates a fleet of 75 sets of tugs and barges, in addition to over 15 sets of tugs and barges leased from third parties. This is the equivalent of 900,000 tons of all freight.

In the floating cranes segment, MBSS operates seven floating cranes with loading capacity between 18,000 – 50,000 tons per day, or the equivalent to a total of about 200,000 tons per day.

"We are optimistic of achieving our revenue target of more than US\$150 million in 2013. This growth is achievable largely due to the fact that FC Vittoria and FC Blitz will be fully operating in 2013. FC Blitz began operating in May 2012, while new FC Vittoria began operating in December 2012," said MBSS President Director Rico Rustombi.

Rico acknowledged that continuing to achieve growth, especially in 2014, will be a tough challenge for MBSS due to current global economic conditions.

In anticipating these conditions, MBSS Management has taken strategic steps, including continuing to maintain quality services and optimal logistics solutions for clients, performing cost effectiveness assessment, as well as diversifying its client portfolio to non-coal producers to improve the company's risk profile.

MBSS has also carefully studied

freight for bulk materials outside the coal market, such as pipes, iron ore and bauxite.

"We continue to study the bulk materials commodity market conditions other than coal to identify the potential market for our fleet so it will provide a good margin and balance business risk profile to MBSS," added Rico.

In recognizing that not only performance optimization and cost efficiency are necessary in daily operational aspects, MBSS management has also taken strategic steps in refinancing bank loan facilities in several banks for the amount of \$59.1 million.



## Rico Rustombi

President Director of MBSS

refinancing agreement with PT Bank ANZ Indonesia (ANZ Bank) and Standard Chartered Bank (SCB) for a period of five years; the debt will mature in May 2018. The credit facility has been taken with the sole aim of paying off debt in several banks.

"In addition to the strategic cash flexibility to perform any corporate action, refinancing improves the financial performance with the addition of funds," Ika said.

"Before the refinancing, we had to pay the 5.75 percent interest rate in a lump sum. Currently, with the refinancing scheme, the interest rate is about 3.5 percent (3.25

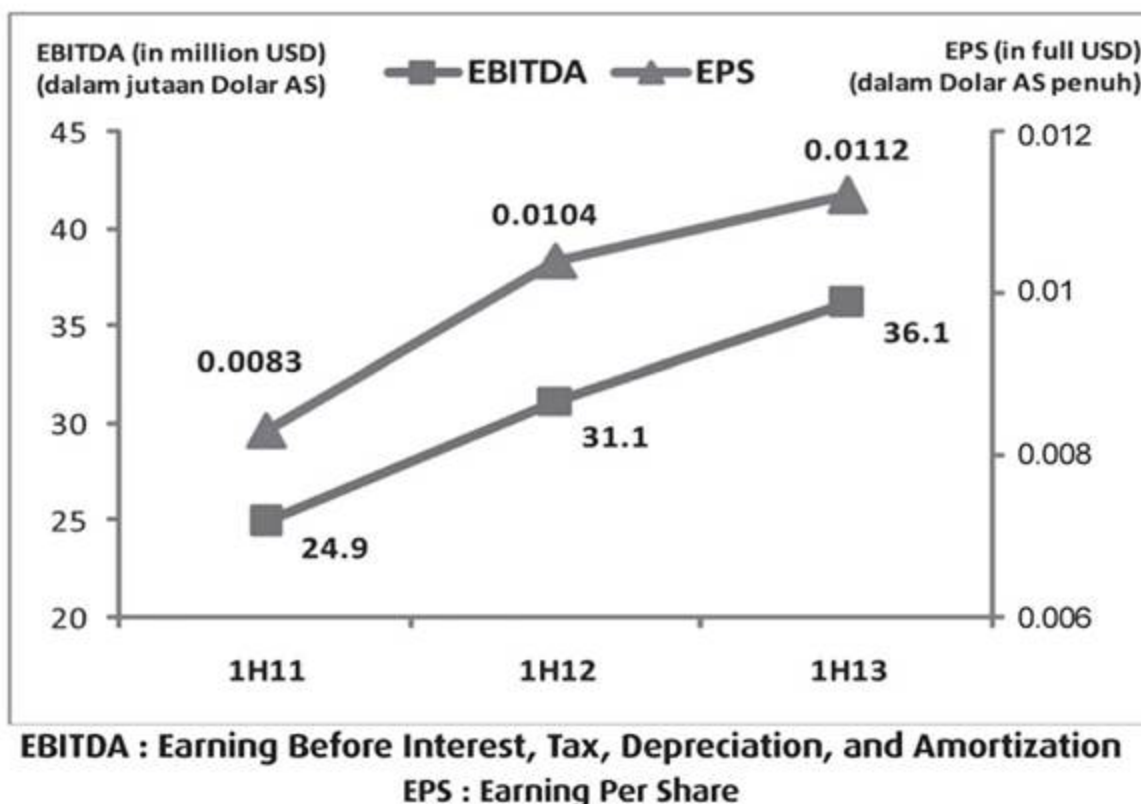
percent +LIBOR). If MBSS' debt is approximately \$60 million, the potential financial efficiencies from the lower interest rate that refinancing provides is approximately \$1.3 million per year."

For MBSS Management, refinancing displays great confidence from creditors for MBSS' performance and credit profile, not only from local banks but also international banks. This milestone marks the first step in the confirmation of MBSS' position in global financial markets.

MBSS' balance of cash and cash equivalents as per June 30, 2013, amounted to \$24.9 million, an increase of \$7.2 million and rise of 40.7 percent compared to the 2012 position. It was the result of excellent working capital management as well as the better operational performance.

"We estimate that if global markets and the coal situation does not deteriorate, the cash balance will be in the range of USD 35-40 million by the end of 2013" said Rico.

On July 31, MBSS will distribute a dividend of Rp 50 per share, an increase of Rp7 per share over the previous year.



"Refinancing with the ballooning repayment scheme provides the flexibility of cash during the early years. Under this scheme, in the first two years, the payment of the installment will only be 10 percent of the total facility, which will strengthen MBSS' cash position. Thus, we will be able to perform corporate action in any situation that could potentially arise during the consolidation of the coal industry, such as the acquisition of other logistics companies and, if the global market situation worsens, we have enough cash reserves for the sustainability of our business," said Ika Bethari, the Company's Director of Finance and Corporate Planning.

On May 23, 2013, MBSS signed a

## Summary table of financial performance during the first semester 2013

Financial Performance Summary (in million USD) :	1H12	1H13	%Change
Revenue	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%
Profit Before Tax	19.1	20.7	8.4%
Net Profit	18.2	19.5	7.1%
EBITDA	31.1	36.1	16.1%