



PRESS RELEASE

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## Banpu Announces 2Q/2013 Result

Banpu Public Company Limited (BANPU) announces its 2nd quarter 2013 result with an increase in coal production and coal sales volume. Production costs in addition have decreased. The power business continues to operate well as plan.

Mr. Chanin Vongkusolkit BANPU CEO said that in the second quarter of this year, BANPU recorded net profit of USD 21 million (equivalent to THB 629 million), 32 percent lower than the previous quarter and 68 percent lower than the same period last year. This was due to loss on exchange rate of USD 14 million (mainly from unrealized foreign exchange loss) as well as the market's softening coal prices. Without the foreign exchange loss, net profit from operations would have been USD 35 million (equivalent to THB 1,046 million).

The average coal selling price (ASP) this quarter dropped 17 percent from USD 89.74 per tonne in the second quarter last year to USD 74.46 per tonne, following a decline in global coal price. The Indonesian operation's ASP was USD 77.46 per tonne while the Australian ASP was AUD 69.68 per tonne.

Due to lower selling prices, sales revenue in the second quarter was reported at USD 852 million (equivalent THB 25,475 million), 10 percent lower than the same period last year. Of the total revenue, 94 percent was from coal business, equivalent to USD 805 million (THB 24,057 million), and another 5 percent or USD 41 million was from power and steam.

The coal production volume of this quarter, however, was higher. Coal operations in both Indonesia and Australia recorded a total production and sales volume of 10.71 million tonnes, an increase of 0.81 million tonnes or 8 percent from the same period last year. This was a result of higher coal production from both countries.

“Coal operations in Indonesia and Australia delivered strong coal sales volume with lower production costs. This was achieved through the cost saving programs implemented since late last year. This helped lessen the impact from the lower coal prices. The China coal business contributed significant equity income mainly from Gaohe mine. Meanwhile, the power business performed well. BLCF operated well as plan and contributed an equity income of USD 29.4 million (equivalent to THB 879 million including foreign exchange gain of USD 3 million or THB 90 million). China’s power business reported a net profit of USD 4.76 million (equivalent to THB 143 million)”, said Mr. Vongkusolkit.

Mr. Vongkusolkit added that the cost reduction measures and operation improvements implemented since late last year across BANPU operations has helped lessen the impact from lower selling prices. In the first half of this year, the Indonesian coal operations and the Australian coal mines were able to reduce their production costs by 11 percent and 2 percent respectively, from the same period last year. This year, BANPU targets to reduce the production cost of its Indonesian and Australian mines by 10 percent and 5-7 percent, respectively.

Mr. Vongkusolkit said that the market’s current coal price should bottom out, expecting to gradually recover in the beginning of next year. The increase in coal price will be modest since there will still be an excess coal supply continuing into year 2014.

Mr. Vongkusolkit added that BANPU has placed great emphasis on conspicuously expanding its businesses through increasing coal production from existing coal mines and coal projects in Mongolia. BANPU is looking for opportunities to further invest in the power business in addition to the Hongsa Power project which has now reached 62 percent construction completion.

“When the Hongsa Power plant commences its commercial operation in the third quarter of 2015, it will significantly help increase income from the power business. It will also lift the proportion of enterprise value stemming from the power business to more than 30 percent”, Mr. Vongkusolkit concluded.

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