

Banpu's Greener & Smarter Growth Strategy: Why Vietnam?

Vietnam is among the fastest-growing economies in the world despite the headwinds created by the ongoing COVID-19 pandemic, with remarkable GDP growth of 2.58% in 2021 and anticipated growth of 6.80% in 2022.¹ Moreover, the country has excellent potential for renewable energy deployment, with currently the highest expansion rate of renewables capacity in the ASEAN region. Given these facts, Vietnam has become an ideal destination for investors from various industries from around the world, including Thailand, to set up their manufacturing base over the recent years.

Foreseeing that Vietnam is one of the key strategic markets for investment and expansion of greener energy portfolio in line with global energy trends, Banpu, a leading international versatile energy provider, has capitalized on the country's long-term growth potential as part of the Company's direction under the Greener & Smarter strategy in order to accelerate its business transformation towards Smarter Energy for Sustainability. Over the past two years, Banpu has invested in a total of 5 wind and solar power plants with a combined total capacity of 218 MW.

"Our substantial investment expansion in renewable energy in Vietnam over the recent two years is just the right timing," said Somruedee Chaimongkol, Banpu's Chief Executive Officer. "Vietnam is not only one of the world's fastest-growing emerging markets, but also among the countries with the highest growth rate of green energy development. Renewable energy ambition of the Vietnamese government is simply in line with Banpu's strategic direction in strengthening green energy assets across different regions and complements our existing business ecosystem in the key markets we operate around the world."

Over the years Vietnam has been a highly attractive market for foreign investors thanks to its competitive labor cost, supportive policies from the government, as well as the country's constantly expanding export sector. Exports from Vietnam to the U.S. in the first half of 2021

¹ Source: <https://tradingeconomics.com/vietnam/forecast>

increased 42.6%, reflecting Vietnam's robust economic growth. Increasing investment in infrastructure development has also led to hiking demand for electricity, resulting in fast-growing energy sector, especially that generated from renewable sources, which is central to Vietnam government's sustainable energy agenda.

Geographic location advantage and government support

In 2021, the government of Vietnam released the draft of Power Development Plan 8 (PDP 8), for 2021 to 2030 with the determination to increase solar capacity to 18.6 GW and wind capacity to 11.82 GW, boosting its power output produced by renewable energy to 23% by 2030. The ambition is attainable thanks to the country's geographic location with high proportion of land area nationwide with high average solar intensity and more than 3,000 kms of coastlines with consistent wind speeds throughout the year.

Vietnam is one of the strategic markets for Banpu's long-term growth potential due to the clear policy from the country's government to support foreign investment and green energy development. Meanwhile, the country's transition to implementation of auction scheme for electricity trading might be another milestone for Banpu to expand business there. However, in recent years, Banpu has established strong business fundamentals in Vietnam with investments in various renewable energy assets, which significantly enhances the Company's competitive edge in bidding for new power plants in the future.

Expertise in energy business – Banpu's key competitive edge

In the future, Vietnam is increasingly transforming the country's energy business from centralized to decentralized, advocating private sector-led approach to electricity development with aim to create competition for the best benefits for the government and selling price of electricity for consumers. This gives Banpu competitive advantage in investing and growing business in Vietnam due to the Company's extensive experience in energy industry landscape in the countries with advanced energy trading schemes like the United States, Australia or Japan, where energy trading platform and spot market trading are pervasively implemented.

Constant investment in Vietnam is part of Banpu's strategic transition towards greener energy and helps enhance the Company's business ecosystem. Banpu has currently acquired 5 renewable energy projects, comprising 2 wind farms and 3 solar power plants.

Banpu's first wind energy asset in Vietnam is the 38 MW **EI Wind Mui Dinh Wind Farm**, which generated immediate income for the Company as its commercial operation has started since April 2019. The wind farm is located in Ninh Thuan Province, Vietnam's hub for renewable energy resources from where 80% of the nation's renewable power is generated. Another wind asset is **Vinh Chau Wind Farm Phase 1**, with a capacity of 30 MW, now under construction with plan for commercial operation in Q1 2022; and **Vinh Chau Wind Farm Phase 2 and Phase 3**, with a capacity of 50 MW, currently under feasibility study for project development to support the Vietnamese government's new electricity trading scheme.

The Company's first solar power asset in Vietnam is the 50 MW **Ha Tinh Solar Farm**, a large power plant in the north central coast of the country with commercial operation since June 2019. The other two are **Chu Ngoc Solar Farm** in Gia Lai Province, with a capacity of 15 MW and commercial operation since June 2019; and **Nhon Hai Solar Farm** in Ninh Thuan Province, with a capacity of 35 MW and commercial operations since July 2020. The three solar power plants generate instant income to Banpu since they have been fully operational and are entitled to attractive Feed-in-Tariff (FIT). They also provide the Company with long-term income stream as they all supply electricity through the national grid system under a Power Purchase Agreement (PPA) with Vietnam Electricity (EVN) for a period of 20 years.

Banpu will continue to pursue new growth opportunities in Vietnam, as part of the Company's ambition to accelerate the transition towards Smarter Energy for Sustainability under its Greener & Smarter strategy as well as to strengthen its energy ecosystem. The Company also explores investment opportunities in all 10 countries where it operates as well as other new markets with high growth potential, with investment focus on projects that can generate immediate cash flow. This is to achieve the growth target under energy generation business of 6,100 MW, in which not less than 20% generated by renewable energy sources, in 2025.



Banpu is committed to creating a balance between economic growth and environmental sustainability, with strong adherence to ESG (Environmental, Social and Governance) principles, as well as being a good corporate citizen wherever the Company operates, all while creating sustainable value to all its stakeholders.

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