Jakarta, 10 February 2022 – PT Indonesia Transport & Infrastructure Tbk is officially renamed to PT MNC Energy Investments Tbk (IATA or the Company). The Company also changed its core business activities from commercial air transportation and freight services to an investment and holding company, especially focus on the coal mining sector. These changes were made to mitigate losses caused by the Covid-19 pandemic.

IATA recorded USD 7.2 million in revenue in September 2021, up by 15% compared to USD 6.3 million in September 2020. However, the growth was followed by an increase in operating expenses, which resulted in a net loss of USD 4.7 million for the period ending on 30 September 2021, up by 118% compared to the net loss in the same period of the previous year, USD 2.1 million.

Considering that the aviation industry still has not recovered, IATA believes that expansion to new business opportunities is a solution to improve corporate value. Utilizing the momentum arising from a sustained surge in coal commodity prices and its ever-increasing demand, IATA took strategic steps by expanding to the energy sector, particularly coal mines.
Extraordinary General Meeting of Shareholders

On this day, IATA has conducted an Extraordinary General Meeting of Shareholders (EGMS) and approved the change of IATA’s main business, from its former air transportation to an investment company, with investments in its business units operating in the areas of mining, infrastructure, and air transportation businesses.

The EGMS also approved the transfer of air transportation assets to one of IATA’s 99.99% owned subsidiaries, namely PT Indonesia Air Transport (IAT), which holds an Air Operator Certificate from the Ministry of Transportation, Directorate General of Civil Aviation. Thus, IAT may officially conduct commercial air transportation in accordance with the operations manual and the applicable Civil Aviation Safety Regulations.

To reflect more on its business activities and strengthen the Company’s position in the industry, PT Indonesia Transport & Infrastructure Tbk, on this occasion, is officially renamed to PT MNC Energy Investments Tbk.

The Company has also received the approval of its shareholders to take over 99.33% of PT Bhakti Coal Resources (BCR) shares from PT MNC Investama Tbk (BHIT).

BCR is the parent company of nine coal companies with Mining Business Licenses (IUPs) in Musi Banyuasin, South Sumatra, which includes:

- PT Bhumi Sriwijaya Perdana Coal (BSPC) and PT Putra Muba Coal (PMC), both of which are already operating and actively producing coal with a GAR range of 2,800 – 3,600 kcal/kg. With a total area of 9,813 ha, BSPC has an estimated total resource of 130.7 million MT, while PMC has 76.9 million MT, with estimated total reserves of 83.3 million MT and 54.8 million MT, respectively.

- PT Indonesia Batu Prima Energi (IBPE) and PT Arthaco Prima Energi (APE) are both targeted to start coal production this year. Additionally, PT Energi Inti Bara Pratama (EIBP), PT Sriwijaya Energi Persada (SEP), PT Titan Prawira Sriwijaya (TPS), PT Primaraya Energi (PE), and PT Putra Mandiri Coal (PUMCO) are being prepared for operation in a year or two from now. These seven IUPs with a total area of 64,191 ha, are estimated to have more than 1.4 billion MT total resources.

BSPC and PMC production in 2021 reached 2.5 million metric tons, generating revenue of approximately USD 74.8 million with an EBITDA of USD 33 million.

For the nine months up to September 2021, BCR generated a revenue of USD 44.1 million with an EBITDA of USD 20.4 million. Assuming the acquisition of BCR by IATA occurred in January 2021, IATA’s statement for September 2021 would generate a revenue of USD 51.4 million with EBITDA of USD 20.4 million, instead of revenue of USD 7.2 million with an EBITDA loss of USD 54.8 thousand.

The profit and loss assumption would be much better for the whole year of 2021, and obviously, the BCR acquisition is very beneficial for IATA. The BCR acquisition becomes more attractive because the nine aforementioned BCR-owned IUPs will be acquired at a value of USD 140 million, 23% lower than the valuation of BSPC and PMC.

In 2022, BCR has obtained permission to increase its production to 8 million metric tons. If coal prices remain strong and the production target being achieved, IATA’s financial performance in 2022 is predicted to excel well, with expected 3x revenue increase compared to 2021, after suffering continuous losses since 2008.
Promising Prospects of Coal

Global coal prices continue to crawl up throughout 2021. Despite entering the second semester towards the end of the year, the value of this mineral soared, hitting an all-time high. The surge was influenced by various factors, in particular, to meet energy needs necessitated by the reopening of the post-pandemic economy. Other additional factors include supply-chain disruptions, cross-border conflicts, coupled with requests welcoming winter as well as floods in the Shanxi province, China's largest coal mining hub.

By 2022, forecasts suggest that coal prices would continue to inflate due to the impact of high demand and continuing shrinking supply. This increase certainly contributed to the nation's skyrocketing coal prices. Citing data from the International Energy Agency (IEA), Indonesia had exported as much as 455 million tons of coal worldwide in 2019 and shifted to 400 million tons in 2020 due to the Covid-19 pandemic. The position indicates Indonesia as a globally dominant coal exporting country. Alternatively, China takes the top spot in the world's coal importing countries. The souring relationship between China and Australia has allowed Indonesia, a major coal supplier to China, to increase its coal imports by 60% since the end of November 2021, according to China Customs data. In conclusion, as long as coal remains a major source of power generation in various countries, Indonesia’s coal will continue to be the world's prima donna.
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