

# News Release

10<sup>th</sup> August 2022

## 2Q/2022 Results Highlight

**Banpu has submitted to the SET its 2Q/2022 financial performance with full details.**

Despite global economic uncertainties and vulnerabilities caused by ongoing geopolitical tensions of Russian-Ukraine war, includes volatility in energy prices, Banpu continue to be resilience and pursue its growth strategy carefully and sustainably, pursuing its 3As strategy, by Accelerate its greener portfolio through the successful acquisition of new XTO Barnett Gas asset in the US, having operational resilience through Antifragile portfolio, with priority given to the improvement in operational performance to consistently generate strong cash flow and lastly exploring new S-curve opportunity as part of Augmentation strategy by investing in US Healthcare fund.

The performance of 2Q2022 supported by the rising global commodity prices both coal and natural gas uplifting Banpu earning result. Coal average selling price (ASP) increase by 20% QoQ to 156.66 USD/ton while sales volume also increases especially significant improvement from Australia operation. The local price of US Natural gas increase to average of 6.64 USD/Mcf, up by 38% compared to previous quarter. Therefore, Banpu reported outstanding 2Q2022 financial results with **net profit of USD 372 million (up by 20% QoQ)**, which already included one-time gain from the investment in XTO gas asset in the US of USD 164 million and the impact from derivatives loss from both coal & natural gas hedging.

The report **EBITDA of USD 948 million**, 59% improve from previous quarter which consists of Coal business reported EBITDA of USD 630 million (up by 58% QoQ), Gas business reported EBITDA of USD 264 million (up by 58% QoQ), Power business reported EBITDA of USD 58 million (up by 46% QoQ), and Energy Technology business reported EBITDA of USD (-4) million.

**The Energy resources business** deliver strong performance as a result of marketing and production plan improvement for both coal & gas to capture opportunity during high commodities prices.

**Coal businesses** generate strong operational result, reflected in an increase of total coal sales volume of 7.9 million tons up by 25% compared to previous quarter. The group ASP also improved to USD 156.66/ ton, up by 20% compared to previous quarter which reported ASP of USD 130.49/ton. This result in an average gross margin from coal business up to 53%.

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Indonesia coal business reported sales volume of 3.86 million tons, down by 9%, compared to previous quarter, mainly due to the impact from higher-than-expected rainfall during the quarter and Kitadin-Embalut mine closure, however the average selling price was significantly improved to 203.33 USD/ton, up by 35% from 151.14 USD/ton in previous quarter. The cost of sale was 67.54 USD/ton, the main impact was from higher diesel price. The gross profit margin remains strong at 67%.

Australia coal business reported sales volume of 2.78 million tons, increased nearly double from previous quarter, as longwall equipment of both Springvale and Mandalong mine operated smoothly though geological conditions still remain challenge, result in a reduction in cost of sale at AUD 110.95/ton, improved by 12% compared to previous quarter. The ASP was also improved to AUD 172.38/ton, supported from the strong export price that reach to average of AUD 353.09/ton. The gross profit margin therefore reported at 36%.

China coal business reported strong share of profit of USD 50 million, up by 5% compared to previous quarter, the strong domestic coal price environment continues to support its earnings performance.

**Gas business** in the US reported stable production volume of 59.48 billion Cubic Feet (Bcf). The average local price was 6.64 USD/Mcf, increased by 38% compared to 4.80 USD/Mcf in the previous quarter, driven by continued surge in gas demand especially from Europe while global supply remain tight and US gas producers being more cautious with discipline in utilizing its capital expenditure to increase the new production wells. US natural gas inventory level therefore remains low, resulting in rising of the domestic natural gas price.

**The Energy generation business** consistently generate strong cash flow stream. The thermal power business emphasizes on ensuring the plant reliability while continue to implement several measures to lessen impact from the high fuel cost. The major IPPs which are HPC power plant reported strong operational result with EAF reached 91%, generate an equity income of USD 37.5 million, nearly double compared to previous quarter. BLCP maintain its smooth operation with EAF of 95%, reported an equity income of USD 1.0 million. CHPs plants in China reported net loss of USD 1.5 million, due to seasonality of demand during summer, and high Chinese domestic coal cost that reported an average of RMB 1,198/ton. Shanxi Lu Guang (SLG) power plant in China, also experiences high domestic Chinese coal cost, so it reported loss sharing of USD 6.19 million. The 2 major High Efficiency, Low Emission “HELE” power plants, consists of Nakoso power plant in Japan reported profit sharing of USD 2.19 million and Temple I Gas-fired in US reported net loss of USD 20.7 Million, which include the impact from unrealized derivative loss of USD 31.9 million.

The renewable business portfolio mostly reported improvement in operational performance. The 2 Solar farm in Australia reported revenue of USD 2 million, Solar business in China reported net profit of RMB 17.8 million, Solar business in Japan reported TK dividend distribution of JPY 232 million. However, El Wind Mui Dinh wind farm reported decreasing in average capacity factor due to unfavorable weather condition, therefore results in net loss of USD 1.4 million while 30 MW Vin Chau wind project is under pre-commissioning to be ready for commercial dispatch as requested by the EVN, an Offtaker.

**For Energy Technology business**, through Banpu NEXT, continues to expand its ecosystem with variety of business & services covering several growing geographies, including expansion in solar rooftop business by penetrating to Indonesia market, in which PT. ITM Bhinneka Power (IBP), the Indonesian subsidiary can secure installation agreement of up to 7.27 MWp, and also the recent announcement in JV partnership to expand the Energy Storage system business among Banpu Next (30%) Durapower (30%) and Cherdchai motors (40%), to set up lithium-Ion battery plant in Thailand, expected to started the operation in 2023, this new battery assembly plant will produce high quality, high safety standard, enabling fast charging of high energy density battery systems for Cherdchai' s e-Buses and will capture opportunities in the growing market for electric vehicles (EVs) across Asia-Pacific with a plan to expand its production capacity to 1 GWh by 2026. This is another major development milestone that reflecting Banpu commitment toward decarbonization along with the government support to achieve the lower-carbon society.

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## Summary of 2Q/2022 results

Year-end Dec ('M.USD)	2Q22	1Q22	2Q21	Note
<b>Coal sales volume (M.Tonnes)</b>	<b>7.9</b>	<b>6.3</b>	<b>7.8</b>	Indonesia 3.9mt (-9%QoQ, -21%YoY), Australia 2.8mt (+86%QoQ, +12%YoY), and Coal trading 1.2mt. ASP Indo US\$203.3/t, ASP Australia A\$172.4/t
Sales revenues	1,773.0	1,255.8	799.3	
Cost of sales	(841.9)	(665.9)	(530.0)	
Gross profit	931.1	589.9	269.3	GPM from coal 53% (GPM Indo coal 67%, GPM Australia coal 36%)
<b>GPM</b>	<b>53%</b>	<b>47%</b>	<b>34%</b>	GPM from Gas 66%, GPM from Power 14%
Administrative expenses	(65.4)	(69.4)	(53.5)	
Selling expenses	(51.1)	(42.2)	(34.4)	
Royalty	(131.2)	(85.1)	(56.9)	
Equity income	81.4	62.3	63.0	Equity income from China coal US\$50m, HPC US\$37.5m, BCLP US\$1m
Other	12.7	7.2	4.1	SLG US\$-6.2m, Nakoso US\$2.2m and Solar & Tech business US\$-3m
<b>EBIT</b>	<b>777.5</b>	<b>462.7</b>	<b>191.6</b>	
<b>EBIT margin</b>	<b>44%</b>	<b>37%</b>	<b>24%</b>	
Interest expenses	(54.1)	(49.7)	(40.9)	
Financial expenses	(1.8)	(1.8)	(2.1)	
Income tax - Core business	(73.4)	(60.2)	(20.6)	
Minorities	(101.5)	(79.9)	(35.5)	
<b>Net profit before extra items</b>	<b>546.7</b>	<b>271.2</b>	<b>92.5</b>	
Non-recurring items	157.4	191.9	(3.5)	
Gain (Loss) on Derivatives	(292.9)	(148.0)	(48.2)	Loss from financial derivative instruments
Income tax - Non core business	(16.3)	(0.3)	(1.0)	
Deferred tax income/expenses	(75.7)	(14.6)	(10.9)	
<b>Net profit</b>	<b>319.2</b>	<b>300.2</b>	<b>28.9</b>	
Net gains (losses) on exchange rate	52.6	10.4	13.4	FX gain from the depreciation of Thai Baht against US Dollar
<b>Net profit</b>	<b>371.8</b>	<b>310.5</b>	<b>42.3</b>	
<i>EPS (USD/share)</i>	0.055	0.046	0.008	
Depreciation	91.0	83.3	67.2	
Amortization	79.0	49.8	49.6	
Depre & Amortization	170.0	133.1	116.8	
<b>EBITDA</b>	<b>947.5</b>	<b>595.8</b>	<b>308.4</b>	EBITDA from Coal of US\$630m, Gas US\$264m, Power US\$58m
<b>EBITDA margin</b>	<b>53%</b>	<b>47%</b>	<b>39%</b>	and Energy Technology US\$-4m

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DETAIL OF PROFIT&LOSS STATEMENT		2Q22	1Q22	2Q21
<b>ROM Production (M. tonnes)</b>				
<i>Total production of Coal Indonesia</i>		3.83	3.72	4.71
<i>Total production of Coal Australia</i>		2.46	1.72	2.26
<b>Total Production</b>	<b>M.Ton</b>	<b>6.29</b>	<b>5.44</b>	<b>6.98</b>
<b>Coal sales volume (M tonnes)</b>				
<i>ITMG own</i>		3.24	3.87	4.46
<i>Other Source</i>		0.62	0.39	0.42
<i>Total Coal Sales - Indonesia</i>		3.86	4.26	4.88
<i>Coal Sales - Coal Australia</i>		2.78	1.49	2.49
<i>Coal Sales - China (traded coal)</i>		0.75	0.61	0.44
<i>Coal Sales - Others &amp; Elimination</i>		0.51	(0.01)	0.02
<b>Total sale volume</b>	<b>M.Ton</b>	<b>7.90</b>	<b>6.35</b>	<b>7.84</b>
<b>Sales revenue (M.USD)</b>				
<i>Sales revenue - ITMG</i>		697.5	602.0	369.9
<i>Other Sources</i>		87.3	41.4	25.5
<i>Sales revenue - Coal Indonesia</i>		784.8	643.4	395.4
<i>Sales revenue - Coal Australia</i>		342.8	147.1	172.4
<i>Sales revenue - China (traded coal) &amp; Others</i>		110.3	37.7	18.9
<b>Revenue from COAL business</b>		<b>1,237.9</b>	<b>828.2</b>	<b>586.7</b>
<b>Revenue from POWER business</b>		<b>138.8</b>	<b>125.7</b>	<b>35.6</b>
<b>Revenue from GAS business</b>		<b>386.8</b>	<b>278.6</b>	<b>160.1</b>
<b>Revenue from OTHER business</b>		<b>9.6</b>	<b>23.4</b>	<b>16.9</b>
<b>Total revenues</b>	<b>M.USD</b>	<b>1,773.0</b>	<b>1,255.8</b>	<b>799.3</b>
<b>Cost of sale (M USD)</b>				
<i>Cost of sales - ITMG</i>		(174.2)	(185.3)	(177.1)
<i>Other Sources</i>		(86.5)	(41.5)	(26.0)
<i>Cost of sales - Coal Indonesia</i>		(260.7)	(226.8)	(203.1)
<i>Cost of sales - Coal Australia</i>		(221.0)	(136.4)	(157.0)
<i>Cost of sales - China (traded coal) &amp; Others</i>		(95.6)	(37.7)	(16.6)
<b>COST OF SALE - COAL business</b>		<b>(577.2)</b>	<b>(400.9)</b>	<b>(376.7)</b>
<b>COST OF SALE - POWER business</b>		<b>(119.9)</b>	<b>(116.9)</b>	<b>(33.3)</b>
<b>COST OF SALE - GAS business</b>		<b>(132.4)</b>	<b>(125.4)</b>	<b>(105.1)</b>
<b>COST OF SALE - FUEL business</b>		-	-	(1.4)
<b>COST OF SALE - OTHER business</b>		<b>(12.4)</b>	<b>(22.7)</b>	<b>(13.6)</b>
<b>Total cost of sale</b>	<b>M.USD</b>	<b>(841.9)</b>	<b>(665.9)</b>	<b>(530.0)</b>

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DETAIL OF PROFIT&LOSS STATEMENT		2Q22	1Q22	2Q21
<b>Gross profit (M USD)</b>				
Gross profit - ITMG		523.3	416.7	192.8
Other Sources		0.8	(0.1)	(0.5)
<i>Gross profit - Coal Indonesia</i>		524.1	416.6	192.3
<i>Gross profit - Coal Australia</i>		121.8	10.7	15.4
<i>Gross profit - China (traded coal)</i>		14.7	(0.0)	2.3
<b>Gross profit from COAL business</b>		<b>660.7</b>	<b>427.3</b>	<b>210.0</b>
<b>Gross profit from POWER business</b>		<b>18.9</b>	<b>8.7</b>	<b>2.3</b>
<b>Gross profit from GAS business</b>		<b>254.4</b>	<b>153.3</b>	<b>55.0</b>
<b>Gross profit from FUEL business</b>		-	-	(1.4)
<b>Gross profit from OTHER business</b>		<b>(2.8)</b>	<b>0.7</b>	<b>3.3</b>
<b>Total Gross profit</b>	<b>M.USD</b>	<b>931.1</b>	<b>589.9</b>	<b>269.3</b>
<b>Gross profit margin</b>				
<i>GPM - ITMG</i>		75%	69%	52%
<i>Other Sources</i>		1%	0%	-2%
<i>GPM - Coal Indonesia</i>		67%	65%	49%
<i>GPM -Coal Australia</i>		36%	7%	9%
<i>GPM - China (traded coal)</i>		13%	0%	12%
<b>GPM from COAL business</b>		<b>53%</b>	<b>52%</b>	<b>36%</b>
<b>GPM from POWER business</b>		<b>14%</b>	<b>7%</b>	<b>7%</b>
<b>GPM from GAS business</b>		<b>66%</b>	<b>55%</b>	<b>34%</b>
<b>GPM from OTHER business</b>		<b>-30%</b>	<b>3%</b>	<b>19%</b>
<b>GPM for Banpu group</b>		<b>53%</b>	<b>47%</b>	<b>34%</b>