

# **BUSINESS IN INDONESIA: Indika Energy Eyes 10% Higher Coal Production**

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JAKARTA – PT Indika Energy Tbk. (INDY), an energy company, is targeting the coal production of one of its subsidiaries PT Kideco Jaya Agung to reach 40 million tons this year, or increases by 10% compared to the realization in last year of 37 million tons.

Arsjad Rasjid, Vice President Director of Indika Energy said up to Q1/2014 the company has produced coal of 10.2 million tons with the sales of 9.8 million tons.

“So far, our sales are still on track. Yet, we have a problem on coal prices which have not recovered,” he said in a public exposure, Wednesday (5/14/14).

The reduction of coal prices has affected the performance of two of the company’s subsidiaries namely Kideco Jaya Agung and Santan Batubara. Another subsidiary, PT Multi Tambangjaya Utama, also had a postponement in obtaining license to continue its operational activity.

According to him, the coal market condition might still be challenging. Thereby, the company takes a number of methods to constantly maintain cash stability such as cost efficiency as well as business diversification and streamlining.

“We have started to reduce the number of contract employees for efficiency. Besides that, we also use the non active ships to transport cement as business diversification,” he said.

Up to Q1/2014, the company has booked consolidation revenue of US\$241.4 million or 30.3% higher than US\$185.4 million in the same period of 2013. However, the net profit reached US\$8.1 million, fell by 12% compared to the achievement in Q1/2013 of US\$9.2 million. (t11)

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