



Press Release

24 May 2012

## Investors still confides in Banpu Oversubscribing its debenture more than 4 times

Institutional investors warmly embraced Banpu debentures issued last week with more fourfold over-subscription record, affirming the Company's growth.

Mrs. Somruedee Chaimongkol, Chief Financial Officer of Banpu Public Company Limited disclosed that Banpu issued a total of THB 6 billion senior unsecured debentures with maturities of 7 years worth THB 3 billion and 10 years worth THB 3 billion for institutional investors and/or high net worth investors last week. The annual coupon rates of the 7-year and 10-year debentures are 4.73 percent and 4.94 percent, respectively. The debentures issued last week accepted good response from investors with more than fourfold subscription to the issuance. At the same time, TRIS Rating Co., Ltd has affirmed the Company's senior debentures' rating at "AA- with "stable" outlook.

"More than fourfold oversubscription to Banpu new debentures proves the investor confidence in Banpu while sound TRIS rating for Banpu bonds also reflects the Company's leading position in the industry and our strong business performance," said Mrs. Somruedee.

Despite the current drop in the world's coal prices, Mrs. Somruedee is certain that Banpu's coal sales volume this year will achieve the target as planned. Coal shipments can be made as scheduled because Banpu has a strong customer base. More than 70 percent of coal sales contracts have been priced so the Company is assured that its 2012 operational performance will be close to that of last year while the dividend payment will be made regularly and consistently.

"In this situation, Banpu is focusing on risk management particularly in coal selling prices and production cost management. This year, we expect to maintain a gross profit margin at around 48

percent. Our strong balance sheet and stable financial performance will enable us to make a dividend payment continuously like what we did in the previous years,” insisted Mrs. Somruedee.

Referring to the reports regarding Chinese buyers defaulting on coal shipments or fail to pay for coal and iron ore purchase contracts as the price went down during the past few weeks, Mrs. Somruedee said that the customers who defaulted on coal shipments or missed a payment deadline are retail coal traders, not the end users. Banpu reassured that this occurrence will not happen to Banpu since its customers are reliable coal users.

On the concern that coal from the U.S. would penetrate into the Asian market, Mrs. Somruedee said that it’s difficult for traders from the U.S. to have an advantage over Asian traders in the long term because U.S. coal has higher cost when compared with coal produced in Indonesia which is Banpu’s main business base. In addition, logistics cost and longer distance will be the main obstacle for the U.S. coal.

“Due to higher production and logistics costs from longer distance, it’s unlikely that the U.S. coal could dominate the Asian market. Moreover, coal from the U.S. is sold in lower quality market segment whereas Banpu’s coal is Bituminus and sub-bituminus and belongs to the high quality segment which is totally different,” concluded Mrs. Somruedee.

#