



PRESS RELEASE

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## Banpu unveils plans for next phase of growth


- *Coal business to build on operational improvements with regional marketing and logistics synergies – and new growth*
- *Diversified power growth strategy with possible IPO*
- *Somruedee Chaimongkol put forward as next CEO; Chanin Vongkusolkrit to stay on as Board director*

Banpu Public Company Limited (BANPU) recently announced its 2014 results with a net profit of USD 82 million (THB 2,680 million; USD1 = THB32.5), up five per cent on the previous year. “Despite a challenging market environment, the effective cost reduction program in Indonesia, productivity improvements in Australia and continuous growth of our power business in China have ensured a resilient performance” said Mr. Chanin Vongkusolkrit, Chief Executive Officer of Banpu Public Company Limited (‘Banpu’ or the ‘Company’).

Mr. Vongkusolkrit outlined a new strategy for the Company’s next phase of growth to 2020 comprising three main themes: regional coal business synergies, power business growth and possible stock market floatation – and leadership succession plans.

“Banpu’s coal business has achieved substantial cost rationalization and productivity improvements over the past three years. We are well-positioned to weather the low coal price environment as well as being ready to take full advantage of new growth opportunities and any coal price recovery” added Mr. Vongkusolkrit.

Going forward the Company will centralize its regional coal marketing, sales and logistics activities around a new Singapore office. Mr. Vongkusolkrit explained: “Banpu’s exceptional geographic and product diversity in the Asia-Pacific region – and the depth and breadth of its expertise across the supply-chain from exploration and operations through to customer delivery and coal-fired power generation - gives us unique insights and opportunities to extract synergy value. Our new Marketing, Sales & Logistics (MS&L) office will ensure better co-ordination while also facilitating more advanced blending, trading and arbitrage strategies”.



Banpu reported that its Indonesia coal business ('ITM') was able to cut total costs year-on-year by 9% in 2014. This was achieved by reducing the weighted average stripping ratio from 11.5 in 2013 to just under 9.8 times in 2014 and by making improvements to coal handling, logistics and port management to minimize energy costs and through better shipment scheduling to reduce demurrage charges. In Australia ('Centennial Coal') Banpu achieved annual output records at several of mines with an overall productivity increase of approximately 13 percent, exceeding the initial 2014 target by three percent. Total coal output from Banpu's Australian operations was 1.4 million tonnes higher than in 2013. In China, the Gaohe mine entered its third year of operation with production growth to 8.6 million tonnes, well above plan and representing a 43 percent increase compared with 2013. The Gaohe mine is planning further output growth over the next few years.

**While important synergies between the coal and power businesses will remain, Banpu plans to unlock the full value potential of its power business through growth into renewable energy and via possible stock market floatation.** "The Hongsa project is due for its first phase of commissioning in the middle of this year. We are also working on expanding the capacity of our existing power operations in China – as well as developing the new Shanxi Lu Guang power project by 2017. In addition we are studying a potential expansion of BLCP in Thailand and are evaluating a number of new investment and acquisition opportunities in coal-fired power, bio-mass, solar and hydro power across the Asia-Pacific region. To raise funds for organic and pipeline growth - and to facilitate a more independent strategy, we are planning an IPO of Banpu Power on the Stock Exchange of Thailand," **said Mr. Vongkusolkit.**

The third part of the new strategy is the implementation of a CEO succession plan and related management changes to facilitate delivery of the next phase of the Company's growth. Ms. Somruedee Chaimongkol has been proposed as the next CEO of Banpu PCL subject to approvals in April.

**Mr. Vongkusolkit commented:** "Adaptability and a readiness to learn fast are the keys to survival and success in the energy sector. With this in mind, our focus since the outset has been on fostering a resilient philosophy at Banpu of continuous improvement, flexibility and long term investment in stakeholder relationships. Khun Somruedee has been with us since the early days and has lived and breathed this philosophy for over thirty years. She has an intimate knowledge of all aspects of our business and operations. I have full confidence in her abilities."

Ms. Chaimongkol expressed her respect for Mr. Vongkusolkrit: “I am deeply honored. Khun Chanin has been my mentor and inspiration since I commenced my career with Banpu. My aim will be to invigorate the ‘Banpu Spirit’ with a fresh sense of urgency and momentum and to apply it to our new strategy. In particular, I intend to emphasize empowerment and accountability. With this foundation my objective will be to build a springboard for a new phase of shareholder value growth.”

Mr. Vongkusolkrit will remain on the Board of Directors of Banpu PCL. He will continue to advise and provide guidance on the Company’s long term strategic direction. Mr. Peter Parry, currently CFO of Centennial Coal, has agreed to become CFO of Banpu PCL replacing Ms. Chaimongkol in this role.

#### **Summary of Banpu 2014 Performance:**

Banpu’s coal sales in 2014 were 44.45 million tonnes, a net increase of 1.65 million tonnes or four percent, comprising a higher sale volume of 1.88 million tonnes from Australia mines, and a lower sales volume of 0.23 million tonnes from Indonesia. The average coal selling price in 2014 was USD 65.4 per tonne compared to USD 72.4 per tonne in 2013, a 10 percent decrease, resulting from continued coal market weakness. Earnings from the power business remained strong with good performance from both BLCP and Power in China (BIC). BLCP equity income was USD70 million (THB2,277 million) while the three power plants in China generated a record annual net profit of USD27 million (approximately THB862 million).

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#### **About Banpu**

Banpu is a coal-mining and power generation group with a presence in eight countries across the Asia-Pacific region: Thailand, Lao PDR, Indonesia, Singapore, Australia, China, Mongolia and Japan. As at 31 December 2014, Banpu’s assets totaled USD 6.9 billion (approximately THB 227 billion) while total liabilities were USD 4.5 billion (approximately THB148 billion). The Net Debt to Equity ratio as at 31 December 2014 was 1.17 times. Earnings per Share (EPS) was reported at USD 0.032 per share (equivalent to THB1.04 per share) as compared to USD 0.030 per share (equivalent to THB 0.90 per share) in 2013.

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