News Release

10th November 2016

3Q/2016 Results Highlight

Banpu has submitted to the SET its 3Q/2016 financial performance with full details.

The financial statement of 3Q16 reported a consolidated net profit of USD 2.01 million. The operating income in this quarter improved significantly due mainly to a large increase in coal market prices, leading to stronger operating income for Indonesia, Australia, and China. The net profit as compared to the previous quarter was lower from USD 7.99 million as the strengthened Thai Baht caused a swing in foreign exchange from a gain of USD 3 million in 2Q16 into a loss of USD 8.25 million in this quarter.

Group EBITDA was USD 115 million (+9% YoY and +16% QoQ). EBITDA from coal business was USD 93 million (+2% YoY and +68% QoQ) reflecting benefit from coal price recovery during 3Q16 on some shipments that had exposure to prevailing market prices. EBITDA from power business was healthy at USD 19 million (+39% YoY and -54% QoQ). Gas business contributed an EBITDA of USD 2.7 million.

Revenue from Indonesia coal of USD 347 million increased 23% QoQ derived from coal sale volume of 6.75 million tonnes (+11% QoQ) with a significant increase in average coal selling price (ASP) by 11% QoQ to USD 51.35 per tonne. The higher ASP widened Gross Profit Margin (GPM) to 36% from 30% in previous quarter. Unseasonal rainfall in Indonesia during this quarter widely affected Indonesia's coal output and export for this period. In China, government measures to reduce working days for coal miners and early restocking of coal for winter usage by power plants had triggered a major rally in coal market prices, most notably during August and September.

Sale volume from Australia coal recovered by 19% QoQ to 3.62 million tonnes due to stronger output from Mandalong and Springvale which resumed their full production following Longwall changeovers in the previous quarter. Shipment split between domestic and export was 65% and 35% respectively. The ASP rose 8% QoQ to AUD 67 per tonne. The production cost of AUD 52.31 per tonne (+18% QoQ) continued to reflect good outcome from productivity improvement program but was impacted by the timing of longwall changeover. The GPM for this quarter was 22% compared to 28% in the previous quarter.

China coal reported a turnaround in operations largely due to higher domestic coal prices which raised equity income from China coal to USD 2.7 million compared to an equity loss of USD 5.4 million in previous quarter.

Income from Power business was led by solid operations at three Chinese power plants under BIC Group which reported a net profit of USD 4.66 million. Equity income from BLCP was adjusted lower to USD 9.1 million due to the planned maintenance shutdown in this quarter. Hongsa power plant which is still in its early stage of full commercial operation reported an equity income of USD 2 million including an FX loss of USD 4.3 million due to strengthening of Thai Baht.

Summary of 3Q/2016 results

Year-end Dec ('M.USD)	3Q16	2Q16	3Q15	Note
Coal sales volume (M.Tonnes)	*10.70*	*9.27*	*10.34*	Indonesia 6.8mt (+11%QoQ), Australia 3.6 mt (+19%QoQ, +6%YoY)
Sales revenues	585.78	469.43	597.51	ASP Indo US$51.35/t, ASP Australia A$67.0/t
Cost of sales	(404.50)	(329.52)	(399.86)	
Gross profit	181.28	139.91	197.65	GPM from coal 30% (GPM Indo coal 36%, GPM Australia coal 22%)
GPM	***31%***	***30%***	***33%***	GPM from Power 30% , GPM from Gas 45%
Adminstrative expenses	(25.21)	(26.35)	(25.50)	
Selling expenses	(47.44)	(43.02)	(52.82)	
Royalty	(55.67)	(43.84)	(59.63)	
Equity income	17.39	25.63	4.78	BLCP US$9.1 m, Hongsa US$2 m including FX loss US$ 4.3 m, China coal US$2.7 m
Dividend income - Coal & Power	0.06	0.39	-	
Other income	5.96	8.95	4.71	
Mining property	(5.52)	(3.88)	(0.92)	
EBIT	**70.85**	**57.79**	**68.27**	
EBIT margin	***12%***	***12%***	***11%***	
Interest expenses	(32.34)	(32.57)	(30.96)	
Financial expenses	(1.26)	(1.70)	(1.80)	
Income tax - Core business	(15.28)	(11.06)	(14.40)	
Minorities	(10.62)	(5.22)	(9.73)	
Net profit before extra items	**11.35**	**7.24**	**11.38**	
Non-recurring items	(0.24)	(2.19)	(1.21)	
Gain (Loss) on Derivatives Transactions	(8.20)	(10.28)	(17.87)	
Income tax - Non core business	(0.00)	-	(2.55)	
Deferred tax income/expenses	7.35	10.22	(9.87)	
Net profit	**10.26**	**4.99**	**(20.13)**	
Net gains (losses) on exchange rate	(8.25)	3.00	18.06	Strengthening of THB againts USD
Net profit	**2.01**	**7.99**	**(2.06)**	China Power net profit US$4.7m
EPS (USD/share)	0.000	0.002	(0.001)	
Depreciation	39.13	36.90	36.03	
Amortization	4.60	3.67	0.74	
Depre & Amortization	43.73	40.58	36.77	
EBITDA	**114.58**	**98.36**	**105.04**	
EBITDA margin	***20%***	***21%***	***18%***	

บริษัท บ้านปู จำกัด (มหาชน)
ทะเบียนเลขที่ 0107536000781
1550 อาคารธนภูมิ ชั้นที่ 27 ถนนเพชรบุรีตัดใหม่
แขวงมักกะสัน เขตราชเทวี กรุงเทพฯ 10400
โทร. +66(0) 2694 6600 โทรสาร +66(0) 2207 0695-8
www.banpu.com

Banpu Public Company Limited
Registration No. 0107536000781
1550 Thanapoom Tower, 27th Floor, New Petchburi Road,
Makkasan, Ratchathewi, Bangkok 10400, Thailand
T. +66(0) 2694 6600 F. +66(0) 2207 0695-8
www.banpu.com

Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		3Q16	2Q16	3Q15
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.43	0.52	0.35
Indominco - East Block		3.24	3.29	3.23
Trubaindo		1.54	1.24	2.01
Bharinto		0.56	0.52	0.94
Jorong		0.20	0.20	0.36
Kitadin - Embalut		0.14	0.27	0.35
Kitadin - Tandung Mayang		-	-	0.56
Total production of Coal Indonesia		**6.11**	**6.04**	**7.81**
Total production of Coal Australia		**3.19**	**2.80**	**3.20**
Total ROM Production	**M.Ton**	**9.30**	**8.84**	**11.01**
Coal sales volume (M tonnes)				
Indominco - West Block		0.44	0.47	0.26
Indominco - East Block		3.53	3.39	3.09
Trubaindo		1.69	1.21	1.65
Bharinto		0.68	0.49	0.67
Jorong		0.19	0.27	0.26
Kitadin - Embalut		0.21	0.27	0.29
Kitadin - Tandung Mayang		0.00	0.01	0.55
Coal Sales - Coal Indonesia		**6.75**	**6.10**	**6.75**
Coal Sales - Coal Australia		**3.62**	**3.03**	**3.43**
Coal Sales - Coal Thai		**0.03**	**-**	**-**
Coal Sales - Other sources		**0.29**	**0.14**	**0.15**
Total sale volume	**M.Ton**	**10.70**	**9.27**	**10.34**
Sales revenue (M.USD)				
Indominco		180.29	163.11	178.60
Trubaindo		106.64	71.64	109.20
Bharinto		42.73	26.81	43.95
Jorong		6.77	9.33	8.61
Kitadin - Embalut		10.16	11.57	15.78
Kitadin - Tandung Mayang		0.04	0.44	32.03
Sales revenue - Coal Indonesia		**346.63**	**282.92**	**388.17**
Sales revenue - Coal Australia		**183.93**	**139.90**	**160.21**
Sales revenue - Coal Thai		**0.12**	**-**	
Sales revenue - Other Sources		**13.63**	**5.94**	**8.12**
Revenue from COAL business		**544.33**	**428.75**	**556.50**
Revenue from POWER business		**29.98**	**30.55**	**33.54**
Revenue from GAS business		**5.28**	**3.65**	**-**
Revenue from OTHER business		**6.19**	**6.48**	**7.47**
Total revenues	**M.USD**	**585.78**	**469.43**	**597.51**

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DETAIL OF PROFIT&LOSS STATEMENT		3Q16	2Q16	3Q15
Cost of sale (M USD)				
Indominco		(118.11)	(110.86)	(129.99)
Trubaindo		(67.14)	(53.82)	(59.38)
Bharinto		(24.50)	(19.13)	(24.33)
Jorong		(4.09)	(6.29)	(5.06)
Kitadin - Embalut		(7.51)	(8.30)	(11.43)
Kitadin - Tandung Mayang		(0.00)	(0.47)	(15.83)
Cost of sales - Coal Indonesia		**(221.35)**	**(198.87)**	**(246.02)**
Cost of sales - Coal Australia		**(143.60)**	**(100.62)**	**(115.46)**
Cost of sales - Coal Thai		-	-	
Cost of sales - Other Sources		**(13.41)**	**(5.73)**	**(7.96)**
COST OF SALE - COAL business		**(378.36)**	**(305.23)**	**(369.44)**
COST OF SALE - POWER business		**(21.00)**	**(20.76)**	**(22.53)**
COST OF SALE - GAS business		**(2.89)**	**(2.32)**	
COST OF SALE - OTHER business		**(2.25)**	**(1.21)**	**(7.89)**
Total cost of sale	**M.USD**	**(404.50)**	**(329.52)**	**(399.86)**
Gross profit (USD, million)				
Indominco		62.18	52.25	48.60
Trubaindo		39.50	17.82	49.82
Bharinto		18.24	7.69	19.62
Jorong		2.69	3.04	3.55
Kitadin - Embalut		2.64	3.27	4.35
Kitadin - Tandung Mayang		0.04	(0.03)	16.21
Gross profit - Coal Indonesia		**125.28**	**84.04**	**142.15**
Gross profit - Coal Australia		**40.34**	**39.27**	**44.76**
Gross profit - Coal Thai		**0.12**	**-**	**-**
Gross profit - Other Sources		**0.23**	**0.21**	**0.16**
Gross profit from COAL business		**165.97**	**123.53**	**187.07**
Gross profit from POWER business		**8.98**	**9.79**	**11.01**
Gross profit from GAS business		**2.39**	**1.32**	**-**
Gross profit from OTHER business		**3.94**	**5.28**	**(0.42)**
Total Gross profit	M.USD	**181.28**	**139.91**	**197.66**
Gross profit margin				
Indominco		34%	32%	27%
Trubaindo		37%	25%	46%
Bharinto		43%	29%	45%
Jorong		40%	33%	41%
Kitadin - Embalut		26%	28%	28%
Kitadin - Tandung Mayang		93%	-6%	51%
GPM - Coal Indonesia		**36%**	**30%**	**37%**
GPM -Coal Australia		**22%**	**28%**	**28%**
GPM -Coal Thailand		**-**	**-**	**0%**
GPM -Other Sources		**2%**	**4%**	**2%**
GPM from COAL business		**30%**	**29%**	**34%**
GPM from POWER business		**30%**	**32%**	**33%**
GPM from GAS business		**45%**	**36%**	**0%**
GPM from OTHER business		**64%**	**81%**	**-6%**
GPM for Banpu group		**31%**	**30%**	**33%**