

PT MITRABAHTERA SEGARA SEJATI TBK

The Company Recorded a Profit Attributable to Owners of the Company of US\$1.6 million in 2019

Jakarta, 31 March 2020 – PT Mitrabahtera Segara Sejati Tbk (MBSS) closed 2019 period with revenue of US\$77.8 million, a gross profit of US\$18.4 million, EBITDA of US\$27.4 million and profit attributable to owners of the Company of US\$1.6 million in the audited consolidated financial statements for the year ended on December 31, 2019. The complete financial statement for the year is available on the Company's website (www.mbss.co.id).

In 2019 MBSS recorded a revenue growth of 3.3% (US\$77.8 million), compared to US\$75.4 million in 2018. The improvement in revenue was in line with higher volume of coal transported of 35.2 million MT, 3.9% higher than 2018.

The barging segment recorded US\$55.5 million in revenue similar to 2018. Despite the reduction in vessel numbers MBSS managed to improve its utilization and operational efficiency over the year. MBSS strategically sold some aging assets as part of our long-term strategy to reduce the number of inefficient assets and gradually renew the fleet. The floating crane segment recorded revenue growth of 13.5% to US\$22.3 million in 2019.

Barging segment transported 25.1 million MT in 2019, an increase of 13.3% compared to 22.1 million MT in 2018. Commercially, MBSS successfully maintained its existing contracts and customer base throughout 2019, with extensions and renewals from Adaro, Cotrans. Time Charter contracts delivered an additional contribution of US\$3.0 million compared to 2018. The new contract with Cotrans, valid until March 31, 2023, is expected to contribute total revenue of US\$30.0 million over the contract period. In addition, MBSS secured contracts with some new clients such as Prolindo Cipta Nusantara, Bumiraya Utama Lines, Cakrawala Nusa Bahari, amongst others. These new contracts contributed a total of US\$8.6 million in revenue.

Floating crane segment demonstrated a significant increase in 2019, with increment in revenue of 13.5% compared to 2018. Even though volume loaded by the floating crane segment appeared to decrease by 1.7 million MT to 10.1 million MT from 11.8 million MT in 2018, this was actually due to a change from volume based to time charter contract for one of the floating loading facilities. Additional revenue came from several sources in 2019. Following a fire incident in 2018, FC Vittoria was fully repaired and worked optimally in 2019, recording a revenue contribution of US\$7.0 million, US\$2.3 million higher than in the previous year. There was also additional opportunity to work together with a salvage company, which generated an additional US\$1.1 million in revenue. MBSS was also able to earn additional revenue by chartering floating cranes from third parties to realize opportunities in the market. This strategy was able to compensate for an extended mandatory docking period for FC Nicholas at the end of the year.

The Company's direct cost decreased by 15.8% from US\$70.5 million in 2018 to US\$59.4 million in 2019, mainly due to lower depreciation due to change of estimate of vessels' useful life, resulting lower depreciation expense in the current year by US\$4.2 million. Further cost savings were achieved regarding fuel usage, which decreased considerably despite the increase in fleet utilization. Based on the improvements already achieved, MBSS believes that the Company will be able to improve its operational efficiency further, delivering higher margins and increased customer satisfaction through safety and operational excellence over the next few years.

Below is the summary of Company's performance in 2019:

1. Operational Highlights

| Description | Unit | 2019A | 2018A | Change(%) |
|---------------------------|-----------|-------------|-------------|------------|
| Barging | | | | |
| Fleets | Set | 62.0 | 78.0 | (20.5) |
| Volume | MT | 25.1 | 22.1 | 13.3 |
| Floating Crane | | | | |
| Fleets | Unit | 6.0 | 6.0 | - |
| Volume | MT | 10.1 | 11.8 | (13.8) |
| Grand Total Volume | MT | 35.2 | 33.9 | 3.9 |

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

| Description (In US\$m unless indicated) | 2019A | 2018A | Change (%) |
|---|-------------|---------------|----------------|
| Revenue | | | |
| - Barging | 55.5 | 55.2 | 0.5 |
| - Floating Crane | 22.3 | 19.6 | 13.5 |
| - Others | 0.1 | 0.3 | (100.0) |
| Total Revenue | 77.8 | 75.1 | 3.3 |
| Direct Costs | 59.4 | 70.5 | (15.8) |
| Gross Profit | 18.4 | 4.9 | (280.2) |
| %Gross Profit | 23.7 | 6.4 | 1,726bps |
| Operating Expenses | 11.6 | 9.7 | 20.0 |
| Operating Profit (Losses) | 6.8 | (4.8) | 241.9 |
| %Operating Profit | 8.8 | (6.4) | 1,518bps |
| Other Income (Expenses) | (4.1) | (11.0) | 35.7 |
| Profit (Loss) Before Tax | 2.8 | (15.8) | 117.5 |
| Profit (Loss) For the Period Attributable Owners | 1.6 | (17.1) | 109.3 |
| %Net Profit After Tax | 2.0 | (22.7) | 2,470bps |
| Non Controlling Interest | 0.2 | 0.3 | (33.8) |
| EBITDA | 27.4 | 24.0 | 14.0 |
| %EBITDA | 35.2 | 31.8 | 332bps |
| Capex | 8.4 | 26.1 | (68.0) |

Revenues

Revenue growth by 3.3% to US\$77.8 million in 2019, compared to US\$75.4 million in 2018, shown by an improvement of 0.1% in barging segment and 13.5% in the floating crane segment.

Direct Costs

During 2019, the Company conducted a variety of cost efficiencies and rationalization measures, especially for variable components such as fuel, thus resulting in decreased direct cost of 15.8% from US\$70.5 million in 2018 to US\$59.4 million in 2019. Fuel costs decreased by 28.4% from US\$15.5 million in 2018 to US\$11.1 million. There was also a decrease in depreciation, from a change in estimated useful life of vessels, from US\$28.1 million in 2018 to US\$20.2 million.

Operating Expenses and Other Income (Expenses)

Operating Expenses (Opex) increased by 20.0% from US\$9.7 million in 2018 to US\$11.6 million in 2019. This increase in Opex is in line with one of our strategy focus, and relate to an internal performance improvement initiative supported by a leading external consultant.

MBSS has also managed to save US\$6.9 million in other income (expenses), mostly attributable from gain from sale of assets of US\$1.9 million, reflected to the decrease in our owned assets from 78 sets in 2018 to 62 sets in 2019. Moreover, insurance claim for FC Vittoria amounting US\$1.2 million also contributed positively to other income. A provision for impairment of assets amounting US\$2.1 million offset the increase in other income which resulting in other income (expenses) of negative US\$4.1 million.

On October 28, 2019, MBSS obtained a long-term loan facility from PT Bank Permata Tbk amounting to US\$15.0 million. The purpose of this loan is to refinance a portion of the related party loan obtained from Indika Capital Pte. Ltd. This refinancing affected to the decrease in interest costs by US\$0.4 million in the fourth quarter.

3. Summary Statements of Financial Position

| Description (In US\$m unless indicated) | 2019A | 2018 | Change (%) |
|---|-------|-------|------------|
| Cash and cash equivalents | 40.2 | 40.0 | 0.6 |
| Total current assets | 58.0 | 62.0 | (6.4) |
| Total Assets | 218.1 | 239.7 | (9.0) |
| Current Liabilities | 15.6 | 14.4 | 8.3 |
| Total Debt | 35.7 | 54.9 | (35.0) |
| Total Liabilities | 46.3 | 68.3 | (32.3) |
| Total Equity | 171.9 | 171.4 | 0.3 |
| Current Ratio (x) | 3.71 | 4.30 | |
| Debt to Equity (x) | 0.21 | 0.32 | |

Total Assets

Total assets as of December 31, 2019 is 9.0% lower than 2018, which was in line with the decrease in receivables caused by better AR days.

Total Liabilities

Total liabilities as of December 31, 2019 are 32.3% lower than 2018 due to lower trade payables caused by settlement of outstanding invoices from vendors.

Total Equity

Total equity as of December 31, 2019 is 0.3% higher than 2018 due to mainly due to a 1.6% in retained earnings from US\$101.8 million to US\$103.4 million in 2019, due to profit recorded during the year.

Capex

Lower capex in 2019 by 68.0% from US\$26.1million in 2018 to US\$8.4 million in 2019, due to purchase of new vessels during 2018.

Looking at the full year of 2019 performance, MBSS started to move forward in achieving our strategy of focusing on improvement internal performance with the engagement of an independent consultant and to increase customer satisfaction through safety and operational excellence.

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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