

Banpu Reveals Q1/2017 Operating Results

- Strong earnings contribution from both coal and power businesses
- Expanding its investment in shale gas in the U.S.
- Moving midstream business strategy forward to strengthen coal business
- Looking for opportunities to become a leading energy provider in Asia-Pacific region

Banpu Public Company Limited (BANPU), a pioneering Asian energy company operating power, coal and other related energy businesses recently announced the first quarter's operating result for 2017, which is successfully aligned with its targeted results. With a total sales revenue of USD 633 million (equivalent to THB 22,225 million), Banpu has gained an increase of USD 81 million (equivalent to THB 2,845 million) compared to the same quarter of last year. Also, when compared to last year, Banpu is seeing a significant increase in EBITDA (earnings before interest, tax, depreciation and amortization) of 93 percent YoY and flat QoQ at USD 216 million (equivalent to THB 7,586 million). While net profit for this quarter is reported at USD 40.86 million (equivalent to THB 1,435 million), a turnaround from a net loss of USD 5.15 million (equivalent to THB 181 million) in the same period last year. Banpu expands its investment in shale gas in the U.S. Also, the Company aims to strengthen its midstream business strategy in coal trading to create positive returns for investors as well as to continuously look for opportunities to become a leading energy provider in the Asia-Pacific region.

Ms. Somruedee Chaimongkol, Chief Executive Officer of Banpu Public Company Limited said "In the first quarter of this year, Banpu has managed to achieve its goals in all businesses; from upstream to downstream, and has been fully benefited from the improvement in the coal market situation at the end of the previous year. An increase in the average selling price of coal results in higher sales revenue, which was previously affected by a seasonal decrease in demand for coal in Indonesia and the move of longwall machinery at the mine sites in Australia. Furthermore, Banpu has received additional revenue from the second shale gas resource in NEPA or Northeast Pennsylvania, of which it invested earlier this year, along with an increase in Power's generating capacity and the smooth operation of all three units of the Hongsa Power Plant."

In Q1/2017, Banpu has seen its **total sales revenue** rise to USD 633 million (THB 22,225 million), an increase of USD 81 million (equivalent to THB 2,845 million) or 15 percent compared to the same quarter of last year, which is largely due to a continued rising of the global coal price. This total sales revenue consists of total coal sales of USD 566 million (equivalent to THB 19,878 million), which is contributing 89 percent to the total sales revenue. The company's sales of power, steam and others generated USD 60 million (approximately THB 2,107 million), represented 9 percent of the total sales revenue. In addition, the gas business from two shale gas sources in Pennsylvania, the U.S has generated USD 7 million (approximately THB 246 million), which is accounted for 1 percent of the total sales revenue.

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Banpu reports **coal sales volume** in its first quarter at 8.58 million tonnes, a 1.72 million tonnes or 17 percent decrease over the same quarter in the previous year. This is the result of a 0.23 million tonnes decrease in coal sales volume from the mine in Australia and a 1.49 million tonnes decrease in coal sales volume from the mine in Indonesia. However, EBITDA from coal business rises at USD 171.5 million (approximately THB 6,019.6 million), representing an increase of 166 percent YoY and 2 percent QoQ, largely due to a rise in the global coal price compared to the previous year. The average selling coal price in this quarter is USD 65.86 per tonne representing a 36 percent increase over USD 48.29 per tonne in 2016.

Banpu's gas business in the U.S. reported EBITDA of USD 5.7 million (equivalent to THB 200 million), representing a 90 percent increase over USD 2.7 million (equivalent to THB 95 million) from the previous quarter, largely due to an additional investment in its second source of shale gas in Northeast Pennsylvania or NEPA earlier this year. Recently, **the Company further invested USD 32 million** (approximately THB 1,124 million) **in the shale gas business in two additional sources in the same location.** Revenue from this will be materialized in the second quarter of 2017 (2Q/2017).

Banpu has an increase in revenue **sharing from its power business**, reaching power generating capacity at 2,011 MWe, a 15 percent increase from 1,930 MWe of the previous quarter. EBITDA from power business was reported at lower by 19 percent YoY and 15 percent QoQ due mainly to the higher coal cost at China power plants.

"Banpu continues moving forwards with its sustainable growth business strategy. One of its key strategies this year is to improve the administration and management of midstream business in 'Coal Trading' with the aim of supplying high-quality coal to meet the different needs of customers. We realize that actively responding to the different needs of customers will not only help expand the Company client's base, but will also provide an opportunity for us to efficiently turn the existing assets into incremental profit, especially in the competitive environment of the coal market where there are a larger number of other alternative energy sources" **Ms. Somruedee added.**

Taking the midstream business strategy further, Banpu is aware of a continuous increase in the number of competitors in third-party coal purchase. The Company has been seeking a solution by turning competitors into trading partners through the promotion of collaboration in order to gain mutual benefits in terms of market expansion and sustainable business enhancement in the future.

"Banpu is committed to improving our business to become a leading energy provider in this region. In the upstream business, we will maintain the value management of the existing coal mines at the highest level of productivity and strictly control their costs and expenses while seeking new opportunities for growth with an emphasis on value-added business. For its midstream business, Banpu is moving to improve administration and management in coal trading in order to create profits and a positive return for investors. Additionally, the Company is looking for opportunities to expand its business and is committed to utilizing High Efficiency Low Emissions (HELE) technology in all downstream projects in the future. By the end of 2025, we will achieve no less than 20 percent of renewable energy sources in order to comprehensively build energy sustainability in Asia-Pacific region," **Ms. Somruedee** concluded.



In this quarter, the Company incurred a foreign loss of USD 24 million (equivalent THB 842.8 million) due to strong appreciation of Thai Baht against US Dollar that impacted the accounting translation of Baht-denominated loans. While, net profit excluding foreign exchange was USD 65 million (equivalent THB 2,282.8 million) markedly increased by 596 percent YoY and 87 percent QoQ led by improvement from all units of coal operations.

*Remark: Calculation based on exchange rate USD 1: THB 35.12

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About BANPU

Banpu Public Company Limited is a pioneering Asian energy company, with power, coal and renewable energy businesses in nine countries; Thailand, Indonesia, China, Australia, Lao PDR, Mongolia, Singapore, Japan and the United States of America. As of 31 March 2017, Banpu's assets totaled USD 7,299 million, an increase of USD 326 million compared to 31 December 2016.

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