
WELCOME TO PT COALINDO ENERGY

BACKGROUND In 2004 Indonesia was the second largest coal exporting country in the world, exporting 90 million tons against Australia at 107 millions tons. Today, Indonesia remains one of the world's top coal producers and in 2008 was the largest exporter of thermal coal, exporting about 180 million tons from a production volume of 239.41 millions tons. Utilities, power generators and other end users in India, Japan, South Korea, China, Taiwan and elsewhere in Asia are turning increasingly to Indonesia as a key supplier of competitively priced coal. Assessing the commercial value of Indonesian coal had been challenging due to the lack of ready, transparent and independent price markers. International price indices seemed inadequate in assessing Indonesian coal prices owing to specification differences and autonomous dynamics between the markets in Indonesia and sources from other countries. There was critical need for Indonesia to produce its own independent price benchmark. To address this concern, PT Coalindo Energy worked together with Argus Media Limited (United Kingdom) in 2006 to produce the Indonesian Coal Index (ICI), a series of four Indonesian Coal price assessments that follows a published methodology to reliably value the market prices of Indonesian coal.

OBJECTIVE The ICI serves as a critical tool for assessing the most widely spot-traded grades of Indonesian coal. The growing acceptance of the Indonesian Coal Index (ICI) by buyers and sellers is stimulating the development of a vibrant Indonesian spot coal market by employing an impartial and practical approach to assessing prices for coal physical trade and its associated derivative markets.

BENEFITS

Indonesia, as the worlds largest thermal coal exporting country, now possesses its own coal price index closely-linked to the fundamentals, dynamics and specifications prevalent to the Indonesian coal sector.

1. The ICI offers producers, consumers, and traders an independent, transparent and reliable price reference for analysis and trading of Indonesian coal domestically or globally.
2. The ICI calculates and assesses the four most widely traded grades (GAR) of Indonesian Thermal Coal, specifically 6500 Kcal/kg (high), 5800 Kcal/kg (medium) and 5000 Kcal/kg (sub-bituminous), and 4200 Kcal/kg (low) FOB Kalimantan.
3. ICI is used by the Indonesian government to formulate Indonesian Coal Price Reference (ICPR). It is the most influential component for these grades due to its practical and targetted assessment of these four grades.
4. With improved price transparency in the market, coal companies will be in a better position to balance, strategize, analyze and manage their operations and commercial activity. A reliable ICI benchmark would allow companies to value their coal from the investment, financial and production level, right through the supply chain.