

PT MITRABAHTERA SEGARA SEJATI TBK

The Company Records Revenues of US\$68.5 million in 2017

Jakarta, 19 March 2018 – PT Mitrabahtera Segara Sejati Tbk (MBSS) recorded revenues of US\$68.5million, gross profit of US\$2.5million, EBITDA of US\$18.4million and net loss of US\$8.9million in the audited consolidated financial statements for the twelve months period ended on December 31, 2017. The complete financial statements for the period can be accessed on the company's website (www.mbss.co.id).

The Company's revenues in 2017 slightly increased by 4.1% from 2016 revenue of US\$65.8million. The improvement in revenue mostly contributed by barging segment which reflected in increase in rate, 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\$9.1million, and US\$2.1million respectively. It has compensated to the decline of long-term contracts revenue contribution due to rates and volume renegotiation of US\$2.6 million, lower spot shipment of US\$2.8million, and discontinued contract of US\$3.1million. In term of barging volume, despite higher revenue recorded in FY17, volume is lower by 16.3% or 3.6Mt. 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 4.0Mt due to change in contract type of our 2 floating cranes from freight charter to time charter which do not considered any volume transshipped.

Several factors affected revenue from barging segment. The US\$2.7million increase in barging revenue was mainly due to significant increase in several short-term contracts together with Time Charter (TC) revenue by US\$11.2million which compensated the decline in long-term contracts, spot, and discontinued contract by US\$8.5million. These short-term contracts generated positive contribution of US\$9.1million in revenue are Mitra Maju Sukses (MMS), Indocement, Multi Tambang Jaya Utama (MUTU), Atlas, BAG Adaro, Trans Coal Pacific (TCP), and Berau Coal, 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\$2.1million. On the other hand, the decline in long-term contracts due to discontinued contracts totaling to US\$3.1million, lower volume and contribution from Cotrans, and Adaro contracts which have negative impact of US\$0.2million, US\$2.4million respectively, and lower spot shipment revenue contribution of US\$2.8million.

Meanwhile, the US\$0.1million declined in floating crane revenue was mostly due to the decline in Berau project by US\$6.0million and the discontinued contract from PT Bahari Cakrawala Sebuku (BCS) which impacted a lower revenue of US\$2.7million. Further new TC contracts with Berau (starting June 2017), PT Winning Shipping Indonesia (Winning), Chiyoda-Saipem-Tripatra-SAE Joint Operation (CSTS) contribution have increased the revenue by US\$4.1million, and higher contribution in spot market which is supported by increased of demand for spot transshipment has increased the revenue by US\$4.5million which is in-line with the improvement in the coal market, and contribution from FC Nicholas to assist a leading global company engaged in salvage activities during the year.

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. Nevertheless the weather condition is still the challenging part of the shipping industry.

Below is the summary of Company's performance in 2017:

1. Operational Highlights

Description	Unit	2017	2016	Change (%)
Barging				
Fleets	Set	69.0	76.0	-9.2%
Volume	Mt	18.5	22.1	-16.3%
Floating Crane				
Fleets	Unit	6.0	6.0	-
Volume	Mt	8.8	12.8	-31.3%
Grand Total Volume	Mt	27.3	34.9	-21.8 %

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

Description (in US\$m unless indicated)	2017	2016	Change (%)
Revenue			
Barging	50.4	47.7	5.7%
Floating Crane	18.0	18.1	-0.5%
Others	0.0	-	0.0%
Total Revenue	68.5	65.8	4.1%
Direct Costs	65.9	64.8	1.7%
Gross Profit	2.5	0.9	-177.7%
<i>% Gross profit</i>	<i>3.7%</i>	<i>1.4%</i>	<i>(142.0)bps</i>
Operating Expenses	8.8	11.5	-23.4%
Operating (Loss) Profit	(6.2)	(10.6)	-41.5%
<i>% Operating profit</i>	<i>-9.1%</i>	<i>-16.1%</i>	<i>(1,613.0)bps</i>
Other Income (Expenses)	(1.8)	(18.4)	-90.2%
Profit (Loss) Before Tax	(8.1)	(29.0)	-72.1%
Profit (Loss) for the Period attributable Owners	(8.9)	(29.9)	-70.2%
<i>% Net Profit After Tax</i>	<i>-12.9%</i>	<i>-45.4%</i>	<i>(4,541.0)bps</i>
Non-controlling Interest	(0.1)	0.1	-160.4%
EBITDA	18.4	14.8	24.3%
<i>% EBITDA</i>	<i>26.8%</i>	<i>22.6%</i>	<i>(2,255.0)bps</i>
Capex	10.7	6.2	72.6%

Revenues

Revenues slightly increased by 4.1% from US\$65.8million in 2016 to US\$68.5million in 2017, due to 5.7% higher barging segment revenue and net off by 0.5% lower floating crane revenue.

Direct Costs

Direct costs increased by US\$1.1million to US\$65.9million mainly due to increase in fuel cost by US\$1.2million and port charges by US\$1.0million in 2017 offset with some cost efficiency and rationalization done by MBSS. Fuel is the main factor behind this higher direct cost in line with higher frequency of long-haul spot shipment during 2017. Further, the Company has conducted a variety of cost efficiency and rationalization measures particularly related with repair and maintenance activities. Year of 2017 would be the last period of high docking cycle where we are expecting it will subside in 2018.

Operating Expenses

Operating expenses decreased by US\$2.7million from US\$11.5million in 2016 to US\$8.8million in 2017, mainly due to decrease in salary & allowances which was in line with cost saving initiatives done by MBSS.

Other Income (Expenses)

In 2016 there were adjustment related to impairment amounting to US\$11.9million, which did not occur in 2017 and led to lower other expenses by US\$16.5million.

3. Summary Statements of Financial Position

Description (in US\$m unless indicated)	2017	2016	Change (%)
Cash and cash equivalents	34.6	33.7	2.7%
Total current assets	52.8	56.4	-6.4%
Total Assets	240.1	260.5	-7.8%
Current Liabilities	8.5	43.2	-80.3%
Total Debt	42.0	52.3	-19.7%
Total Liabilities	52.2	63.4	-17.7%
Total Equity	187.9	197.1	-4.7%
Current ratio (x)	6.2	1.3	
Debt to Equity (x)	0.2	0.3	

Total Assets

Total assets in 2017 is 7.8% lower than 2016 because of the decrease in non-current assets due to depreciation during the year.

Total Liabilities

Total liabilities in 2017 is 80.3% lower than 2016, mainly due to repayment of bank loans and liability management done by MBSS who obtained loan from Indika Capital Pte. Ltd. (ICPL), a related party company, amounting to US\$41.7million with bearing interest at 7%, payable semiannually in April and October. Such loan from ICPL will be due in April 2022.

Total Equity

Equity decreased by 4.7% due to losses recorded in 2017.

Capex

Higher capex in 2017 by 73.2% from US\$6.2million in 2016 to US\$10.7million in 2017 mostly in line with the 5-years docking cycle schedule.

About PT Mitrabahtera Segara Sejati Tbk

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.

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Disclaimer:

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