News Release

11th November 2019

3Q/2019 Results Highlight

Banpu has submitted to the SET its 3Q/2019 financial performance with full details.

The consolidated financial result of 3Q/2019 indicates solid earnings contribution from the Energy Generation business derived from smooth operations at BLCP and Hongsa power plants, which cushioned against lower revenue from the Energy Resources business due to softening coal and gas prices. At operation level, disciplined cost management at Indonesia and Australia were effective and helped protecting profitability of coal business.

Group EBITDA was reported at USD 164 million, including EBITDA from coal USD 114 million, EBITDA from power USD 39 million and EBITDA from gas USD 11 million. The total EBITDA edged lower 2% compared to 2Q19.

The consolidated net profit before foreign exchange translation was USD 14 million. The stronger Thai Baht against US Dollar in this period was translated into a foreign exchange loss of USD 18 million, resulting in a net loss of USD 4 million in this quarter.

Coal operation in Indonesia reported healthy coal sale of 6.7 million tonnes slightly higher 2% compared to 2Q19. The Average Selling Price (ASP) declined 8% from 2Q19 to USD 61.2 per tonne reflecting slowdown in seasonal demand and lower market prices. The cost-saving measures put in place since last quarter continued to result in lower average strip ratio of 10.8 times compared to 11.6 times in previous quarter. The average cost of sale therefore adjusted down to USD 43.7 per tonne representing 7% saving from 2Q19. This greatly helped to sustain the profitability as Gross Profit Margin (GPM) maintained at 28%, relatively unchanged from previous quarter.

Australia coal reported sound operation in this quarter. Its coal sale of 2.8 million tonnes relatively unchanged from previous quarter. However sale volume for domestic market, which provided lower prices than export, shared a higher proportion at 62% of total sale versus 53% in previous quarter. The higher mix of domestic sale therefore held back the ASP which declined 10% from 2Q19 to AUD 89.8 per tonne. The effective Longwall operations pushed down the average cost of sale substantially by 26% from 2Q19 to AUD 65.3 per tonne, and lifted up gross profit margin to 27% from 11% in the previous quarter.

China coal reported an equity income of USD 25 million supported by relatively strong domestic coal prices.

Gas business reported stable sale volume of 17.9 Billion Cubic Feet (Bcf). The mild weather in North America and high national inventory of gas weighed on gas prices during the period. Its calculated ASP decreased to USD 1.12 per Thousand Cubic Feet (Mcf) causing slimmer profit contribution in this quarter.

In power business, the Combined Heat and Power (CHP) plants in China reported a net loss of USD 4 million from the drop in seasonal demand for electricity and steam. BLCP continued to achieve solid record of Equivalent Availability Factor (EAF) at 100% with equity income contribution of USD 9 million. Hongsa contributed an equity income of USD 26 million with a high EAF of 88%.

Summary of 3Q/2019 results

Year-end Dec ('M.USD)	3Q19	2Q19	3Q18	Note
Coal sales volume (M.Tonnes)	**9.5**	**9.4**	**10.1**	Indonesia6.7mt (+2%QoQ, +0%YoY), Australia2.8mt (-3%QoQ, -17%YoY)
Sales revenues	653.9	730.9	964.6	ASP Indo US$61.21/t, ASP Australia A$89.8/t
Cost of sales	(483.1)	(569.1)	(608.7)	
Gross profit	170.8	161.8	355.9	GPM from coal 27% (GPM Indo coal 28%, GPM Australia coal 27%)
GPM	***26%***	***22%***	***37%***	GPM from Power 10%
Adminstrative expenses	(42.1)	(46.2)	(34.7)	
Selling expenses	(50.1)	(41.3)	(49.5)	
Royalty	(56.9)	(63.0)	(84.4)	
Equity income	62.6	77.1	65.3	Equity income from BLCP US$8.6m Hongsa US$27.7m and China coal US$25m
Other	(6.4)	0.4	(3.1)	
EBIT	**77.9**	**88.8**	**249.5**	
EBIT margin	***12%***	***12%***	***26%***	
Interest expenses	(45.1)	(46.1)	(43.0)	
Financial expenses	(1.5)	(1.2)	(1.7)	
Income tax - Core business	(28.5)	(15.0)	(42.5)	
Minorities	(15.8)	(17.4)	(36.1)	
Net profit before extra items	**(13.0)**	**9.0**	**126.1**	
Non-recurring items	(2.0)	3.1	(3.4)	
Gain (Loss) on Derivatives	12.6	15.3	(29.0)	Gain from financial derivative instruments
Income tax - Non core business	-	(2.1)	(0.0)	
Deferred tax income/expenses	17.0	18.2	6.9	
Net profit	**14.6**	**43.5**	**100.6**	
Net gains (losses) on exchange rate	(18.0)	(40.8)	(24.8)	FX loss from strong appreciation of Thai Baht against US Dollar
Net profit	**(3.4)**	**2.7**	**75.8**	
EPS (USD/share)	(0.001)	0.001	0.015	
Depreciation	57.1	54.1	53.2	
Amortization	29.3	25.5	7.5	
Depre & Amortization	86.4	79.6	60.6	
EBITDA	**164.4**	**168.4**	**310.1**	EBITDA from coal of US$114.4m, from gas US$11m , and from power US$39m
EBITDA margin	***25%***	***23%***	***32%***	

Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		3Q19	2Q19	3Q18
FC Production (M. tonnes)				
Total production of Coal Indonesia		5.31	4.96	6.03
Total production of Coal Australia		2.79	2.23	2.37
Total Production	**M.Ton**	**8.09**	**7.19**	**8.41**
Coal sales volume (M tonnes)				
ITMG own		5.89	6.01	5.86
Other Source		0.78	0.50	0.79
Coal Sales - Indonesia		6.67	6.52	6.65
Coal Sales - Coal Australia		2.75	2.82	3.31
Coal Sales - China (traded coal)		0.11	0.05	-
Total sale volume	**M.Ton**	**9.53**	**9.39**	**9.96**
Sales revenue (M.USD)				
Sales revenue - ITMG		374.3	410.2	531.7
Other Sources		34.2	24.2	61.1
Sales revenue - Coal Indonesia		408.5	434.4	592.8
Sales revenue - Coal Australia		171.8	196.1	244.4
Sales revenue - China (traded coal)		6.0	14.0	-
Revenue from COAL business		**586.4**	**644.5**	**837.2**
Revenue from POWER business		**31.5**	**40.6**	**36.6**
Revenue from GAS business		**20.0**	**25.2**	**39.1**
Revenue from FUEL business		**13.5**	**18.3**	**-**
Revenue from OTHER business		**2.6**	**2.3**	**5.0**
Total revenues	**M.USD**	**653.9**	**730.9**	**917.9**
Cost of sale (M USD)				
Cost of sales - ITMG		(261.5)	(284.5)	(260.1)
Other Sources		(34.1)	(23.4)	(52.1)
Cost of sales - Coal Indonesia		(295.6)	(307.8)	(312.2)
Cost of sales - Coal Australia		(124.7)	(174.8)	(196.3)
Sales revenue - China (traded coal)		(6.0)	(13.9)	(8.8)
COST OF SALE - COAL business		**(426.3)**	**(496.5)**	**(517.3)**
COST OF SALE - POWER business		**(28.2)**	**(34.1)**	**(30.7)**
COST OF SALE - GAS business		**(19.9)**	**(17.0)**	**(18.9)**
COST OF SALE - FUEL business		**(8.3)**	**(19.7)**	**-**
COST OF SALE - OTHER business		**(0.3)**	**(1.7)**	**(3.7)**
Total cost of sale	**M.USD**	**(483.1)**	**(569.1)**	**(570.6)**

DETAIL OF PROFIT&LOSS STATEMENT		3Q19	2Q19	3Q18
Gross profit (M USD)				
Gross profit - ITMG		112.7	125.7	271.5
Other Sources		0.2	0.8	9.0
Gross profit - Coal Indonesia		112.9	126.5	280.6
Gross profit - Coal Australia		47.1	21.3	48.1
Gross profit - China (traded coal)		0.0	0.1	(8.8)
Gross profit from COAL business		**160.0**	**148.0**	**319.9**
Gross profit from POWER business		**3.3**	**6.4**	**5.9**
Gross profit from GAS business		**0.1**	**8.2**	**20.2**
Gross profit from FUEL business		**5.2**	**(1.4)**	**-**
Gross profit from OTHER business		**2.3**	**0.5**	**1.3**
Total Gross profit	**M.USD**	**170.8**	**161.8**	**347.3**
Gross profit margin				
GPM - ITMG		30%	31%	51%
Other Sources		0%	3%	15%
GPM - Coal Indonesia		28%	29%	47%
GPM -Coal Australia		27%	11%	20%
GPM - China (traded coal)		0%	1%	
GPM from COAL business		**27%**	**23%**	**38%**
GPM from POWER business		**10%**	**16%**	**16%**
GPM from GAS business		**0%**	**32%**	**52%**
GPM from FUEL business		**38%**	**-7%**	**0%**
GPM from OTHER business		**89%**	**23%**	**26%**
GPM for Banpu group		**26%**	**22%**	**38%**