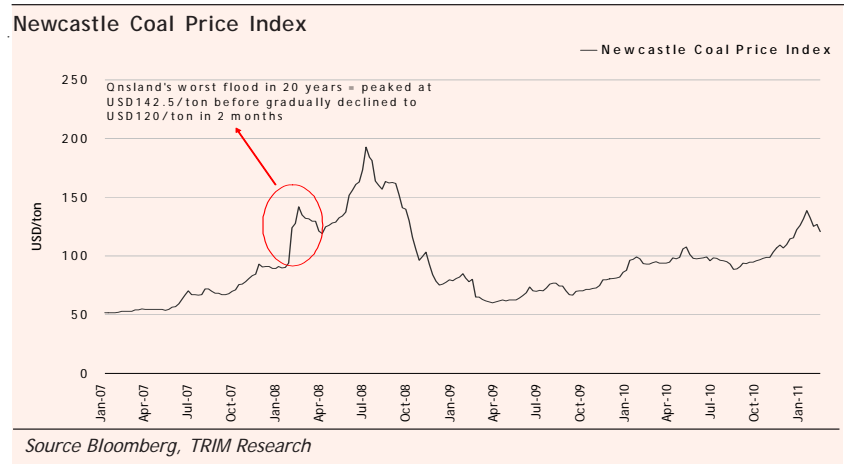


TRIM Notes

Coal: Spike Up, Gradually Decline

Spike Up, Gradually Decline, To Stay at USD125/ton on Average

We wrote back in Jan'11 (2011 01 05 Trim Notes: How High Can Coal Price Go??) that coal will test USD142/ton in view of the Australian flooding. Well, Newcastle coal price index has surged to its peak at USD138.5/ton, but has since gradually declined, along with mining recovery in Australia. As such, considering factors such as 2008 Ben Bernanke interest rate cuts (which sent oil to USD140/brl, not happening this time), peaking weather adversity, and continued strong demand side from Asia, we are confident that coal contracts for Japanese FY11 done in Mar'11 will be result in little deviation from our new USD125/ton assumptions for 2011.



We have revised our models to factor in the above numbers. We upgraded our coal price assumptions from USD105/ton to USD125/ton in 2011. We are still using USD90/ton for LT calculations. These translate to an average increase of 3%-5% upside for our coal coverage target prices.

Old and New 2011 Coal Price Assumptions vs. Target Prices			
	New	Old	% Change
2011 Coal Price (USD/ton)	125	105	19.0
Target Price			
ADRO	3,050	2,900	5.2
PTBA	26,700	25,300	5.5
ITMG	52,400	50,700	3.4

Source: TRIM Research

PT Trimegah Securities Tbk
19thFl, Artha Graha Building
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, INDONESIA
Tel : (6221) 515 2727 Fax : (6221) 515 4580

DISCLAIMER

This report has been prepared by PT Trimegah Securities Tbk on behalf of itself and its affiliated companies and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. This report has been produced independently and the forecasts, opinions and expectations contained herein are entirely those of Trimegah Securities.

While all reasonable care has been taken to ensure that information contained herein is not untrue or misleading at the time of publication, Trimegah Securities makes no representation as to its accuracy or completeness and it should not be relied upon as such. This report is provided solely for the information of clients of Trimegah Securities who are expected to make their own investment decisions without reliance on this report. Neither Trimegah Securities nor any officer or employee of Trimegah Securities accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. Trimegah Securities and/or persons connected with it may have acted upon or used the information herein contained, or the research or analysis on which it is based, before publication. Trimegah Securities may in future participate in an offering of the company's equity securities.
