News Release

12th May 2020

1Q/2020 Results Highlight

Banpu has submitted to the SET its 1Q/2020 financial performance with full details.

The business performance in 1Q20 continued to weather through unfavorable market condition caused by relatively mild winter season and persistent oversupply in key commodities products namely coal and gas. In this quarter, the strong contribution from power business helps to sustain earnings for the group.

Group EBITDA for 1Q20 was USD 134 million (+2% QoQ), including EBITDA from coal of USD 77 million (-29% QoQ), EBITDA from gas of USD 1.4 million (-89% QoQ) and EBITDA from power of USD 55 million (+485% QoQ).

The rapid depreciation of Thai Baht against US Dollar resulted in a substantial foreign exchange gain of USD 112 million. The consolidated net profit in this quarter was concluded at USD 55 million.

Indonesia coal achieved coal sale of 5.77 million tonnes, decreasing 9% QoQ due to seasonal rainy weather. The partial fixing of contract price since late last year supported the Average Selling Price (ASP) to be resilient at 59.32 USD per tonne despite the softening market prices during this quarter. Cost of sale maintained at USD 40.47 per tonne with healthy Gross Profit Margin (GPM) of 32%. Continued emphasis on cost cutting and falling diesel price would push down cost of sale further in few quarters ahead.

Australia reported sound operation performance with coal sale volume of 3.09 million tonnes, higher 6% QoQ. This was attributed to an early completion of Longwall move at Mandalong and better mining condition at Springvale. The ASP remained firm at AUD 86.13 per tonne with cost of sale of unchanged at AUD 78.75 per tonne. Gross profit margin was at 9%.

China coal started this year with a strong performance. The equity income doubled from previous quarter to USD 16 million due to resilient coal sale and cost normalization. The outbreak of COVID-19 did not significantly impacted coal mining operation as coal is considered a critical product for livelihood of residents particularly during winter.

In gas business, the mild winter in USA combined with oversupply of gas caused volatility in gas prices and impacted operation performance for this period. The unit reported a 7% QoQ lower sale volume of 16.7 Billion Cubic Feet (Bcf) on a 23% QoQ drop in ASP to USD 0.93 per million BTU (MMBtu) with GPM of a negative 16%.

In power business, the Combined Heat and Power (CHP) plants in China contributed net profit of USD 16 million. BLCP achieved 100% electricity dispatch rate. However, the scheduled decline in tariff for this year and depreciation in Thai Baht resulted in an equity loss of USD 2.2 million. Hongsa reported a surge in equity income to USD 34 million as all 3 units fully recovered from earthquake incident in November last year.

Summary of 1Q/2020 results

Year-end Dec ('M.USD)	1Q20	4Q19	1Q19	Note
Coal sales volume (M.Tonnes)	**8.8**	**9.4**	**7.9**	Indonesia5.8mt (-9%QoQ, -2%YoY), Australia3.1mt (+6%QoQ, +54%YoY)
Sales revenues	632.8	675.3	699.1	ASP Indo US$59.3/t, ASP Australia A$86.13/t
Cost of sales	(490.5)	(492.8)	(506.2)	
Gross profit	142.3	182.5	192.9	GPM from coal 24% (GPM Indo coal 32%, GPM Australia coal 9%)
GPM	***22%***	***27%***	***28%***	GPM from Power 32%, GPM from Gas -16%
Adminstrative expenses	(42.7)	(54.8)	(38.1)	
Selling expenses	(40.7)	(58.9)	(44.4)	
Royalty	(51.8)	(59.8)	(61.1)	
Equity income	47.6	3.8	62.4	Equity income from China coal US$16.2m and Hongsa US$35.7m
Other	(0.9)	4.2	53.0	Equity income from BLCP (US$2.2m) due to declining of Availability payment
EBIT	**53.7**	**17.0**	**164.7**	
EBIT margin	***8%***	***3%***	***24%***	
Interest expenses	(45.1)	(45.7)	(45.2)	
Financial expenses	(1.8)	(1.4)	(1.4)	
Income tax - Core business	(20.4)	(22.3)	(32.2)	
Minorities	(11.8)	(6.8)	(20.9)	
Net profit before extra items	**(25.4)**	**(59.2)**	**65.0**	
Non-recurring items	14.6	21.8	(4.7)	
Gain (Loss) on Derivatives	(6.3)	4.7	0.8	Loss from financial derivative instruments
Income tax - Non core business	(0.0)	(5.8)	(10.7)	
Deferred tax income/expenses	(40.0)	9.7	(4.3)	
Net profit	**(57.2)**	**(28.8)**	**46.1**	
Net gains (losses) on exchange rate	111.9	(19.1)	(17.2)	FX gain from the rapid depreciation of Thai Baht against US Dollar
Net profit	**54.7**	**(47.8)**	**29.0**	
EPS (USD/share)	0.011	(0.009)	0.006	
Depreciation	49.8	58.5	52.6	
Amortization	30.4	55.8	13.6	
Depre & Amortization	80.1	114.3	66.2	
EBITDA	**133.8**	**131.4**	**230.9**	EBITDA from coal of US$77.2m, gas US$1.4m, and power US$55.2m
EBITDA margin	***21%***	***19%***	***33%***	

DETAIL OF PROFIT&LOSS STATEMENT		1Q20	4Q19	1Q19
ROM Production (M. tonnes)				
Total production of Coal Indonesia		4.47	5.28	5.76
Total production of Coal Australia		3.24	2.28	2.00
Total Production	**M.Ton**	**7.71**	**7.55**	**7.76**
Coal sales volume (M tonnes)				
ITMG own		5.34	6.04	5.22
Other Source		0.43	0.30	0.65
Coal Sales - Indonesia		5.77	6.34	5.87
Coal Sales - Coal Australia		3.09	2.92	2.01
Coal Sales - China (traded coal)		-	0.14	-
Coal Sales - Others & Elimination		(0.06)	-	-
Total sale volume	**M.Ton**	**8.80**	**9.40**	**7.88**
Sales revenue (M.USD)				
Sales revenue - ITMG		325.9	379.7	385.7
Other Sources		16.1	23.1	39.1
Sales revenue - Coal Indonesia		342.1	402.9	424.8
Sales revenue - Coal Australia		175.8	183.7	142.8
Sales revenue - China (traded coal)		6.8	(12.0)	-
Revenue from COAL business		**524.7**	**574.6**	**567.6**
Revenue from POWER business		**57.7**	**55.3**	**55.8**
Revenue from GAS business		**17.7**	**23.6**	**35.7**
Revenue from FUEL business		**26.4**	**19.5**	**-**
Revenue from OTHER business		**6.9**	**2.3**	**4.6**
Total revenues	**M.USD**	**633.4**	**675.3**	**663.7**
Cost of sale (M USD)				
Cost of sales - ITMG		(217.6)	(241.8)	(247.2)
Other Sources		(15.8)	(23.1)	(30.4)
Cost of sales - Coal Indonesia		(233.4)	(264.9)	(277.6)
Cost of sales - Coal Australia		(160.8)	(160.3)	(132.0)
Sales revenue - China (traded coal)		(6.7)	12.1	(7.9)
COST OF SALE - COAL business		**(400.9)**	**(413.2)**	**(417.5)**
COST OF SALE - POWER business		**(39.5)**	**(43.7)**	**(42.4)**
COST OF SALE - GAS business		**(20.6)**	**(18.1)**	**(17.5)**
COST OF SALE - FUEL business		**(26.2)**	**(15.0)**	**-**
COST OF SALE - OTHER business		**(5.2)**	**(2.8)**	**(0.4)**
Total cost of sale	**M.USD**	**(492.5)**	**(492.8)**	**(477.8)**

DETAIL OF PROFIT&LOSS STATEMENT		1Q20	4Q19	1Q19
Gross profit (M USD)				
Gross profit - ITMG		108.4	138.0	138.5
Other Sources		0.3	(0.0)	8.7
Gross profit - Coal Indonesia		108.7	137.9	147.2
Gross profit - Coal Australia		15.0	23.4	10.8
Gross profit - China (traded coal)		0.1	0.1	(7.9)
Gross profit from COAL business		**123.8**	**161.4**	**150.1**
Gross profit from POWER business		**18.3**	**11.6**	**13.4**
Gross profit from GAS business		**(2.9)**	**5.5**	**18.2**
Gross profit from FUEL business		**0.2**	**4.5**	**-**
Gross profit from OTHER business		**1.7**	**(0.5)**	**4.2**
Total Gross profit	**M.USD**	**141.0**	**182.5**	**185.9**
Gross profit margin				
GPM - ITMG		33%	36%	36%
Other Sources		2%	0%	22%
GPM - Coal Indonesia		32%	34%	35%
GPM -Coal Australia		9%	13%	8%
GPM - China (traded coal)		2%	-1%	
GPM from COAL business		**24%**	**28%**	**26%**
GPM from POWER business		**32%**	**21%**	**24%**
GPM from GAS business		**-16%**	**23%**	**51%**
GPM from FUEL business		**1%**	**23%**	**0%**
GPM from OTHER business		**24%**	**-22%**	
GPM for Banpu group		**22%**	**27%**	**28%**