News Release

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1Q/2018 Results Highlight

Banpu has submitted to the SET its 1Q/2018 financial performance with full details.

The financial performance in 1Q/2018 indicates healthy coal operations led by favorable coal prices and satisfactory contribution from power business. Group EBITDA for this quarter was concluded at USD 227 million, lower 17% QoQ but higher 5% YoY. EBITDA by business includes EBITDA from coal of USD 162 million, from power USD 51 million, and from gas USD 15 million.

Net profit however was impacted by a one-off court payment for the Hongsa case for the amount of USD 86 million. The rapid strengthening in Thai Baht against the US Dollar by 5% from previous quarter caused a foreign exchange loss of 33 USD million. Due to these two non-operation expenses, the consolidated financial statement reported a net loss of USD 40 million for this quarter.

Coal operations in Indonesia reported sale volume of 4.42 million tonnes. Coal production was affected by seasonal rainfall in Kalimantan and delayed access to mining area in Indominco, which caused sale volume to be lower by 34% QoQ and 18% YoY. The Average Selling Price (ASP) sustained at a high level of USD 85.33 per tonne, rising 4%QoQ and 23% YoY. The Company continued to optimize the mine plans during favorable coal prices, resulting in Average Cost of Sale increased similarly 22% YoY. Gross Profit Margin (GPM) maintained at a strong level of 43% versus 43% in previous quarter and 47% in last year.

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
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In Australia, coal sale volume was 2.89 million tonnes (-20%QoQ, -9% YoY) with Mandalong made a longwall changeover impacting production during March. Sale split between domestic and export market was 58% vs. 42%. Both markets continued to gain benefit from strong coal market prices as indicated by a robust ASP of AUD 95.17 per tonne (+2% QoQ, +20% YoY). The Average Cost of Sale rose higher at due to the low sale tonnage at AUD 75.39 per tonne, resulting in GPM of 21% compared to 36% in previous quarter and 29% 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 26 million increasing 35% QoQ and 16% YoY.

The Power business delivered strong performance in this quarter. BLCP reported an equity income at a good level of USD 17 million. Hongsa achieved smooth operation which enabled the plant to declare high available hours. Its equity income was at USD 19 million including a loss from foreign exchange of USD 11 million due to strengthening of Thai Baht against US Dollar. China CHP plants reported strong sale of steam during winter and completed capacity expansion at Luannan which resulted in a strong net income of USD 9 million in this quarter.

More information at Line ID: @banpu-ir or scan the QR code below.

Summary of 1Q/2018 results

Year-end Dec ('M.USD)	1Q18	4Q17	1Q17	Note
Coal sales volume (M.Tonnes)	7.3	10.3	8.6	Indonesia4.4mt (-34%QoQ, -18%YoY), Australia2.9mt (-20%QoQ, -9%YoY)
Sales revenues	700.1	891.3	632.9	ASP Indo US$85.3/t, ASP Australia A$95.2/t
Cost of sales	(467.9)	(540.5)	(392.3)	
Gross profit	232.3	350.8	240.7	GPM from coal 34% (GPM Indo coal 42%, GPM Australia coal 21%)
GPM	***33%***	***39%***	***38%***	GPM from Power 26% , GPM from Gas 34%
Adminstrative expenses	(35.7)	(43.1)	(25.8)	
Selling expenses	(31.4)	(44.0)	(35.4)	
Royalty	(57.7)	(81.8)	(57.7)	
Equity income	61.5	25.3	43.0	Equity income from BLCP US$16.6m, Hongsa US$19.4m including FX loss US$ 10.9m,
Dividend income - Coal & Power	0.1	0.3	0.1	and China coal US$26.3m
Other income	6.8	22.2	11.2	
Mining property	(9.2)	(7.3)	(7.4)	
EBIT	**166.7**	**222.4**	**168.6**	
EBIT margin	***24%***	***25%***	***27%***	
Interest expenses	(40.2)	(36.3)	(30.9)	
Financial expenses	(0.8)	(1.6)	(1.4)	
Income tax - Core business	(26.7)	(34.0)	(33.5)	
Minorities	(23.0)	(29.7)	(25.2)	
Net profit before extra items	**76.1**	**120.7**	**77.6**	
Non-recurring items	(67.9)	(20.5)	(7.3)	Payment on Hongsa Court Case US$85.9m, Gain on O&G Acqusition US$24.5m
Gain (Loss) on Derivatives	(3.1)	(1.5)	(3.0)	
Income tax - Non core business	(16.4)	(7.1)	(9.6)	
Deferred tax income/expenses	4.5	(4.0)	7.4	
Net profit	**(6.8)**	**87.6**	**65.1**	
Net gains (losses) on exchange rate	(33.2)	(21.4)	(24.2)	FX loss from strong appreciation of Thai Baht against US Dollar by 5%
Net profit	**(40.0)**	**66.2**	**40.9**	China Power net profit US$9.0m
EPS (USD/share)	(0.008)	0.013	0.008	
Depreciation	51.8	44.4	40.3	
Amortization	9.0	7.0	7.4	
Depre & Amortization	60.7	51.4	47.7	
EBITDA	**227.4**	**273.8**	**216.3**	
EBITDA margin	***32%***	***31%***	***34%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		1Q18	4Q17	1Q17
FC Production (M. tonnes)				
INDO : (100% basis)				
Indominco		2.26	3.27	3.18
Trubaindo		1.04	1.49	1.13
Bharinto		0.55	0.60	0.63
Jorong		0.28	0.32	0.23
Kitadin - Embalut		0.24	0.28	0.20
Total production of Coal Indonesia		**4.37**	**5.95**	**5.37**
Total production of Coal Australia		**2.55**	**3.01**	**2.98**
Total Production	**M.Ton**	**6.92**	**8.96**	**8.35**
Coal sales volume (M tonnes)				
Indominco		2.23	3.43	3.16
Trubaindo		0.88	1.72	1.09
Bharinto		0.53	0.65	0.52
Jorong		0.26	0.27	0.21
Kitadin - Embalut		0.21	0.30	0.18
Total ITMG own		**4.11**	**6.38**	**5.16**
Other Source		0.31	0.35	0.23
Coal Sales - Indonesia		**4.42**	**6.73**	**5.39**
Coal Sales - Coal Australia		**2.89**	**3.61**	**3.19**
Total sale volume	**M.Ton**	**7.31**	**10.34**	**8.59**
Sales revenue (M.USD)				
Indominco		171.8	250.2	202.5
Trubaindo		88.1	170.8	93.2
Bharinto		57.0	63.5	41.6
Jorong		14.9	14.3	9.6
Kitadin - Embalut		18.5	23.0	10.8
Sales revenue - ITMG		350.3	521.9	357.7
Other Sources		24.3	20.4	15.4
Sales revenue - Coal Indonesia		374.7	542.2	373.1
Sales revenue - Coal Australia		216.5	259.2	192.4
Sales revenue - China (trading)		2.0	11.1	
Revenue from COAL business		**593.2**	**812.5**	**565.5**
Revenue from POWER business		**64.9**	**57.3**	**55.0**
Revenue from GAS business		**26.1**	**13.5**	**7.3**
Revenue from FUEL business		**10.3**	**2.8**	**-**
Revenue from OTHER business		**5.5**	**5.2**	**5.2**
Total revenues	**M.USD**	**700.1**	**891.3**	**632.9**

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DETAIL OF PROFIT&LOSS STATEMENT		1Q18	4Q17	1Q17
Cost of sale (M USD)				
Indominco		(94.3)	(151.5)	(106.4)
Trubaindo		(46.9)	(84.3)	(51.1)
Bharinto		(27.6)	(33.2)	(19.9)
Jorong		(11.0)	(7.6)	(6.3)
Kitadin - Embalut		(8.7)	(11.6)	(7.3)
Cost of sales - ITMG		(188.5)	(288.2)	(191.0)
Other Sources		(27.5)	(20.1)	(11.0)
Cost of sales - Coal Indonesia		(216.0)	(308.3)	(202.1)
Cost of sales - Coal Australia		(171.4)	(166.7)	(137.2)
Cost of sales - China		(1.9)	(8.3)	-
COST OF SALE - COAL business		**(389.2)**	**(483.3)**	**(339.2)**
COST OF SALE - POWER business		**(48.1)**	**(41.7)**	**(39.3)**
COST OF SALE - GAS business		**(17.3)**	**(9.4)**	**(5.0)**
COST OF SALE - FUEL business		**(8.8)**	**(1.7)**	**-**
COST OF SALE - OTHER business		**(4.4)**	**(4.5)**	**(8.7)**
Total cost of sale	**M.USD**	**(467.9)**	**(540.5)**	**(392.3)**
Gross profit (M USD)				
Indominco		77.5	98.7	96.1
Trubaindo		41.3	86.5	42.1
Bharinto		29.5	30.3	21.7
Jorong		3.9	6.7	3.3
Kitadin - Embalut		9.8	11.4	3.5
Gross profit - ITMG		161.9	233.6	166.7
Other Sources		(3.2)	0.3	4.4
Gross profit - Coal Indonesia		158.7	233.9	171.1
Gross profit - Coal Australia		45.1	92.4	55.2
Gross profit - China		0.2	2.8	-
Gross profit from COAL business		**204.0**	**329.1**	**226.3**
Gross profit from POWER business		**16.9**	**15.6**	**15.6**
Gross profit from GAS business		**8.8**	**4.1**	**2.3**
Total Gross profit	**M.USD**	**232.3**	**350.8**	**240.7**
Gross profit margin				
Indominco		45%	39%	47%
Trubaindo		47%	51%	45%
Bharinto		52%	48%	52%
Jorong		26%	47%	35%
Kitadin - Embalut		53%	50%	32%
GPM - ITMG		46%	45%	47%
Other Sources		-13%	1%	29%
GPM - Coal Indonesia		42%	43%	46%
GPM -Coal Australia		21%	36%	29%
GPM -China		9%	25%	0%
GPM from COAL business		**34%**	**41%**	**40%**
GPM from POWER business		**26%**	**27%**	**28%**
GPM from GAS business		**34%**	**31%**	**32%**
GPM for Banpu group		**33%**	**39%**	**38%**