News Release

15th May 2017

1Q/2017 Results Highlight

Banpu has submitted to the SET its 1Q/2017 financial performance with full details.

The financial statement of 1Q17 indicates strong earnings contribution from both coal and power businesses. Group EBITDA is reported at USD 216 million, an increase of 93% YoY and flat QoQ. EBITDA from coal business rose significantly 166% YoY and 2% QoQ to USD 171.5 million due to rising coal prices. EBITDA from power business was reported at lower by 19% YoY and 15% QoQ due mainly to the higher coal cost at China power plants while Hongsa delivered smooth operation.

Net profit for the quarter was reported at USD 40.86 million, relatively flat QoQ but a turnaround from a net loss of USD 5.15 million in the same period last year. In this quarter the company incurred a foreign exchange loss of USD 24 million due to strong appreciation of Thai Baht against US Dollar that impacted the accounting translation of Baht-denominated loans. Net profit excluding foreign exchange loss was USD 65 million, markedly increased by 596% YoY and 87% QoQ led by improvement from all units of coal operations.

Indonesia coal operation gained full benefit from market recovery during late of last year. The performance in this period was led by a higher Average Selling Price (ASP) by 41% YoY and 10% QoQ at USD 69.32 per tonne. The strong ASP helped sustain the revenue which was affected by a seasonally lower sale volume of 5.394 million tonnes (-23% YoY and -19% QoQ). The resilient outlook of coal market in this year has also allowed key open-pit operations including Indominco, Trubaindo and Bharinto to optimize their production plan by extracting coal from deeper mining areas which resulted in a higher Cost of Goods Sold by 16% YoY and 19% QoQ to USD 37.76 per tonne. The higher cost was partly due to rising diesel price by 65% YoY and 13% QoQ to USD 0.54 per litre. Gross Profit Margin sustained at 47% compared to 34% in last year and 50% in the previous quarter.

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Australia operation reported sale volume of 3.194 million tonnes, flat QoQ but a lower by 6% YoY due to Longwall changeover at Mandalong and Springvale. The productivity improvement program continued to see Springvale and Airly achieved their new daily production records. Both domestic and export sale were able to capture market optimism with ASP rising 23% YoY and 5% QoQ to AUD 79.49 per tonne. The average Cost of Goods Sold was AUD 56.7 per tonne, an increase of 14% YoY due to the Longwall changeover but a saving of 6% compared to the previous quarter where Mandalong also commenced a Longwall changeover. Gross Profit Margin achieved a sound level of 29% compared to 23% both in last year and 20% in the previous quarter.

China coal operation was led by strong domestic selling prices. The combined equity income from Hebi and Gaohe mines was reported at USD 22.8 million which switched from a loss of USD 9.7 million in last year.

For power business, BLCP resumed its full operation after a maintenance shutdown in late last year. It reported an equity income of USD 15.8 million. Hongsa delivered smooth running without interruption. Its equity income of USD 3.7 million, however, was impacted by an accounting foreign exchange loss of USD 11.6 million. Excluding the foreign exchange loss its operating income was the highest since the commercial startup in mid-2015. Lastly the net profit from China power was USD 11.3 million, reflecting high seasonal demand for electricity and steam while coal cost increased due to tightening in domestic coal market.

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Summary of 1Q/2017 results

Year-end Dec ('M.USD)	1Q17	4Q16	1Q16	Note
Coal sales volume (M.Tonnes)	*8.59*	*9.77*	*10.29*	Indonesia5.2mt (-19%QoQ, -23%YoY), Australia 3.2 mt (+2%QoQ, -6%YoY)
Sales revenues	632.93	651.96	552.08	ASP Indo US$69.32/t, ASP Australia A$79.5/t
Cost of sales	(392.25)	(403.44)	(373.59)	
Gross profit	240.67	248.53	178.48	GPM from coal 40% (GPM Indo coal 47%, GPM Australia coal 29%)
GPM	***38%***	***38%***	***32%***	GPM from Power 28% , GPM from Gas 32%
Adminstrative expenses	(25.84)	(37.10)	(25.82)	
Selling expenses	(35.43)	(47.32)	(42.45)	
Royalty	(57.69)	(67.41)	(51.98)	
Equity income	42.99	64.26	11.09	Equity income from BLCP US$15.8m, Hongsa US$3.7m including FX loss US$ 11.6m,
Dividend income - Coal & Powe	0.08	0.20	0.07	and China coal US$22.8m
Other income	11.25	9.86	7.46	
Mining property	(7.39)	(9.63)	(7.08)	
EBIT	**168.64**	**161.38**	**69.78**	
EBIT margin	***27%***	***25%***	***13%***	
Interest expenses	(30.90)	(31.23)	(31.22)	
Financial expenses	(1.42)	(0.65)	(0.70)	
Income tax - Core business	(33.51)	(34.24)	(20.13)	
Minorities	(25.17)	(24.84)	(9.03)	
Net profit before extra items	**77.65**	**70.43**	**8.70**	
Non-recurring items	(7.31)	(10.55)	(4.72)	
Gain (Loss) on Derivatives	(3.02)	(6.92)	(6.86)	
Income tax - Non core business	(9.61)	(13.20)	(2.88)	
Deferred tax income/expenses	7.38	(4.94)	15.12	
Net profit	**65.09**	**34.82**	**9.35**	
Net gains (losses) on exchange rate	(24.24)	7.81	(14.50)	FX loss from strong appreciation of Thai Baht against US Dollar
Net profit	**40.85**	**42.63**	**(5.15)**	China Power net profit US$11.3m
EPS (USD/share)	0.008	0.009	(0.002)	
Depreciation	40.27	45.43	35.43	
Amortization	7.16	9.38	6.88	
Depre & Amortization	47.42	54.81	42.31	
EBITDA	**216.06**	**216.19**	**112.09**	
EBITDA margin	***34%***	***33%***	***20%***	

Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		1Q17	4Q16	1Q16
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.30	0.43	0.71
Indominco - East Block		2.88	3.39	2.81
Trubaindo		1.04	1.52	0.95
Bharinto		0.51	0.65	0.38
Jorong		0.21	0.28	0.26
Kitadin - Embalut		0.20	0.11	0.29
Total production of Coal Indonesia		**5.15**	**6.38**	**5.41**
Total production of Coal Australia		**2.98**	**2.79**	**3.58**
Total ROM Production	**M.Ton**	**8.13**	**9.17**	**8.99**
Coal sales volume (M tonnes)				
Indominco - West Block		0.18	0.45	0.59
Indominco - East Block		2.98	3.28	3.27
Trubaindo		1.09	1.54	1.53
Bharinto		0.52	0.74	0.59
Jorong		0.21	0.27	0.43
Kitadin - Embalut		0.18	0.11	0.29
Kitadin - Tandung Mayang				0.04
Coal Sales - Coal Indonesia		**5.16**	**6.38**	**6.73**
Coal Sales - Coal Australia		**3.19**	**3.13**	**3.42**
Coal Sales - Other sources		**0.23**	**0.25**	**0.15**
Total sale volume	**M.Ton**	**8.59**	**9.77**	**10.29**
Sales revenue (M.USD)				
Indominco		202.50	204.68	173.80
Trubaindo		93.21	119.18	93.11
Bharinto		41.57	58.95	33.95
Jorong		9.62	10.83	15.52
Kitadin - Embalut		10.81	7.75	13.02
Kitadin - Tandung Mayang		-	-	1.37
Sales revenue - Coal Indonesia		**357.72**	**401.39**	**330.77**
Sales revenue - Coal Australia		**192.38**	**177.18**	**159.43**
Sales revenue - Other Sources		**15.43**	**14.29**	**6.86**
Revenue from COAL business		**565.53**	**592.86**	**497.07**
Revenue from POWER business		**54.95**	**45.94**	**48.63**
Revenue from GAS business		**7.27**	**5.64**	**0.07**
Revenue from OTHER business		**5.18**	**7.52**	**6.32**
Total revenues	**M.USD**	**632.93**	**651.96**	**552.08**

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DETAIL OF PROFIT&LOSS STATEMENT		1Q17	4Q16	1Q16
Cost of sale (M USD)				
Indominco		(106.43)	(96.55)	(122.09)
Trubaindo		(51.12)	(67.91)	(55.00)
Bharinto		(19.87)	(26.01)	(22.04)
Jorong		(6.29)	(7.21)	(8.08)
Kitadin - Embalut		(7.32)	(4.86)	(10.81)
Kitadin - Tandung Mayang		-	-	(1.16)
Cost of sales - Coal Indonesia		**(191.03)**	**(202.54)**	**(219.17)**
Cost of sales - Coal Australia		**(137.18)**	**(141.33)**	**(122.05)**
Cost of sales - Other Sources		**(11.02)**	**(15.76)**	**(4.55)**
COST OF SALE - COAL business		**(339.23)**	**(359.63)**	**(345.77)**
COST OF SALE - POWER business		**(39.30)**	**(34.47)**	**(24.57)**
COST OF SALE - GAS business		**(4.98)**	**(2.93)**	**(0.07)**
COST OF SALE - OTHER business		**(8.74)**	**(6.41)**	**(3.19)**
Total cost of sale	**M.USD**	**(392.25)**	**(403.44)**	**(373.59)**
Gross profit (M USD)				
Indominco		96.08	108.14	51.71
Trubaindo		42.09	51.27	38.11
Bharinto		21.70	32.94	11.91
Jorong		3.33	3.61	7.45
Kitadin - Embalut		3.50	2.89	2.21
Kitadin - Tandung Mayang		-	-	0.21
Gross profit - Coal Indonesia		**166.69**	**198.85**	**111.60**
Gross profit - Coal Australia		**55.20**	**35.85**	**37.38**
Gross profit - Other Sources		**4.41**	**(1.47)**	**2.31**
Gross profit from COAL business		**226.29**	**233.23**	**151.30**
Gross profit from POWER business		**15.65**	**11.47**	**24.06**
Gross profit from GAS business		**2.29**	**2.72**	**-**
Gross profit from OTHER business		**(3.56)**	**1.11**	**3.13**
Total Gross profit	**M.USD**	**240.67**	**248.53**	**178.48**
Gross profit margin				
Indominco		47%	53%	30%
Trubaindo		45%	43%	41%
Bharinto		52%	56%	35%
Jorong		35%	33%	48%
Kitadin - Embalut		32%	37%	17%
Kitadin - Tandung Mayang		0%	0%	16%
GPM - Coal Indonesia		**47%**	**50%**	**34%**
GPM -Coal Australia		**29%**	**20%**	**23%**
GPM -Other Sources		**29%**	**-10%**	**34%**
GPM from COAL business		**40%**	**39%**	**30%**
GPM from POWER business		**28%**	**25%**	**49%**
GPM from GAS business		**32%**	**48%**	**0%**
GPM from OTHER business		**-69%**	**15%**	**50%**
GPM for Banpu group		**38%**	**38%**	**32%**