BANPU

News Release

23rd February 2017

2016 Results Highlight

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

The 2016 consolidated financial statement reports a net profit of USD 47 million. The earnings represent a turnaround from a net loss of USD 43 million in the previous year due primarily to improvement in coal operation. Excluding the impact from foreign exchange translation, net profit improved to USD 59 million against a net loss of USD 67 million in the previous year. Also the 2016 net profit included an additional tax expense of USD 9 million resulting from the settlement of a long running tax dispute in Australia relating to a period prior to 2010.

Group EBITDA for 2016 was USD 540 million, increasing 15% from previous year. EBITDA from coal was USD 378 million (+8%), EBITDA from power was USD 155 million (+31%) and EBITDA from natural gas business was USD 7 million.

For 4Q16 the net profit was USD 43 million compared to the net profit of USD 2 million in previous quarter and a net loss of 41 million in the previous year.

In 4Q16 Group EBITDA totaled USD 216 million (+88% QoQ, +88% YoY). EBITDA from coal was USD 168 million (+89% QoQ, +131% YoY) and EBITDA from power was USD 45 million (98% QoQ, +10% YoY), and EBITDA from natural gas business was USD 2 million (-10% QoQ)

The strong recovery in coal market during late 2016 led to vast improvement in coal operations particularly during 4Q16. In this quarter, Coal Indonesia achieved 6.38 million tonnes coal sale or 5% decrease as planned with the average selling price (ASP)

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reaching USD 62.9 per tonne or 22% increase from previous quarter. The production cost was managed at an efficient level with the average cost of sale at USD 31.7 per tonne, slightly lower by 3% QoQ due to lower stripping ratio at the biggest mine Indominco. The average gross profit margin expanded to 50% in this quarter from 36% in the previous quarter as a result of higher ASP.

Australia coal sale volume was 3.13 million tonnes in 4Q16 which decreased 14% QoQ due to a 3-week stoppage at Mandalong for a planned Longwall changeover which reduced its sale volume to 1.1 million tonnes compared to 1.8 million tonnes in the previous quarter. Springvale performed well with new daily production record. Its sale volume of 0.64 million tonnes in this quarter more than doubled from the previous quarter and compensated for the lower volume from Clarence where

mining panels are entering into difficult zones. The ASP for this quarter was USD 56.6 per tonne, rising 11% from previous quarter from price uplift in the export market which made up 43% of the total sale volume. The average cost of sale adjusted up 14% QoQ to USD 45.1 per tonne due to Mandalong's lower production that inflated its unit cost. The gross profit margin was 20% compared to 22% in the previous quarter.

China coal reported an equity income of USD 31.2 million which continued to improve from an equity income of USD 2.7 million in the previous quarter due mainly to higher domestic coal prices.

Power business reported contribution from the China Combined Heat and Power (CHP) plants with a healthy net profit of USD 8.1 million due to high seasonal demand for both power and steam products. BLCP reported an equity income similar to the previous quarter at USD 9.5 million. Lastly Hongsa power plant delivered a higher equity income of USD 24.3 million due to higher availability factors that led to higher revenues for all 3 units. The Hongsa equity income also includes an FX gain of USD 9.4 million due to the weakening Thai Baht during the period.

Summary of 2016 results

Year-end Dec ('M.USD)	2016	2015	Note
Coal sales volume (M.Tonnes)	*40.03*	*41.15*	Indonesia 25.96 mt (-6%YoY), Australia 13.2 mt (+2%YoY)
Sales revenues	2,259.21	2,476.58	ASP Indo US$51.5/t, ASP Australia A$67.3/t
Cost of sales	(1,511.05)	(1,672.16)	
Gross profit	748.16	804.42	GPM from coal 33% (GPM Indo coal 38%, GPM Australia coal 23%)
GPM	***33%***	***32%***	GPM from Power 35% , GPM from Gas 44%
Adminstrative expenses	(116.07)	(112.26)	
Selling expenses	(180.23)	(227.81)	
Royalty	(218.90)	(238.85)	
Equity income	118.37	51.86	BLCP US$58.4 m, Hongsa US$41.7 m, China coal US$18.8 m
Dividend income - Coal & Power	0.73	0.17	
Other income	32.26	25.85	
Mining property	(26.11)	(22.31)	
EBIT	**358.22**	**281.08**	
EBIT margin	***16%***	***11%***	
Interest expenses	(127.36)	(122.48)	
Financial expenses	(2.72)	(7.60)	
Income tax - Core business	(77.24)	(75.54)	
Minorities	(49.71)	(26.24)	
Net profit before extra items	**101.18**	**49.21**	
Non-recurring items	(17.71)	(31.92)	
Gain (Loss) on Derivatives Transactions	(32.25)	(61.21)	
Income tax - Non core business	(19.55)	(34.48)	
Deferred tax income/expenses	27.75	11.58	
Net profit	**59.43**	**(66.82)**	
Net gains (losses) on exchange rate	(11.95)	24.04	
Net profit	**47.48**	**(42.78)**	China Power net profit US$37.5m
EPS (USD/share)	0.013	(0.017)	
Depreciation	156.90	166.64	
Amortization	25.25	21.57	
Depre & Amortization	182.14	188.21	
EBITDA	**540.36**	**469.29**	
EBITDA margin	***24%***	***19%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		2016	2015
ROM Production (M. tonnes)			
INDO : (100% basis)			
Indominco - West Block		2.10	1.34
Indominco - East Block		12.74	12.52
Trubaindo		5.24	7.17
Bharinto		2.11	2.53
Jorong		0.93	1.31
Kitadin - Embalut		0.81	1.22
Kitadin - Tandung Mayang		-	1.90
Total production of Coal Indonesia		**23.93**	**27.98**
Total production of Coal Australia		**12.36**	**13.04**
Total ROM Production	**M.Ton**	**36.29**	**41.02**
Coal sales volume (M tonnes)			
Indominco - West Block		1.94	1.17
Indominco - East Block		13.47	11.83
Trubaindo		5.97	7.10
Bharinto		2.50	2.76
Jorong		1.15	1.26
Kitadin - Embalut		0.87	1.21
Kitadin - Tandung Mayang		0.05	2.42
Coal Sales - Coal Indonesia		**25.96**	**27.76**
Coal Sales - Coal Australia		**13.20**	**12.99**
Coal Sales - Coal Thai		**0.03**	**-**
Coal Sales - Other sources		**0.84**	**0.39**
Total sale volume	**M.Ton**	**40.03**	**41.15**
Sales revenue (M.USD)			
Indominco		721.89	699.32
Trubaindo		390.58	478.32
Bharinto		162.45	176.51
Jorong		42.46	46.10
Kitadin - Embalut		42.50	64.81
Kitadin - Tandung Mayang		1.85	145.15
Sales revenue - Coal Indonesia		**1,361.72**	**1,610.22**
Sales revenue - Coal Australia		**660.44**	**646.17**
Sales revenue - Coal Thai		**0.12**	**-**
Sales revenue - Other Sources		**40.72**	**28.69**
Revenue from COAL business		**2,063.00**	**2,285.08**
Revenue from POWER business		**155.10**	**169.11**
Revenue from GAS business		**14.64**	**-**
Revenue from OTHER business		**26.47**	**22.39**
Total revenues	**M.USD**	**2,259.21**	**2,476.58**

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DETAIL OF PROFIT&LOSS STATEMENT		2016	2015
Cost of sale (M USD)			
Indominco		(447.61)	(484.24)
Trubaindo		(243.87)	(283.86)
Bharinto		(91.67)	(109.66)
Jorong		(25.67)	(27.55)
Kitadin - Embalut		(31.48)	(47.35)
Kitadin - Tandung Mayang		(1.63)	(92.35)
Cost of sales - Coal Indonesia		**(841.94)**	**(1,045.02)**
Cost of sales - Coal Australia		**(507.60)**	**(483.52)**
Cost of sales - Coal Thai		**-**	**-**
Cost of sales - Other Sources		**(39.45)**	**(14.41)**
COST OF SALE - COAL business		**(1,388.98)**	**(1,542.95)**
COST OF SALE - POWER business		**(100.80)**	**(104.50)**
COST OF SALE - GAS business		**(8.21)**	
COST OF SALE - OTHER business		**(13.06)**	**(24.71)**
Total cost of sale	**M.USD**	**(1,511.05)**	**(1,672.16)**
Gross profit (M USD)			
Indominco		274.27	215.08
Trubaindo		146.71	194.46
Bharinto		70.77	66.85
Jorong		16.79	18.55
Kitadin - Embalut		11.02	17.47
Kitadin - Tandung Mayang		0.22	52.80
Gross profit - Coal Indnesia		**519.78**	**565.20**
Gross profit - Coal Australia		**152.84**	**162.65**
Gross profit - Coal Thai		**0.12**	**-**
Gross profit - Other Sources		**1.27**	**14.28**
Gross profit from COAL business		**674.02**	**742.13**
Gross profit from POWER business		**54.30**	**64.61**
Gross profit from GAS business		**6.43**	**-**
Gross profit from OTHER business		**13.41**	**(2.32)**
Total Gross profit	**M.USD**	**748.16**	**804.42**
Gross profit margin			
Indominco		38%	31%
Trubaindo		38%	41%
Bharinto		44%	38%
Jorong		40%	40%
Kitadin - Embalut		26%	27%
Kitadin - Tandung Mayang		12%	36%
GPM - Coal Indnesia		**38%**	**35%**
GPM -Coal Australia		**23%**	**25%**
GPM -Coal Thailand		**-**	**-**
GPM -Other Sources		**3%**	**50%**
GPM from COAL business		**33%**	**32%**
GPM from POWER business		**35%**	**38%**
GPM from GAS business		**44%**	**0%**
GPM from OTHER business		**51%**	**-10%**
GPM for Banpu group		**33%**	**32%**

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Summary of Q4/2016 results

Year-end Dec ('M.USD)	4Q16	3Q16	4Q15	Note
Coal sales volume (M.Tonnes)	*9.77*	*10.70*	*10.08*	Indonesia 6.4mt (-5%QoQ, -10%YoY), Australia 3.1 mt (-14%QoQ, +11%YoY)
Sales revenues	651.96	585.74	587.58	ASP Indo US$62.9/t, ASP Australia A$75.7/t
Cost of sales	(403.44)	(404.50)	(407.42)	
Gross profit	248.53	181.24	180.16	GPM from coal 39% (GPM Indo coal 50%, GPM Australia coal 20%)
GPM	***38%***	***31%***	***31%***	GPM from Power 25% , GPM from Gas 48%
Adminstrative expenses	(37.10)	(25.81)	(31.88)	
Selling expenses	(47.32)	(47.44)	(56.88)	
Royalty	(67.41)	(55.67)	(47.65)	
Equity income	64.26	17.39	13.68	BLCP US$9.5m, Hongsa US$24 m including FX gain US$ 9.4m, China coal US$31m
Dividend income - Coal & Powe	0.20	0.06	0.17	
Other income	9.86	6.00	9.39	
Mining property	(9.63)	(5.52)	(6.13)	
EBIT	**161.38**	**70.25**	**60.87**	
EBIT margin	***25%***	***12%***	***10%***	
Interest expenses	(31.23)	(32.34)	(30.24)	
Financial expenses	(0.65)	(0.66)	(1.95)	
Income tax - Core business	(34.24)	(13.42)	(23.76)	
Minorities	(24.84)	(10.62)	5.74	
Net profit before extra items	**70.43**	**13.21**	**10.66**	
Non-recurring items	(10.55)	(0.25)	(31.85)	
Gain (Loss) on Derivatives	(6.92)	(8.20)	(15.43)	
Income tax - Non core business	(13.20)	(1.86)	(15.98)	
Deferred tax income/expenses	(4.94)	7.35	12.40	
Net profit	**34.82**	**10.26**	**(40.20)**	
Net gains (losses) on exchange rate	7.81	(8.25)	(1.01)	FX gain from the depreciation of Thai Baht against USD
Net profit	**42.63**	**2.01**	**(41.21)**	China Power net profit US$8.1m
EPS (USD/share)	0.009	0.000	(0.016)	
Depreciation	45.43	39.13	47.96	
Amortization	9.38	5.32	5.94	
Depre & Amortization	54.81	44.44	53.90	
EBITDA	**216.19**	**114.69**	**114.77**	
EBITDA margin	***33%***	***20%***	***20%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		4Q16	3Q16	4Q15
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.43	0.43	0.52
Indominco - East Block		3.39	3.24	2.98
Trubaindo		1.52	1.54	1.79
Bharinto		0.65	0.56	0.50
Jorong		0.28	0.20	0.31
Kitadin - Embalut		0.11	0.14	0.33
Kitadin - Tandung Mayang				
Total production of Coal Indonesia		**6.38**	**6.11**	**6.44**
Total production of Coal Australia		**2.79**	**3.19**	**2.48**
Total ROM Production	**M.Ton**	**9.17**	**9.30**	**8.92**
Coal sales volume (M tonnes)				
Indominco - West Block		0.45	0.44	0.35
Indominco - East Block		3.28	3.53	2.79
Trubaindo		1.54	1.69	1.84
Bharinto		0.74	0.68	0.87
Jorong		0.27	0.19	0.31
Kitadin - Embalut		0.11	0.21	0.32
Kitadin - Tandung Mayang		-	0.00	0.64
Coal Sales - Coal Indonesia		**6.38**	**6.75**	**7.12**
Coal Sales - Coal Australia		**3.13**	**3.62**	**2.81**
Coal Sales - Coal Thai		**-**	**0.03**	**-**
Coal Sales - Other sources		**0.25**	**0.29**	**0.14**
Total sale volume	**M.Ton**	**9.77**	**10.70**	**10.08**
Sales revenue (M.USD)				
Indominco		204.68	180.29	162.82
Trubaindo		119.18	106.64	116.59
Bharinto		58.95	42.73	51.96
Jorong		10.83	6.77	12.25
Kitadin - Embalut		7.75	10.16	16.76
Kitadin - Tandung Mayang		-	0.04	35.79
Sales revenue - Coal Indonesia		**401.39**	**346.63**	**396.16**
Sales revenue - Coal Australia		**177.18**	**183.93**	**133.74**
Sales revenue - Coal Thai		**-**	**0.12**	
Sales revenue - Other Sources		**14.29**	**13.63**	**6.40**
Revenue from COAL business		**592.86**	**544.33**	**536.30**
Revenue from POWER business		**45.94**	**29.98**	**48.76**
Revenue from GAS business		**5.64**	**5.28**	**-**
Revenue from OTHER business		**7.52**	**6.15**	**2.52**
Total revenues	**M.USD**	**651.96**	**585.74**	**587.58**

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DETAIL OF PROFIT&LOSS STATEMENT		4Q16	3Q16	4Q15
Cost of sale (M USD)				
Indominco		(96.55)	(118.11)	(108.46)
Trubaindo		(67.91)	(67.14)	(68.98)
Bharinto		(26.01)	(24.50)	(33.46)
Jorong		(7.21)	(4.09)	(7.16)
Kitadin - Embalut		(4.86)	(7.51)	(12.23)
Kitadin - Tandung Mayang		-	(0.00)	(25.76)
Cost of sales - Coal Indonesia		**(202.54)**	**(221.35)**	**(256.06)**
Cost of sales - Coal Australia		**(141.33)**	**(143.60)**	**(111.52)**
Cost of sales - Coal Thai		-	-	-
Cost of sales - Other Sources		**(15.76)**	**(13.41)**	**(6.22)**
COST OF SALE - COAL business		**(359.63)**	**(378.36)**	**(373.80)**
COST OF SALE - POWER business		**(34.47)**	**(21.00)**	**(28.60)**
COST OF SALE - GAS business		**(2.93)**	**(2.89)**	-
COST OF SALE - OTHER business		**(6.41)**	**(2.25)**	**(5.02)**
Total cost of sale	**M.USD**	**(403.44)**	**(404.50)**	**(407.42)**
Gross profit (M USD)				
Indominco		108.14	62.18	54.35
Trubaindo		51.27	39.50	47.61
Bharinto		32.94	18.24	18.50
Jorong		3.61	2.69	5.09
Kitadin - Embalut		2.89	2.64	4.53
Kitadin - Tandung Mayang		-	0.04	10.03
Gross profit - Coal Indonesia		**198.85**	**125.28**	**140.11**
Gross profit - Coal Australia		**35.85**	**40.34**	**22.22**
Gross profit - Coal Thai		-	**0.12**	-
Gross profit - Other Sources		**(1.47)**	**0.23**	**0.18**
Gross profit from COAL business		**233.23**	**165.97**	**162.51**
Gross profit from POWER business		**11.47**	**8.98**	**20.17**
Gross profit from GAS business		**2.72**	**2.39**	-
Gross profit from OTHER business		**1.11**	**3.90**	**(2.51)**
Total Gross profit	**M.USD**	**248.53**	**181.24**	**180.17**
Gross profit margin				
Indominco		53%	34%	33%
Trubaindo		43%	37%	41%
Bharinto		56%	43%	36%
Jorong		33%	40%	42%
Kitadin - Embalut		37%	26%	27%
Kitadin - Tandung Mayang		0%	93%	28%
GPM - Coal Indonesia		**50%**	**36%**	**35%**
GPM -Coal Australia		**20%**	**22%**	**17%**
GPM -Coal Thailand		-	-	**0%**
GPM -Other Sources		**-10%**	**2%**	**3%**
GPM from COAL business		**39%**	**30%**	**30%**
GPM from POWER business		**25%**	**30%**	**41%**
GPM from GAS business		**48%**	**45%**	**0%**
GPM from OTHER business		**15%**	**63%**	**-100%**
GPM for Banpu group		**38%**	**31%**	**31%**

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