



PT. BAYAN RESOURCES Tbk.

***First Half 2020
Update Presentation***



Overview

2Q20

- **The 2Q20 was overall a better quarter after a challenging first quarter as Tabang's water levels returned to higher than expected levels which allowed sales volumes to increase.**
- **Tabang suspended their mining operation from 25 March 2020 until 14 May 2020 due to safety concerns over COVID-19 which allowed for a reduction of inventory over the 2Q20 prior to the expected dry season in the 3Q20.**

Overall

- **Overall EBITDA generation improved as a result of the increased sales volumes which more than offset the slight reduction of EBITDA margin. This reduction in margin was caused by a larger drop in ASP than reduction in cash costs.**
- **Despite these challenges the Group continued to generate healthy margins in the 2Q20 and increased its cash balances.**



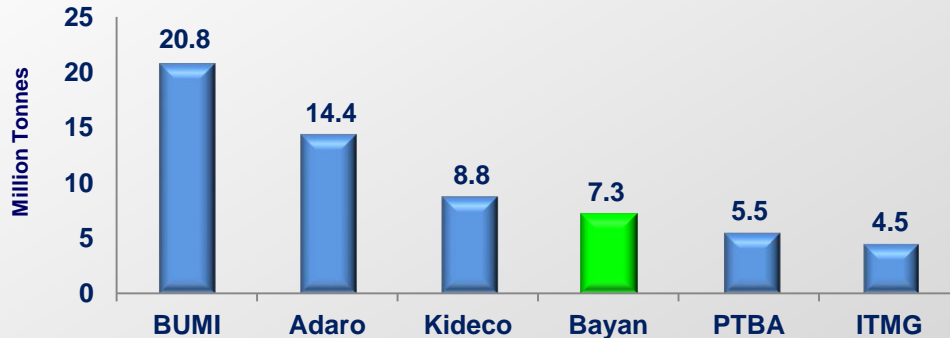
Bayan's Financial and Operational Performance

	2019	2Q19	2Q20	1H19	1H20
Financial Performance (In Million USD)					
Revenue	1,391.6	493.2	369.4	858.6	695.7
Gross Profit	489.4	194.5	100.4	347.9	190.7
EBITDA	374.4	146.2	71.3	273.3	138.2
Net Profit After Tax	234.2	99.8	35.5	186.7	75.7
Financial Ratios					
Gross Profit Margin (%)	35.2%	39.4%	27.2%	40.5%	27.4%
EBITDA Margin (%)	26.9%	29.7%	19.3%	31.8%	19.9%
Net Profit Margin (%)	16.8%	20.2%	9.6%	21.7%	10.9%
Net Debt to EBITDA (x)	0.3	Net Cash	0.4	Net Cash	0.4
Operational Statistics					
Overburden Removal (MBCM)	161.5	40.5	23.5	78.6	58.7
Strip Ratio (x) - based on production volume	5.1	4.8	4.9	4.9	4.9
Coal Production (MT)	31.9	8.5	4.8	16.0	12.1
Sales Volume (MT)	29.2	10.5	9.8	17.8	17.1
Average Selling Price (US\$/MT)	47.6	47.0	37.9	48.3	40.7
Average Cash Costs (US\$/MT)	35.0	33.2	30.7	33.2	32.8



One of the Quickest Growing Coal Producers

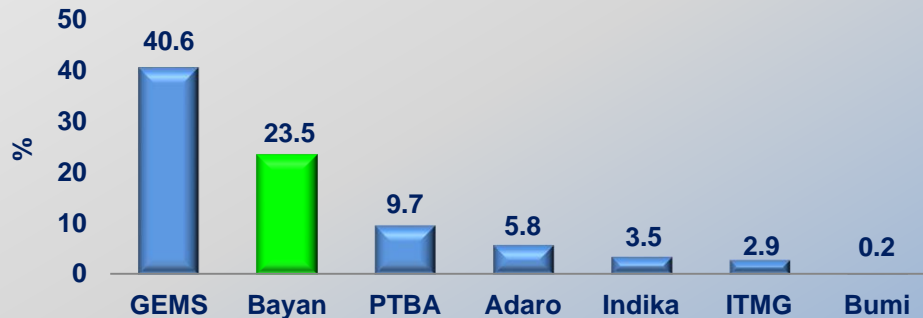
1Q20 Production



Source: Company Filings, Company Data

- Bayan is one of the top five coal producers by volume in Indonesia.

2017 - 2019 CAGR (Production)



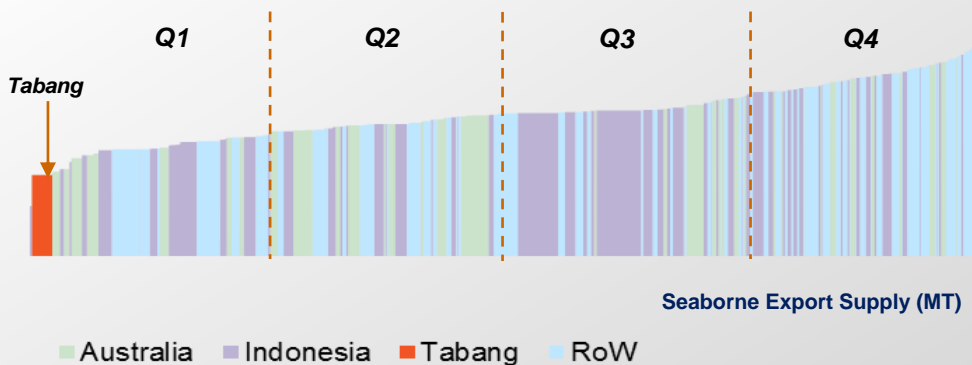
Source: Company Filings, Company Data

- In 2020, Bayan commenced the expansion of the Balikpapan Coal Terminal stockpiling capacity to approximately 1.5 million tonnes.
- Bayan's sales volume will remain at similar levels until the new coal haul road to the Mahakam River is completed in 2022.



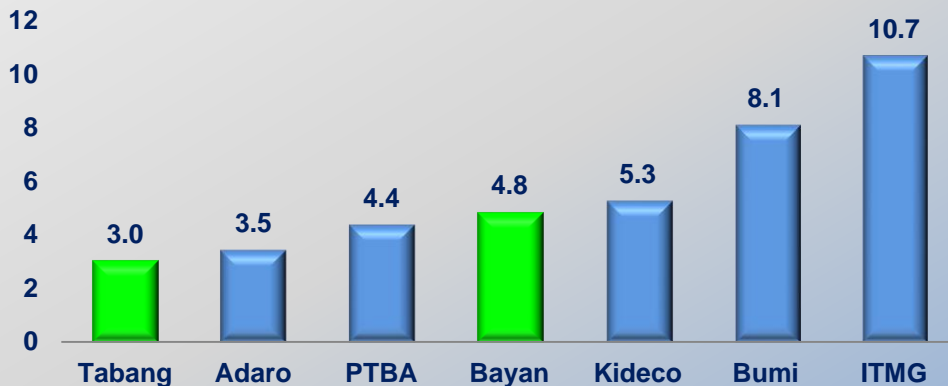
One of the Lowest Cost Producers in Indonesia

Global Cost Competitive Positioning



Source: Wood Mackenzie, Company Data

1Q20 Strip Ratio



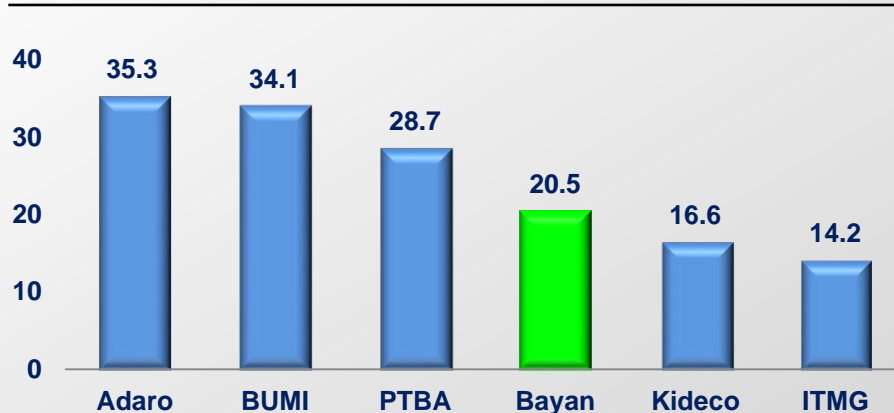
Source: Company Filings, Company Data

- Tabang is independently rated as one of the world's lowest cost energy-adjusted producers.
- Tabang has large reserves and a very low Life of Mine (LOM) stripping ratio and last year increased its reserves by 62% to 911 million MT.
- A new JORC reserves statement is due to be issued by early 2021.
- One of the lowest average stripping ratios in Indonesia.



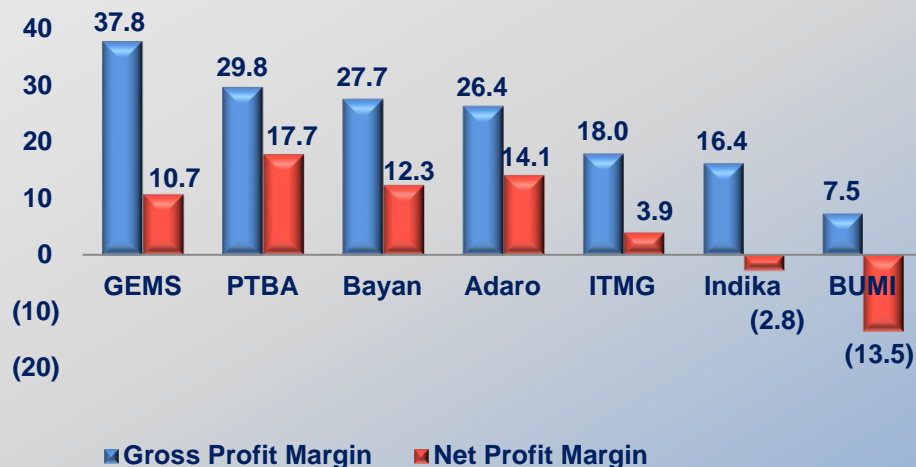
And One of the Highest Margin Producers in Indonesia

1Q20 EBITDA Margin (%)



Source: Company Filings, EBITDA estimated using Company Data

1Q20 Gross and Net Profit Margin (%)



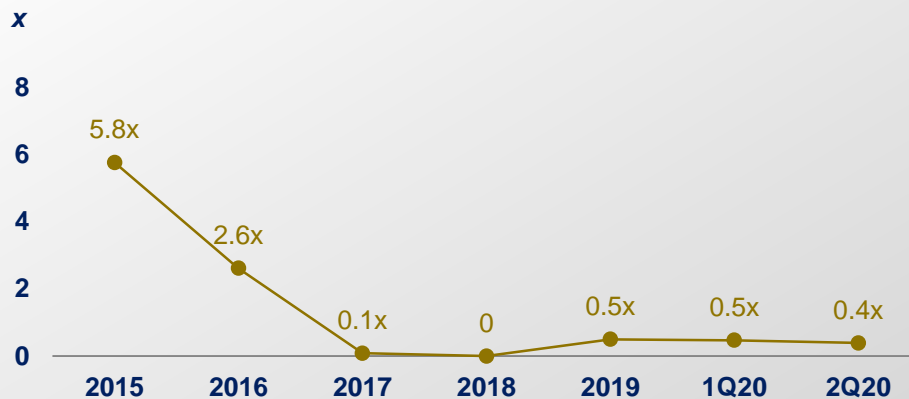
Source: Company Filings, Company Data

- Over the last few years Bayan has transformed itself into one of the highest margin producers in Indonesia.
- This is due to the ramp up of its world class Tabang coal complex, which is anticipated to continue to grow and produce industry leading margins.
- Net profit margins are anticipated to continue to outperform the industry norms due to the low cost base, low royalty rates and lower corporate tax than first Gen CCOW's.



Deleveraged the Group

Net Debt / EBITDA



EBITDA / Interest Expense

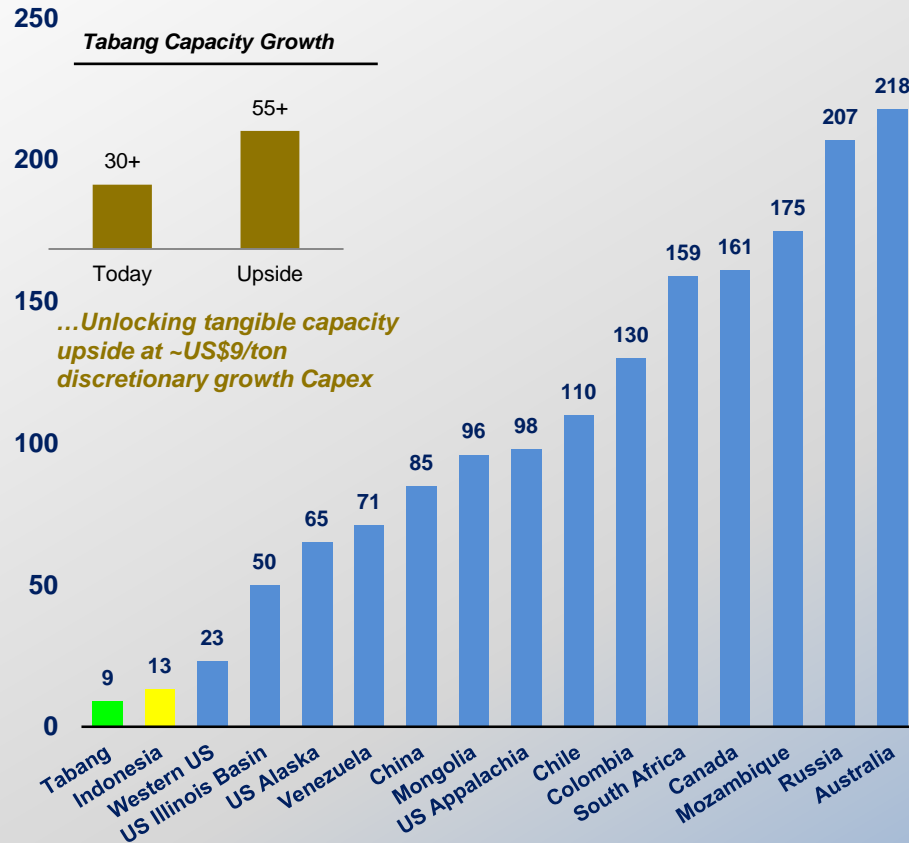


- In January 2020, the Company issued a 3 Non-Call Life “NCL” bond of USD 400 million to ensure adequate liquidity going forward.
- Existing Working Capital Facilities still available.
- The Group now has the financial strength to continue with the next phase of expansion of Tabang.
- Targeted net leverage of less than 2.5x EBITDA throughout the commodity cycle.
- Bayan has been re-assigned independent credit ratings of BB-, and Ba3 by Fitch and Moody’s, respectively in January 2020.



Low Cost Incremental Growth

Capex Intensity by Country ⁽¹⁾



Source: Wood Mackenzie

Notes

- (1) Based on 2012 real dollars
- (2) US\$238m Capex divided by an incremental 25+ Mtpa production / sales capacity

- Overall sales volumes to be maintained whilst infrastructure for the next phase is ongoing.
- New coal haul road and barge loading facility targeted to be constructed and brought into operations by 2022 which will add additional capacity of 25-30 million MT.
- Construction of the new haul road commenced in December 2019 and is progressing on schedule.
- Total Budgeted capex in the region of USD 330 million for the Group, of which USD 238 million is expansionary capex tied to the Tabang Project in the next four years.
- No plans to delay expansionary capex due to COVID-19.



2Q 2020

Overburden Removal

Coal Production

Weighted Average Strip Ratio

Average Cash Costs

Coal Sales

Average Selling Price

Committed & Contracted Sales

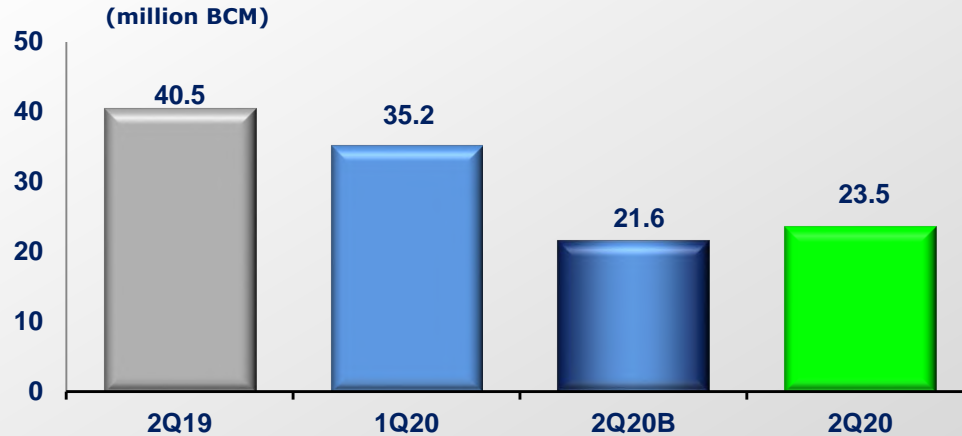
EBITDA

Debt and Cash Position

Capital Expenditure



Overburden Removal (OB)



Note : B stands for Revised Budget Figure

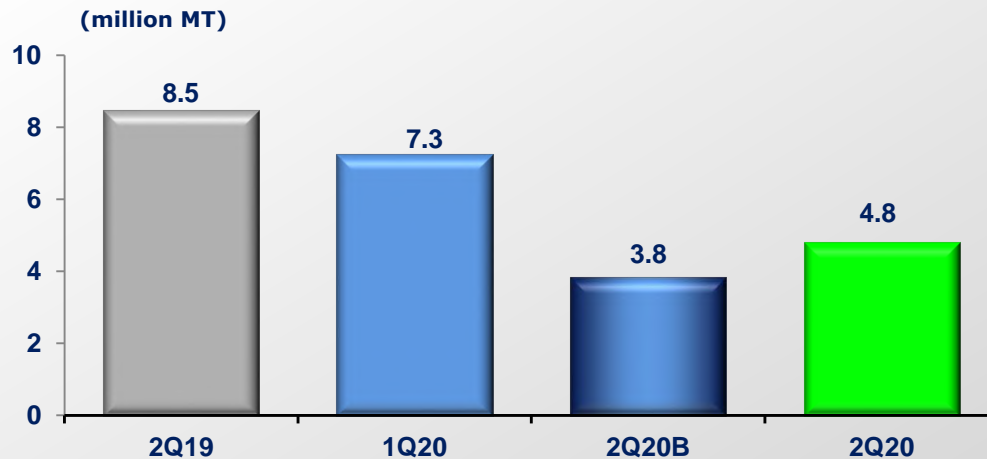
(in million BCM)	2Q20B	2Q20
Teguh Sinarabadi / Firman Ketaun Perkasa	9.6	9.2
Perkasa Inakakerta	1.8	1.9
Wahana Baratama Mining	3.7	3.5
Tabang Concessions	6.5	8.9
Gunungbayan Pratamacoal	-	-
Total	21.6	23.5

- 2Q20 OB was 23.5 million BCM which was higher than the Revised Budget due to higher overburden at Tabang partially offset by lower overburden at TSA/FKP.
- 2Q20 OB was 23.5 million BCM which was significantly lower than 1Q20 mainly due to all overburden contractors at Tabang being on standby since end of March until 14 May 2020.

Tabang on standby for 44 days in 2Q20.



Coal Production



Note : B stands for Revised Budget Figure

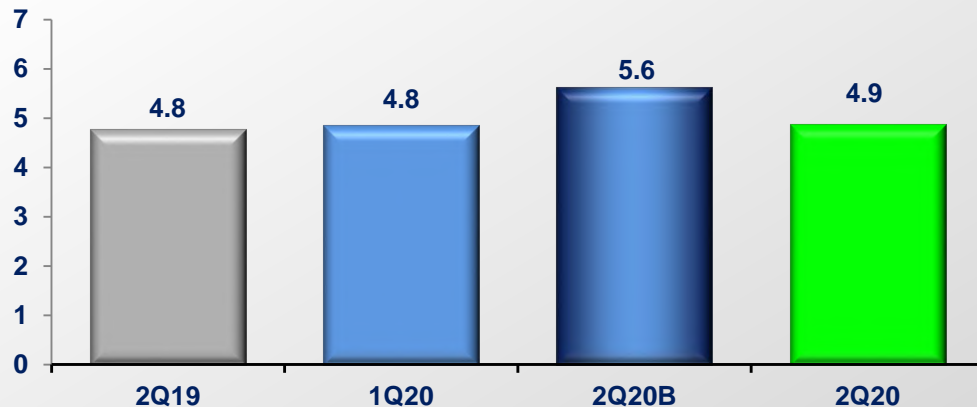
(in million MT)	2Q20B	2Q20
Teguh Sinarabadi/ Firman Ketaun Perkasa	0.8	0.8
Perkasa Inakakerta	0.3	0.3
Wahana Baratama Mining	0.3	0.3
Tabang Consessions	2.4	3.5
Gunungbayan Pratamacoal	-	-
Total	3.8	4.8

- 2Q20 coal production of 4.8 million MT was higher than the Revised Budget as site increased production due to faster than anticipated run down of inventory at Tabang due to an increase in barging volumes.
- 2Q20 coal production was lower than the 1Q20 due to Tabang being on standby since end of March until 14 May 2020.
- Group inventory levels reduced to 3.5 million MT as at the end of June 2020.

Inventory reduced 56% from 1Q20



Weighted Average Stripping Ratio (SR)



Note : B stands for Revised Budget Figure

Weighted Average SR (:1)	2Q20B	2Q20
Teguh Sinarabadi / Firman Ketaun Perkasa	11.3	11.7
Perkasa Inakakerta	7.0	6.7
Wahana Baratama Mining	12.3	11.8
Tabang Concessions	2.7	2.6
Gunungbayan Pratamacoal	-	-
Total	5.6	4.9

➤ 2Q20 weighted average stripping ratio was lower than the Revised Budget mainly due to:

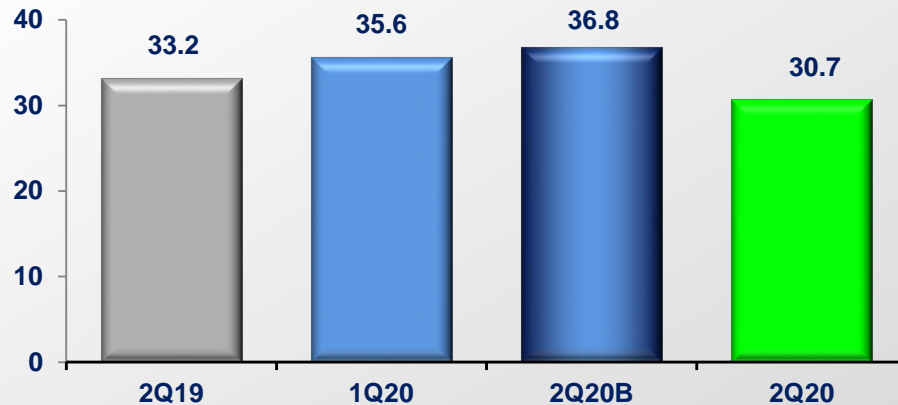
- Lower SR at WBM and PIK due to changes in mine plans.
- Partially offset by higher SR at TSA/FKP due to wet weather

➤ 2Q20 SR is in line with 1Q20.

2Q20 SR lower than the Revised Budget



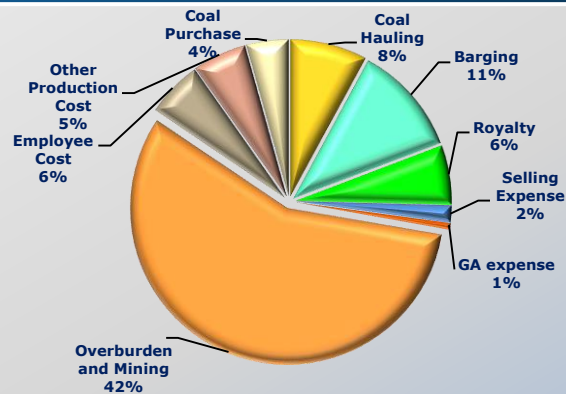
Average Cash Costs



Average Cash Costs include Royalty, Barging and SGA

Note : B stands for Revised Budget Figure

Cash Cost per Expense - 2Q20



2Q20 cash costs were significantly lower than the Revised Budget

➤ **2Q20 Cash Costs were US\$ 30.7/MT which was significantly lower than the Revised Budget due to:**

- **Higher sales volume which reduced most costs on a unit cost basis.**
- **Lower overburden costs due to lower average SR combined with lower standby claims than Budgeted.**
- **Lower fuel settlement costs as the market price was higher than Budgeted.**
- **Lower royalty payment due to lower than Budgeted ASP.**
- **Lower barging costs due to higher barging volumes than Budgeted.**



Average Cash Costs (Continued)

- **2Q20 Cash Costs of US\$ 30.7/MT were significantly lower than 1Q20 of US\$ 35.6 due to:**
 - **Higher sales volumes which reduced most unit costs.**
 - **Lower overburden costs due to lower volumes, especially at BT and WBM. Partially offset by standby claims at Tabang.**
 - **Lower haulage costs due to lower hauling volumes combined with shorter average haulage distance partially offset by standby claims.**
 - **Lower unit cost of coal purchases due to higher sales volume, lower purchased volume and lower purchase price.**
 - **Lower royalty due to lower ASP.**
 - **Lower barging unit costs due to higher barging volumes and increased proportion of large 300ft barges used.**

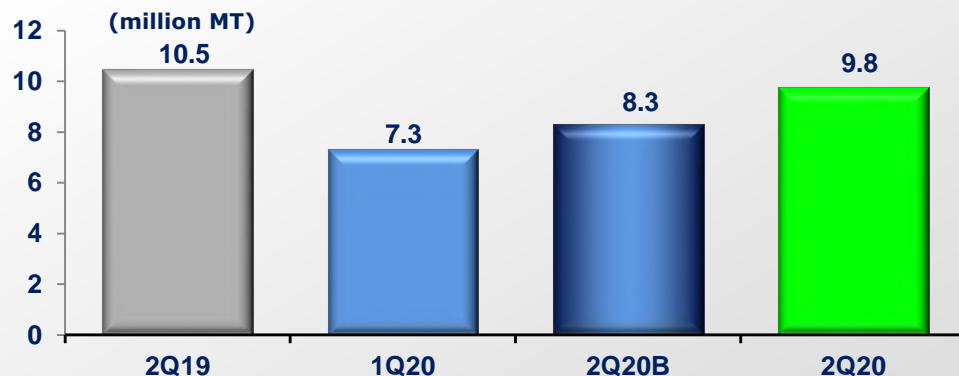
Partially offset by:

- **Higher fuel costs due to higher hedging settlement in 2Q20 compared to 1Q20.**

2Q20 cash costs were significantly lower than 1Q20

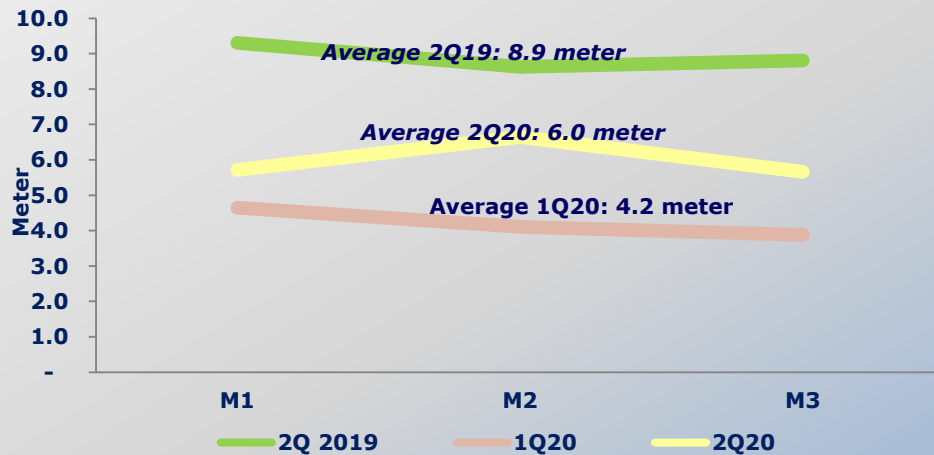


Coal Sales (by volume)



Note : B stands for Revised Budget Figure

Average Senyuir Water Levels



➤ Average water levels improved to allow better barging in the 2Q20 than 1Q20.

➤ 2Q20 coal sales volumes of 9.8 million MT were higher than the Revised Budget due to higher water levels than anticipated.

➤ Quarterly barging at Tabang - Senyuir:

- 2Q19: 7.2 million MT.
- 1Q20: 4.9 million MT.
- 2Q20: 8.0 million MT.

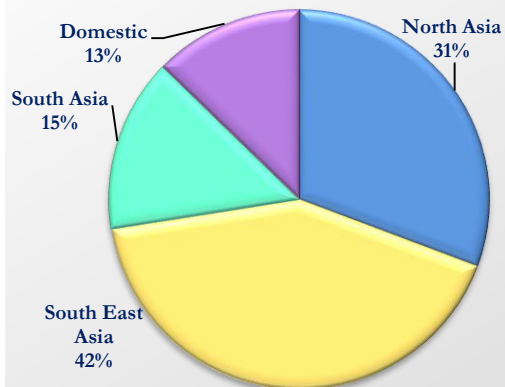
2Q20 sales volume of 9.8m MT exceeded the Revised Budget by 18%



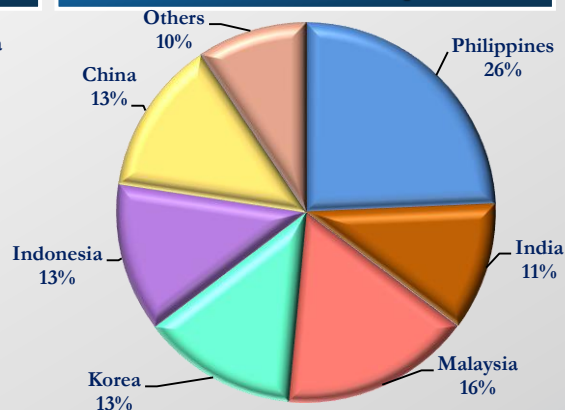
Coal Sales (by volume) (continued)

Geographic Distribution (YTD 1H20) – by Volume

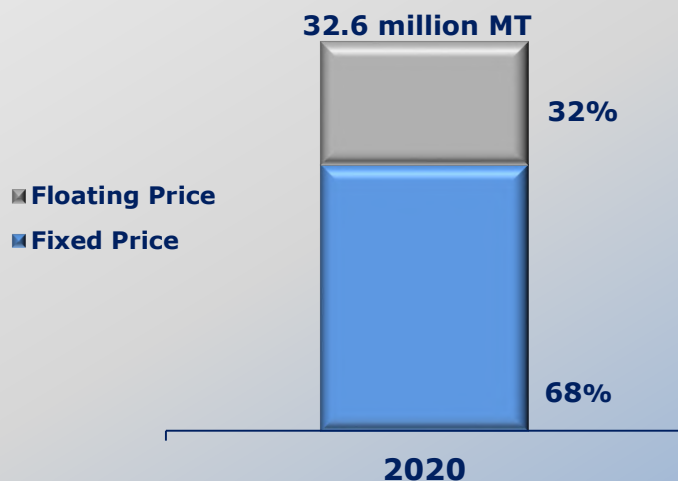
Per Region



Per Country



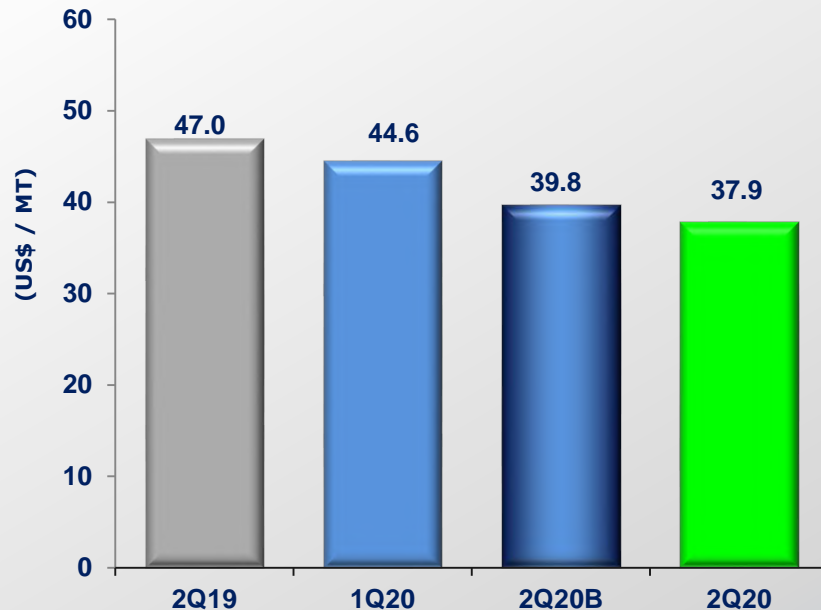
Committed and Contracted Sales for 2020



- The Company is focusing on continuing to build its long term contracts to Indonesian and other South East Asian IPP's.
- As at end of June 2020, the Group had committed and contracted sales volumes of approximately 32.6 million MT for 2020 with an average CV of 4,596 GAR kcal/kg.
- 2020 Fixed Price element at US\$ 38.8/ MT with an average CV of 4,581 GAR kcal/kg.
- Currently no material cancellation of contracted tonnage due to COVID-19.
- Current oversupply in market makes adding additional spot tonnage very challenging.



Average Selling Price (ASP)



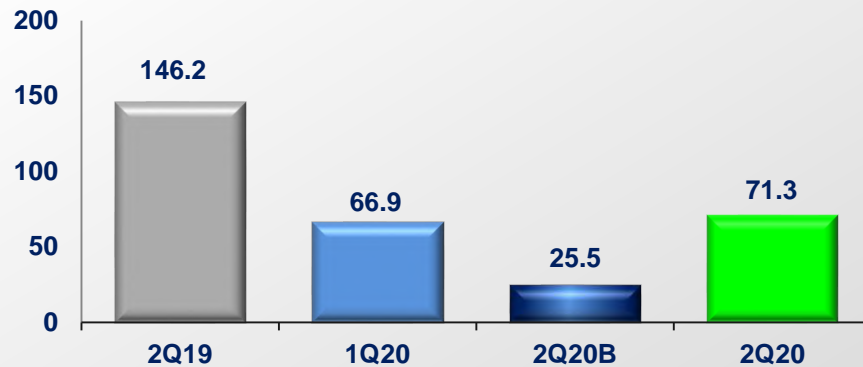
* ASP includes coal and non-coal sales
Note : B stands for Revised Budget Figure

- **2Q20 ASP of US\$ 37.9/MT was lower than the Revised Budget due to larger than anticipated drop in Newcastle and ICI(4) benchmark index's.**
- **Since the Covid-19 outbreak, the Newcastle benchmark has dropped significantly but starting to bounce back in mid 2Q20 and is now slightly higher than the Revised Budget.**
- **ICI(4) continues to be lower than anticipated under the Revised Budget.**
- **Current spot market prices are unattractive and would not fully cover cash production costs.**

2Q20 ASP is lower than the Revised Budget and 1Q20

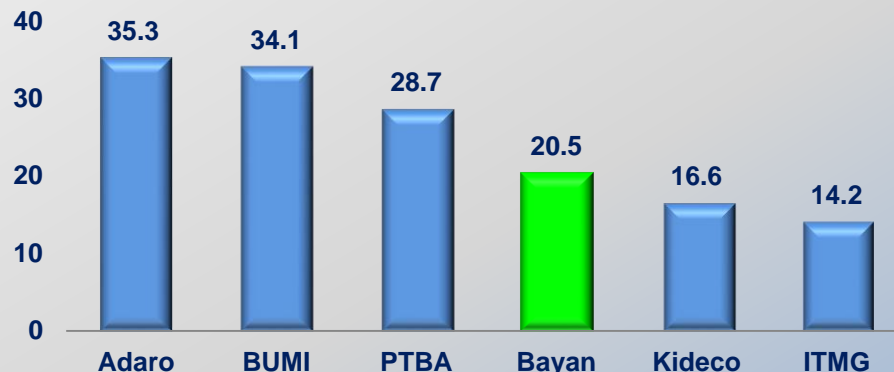


EBITDA



Note : B stands for Revised Budget Figure

1Q20 EBITDA Margin (%) Competitors Table



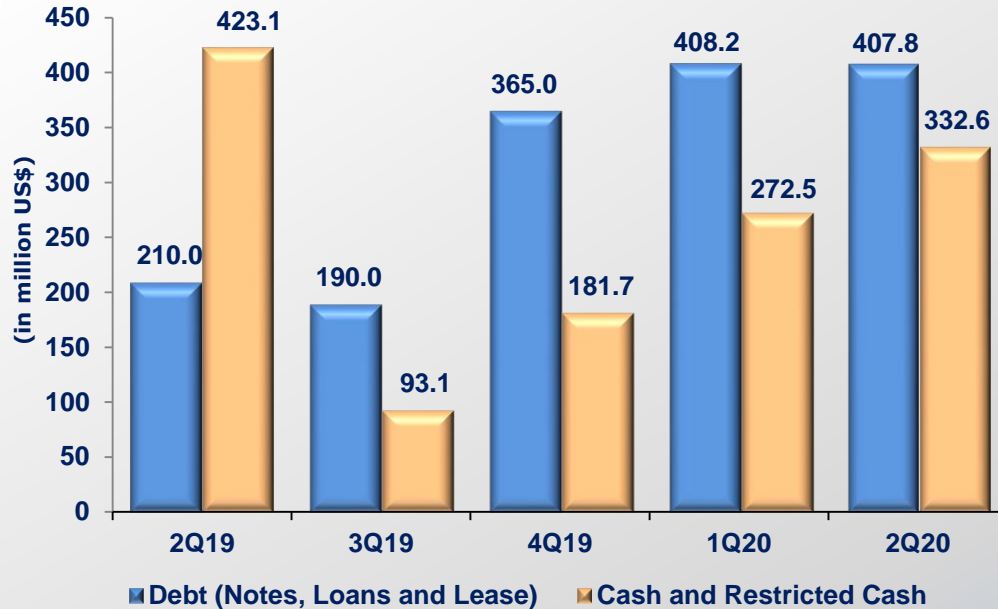
Source: Company Filings, EBITDA estimated using Company Data

- **2Q20 EBITDA increased compared to the Revised Budget and 1Q20 on the back of higher sales volumes and lower cash costs partially offset by lower ASP.**
- **1H20 EBITDA of USD 138.2 million.**
- **Currently on track to achieve and/or exceed full year revised guidance of between USD 150m to USD 180m.**
- **EBITDA margin in 2Q20 of 19.3% has decreased slightly from 1Q20 levels but still represents one of the best margins in the Indonesian coal sector.**

One of the best EBITDA margin's in Indonesia



Debt and Cash Position

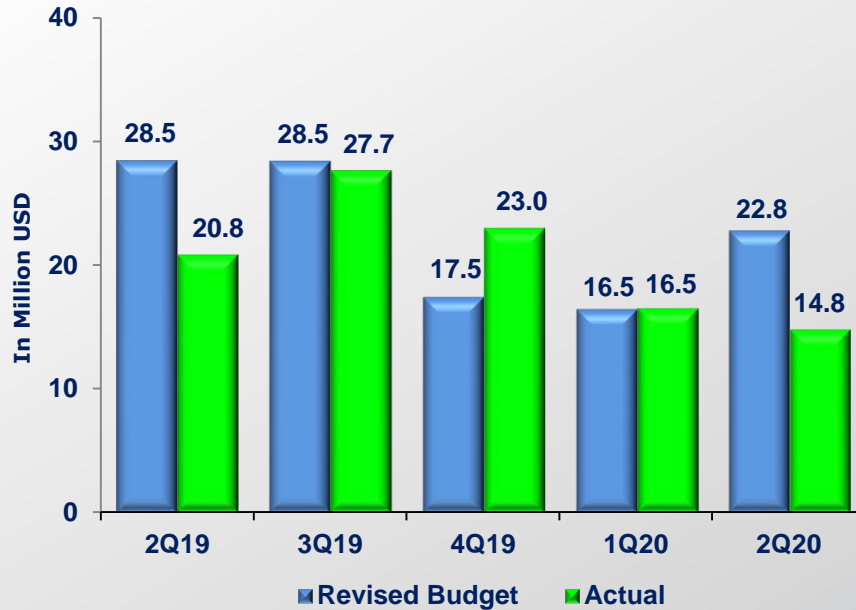


- Issued US\$ 400 million 3NCL Bonds at 6.125% coupon on 24 Jan 2020.
- The first payment of interest under the Senior Notes of US\$ 12.25 million was paid on 24 July 2020.
- Additional US\$ 7.8 million of lease debt due to implementation of PSAK 73.
- Working capital facilities of approximately US\$ 325 million remain available.
- Cash position improved primarily due to continued cash generation from operations and from a reduction in inventory.

Low Leverage and sufficient liquidity



Capital Expenditure



➤ YTD Capex was USD 31.3 million, which was below the Revised Budget (USD 39.2 million)

➤ Major ongoing projects are:

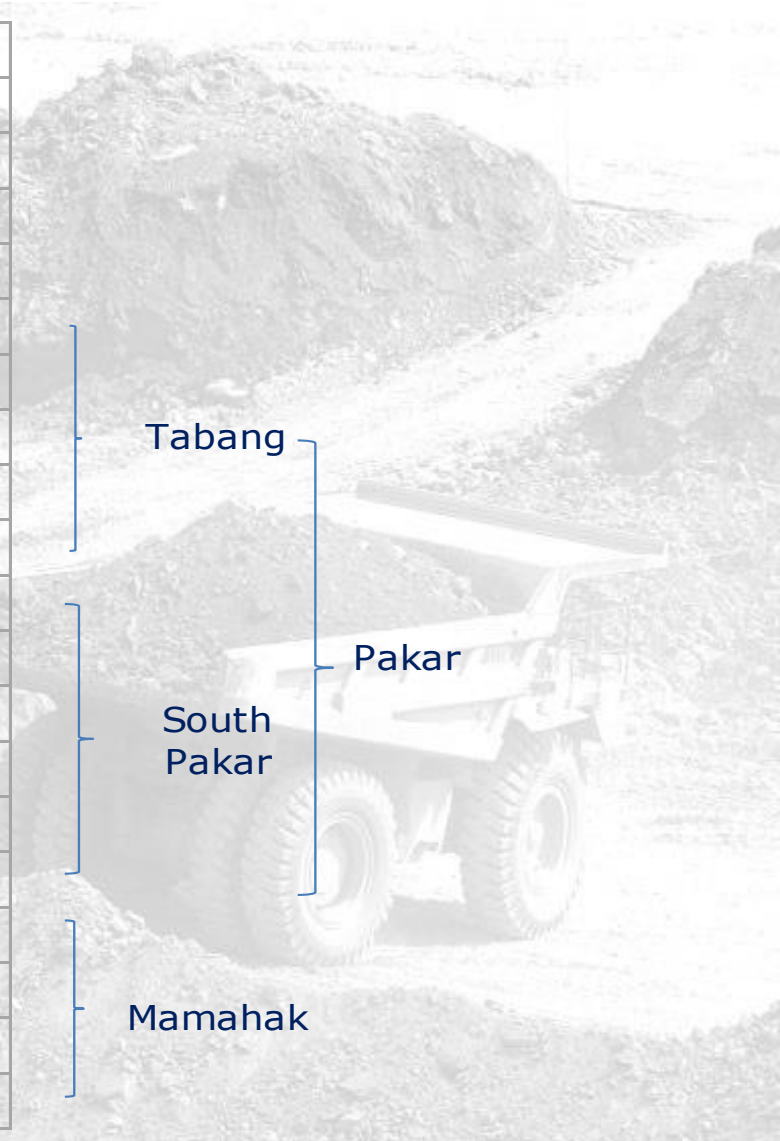
- Expansion at Tabang including:
 - Building a Settling Pond.
 - Partial asphaltting of current coal haul road.
- Build new coal haul road and jetty facility
- Expansion at BCT.

YTD Capex is less than the Revised Budget and anticipated to remain so for the full year



Appendix

PT Perkasa Inakakerta	PIK
PT Teguh Sinarabadi	TSA
PT Firman Ketaun Perkasa	FKP
PT Wahana Baratama Mining	WBM
PT Brian Anjat Sentosa	BAS
PT Bara Tabang	BT
PT Fajar Sakti Prima	FSP
PT Dermaga Energi	DE
PT Tanur Jaya	TJ
PT Tiwa Abadi	TA
PT Silau Kencana	SK
PT Orkida Makmur	OM
PT Sumber Api	SA
PT Bara Sejati	BS
PT Apira Utama	AU
PT Cahaya Alam	CA
PT Mamahak Coal Mining	MCM
PT Bara Karsa Lestari	BKL
PT Mahakam Energi Lestari	MEL
PT Mahakam Bara Energi	MBE





Appendix

Kangaroo Resources Pty Ltd	KRL
PT Dermaga Perkasapratama	DPP
PT Indonesia Pratama	IP
PT Muji Lines	Muji
PT Bayan Energy	BE
PT Metalindo Prosestama	MP
PT Sumber Aset Utama	SAU
PT Karsa Optima Jaya	KOJ
PT Gunungbayan Pratamacoal	GBP



Disclaimer

This presentation contains forward-looking statements based on assumptions and forecasts made by PT. Bayan Resources Tbk management. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and speak only as of the date they are made. We undertake no obligation to update any of them in light of new information or future events.

These forward-looking statements involve inherent risks and are subject to a number of uncertainties, including trends in demand and prices for coal generally and for our products in particular, the success of our mining activities, both alone and with our partners, the changes in coal industry regulation, the availability of funds for planned expansion efforts, as well as other factors. We caution you that these and a number of other known and unknown risks, uncertainties and other factors could cause actual future results or outcomes to differ materially from those expressed in any forward-looking statement.

Thank You