



# IATA VENTURES INTO ENERGY BUSINESS, PLANS ACQUISITION OF COAL MINING COMPANIES

**Jakarta, 15 October 2021**

PT Indonesia Transport & Infrastructure Tbk (IATA) has signed a Memorandum of Understanding to acquire PT MNC Energi from PT MNC Investama Tbk (BHIT) as the majority shareholder.

Post transaction, IATA will become the holding entity for all the coal companies of MNC Group. IATA is preparing to take over:

- PT Bhakti Coal Resources, a coal mining exploration and exploitation company in South Sumatra which is also the parent company of companies holding several Mining Business Permits, such as PT Putra Muba Coal, PT Bhumi Sriwijaya Perdana Coal, PT Indonesia Batu Prima Energi, PT Arthaco Prima Energi, PT Sumatra Resources, PT Energi Inti Bara Pratama, PT Sriwijaya Energi Persada, PT Titan Prawira Sriwijaya, PT Primaraya Energi, and PT Putra Mandiri Coal, which together have an estimated resource of 1.75 billion MT and an estimated reserve of 750 million MT
- PT Nuansacipta Coal Investment, a coal mining exploration and exploitation company in East Kalimantan
- PT Suma Sarana, an oil exploration company in Papua

This acquisition is subject to the outcome of the due diligence and valuation of PT MNC Energi. Under the assumption that all due diligence processes run smoothly, IATA will immediately seek OJK's approval, with a target transaction completion date of end of Q1 2022.

### Coal Crisis

In recent months, Newcastle coal prices have soared to reach \$269.5 per ton this month, an all-time high. The current price at time of publication stands at \$245 per ton. The increase has also pushed Indonesia coal prices.

A rebound in the power demand in China, Beijing's informal ban on coal imports from Australia, India's surge in power demand, supply disruptions in coal producing countries like Australia, South Africa, and Columbia, and rising natural gas prices have triggered this substantial hike.

The coal prices are expected to stay high, with further room for upside as supply continues to shrink. Demand in China, India and other parts of the world continues to increase and is predicted to rise further driven by the upcoming winter season, the reopening of economy post pandemic and flooding in the Shanxi province, China's largest coal mining hub. According to China's National Bureau of Statistics, coal is the main energy source in China, constituting nearly 60% of the nation's total energy use, widely used for heating, power generation and steelmaking. While India has ordered power generators to import coal for at least 10% blending, a sharp reversal of its earlier directive of using domestic coal.



Source: [www.tradingview.com](http://www.tradingview.com)

The planned transaction serves as a strategic step for IATA to leverage the momentum arising from the continuing global surge in coal commodity prices. IATA believes that this acquisition will not only boost business prospects, but also significantly bolster the value of the company as the company diversifies its business interests from the transport and infrastructure sector into the energy sector.

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