



PRESS RELEASE

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## Banpu well positioned for weaker coal market conditions Earnings stable in the 2<sup>nd</sup> quarter

Banpu Public Company Limited (BANPU) today set out plans for dealing with a weaker coal price environment, and announced its results for the second quarter of 2012. Banpu's Chief Executive Officer, Mr. Chanin Vongkusolkit, said that Banpu has three decades of experience. The Company has been through several economic downturns and has faced many short term setbacks. Over the long run, however, it has always delivered strong returns to our shareholders.

"Our strategy places heavy emphasis not just on growth but on **sustainable** growth. That means a pro-active approach to risk management, contingency planning and financial management. But we are also different from many of our competitors in that we have a strong component of power business earnings and domestic coal sales which provide a degree of protection during periods of weaker coal prices. In the first half of 2012, for example, nearly a third of our adjusted operating earnings came from our power business and domestic coal sales. The remaining two-thirds came mainly from coal exports to large creditworthy industrial customers," said Mr. Chanin

Mr. Chanin added that given the current market conditions, Banpu will also now take additional action to reduce operating costs and postpone some capital expenditure. This should ensure the impact to our earnings of further coal price weakness is minimized and that we maintain a strong balance sheet.

For the second quarter of 2012, Banpu reported Earnings before interest, tax, depreciation and amortization ('EBITDA') of THB 7,227 million, up slightly (by 1%) compared to the first quarter of the year. The stable earnings performance was thanks to strong coal output growth in Indonesia and a big increase in earnings from the Company's power business which together offset some temporary operational issues at Centennial and a weaker seaborne coal market environment.

In Indonesia, although Banpu's average coal selling price was down to around USD 95 per tonne, coal sales increased by over 1 million tonnes compared to the first quarter on the back of higher output from the Indominco and Trubaindo operations. Total Indonesian coal output was 6.8 million

tonnes in the second quarter and the Company is targeting over 7.2 million tonnes in the third quarter and around 27 million tonnes for the full year. The contribution to Banpu's EBITDA from Indonesia increased 2% quarter-on-quarter to THB 4,895 million.

In Australia, Centennial's production was down to just under 3 million tonnes due to an extended longwall changeover at Mandalong and some poor geological conditions at Springvale. As a result, the EBITDA contribution from Australia fell by 25% versus the first quarter to THB 1,245 million. Going forward, Centennial expects full production at its main longwall operations (Angus Place, Mandalong and Springvale) and total output for the year of over 15 million tonnes.

In China, the Gaohe project made good progress with pre-commissioning output of 1.2 million tonnes and earnings before income, tax, depreciation and amortization ('EBITDA') of USD 40 million during the quarter. The project has passed all official inspections and now expects to receive the final Safety and Production licenses within the next few months.

Banpu's power business achieved a 78% increase in EBITDA contribution to THB 848 million in the second quarter, thanks mainly to increased Availability Payments and cost improvements at BLCF. In Laos, the Hongsa coal-fired power plant project reported 20% construction progress and is on schedule for first commissioning by 2015.

Banpu's net profit after tax was 2% down on the first quarter at THB 2,734 million. With reference to Banpu's operating cost and capital expenditure reduction plans, Mr Chanin said that the impact to the Company's coal reserves should be minimal and that Banpu's drive for organic growth will continue. The Company is now targeting consolidated coal output of around 55 million tonnes by 2015, up from around 40 million tonnes in 2010.

Banpu is a leading coal-based energy producer with coal and coal-fired power businesses in six countries across the Asia-Pacific region: Indonesia, Australia, China, Mongolia, Thailand and Laos. The Company is listed on the Stock Exchange of Thailand.

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*For more information on Banpu's results for the second quarter, please refer to Annex I.*

## Annex I

UNITS: THB MILLIONS

BANPU PCL CONSOLIDATED RESULTS	2Q 12	1Q 12	2Q 11	QoQ%	YoY%
Total Sales Revenues	29,644	28,310	24,888	5%	19%
Sales Revenue – Coal	28,256	26,623	23,587	6%	20%
Sales Revenue – Power (BIC* only)	1,281	1,573	1,239	-19%	3%
Cost of Sales	(18,359)	(16,314)	(14,735)		
Gross Profit	11,285	11,996	10,152	-6%	11%
Gross Profit – Coal	11,070	11,689	10,004	-5%	11%
Gross Profit – Power (BIC* only)	185	277	127	-33%	45%
EBITDA**	7,227	7,174	7,109	1%	2%
EBITDA – Coal	6,379	6,697	6,452	-5%	-1%
EBITDA – Power	848	477	657	78%	29%
Net profit before extraordinary items	1,442	1,934	2,365	-25%	-39%
Non-recurring items***	1,103	282	(110)		
Net profit before foreign exchange	2,545	2,216	2,255	15%	13%
Foreign exchange translations	189	569	906		
Net profit after tax	2,734	2,785	3,161	-2%	-14%
<i>Earnings Per Share ('EPS') Bt/share</i>	<i>10.06</i>	<i>10.25</i>	<i>11.63</i>		

\*Banpu Investment China (formerly BPIC)

\*\*Earnings before interest, tax, depreciation and amortization

\*\*\*Income from non-core assets and other non-operating expenses