News Release

18th February 2016

2015 Results Highlight

Banpu has submitted to the SET its 2015 financial performance with full details.

The financial result of 2015 reflects good adaptability of the company's coal operations in coping with unfavorable coal market situation. In Indonesia and Australia, several measures to cut cost and increase productivity were undertaken which resulted in healthy cash flows and enhancing long-term competitiveness. On the other hand, the contribution from power business remained solid which helped to balance the earnings from the two core businesses. Earnings from power will gain further momentum following full commercial operation of Hongsa power plant expected in March 2016.

The group EBITDA for 2015 amounted to $492 million, lower 24% from previous year. EBITDA from coal was $382 million (lower 29%) and EBITDA from power was $110 million (higher 5%).

During 2015 the seaborne coal market continued its downward trend undermined by excessive coal supply and economic slowdown in China, a major coal importing country. The spot coal price, according to the Newcastle Export Index (NEX), fell from the average of $70.90 per tonne in 2014 to $59.37 per tonne in 2015 or a decline by 19%.

The unfavorable coal market continued to weigh on revenue from coal sale. Indonesia coal under ITM group recorded 18% lower sale revenue to the amount of $1,639 million, deriving from sale volume of 28.16 million tonnes (3% lower) and an average selling price of $58.38 per tonne (13% lower). The actively adjusted mine plans to increase the efficiency and reduce cost led to the lower average stripping ratio to 8.65 times compared to 9.76 times in previous year. The rapid fall in global oil prices during the year also boded well for fuel cost, with diesel price falling by 48% to an average of $0.53 per litre. ITM cost of goods sold therefore effectively reduced by 16% to $37.4 per tonne. The gross profit margin maintained at a sound level of 35% compared to 34% in previous year.

For 4Q/2015, sale volume of ITM was 7.3 million tonnes (5% QoQ) with ASP of $55.6 per tonne, (-3% QoQ). Its cost of sale was at $35.9 per tonne (-1 % QoQ) with average gross profit margin of 35% (37% in 3Q15)

Australia coal reported 16% lower equity sale volume in 2015 at 13 million tonnes due to a care-and-maintenance shutdown at a major mine Angus Place since February 2015. In 2014 this mine recorded sale volume of 1.7 million tonnes. The average selling price weathered well against the weak seaborne market as export allocation was only 38% of total sale volume. The strengthening of USD currency also had positive impact to the average selling price which was A$65.9 per tonne, or marginally lower by 4%. Cost of sale was flat at A$49.4 per tonne, leading to a reasonable gross profit margin of 25% compared to 28% in 2014.

In 4Q/2015, the equity sale volume was 2.81 million tonnes (-18% QoQ) because of the planned Longwall changeover at Mandalong. The ASP and unit cost of goods sold were A$66.2 per tonne (+3% QoQ) and A$55.2 per tonne (+19% QoQ) respectively. Gross profit margin was 17% compared to 28% in previous quarter.

China coal operations were largely affected by lower coal selling prices. In 2015, the operations at Gaohe and Hebi reported a combined equity loss of $3.2 million compared to an equity profit of $21 million in the preceding year. In 4Q15, the equity loss from China coal was $8.6 million.

Earnings from power were highlighted by strong performance at BLCP and BIC power plants in China. BLCP efficiently adjusted its operation plan to bring profit back on track after an unscheduled shutdown in early of the year. Its equity income was sustained at $61 million while in 4Q/2015 equity income was $12 million. The power plant in China generated a record annual net profit of $36 million, with winter demand pushed up quarterly net profit to $11 million in 4Q/2015. For Hongsa the commercial startup of the first two units, which reported an equity loss of $6 million in 2015 and an equity income of $9.8 million in 4Q2015, was not an indicator of its normalized operating performance. The company expects that the equity income will increase significantly after Hongsa begins full commercial operation for all 3 units in March 2016.

Summary of 2015 results

Year-end Dec ('M.USD)	2015	2014	Note
Coal sales volume (M.Tonnes)	*41.15*	*44.45*	Indonesia 28.2mt (-3%YoY), Australia 13.0 mt (-16%YoY)
Sales revenues	2,476.58	3,144.94	ASP Indo US$58.4/t, ASP Australia A$65.9/t
Cost of sales	(1,672.16)	(2,137.90)	
Gross profit	804.42	1,007.03	GPM from coal 32% (GPM Indocoal 35%, GPM Australia coal 25%)
GPM	***32%***	***32%***	GPM from Power 38%
Adminstrative expenses	(112.26)	(123.52)	
Selling expenses	(227.81)	(276.38)	
Royalty	(238.85)	(302.77)	
Equity income	51.87	86.55	BLCP US$61.5m , Hongsa US$-6.4m, China coal US$-3.2m
Dividend income - Coal & Power	0.24	0.44	
Other income	25.78	43.95	
Other expenses - Operation	-	(12.45)	
EBIT	**303.39**	**422.85**	
EBIT margin	***12%***	***13%***	
Interest expenses	(122.48)	(120.93)	
Financial expenses	(7.60)	(10.61)	
Income tax - Core business	(75.54)	(87.78)	Higher tax expense from higher net profit of China power
Minorities	(26.24)	(73.99)	
Net profit before extra items	**71.52**	**129.54**	
Non-recurring items	(115.43)	(43.31)	Loss from financial derivative instruments US$61m
Income tax - Non core business	(34.48)	(11.15)	Higher non-operating tax due to tax reassessment
Deferred tax income/expenses	11.58	4.96	
Net profit	**(66.81)**	**80.05**	
Net gains (losses) on exchange rate	24.04	2.69	FX gain from the depreciation of Thai Baht against USD
Net profit	**(42.77)**	**82.74**	China Power net profit US$36m
EPS (USD/share)	(0.017)	0.032	
Depreciation	166.64	183.33	
Amortization	21.57	37.27	
Depre & Amortization	188.21	220.60	
EBITDA	**491.60**	**643.45**	
EBITDA margin	***20%***	***20%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		2015	2014
ROM Production (M. tonnes)			
INDO : (100% basis)			
Indominco - West Block		1.34	2.29
Indominco - East Block		12.52	12.55
Trubaindo		7.17	7.52
Bharinto		2.53	3.00
Jorong		1.31	1.33
Kitadin - Embalut		1.22	1.24
Kitadin - Tandung Mayang		1.90	1.92
Total production of Coal Indonesia		**27.98**	**29.85**
Total production of Coal Australia		**13.04**	**15.22**
Total ROM Production	**M.Ton**	**41.02**	**45.07**
Coal sales volume (M tonnes)			
Indominco - West Block		1.17	2.12
Indominco - East Block		11.83	13.15
Trubaindo		7.10	6.92
Bharinto		2.76	2.45
Jorong		1.26	1.23
Kitadin - Embalut		1.21	1.24
Kitadin - Tandung Mayang		2.42	1.86
Coal Sales - Coal Indonesia		**27.76**	**28.97**
Coal Sales - Coal Australia		**12.99**	**15.47**
Coal Sales - Coal Thai		**-**	**0.02**
Coal Sales - Other sources		**0.39**	**-**
Total sale volume	**M.Ton**	**41.15**	**44.45**
Sales revenue (M.USD)			
Indominco		699.32	960.25
Trubaindo		478.32	544.71
Bharinto		176.51	186.87
Jorong		46.10	52.25
Kitadin - Embalut		64.81	76.15
Kitadin - Tandung Mayang		145.15	129.31
Sales revenue - Coal Indonesia		**1,610.22**	**1,949.54**
Sales revenue - Coal Australia		**646.17**	**956.76**
Sales revenue - Coal Thai		**-**	**46.55**
Sales revenue - Other Sources		**28.69**	**-**
Revenue from COAL business		**2,285.08**	**2,952.85**
Revenue from POWER business		**169.11**	**168.09**
Revenue from OTHER business		**22.39**	**23.99**
Total revenues	**M.USD**	**2,476.58**	**3,144.93**

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DETAIL OF PROFIT&LOSS STATEMENT		2015	2014
Cost of sale (M USD)			
Indominco		(484.24)	(651.02)
Trubaindo		(283.86)	(344.77)
Bharinto		(109.66)	(117.59)
Jorong		(27.55)	(28.35)
Kitadin - Embalut		(47.35)	(57.61)
Kitadin - Tandung Mayang		(92.35)	(90.60)
Cost of sales - Coal Indonesia		**(1,045.02)**	**(1,289.93)**
Cost of sales - Coal Australia		**(483.52)**	**(692.39)**
Cost of sales - Coal Thai		**-**	**(35.15)**
Cost of sales - Other Sources		**(14.41)**	**-**
COST OF SALE - COAL business		**(1,542.95)**	**(2,017.47)**
COST OF SALE - POWER business		**(104.50)**	**(113.35)**
COST OF SALE - OTHER business		**(24.71)**	**(7.08)**
Total cost of sale	**M.USD**	**(1,672.16)**	**(2,137.90)**
Gross profit (USD, million)			
Indominco		215.08	309.23
Trubaindo		194.46	199.94
Bharinto		66.85	69.28
Jorong		18.55	23.90
Kitadin - Embalut		17.47	18.54
Kitadin - Tandung Mayang		52.80	38.71
Gross profit - Coal Indnesia		**565.20**	**659.61**
Gross profit - Coal Australia		**162.65**	**264.37**
Gross profit - Coal Thai		**-**	**11.40**
Gross profit - Other Sources		**14.28**	**-**
Gross profit from COAL business		**742.13**	**935.38**
Gross profit from POWER business		**64.61**	**54.74**
Gross profit from OTHER business		**(2.32)**	**16.91**
Total Gross profit	M.USD	**804.42**	**1,007.03**
Gross profit margin			
Indominco		31%	32%
Trubaindo		41%	37%
Bharinto		38%	37%
Jorong		40%	46%
Kitadin - Embalut		27%	24%
Kitadin - Tandung Mayang		36%	30%
GPM - Coal Indnesia		**35%**	**34%**
GPM -Coal Australia		**25%**	**28%**
GPM -Coal Thailand		**-**	**24%**
GPM -Other Sources		**50%**	**-**
GPM from COAL business		**32%**	**32%**
GPM from POWER business		**38%**	**33%**
GPM from OTHER business		**-10%**	**70%**
GPM for Banpu group		**32%**	**32%**

Summary of 4Q/2015 results

Year-end Dec ('M.USD)	4Q15	3Q15	4Q14	Note
Coal sales volume (M.Tonnes)	*10.078*	*10.336*	*11.151*	Indonesia 7.3mt (+5%QoQ, -2%YoY), Australia 2.8 mt (-18%QoQ, -25%YoY)
Sales revenues	587.58	597.51	743.78	ASP Indo US$55.6/t, ASP Australia A$66.2/t
Cost of sales	(407.42)	(399.86)	(513.94)	
Gross profit	180.16	197.65	229.84	GPM from coal 30% (GPM Indocoal 35%, GPM Australia coal 17%)
GPM	***31%***	***33%***	***31%***	GPM from Power 41%
Adminstrative expenses	(31.88)	(25.50)	(34.57)	
Selling expenses	(56.88)	(52.82)	(70.18)	
Royalty	(47.65)	(59.63)	(70.33)	
Equity income	13.69	4.78	(1.47)	BLCP US$12m , Hongsa US$9.8m, China coal US$-8.6m
Dividend income - Coal & Power	0.17	-	0.08	
Other income	9.39	4.71	19.25	
Other expenses - Operation	-	-	0.17	
EBIT	**67.00**	**69.20**	**72.78**	
EBIT margin	***11%***	***12%***	***10%***	
Interest expenses	(30.24)	(30.96)	(30.66)	
Financial expenses	(1.95)	(1.80)	(2.68)	
Income tax - Core business	(23.76)	(14.40)	(8.54)	Higher tax expense from higher net profit of China power
Minorities	5.74	(9.73)	(10.20)	
Net profit before extra items	**16.79**	**12.31**	**20.71**	
Non-recurring items	(53.41)	(20.00)	(45.18)	Loss from financial derivative instruments US$15.4m
Income tax - Non core business	(15.98)	(2.55)	(6.75)	Higher non-operating tax due to tax reassessment
Deferred tax income/expenses	12.40	(9.87)	23.83	
Net profit	**(40.20)**	**(20.12)**	**(7.40)**	
Net gains (losses) on exchange rate	(1.01)	18.06	11.78	
Net profit	**(41.21)**	**(2.05)**	**4.38**	China Power net profit US$11m
EPS (USD/share)	(0.016)	(0.001)	0.002	
Depreciation	47.96	36.03	35.90	
Amortization	5.94	0.74	9.67	
Depre & Amortization	53.90	36.77	45.57	
EBITDA	**120.90**	**105.97**	**118.36**	
EBITDA margin	***21%***	***18%***	***16%***	

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Segmentation by sources

DETAIL OF PROFIT&LOSS STATEMENT		4Q15	3Q15	4Q14
ROM Production (M. tonnes)				
INDO : (100% basis)				
Indominco - West Block		0.52	0.35	0.63
Indominco - East Block		2.98	3.23	3.21
Trubaindo		1.79	2.01	2.17
Bharinto		0.50	0.94	0.85
Jorong		0.31	0.36	0.35
Kitadin - Embalut		0.33	0.35	0.29
Kitadin - Tandung Mayang		-	0.56	0.46
Total production of Coal Indonesia		**6.44**	**7.81**	**7.98**
Total production of Coal Australia		**2.48**	**3.20**	**3.21**
Total ROM Production	**M.Ton**	**8.92**	**11.01**	**11.18**
Coal sales volume (M tonnes)				
Indominco - West Block		0.35	0.26	0.52
Indominco - East Block		2.79	3.09	3.38
Trubaindo		1.84	1.65	1.85
Bharinto		0.87	0.67	0.77
Jorong		0.31	0.26	0.33
Kitadin - Embalut		0.32	0.29	0.27
Kitadin - Tandung Mayang		0.64	0.55	0.31
Coal Sales - Coal Indonesia		**7.12**	**6.75**	**7.42**
Coal Sales - Coal Australia		**2.81**	**3.43**	**3.73**
Coal Sales - Coal Thai		**-**	**-**	**-**
Coal Sales - Other sources		**0.14**	**0.15**	**-**
Total sale volume	**M.Ton**	**10.08**	**10.34**	**11.15**
Sales revenue (M.USD)				
Indominco		162.82	178.60	227.87
Trubaindo		116.59	109.20	132.97
Bharinto		51.96	43.95	54.09
Jorong		12.25	8.61	11.54
Kitadin - Embalut		16.76	15.78	15.49
Kitadin - Tandung Mayang		35.79	32.03	19.52
Sales revenue - Coal Indonesia		**396.16**	**388.17**	**461.48**
Sales revenue - Coal Australia		**133.74**	**160.21**	**211.89**
Sales revenue - Coal Thai		**-**	**-**	**19.86**
Sales revenue - Other Sources		**6.40**	**8.12**	**-**
Revenue from COAL business		**536.30**	**556.50**	**693.23**
Revenue from POWER business		**48.76**	**33.54**	**47.79**
Revenue from OTHER business		**2.52**	**7.47**	**2.76**
Total revenues	**M.USD**	**587.58**	**597.51**	**743.78**

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DETAIL OF PROFIT&LOSS STATEMENT		4Q15	3Q15	4Q14
Cost of sale (M USD)				
Indominco		(108.46)	(129.99)	(156.32)
Trubaindo		(68.98)	(59.38)	(81.42)
Bharinto		(33.46)	(24.33)	(33.94)
Jorong		(7.16)	(5.06)	(5.97)
Kitadin - Embalut		(12.23)	(11.43)	(9.41)
Kitadin - Tandung Mayang		(25.76)	(15.83)	(16.33)
Cost of sales - Coal Indonesia		**(256.06)**	**(246.02)**	**(303.40)**
Cost of sales - Coal Australia		**(111.52)**	**(115.46)**	**(164.20)**
Cost of sales - Coal Thai		**-**	**-**	**(17.54)**
Cost of sales - Other Sources		**(6.22)**	**(7.96)**	**-**
COST OF SALE - COAL business		**(373.80)**	**(369.44)**	**(485.14)**
COST OF SALE - POWER business		**(28.60)**	**(22.53)**	**(29.88)**
COST OF SALE - OTHER business		**(5.02)**	**(7.89)**	**1.08**
Total cost of sale	**M.USD**	**(407.42)**	**(399.86)**	**(513.94)**
Gross profit (USD, million)				
Indominco		54.35	48.60	71.55
Trubaindo		47.61	49.82	51.55
Bharinto		18.50	19.62	20.15
Jorong		5.09	3.55	5.57
Kitadin - Embalut		4.53	4.35	6.07
Kitadin - Tandung Mayang		10.03	16.21	3.20
Gross profit - Coal Indnesia		**140.11**	**142.15**	**158.09**
Gross profit - Coal Australia		**22.22**	**44.75**	**47.69**
Gross profit - Coal Thai		**-**	**-**	**2.32**
Gross profit - Other Sources		**0.18**	**0.16**	**-**
Gross profit from COAL business		**162.51**	**187.06**	**208.10**
Gross profit from POWER business		**20.16**	**11.01**	**17.91**
Gross profit from OTHER business		**(2.50)**	**(0.42)**	**3.83**
Total Gross profit	M.USD	**180.16**	**197.65**	**229.84**
Gross profit margin				
Indominco		33%	27%	31%
Trubaindo		41%	46%	39%
Bharinto		36%	45%	37%
Jorong		42%	41%	48%
Kitadin - Embalut		27%	28%	39%
Kitadin - Tandung Mayang		28%	51%	16%
GPM - Coal Indnesia		**35%**	**37%**	**34%**
GPM -Coal Australia		**17%**	**28%**	**23%**
GPM -Coal Thailand		**-**	**-**	**12%**
GPM -Other Sources		**3%**	**2%**	**0%**
GPM from COAL business		**30%**	**34%**	**30%**
GPM from POWER business		**41%**	**33%**	**37%**
GPM from OTHER business		**-99%**	**-6%**	**139%**
GPM for Banpu group		**31%**	**33%**	**31%**

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