News Release

9th November 2017

3Q/2017 Results Highlight

Banpu has submitted to the SET its 3Q/2017 financial performance with full details.

The financial statement of 3Q17 reports strong operational performance from coal business on the back of resilient coal market prices. The operations of power business at Hongsa and BLCP proceed as planned while the China power plants report lower earnings due to higher coal cost. Group EBITDA was concluded at USD 263 million (23% higher QoQ) consisting of EBITDA from coal 225 million, from power 32 million and from gas 6 million.

Net profit before foreign exchange is sustained from previous quarter at USD 78 million and a sharp improvement from USD 10 million in last year. The continued appreciation in Thai Baht against the US Dollar caused a foreign exchange loss of USD 17 million, resulting in a net profit of USD 61 million for this quarter which is lower 8% QoQ but a huge recovery from the net profit of USD 2 million in last year.

Coal operation in Indonesia reported a flat sale volume of 5.34 million due to difficulty in mining condition following prolonged rainy period in this year. However, sales revenue rose 8% QoQ supported by strong Average Selling Price (ASP) of USD 76.3 per tonne which increased 8% QoQ and 49% YoY. The unit cost of sale was relatively flat QoQ, thus further widening Gross Profit Margin (GPM) to 45% compared to 38% in previous quarter and 36% in last year.

Australia coal operation delivered strong quarterly performance. Coal sale volume was higher at 3.4 million tonnes (+8 QoQ, -6% YoY). Sale split between domestic and export market was 61% vs. 39% respectively. Both markets continued to gain benefit from strong coal market prices with an increase in ASP to AUD 90 per tonne (+12% QoQ, +34% YoY). The Average Cost of Sale was well-controlled at AUD 54.3 per tonne, resulting in an expansion in GPM to 40% compared to 29% in previous quarter and 22% 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 USD 31 million, increasing 49% QoQ.

For Power business, BLCP reported a lower equity income of USD 11.7 million affected by lower seasonal demand of electricity and a planned maintenance shutdown by 2 weeks. Hongsa continued to deliver smooth operation. Its equity income of USD 16.8 million was caused by a 6-week shutdown for scheduled inspection and a foreign exchange loss of USD 8.4 million due to the strengthened Thai Baht against US Dollar. Net income from China CHP plants in this quarter was USD 0.6 million, caused by the rising coal cost.

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Summary of 3Q/2017 results

Year-end Dec ('M.USD)	3Q17	2Q17	3Q16	Note
Coal sales volume (M.Tonnes)	*8.99*	*8.59*	*10.70*	Indonesia 5.6mt (+0%QoQ, -21%YoY), Australia 3.4 mt (+8%QoQ, -6%YoY)
Sales revenues	719.61	632.85	585.74	ASP Indo US$76.31/t, ASP Australia A$90.09/t
Cost of sales	(422.09)	(411.57)	(404.50)	
Gross profit	297.52	221.28	181.24	GPM from coal 42% (GPM Indo coal 45%, GPM Australia coal 40%)
GPM	*41%*	*35%*	*31%*	GPM from Power 18% , GPM from Gas 39%
Adminstrative expenses	(33.23)	(28.82)	(25.81)	
Selling expenses	(41.73)	(39.34)	(47.44)	
Royalty	(68.04)	(60.76)	(55.67)	
Equity income	60.47	75.91	17.39	Equity income from BLCP US$11.7m, Hongsa US$16.8m including FX loss US$ 8.4m, and China coal US$31.3m
Dividend income - Coal & Powe	-	0.58	0.06	
Other income	4.90	6.43	6.00	
Mining property	(14.60)	(9.43)	(5.52)	
EBIT	**205.29**	**165.86**	**70.25**	
EBIT margin	***29%***	***26%***	***12%***	
Interest expenses	(34.83)	(33.27)	(32.34)	
Financial expenses	(0.59)	(1.02)	(0.66)	
Income tax - Core business	(27.51)	(21.67)	(13.42)	
Minorities	(27.32)	(27.47)	(10.62)	
Net profit before extra items	**115.05**	**82.43**	**13.21**	
Non-recurring items	(18.32)	(2.31)	(0.25)	
Gain (Loss) on Derivatives	(15.16)	(1.24)	(8.20)	
Income tax - Non core business	(3.75)	(0.08)	(1.86)	
Deferred tax income/expenses	0.27	(0.02)	7.35	
Net profit	**78.09**	**78.77**	**10.26**	
Net gains (losses) on exchange rate	(17.26)	(12.89)	(8.25)	FX loss from strong appreciation of Thai Baht against US Dollar
Net profit	**60.83**	**65.89**	**2.01**	China Power net profit US$0.6m
EPS (USD/share)	0.012	0.013	0.000	
Depreciation	43.21	39.55	39.13	
Amortization	14.60	9.41	5.32	
Depre & Amortization	57.81	48.96	44.45	
EBITDA	**263.10**	**214.82**	**114.70**	
EBITDA margin	***37%***	***34%***	***20%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		3Q17	2Q17	3Q16
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.45	0.35	0.43
Indominco - East Block		2.92	2.82	3.24
Trubaindo		1.46	0.94	1.54
Bharinto		0.68	0.45	0.56
Jorong		0.18	0.18	0.20
Kitadin - Embalut		0.27	0.20	0.14
Total production of Coal Indonesia		**5.96**	**4.93**	**6.11**
Total production of Coal Australia		**3.26**	**3.06**	**3.19**
Total ROM Production	**M.Ton**	**9.22**	**7.99**	**9.30**
Coal sales volume (M tonnes)				
Indominco - West Block		0.39	-	0.44
Indominco - East Block		2.90	3.27	3.53
Trubaindo		1.10	1.07	1.69
Bharinto		0.53	0.59	0.68
Jorong		0.16	0.21	0.19
Kitadin - Embalut		0.26	0.21	0.21
Kitadin - Tandung Mayang				0.00
Coal Sales - Coal Indonesia		**5.33**	**5.34**	**6.75**
Coal Sales - Coal Australia		**3.40**	**3.15**	**3.62**
Coal Sales - Other sources		**0.26**	**0.23**	**0.33**
Total sale volume	**M.Ton**	**8.99**	**8.71**	**10.70**
Sales revenue (M.USD)				
Indominco		221.86	212.35	180.29
Trubaindo		108.23	90.92	106.64
Bharinto		48.47	48.65	42.73
Jorong		9.06	10.08	6.77
Kitadin - Embalut		19.47	13.80	10.16
Kitadin - Tandung Mayang		-	-	0.04
Sales revenue - Coal Indonesia		**407.10**	**375.79**	**346.63**
Sales revenue - Coal Australia		**241.35**	**187.85**	**183.93**
Sales revenue - Other Sources		**15.44**	**18.38**	**13.76**
Revenue from COAL business		**663.89**	**582.03**	**544.33**
Revenue from POWER business		**39.65**	**37.36**	**29.98**
Revenue from GAS business		**8.00**	**8.20**	**5.28**
Revenue from OTHER business		**8.08**	**5.26**	**6.15**
Total revenues	**M.USD**	**719.61**	**632.85**	**585.74**

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DETAIL OF PROFIT&LOSS STATEMENT		3Q17	2Q17	3Q16
Cost of sale (M USD)				
Indominco		(131.17)	(134.75)	(118.11)
Trubaindo		(57.23)	(52.64)	(67.14)
Bharinto		(20.10)	(25.56)	(24.50)
Jorong		(5.91)	(8.04)	(4.09)
Kitadin - Embalut		(10.83)	(10.34)	(7.51)
Kitadin - Tandung Mayang		-	-	(0.00)
Cost of sales - Coal Indonesia		**(225.24)**	**(231.32)**	**(221.35)**
Cost of sales - Coal Australia		**(145.62)**	**(133.93)**	**(143.60)**
Cost of sales - Other Sources		**(12.17)**	**(9.91)**	**(13.41)**
COST OF SALE - COAL business		**(383.03)**	**(375.16)**	**(378.36)**
COST OF SALE - POWER business		**(32.62)**	**(30.25)**	**(21.00)**
COST OF SALE - GAS business		**(4.85)**	**(4.52)**	**(2.89)**
COST OF SALE - OTHER business		**(1.60)**	**(1.64)**	**(2.25)**
Total cost of sale	**M.USD**	**(422.09)**	**(411.57)**	**(404.50)**
Gross profit (M USD)				
Indominco		90.69	77.60	62.18
Trubaindo		51.00	38.28	39.50
Bharinto		28.37	23.09	18.24
Jorong		3.15	2.04	2.69
Kitadin - Embalut		8.64	3.46	2.64
Kitadin - Tandung Mayang		-	-	0.04
Gross profit - Coal Indonesia		**181.86**	**144.47**	**125.28**
Gross profit - Coal Australia		**95.73**	**53.92**	**40.34**
Gross profit - Other Sources		**3.27**	**8.47**	**0.35**
Gross profit from COAL business		**280.86**	**206.87**	**165.98**
Gross profit from POWER business		**7.03**	**7.11**	**8.98**
Gross profit from GAS business		**3.15**	**3.68**	**2.39**
Gross profit from OTHER business		**6.48**	**3.62**	**3.90**
Total Gross profit	**M.USD**	**297.52**	**221.28**	**181.24**
Gross profit margin				
Indominco		41%	37%	34%
Trubaindo		47%	42%	37%
Bharinto		59%	47%	43%
Jorong		35%	20%	40%
Kitadin - Embalut		44%	25%	26%
Kitadin - Tandung Mayang		0%	0%	93%
GPM - Coal Indonesia		**45%**	**38%**	**36%**
GPM -Coal Australia		**40%**	**29%**	**22%**
GPM -Other Sources		**21%**	**46%**	**3%**
GPM from COAL business		**42%**	**36%**	**30%**
GPM from POWER business		**18%**	**19%**	**30%**
GPM from GAS business		**39%**	**45%**	**45%**
GPM from OTHER business		**80%**	**69%**	**63%**
GPM for Banpu group		**41%**	**35%**	**31%**

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