News Release

11th August 2017

2Q/2017 Results Highlight

Banpu has submitted to the SET its 2Q/2017 financial performance with full details.

The financial performance in 2Q17 indicates resilience in coal operations led by favorable coal prices and satisfactory contribution from power business particularly Hongsa power plant. Group EBITDA for this quarter was concluded at $215 million, relatively flat QoQ while more than double from last year. EBITDA by business included EBITDA from coal of $149 million, from power $59 million, and from gas $7 million.

Net profit before foreign exchange rose to $79 million, 21% increase QoQ and a sharp improvement from $5 million in last year. The continued strengthening in Thai Baht against the US Dollar caused a foreign exchange loss of $13 million, resulting in a net profit of $66 million for this quarter increasing 62%QoQ and a substantial improvement from net profit of $8 million in last year.

Coal operations in Indonesia reported sale volume of 5.56 million tonnes, slightly increased 3% QoQ but lower 11% YoY as a result of prolonged rainy season in this year. During this year all the company's mines experienced the heaviest rainfall in the last 7 years. The unusual weather condition is likely to affect production performance in short-term. Nevertheless, sale revenue rose higher 5% QoQ and 33% YoY driven by firmer coal prices. The Average Selling Price (ASP) reached $70.43 per tonne (+2% QoQ, 52% YoY). The favorable coal prices allowed company to optimize mine plans by mining from deeper areas, making Average Cost of Sale strategically increased to $ 43.12 per tonne (+14% QoQ, 32% YoY). Gross Profit Margin (GPM) maintained at a strong level of 38% compared with 47% in previous quarter and 32% in last year.

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In Australia, coal sale volume was as planned at 3.15 million tonnes (flat QoQ, +4% YoY). Sale split between domestic and export market was 60% vs. 40%. Both markets continued to gain benefit from strong coal market prices as indicated by a sustained ASP of A$80.20 per tonne (+1% QoQ, +30% YoY). The Average Cost of Sale was maintained at A$55.96 per tonne, resulting in GPM of 29% that is quite similar to previous quarter and 28% in previous year.

China coal operation continued to perform well underpinned by strong domestic prices. The combined equity income from Gaohe and Hebi mines was $21.30 million, similar to previous quarter but a sharp turnaround from an equity loss of $5.40 million in last year.

The Power business delivered a remarkable performance in this quarter. BLCP reported an equity income at a good level of $21.36 million. Hongsa achieved smooth operation which enabled the plant to declare high available hours. Its equity income was at $29.86 million, representing the highest contribution since its first startup about 2 years ago. Net income from China CHP plants in this quarter was $1.76 million, caused by the seasonal low demand period for steam product and high coal cost.

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Summary of 2Q/2017 results

Year-end Dec ('M.USD)	2Q17	1Q17	2Q16	Note
Coal sales volume (M.Tonnes)	***8.71***	***8.59***	***9.27***	Indonesia5.6mt (+3%QoQ, -11%YoY), Australia 3.15 mt (-1%QoQ, +4%YoY)
Sales revenues	632.85	632.93	469.43	ASP Indo US$70.43/t, ASP Australia A$80.2/t
Cost of sales	(411.57)	(392.25)	(329.52)	
Gross profit	221.28	240.67	139.91	GPM from coal 36% (GPM Indo coal 38%, GPM Australia coal 29%)
GPM	***35%***	***38%***	***30%***	GPM from Power 19% , GPM from Gas 45%
Adminstrative expenses	(28.82)	(25.84)	(27.33)	
Selling expenses	(39.34)	(35.43)	(43.02)	
Royalty	(60.76)	(57.69)	(43.84)	
Equity income	75.91	42.99	25.63	Equity income from BLCP US$21.4m, Hongsa US$29.9m including FX loss US$ 2.7m,
Dividend income - Coal & Power	0.58	0.08	0.39	and China coal US$21.3m
Other income	6.43	11.25	8.95	
Mining property	(9.43)	(7.39)	(3.88)	
EBIT	**165.86**	**168.64**	**56.81**	
EBIT margin	***26%***	***27%***	***12%***	
Interest expenses	(33.27)	(30.90)	(32.57)	
Financial expenses	(1.02)	(1.42)	(0.71)	
Income tax - Core business	(21.67)	(33.51)	(9.45)	
Minorities	(27.47)	(25.17)	(5.22)	
Net profit before extra items	**82.43**	**77.65**	**8.84**	
Non-recurring items	(2.31)	(7.31)	(2.19)	
Gain (Loss) on Derivatives	(1.24)	(3.02)	(10.28)	
Income tax - Non core business	(0.08)	(9.61)	(1.61)	
Deferred tax income/expenses	(0.02)	7.38	10.22	
Net profit	**78.77**	**65.09**	**4.99**	
Net gains (losses) on exchange rate	(12.89)	(24.24)	3.00	FX loss from strong appreciation of Thai Baht against US Dollar
Net profit	**65.89**	**40.85**	**7.99**	China Power net profit US$1.8m
EPS (USD/share)	0.013	0.008	0.002	
Depreciation	39.55	40.27	36.91	
Amortization	9.13	7.16	3.67	
Depre & Amortization	48.68	47.42	40.58	
EBITDA	**214.54**	**216.06**	**97.39**	
EBITDA margin	***34%***	***34%***	***21%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		2Q17	1Q17	2Q16
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.35	0.30	0.52
Indominco - East Block		2.82	2.88	3.29
Trubaindo		0.94	1.04	1.24
Bharinto		0.45	0.51	0.52
Jorong		0.18	0.21	0.20
Kitadin - Embalut		0.20	0.20	0.27
Total production of Coal Indonesia		**4.93**	**5.15**	**6.04**
Total production of Coal Australia		**3.06**	**2.98**	**2.80**
Total ROM Production	**M.Ton**	**7.99**	**8.13**	**8.84**
Coal sales volume (M tonnes)				
Indominco - West Block		-	0.18	0.47
Indominco - East Block		3.27	2.98	3.39
Trubaindo		1.07	1.09	1.21
Bharinto		0.59	0.52	0.49
Jorong		0.21	0.21	0.27
Kitadin - Embalut		0.21	0.18	0.27
Kitadin - Tandung Mayang				0.01
Coal Sales - Coal Indonesia		**5.34**	**5.16**	**6.10**
Coal Sales - Coal Australia		**3.15**	**3.19**	**3.03**
Coal Sales - Other sources		**0.23**	**0.23**	**0.14**
Total sale volume	**M.Ton**	**8.71**	**8.59**	**9.27**
Sales revenue (M.USD)				
Indominco		212.35	202.50	163.11
Trubaindo		90.92	93.21	71.64
Bharinto		48.65	41.57	26.81
Jorong		10.08	9.62	9.33
Kitadin - Embalut		13.80	10.81	11.57
Kitadin - Tandung Mayang		-	-	0.44
Sales revenue - Coal Indonesia		**375.79**	**357.72**	**282.92**
Sales revenue - Coal Australia		**187.85**	**192.38**	**139.90**
Sales revenue - Other Sources		**18.38**	**15.43**	**5.94**
Revenue from COAL business		**582.03**	**565.53**	**428.75**
Revenue from POWER business		**37.36**	**54.95**	**30.55**
Revenue from GAS business		**8.20**	**7.27**	**3.65**
Revenue from OTHER business		**5.26**	**5.18**	**6.48**
Total revenues	**M.USD**	**632.85**	**632.93**	**469.43**

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DETAIL OF PROFIT&LOSS STATEMENT		2Q17	1Q17	2Q16
Cost of sale (M USD)				
Indominco		(134.75)	(106.43)	(110.86)
Trubaindo		(52.64)	(51.12)	(53.82)
Bharinto		(25.56)	(19.87)	(19.13)
Jorong		(8.04)	(6.29)	(6.29)
Kitadin - Embalut		(10.34)	(7.32)	(8.30)
Kitadin - Tandung Mayang		-	-	(0.47)
Cost of sales - Coal Indonesia		**(231.32)**	**(191.03)**	**(198.87)**
Cost of sales - Coal Australia		**(133.93)**	**(137.18)**	**(100.62)**
Cost of sales - Other Sources		**(9.91)**	**(11.02)**	**(5.73)**
COST OF SALE - COAL business		**(375.16)**	**(339.23)**	**(305.23)**
COST OF SALE - POWER business		**(30.25)**	**(39.30)**	**(20.76)**
COST OF SALE - GAS business		**(4.52)**	**(4.98)**	**(2.32)**
COST OF SALE - OTHER business		**(1.64)**	**(8.74)**	**(1.21)**
Total cost of sale	**M.USD**	**(411.57)**	**(392.25)**	**(329.52)**
Gross profit (M USD)				
Indominco		77.60	96.08	52.25
Trubaindo		38.28	42.09	17.82
Bharinto		23.09	21.70	7.69
Jorong		2.04	3.33	3.04
Kitadin - Embalut		3.46	3.50	3.27
Kitadin - Tandung Mayang		-	-	(0.03)
Gross profit - Coal Indonesia		**144.47**	**166.69**	**84.04**
Gross profit - Coal Australia		**53.92**	**55.20**	**39.27**
Gross profit - Other Sources		**8.47**	**4.41**	**0.21**
Gross profit from COAL business		**206.87**	**226.29**	**123.54**
Gross profit from POWER business		**7.11**	**15.65**	**9.79**
Gross profit from GAS business		**3.68**	**2.29**	**1.32**
Gross profit from OTHER business		**3.62**	**(3.56)**	**5.28**
Total Gross profit	**M.USD**	**221.28**	**240.67**	**139.92**
Gross profit margin				
Indominco		37%	47%	32%
Trubaindo		42%	45%	25%
Bharinto		47%	52%	29%
Jorong		20%	35%	33%
Kitadin - Embalut		25%	32%	28%
Kitadin - Tandung Mayang		0%	0%	-6%
GPM - Coal Indonesia		**38%**	**47%**	**30%**
GPM -Coal Australia		**29%**	**29%**	**28%**
GPM -Other Sources		**46%**	**29%**	**4%**
GPM from COAL business		**36%**	**40%**	**29%**
GPM from POWER business		**19%**	**28%**	**32%**
GPM from GAS business		**45%**	**32%**	**36%**
GPM from OTHER business		**69%**	**-69%**	**81%**
GPM for Banpu group		**35%**	**38%**	**30%**