News Release

11th August 2016

2Q/2016 Results Highlight

Banpu has submitted to the SET its 2Q/016 financial performance with full details.

The financial statement of 2Q16 indicates sound performance in coal operation underpinned by effective cost management at Indonesia and Australia. Income from China coal recovered due to a more favorable situation in local market. In power business, all three main power operations namely BLCP, Hongsa, and Power China delivered performance as planned. The net profit for this quarter recovered to $8 million from a net loss of $5 million in the previous quarter.

Group EBITDA was reported at $99 million (-5% YoY and -13% QoQ). Coal EBITDA was lower at $57 million (-28% YoY and –20% QoQ) due mainly to lower revenue in Indonesia and Australia. Power EBITDA was $40 million (+57% YoY and -4% QoQ) due to the full commercial startup of Hongsa and stronger contribution from China Power. This quarter also marks the first accounting consolidation of unconventional gas in USA business. It contributed EBITDA of $2 million.

The Indonesian coal mines delivered sale volume of 6.24 million tonnes. The major mining areas including Indominco, Trubaindo, and Bharinto achieved production output as planned. Compared to last year the total sale volume decreased due to reserve depletion at Kitadin Tandung Mayang that led to mine closure since early this year. The Average Selling Price (ASP) softened 4% QoQ to $46.24 per tonne. Nevertheless the production cost continued to be well-managed at $32.6 per tonne or flat QoQ despite the recovery in diesel price by 28% QoQ to $0.42 per litre. The Gross Profit Margin (GPM) was 30% compared to 34% in the previous quarter as a result of lower ASP.

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Australia Coal operation in this quarter was highlighted by two Longwall changeover works at Mandalong and Springvale scheduled for this quarter. The impact to output was relatively marginal due to efficient changeover particularly at Mandalong which took only 14 days to complete the Longwall reinstallation. Total sale volume was reported at 3.03 million tonnes or 11% lower QoQ. The ASP was A$61.83 per tonne, lower 5% QoQ led by unfavorable export prices. The sound operation and efficient inventory management resulted in a lower unit cost at A$44.3 per tonne, an 11% saving QoQ. Its GPM was sustained at 30%.

For China coal business, Gaohe operation showed signs of improvement from previous quarters due to good mining conditions leading to higher sales whereas coal in local market started to recover. In this quarter, the total equity loss from China lessened to $5.4 million compared to a loss of $9.7 million in the previous quarter.

Power business delivered performance as planned due to healthy operations at BLCP with stable equity income of $20 million whereas Hongsa generated its first full-period earnings with all three units under commercial operations. Its equity income was $13 million compared to $1.4 million in the previous quarter. China power business realized strong quarter with net profit contribution of $7 million lower than previous quarter due to the normal seasonal factors.

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Summary of 2Q/2016 results

Year-end Dec ('M.USD)	2Q16	1Q16	2Q15	Note
Coal sales volume (M.Tonnes)	*9.273*	*10.294*	*9.962*	Indonesia 6.1mt (-9%QoQ, -10%YoY), Australia 3.0 mt (-11%QoQ, -2%YoY)
Sales revenues	469.43	552.02	602.02	ASP Indo US$46.4/t, ASP Australia A$61.82/t
Cost of sales	(329.52)	(373.53)	(420.20)	
Gross profit	139.91	178.49	181.82	GPM from coal 29% (GPM Indocoal 30%, GPM Australia coal 28%)
GPM	***30%***	***32%***	***30%***	GPM from Power 41%
Adminstrative expenses	(25.85)	(24.80)	(26.88)	
Selling expenses	(43.02)	(42.45)	(55.56)	
Royalty	(43.84)	(51.98)	(62.19)	
Equity income	25.63	11.09	19.40	BLCP US$20 m , Hongsa US$13 m, China coal US$-5.4 m
Dividend income - Coal & Power	0.39	0.07	0.17	
Other income	8.95	7.45	7.10	
Mining property	(3.88)	(7.08)	(8.21)	
EBIT	**58.29**	**70.79**	**55.64**	
EBIT margin	***14%***	***14%***	***15%***	
Interest expenses	(32.57)	(31.22)	(30.44)	
Financial expenses	(2.20)	(1.71)	(2.13)	
Income tax - Core business	(11.06)	(17.43)	(13.31)	
Minorities	(5.22)	(9.03)	(8.18)	
Net profit before extra items	**7.23**	**11.40**	**1.59**	
Non-recurring items	(2.19)	(4.72)	1.64	
Gain (Loss) on Derivatives Transact	(10.28)	(6.86)	(17.02)	
Income tax - Non core business	-	(5.58)	(2.54)	
Deferred tax income/expenses	10.22	15.12	(1.97)	
Net profit	**4.99**	**9.35**	**(18.30)**	
Net gains (losses) on exchange rate	3.00	(14.50)	16.67	
Net profit	**7.99**	**(5.15)**	**(1.63)**	China Power net profit US$7m
EPS (USD/share)	0.002	(0.002)	(0.001)	
Depreciation	36.91	35.43	40.76	
Amortization	3.67	6.88	8.03	
Depre & Amortization	40.58	42.31	48.79	
EBITDA	**98.87**	**113.10**	**104.43**	
EBITDA margin	***21%***	***20%***	***17%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		2Q16	1Q16	2Q15
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.52	0.71	0.26
Indominco - East Block		3.29	2.81	3.07
Trubaindo		1.24	0.95	1.68
Bharinto		0.52	0.38	0.59
Jorong		0.20	0.26	0.32
Kitadin - Embalut		0.27	0.29	0.27
Kitadin - Tandung Mayang		-	-	0.73
Total production of Coal Indonesia		**6.04**	**5.41**	**6.92**
Total production of Coal Australia		**2.80**	**3.58**	**3.04**
Total ROM Production	**M.Ton**	**8.84**	**8.99**	**9.96**
Coal sales volume (M tonnes)				
Indominco - West Block		0.47	0.59	0.26
Indominco - East Block		3.39	3.27	2.70
Trubaindo		1.21	1.53	1.70
Bharinto		0.49	0.59	0.71
Jorong		0.27	0.43	0.40
Kitadin - Embalut		0.27	0.29	0.33
Kitadin - Tandung Mayang		0.01	0.04	0.67
Coal Sales - Coal Indonesia		**6.10**	**6.73**	**6.78**
Coal Sales - Coal Australia		**3.03**	**3.41**	**3.10**
Coal Sales - Coal Thai		**-**	**-**	**-**
Coal Sales - Other sources		**0.14**	**0.15**	**0.09**
Total sale volume	**M.Ton**	**9.27**	**10.29**	**9.96**
Sales revenue (M.USD)				
Indominco		163.11	173.80	163.64
Trubaindo		71.64	93.11	113.80
Bharinto		26.81	33.95	46.09
Jorong		9.33	15.52	12.59
Kitadin - Embalut		11.57	13.02	17.87
Kitadin - Tandung Mayang		0.44	1.37	41.93
Sales revenue - Coal Indonesia		**282.92**	**330.78**	**395.92**
Sales revenue - Coal Australia		**139.90**	**159.43**	**162.59**
Sales revenue - Other Sources		**5.94**	**6.86**	**2.84**
Revenue from COAL business		**428.75**	**497.07**	**561.34**
Revenue from POWER business		**32.56**	**48.63**	**33.94**
Revenue from OTHER business		**8.12**	**6.32**	**6.74**
Total revenues	**M.USD**	**469.43**	**552.02**	**602.02**

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DETAIL OF PROFIT&LOSS STATEMENT		2Q16	1Q16	2Q15
Cost of sale (M USD)				
Indominco		(110.86)	(122.09)	(122.68)
Trubaindo		(53.82)	(55.00)	(72.68)
Bharinto		(19.13)	(22.04)	(30.06)
Jorong		(6.29)	(8.08)	(7.25)
Kitadin - Embalut		(8.30)	(10.81)	(13.28)
Kitadin - Tandung Mayang		(0.47)	(1.16)	(24.81)
Cost of sales - Coal Indonesia		**(198.87)**	**(219.17)**	**(270.76)**
Cost of sales - Coal Australia		**(100.62)**	**(122.05)**	**(123.65)**
Cost of sales - Coal Thai		**-**	**-**	
Cost of sales - Other Sources		**(5.73)**	**(4.55)**	**0.11**
COST OF SALE - COAL business		**(305.22)**	**(345.77)**	**(394.30)**
COST OF SALE - POWER business		**(19.21)**	**(24.57)**	**(22.88)**
COST OF SALE - OTHER business		**(5.08)**	**(3.19)**	**(3.03)**
Total cost of sale	**M.USD**	**(329.52)**	**(373.53)**	**(420.21)**
Gross profit (USD, million)				
Indominco		52.25	51.71	40.95
Trubaindo		17.82	38.12	41.12
Bharinto		7.69	11.91	16.03
Jorong		3.04	7.45	5.33
Kitadin - Embalut		3.27	2.21	4.60
Kitadin - Tandung Mayang		(0.03)	0.21	17.12
Gross profit - Coal Indnesia		**84.04**	**111.60**	**125.16**
Gross profit - Coal Australia		**39.28**	**37.38**	**38.94**
Gross profit - Coal Thai		**-**	**-**	**-**
Gross profit - Other Sources		**0.21**	**2.31**	**2.95**
Gross profit from COAL business		**123.53**	**151.30**	**167.05**
Gross profit from POWER business		**13.35**	**24.06**	**11.06**
Gross profit from OTHER business		**3.04**	**3.13**	**3.71**
Total Gross profit	M.USD	**139.92**	**178.49**	**181.82**
Gross profit margin				
Indominco		32%	30%	25%
Trubaindo		25%	41%	36%
Bharinto		29%	35%	35%
Jorong		33%	48%	42%
Kitadin - Embalut		28%	17%	26%
Kitadin - Tandung Mayang		-6%	16%	41%
GPM - Coal Indnesia		**30%**	**34%**	**32%**
GPM -Coal Australia		**28%**	**23%**	**24%**
GPM -Coal Thailand		**-**	**-**	**0%**
GPM -Other Sources		**4%**	**34%**	**104%**
GPM from COAL business		**29%**	**30%**	**30%**
GPM from POWER business		**41%**	**49%**	**33%**
GPM from OTHER business		**37%**	**50%**	**55%**
GPM for Banpu group		**30%**	**32%**	**30%**