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Somruedee: Buys coal mine stake

## Banpu grows in Indonesia

YUTHANA PRAIWAN

Thailand's largest coal miner, SET-listed Banpu Plc, has acquired a 70% stake in PT Tepian Indah Sukses (TIS), a coal mine in Indonesia worth US\$9.5 million (314.6 million baht), according to chief executive Somruedee Chaimongkol.

Banpu said in a filing with the Stock Exchange of Thailand yesterday that it acquired the coal mine through a subsidiary, PT Indotambangraya Megah Tbk (ITM), in which Banpu holds a majority stake of 68%.

Ms Somruedee said the capital expenditure for the deal would come from ITM's existing cash. Completion of the acquisition is still

subject to certain conditions, she said.

TIS has coal reserves of 4.7 million tonnes, according to the Joint Ore Reserve Committee, and spans a total area of 2,065 hectares in East Kalimantan.

The reserves are expected to provide coal of premium quality and yield an estimated 2 million tonnes in 2019.

The TIS acquisition is expected to support Banpu's future coal sales strategy and provide synergy with Banpu's nearby Trubaindo and Bharinto mines through potential use of their infrastructure.

Banpu reported in August that the mines it would acquire were yet to open and still needed more funding to get operations off the ground. The Bharinto mine generates 2.5 million tonnes of coal annually, while Trubaindo produces 5.2 million tonnes a year.

Ms Somruedee said Banpu plans to increase its coal reserves by drilling deeper at its existing mines in Indonesia. Although expanding those mines would tack on \$8 per tonne in production costs, she said the investment cost

is worth it because global coal prices are high.

The company aims to boost its reserves from 13 years' worth to 15.

Banpu posted revenue of \$720 million in the third quarter, up 23% year-on-year.

Earnings before interest, tax, depreciation and amortisation came to \$263 million, up 23% from the year-earlier period, while net profit stood at \$61 million.

The results showed a significant increase in revenue, attributed to higher coal prices and the strong performance of the BLCP power plant in Rayong and the Hongsa power plant in Laos in which Banpu has a 40% stake.

Banpu recently launched a new subsidiary, Banpu Infinergy Co, and also became a major stakeholder of Sunseap Group Pte, a leading renewable energy player in Singapore.

Last month, Banpu expanded its gas business with the acquisition of a fifth resource in the Marcellus Shale formation in Pennsylvania.

BANPU shares closed yesterday on the SET at 17.20 baht, down 20 satang, in heavy trade worth 1.36 billion baht.