

Bayan Resources Opportunity

Opportunity to acquire a 10.0% stake in a top-tier publicly traded Indonesian company that exports thermal coal globally.

Samil PricewaterhouseCoopers (“Samil PwC”) and PricewaterhouseCoopers Securities Ltd (“PwCS”) have been retained by the stakeholders of Korea Southern Power Co., Ltd (“KOSPO”), Korea Western Power (“KOWEPO”), Korea Midland Power (“KOMIPO”) Korea South-East Power (“KOEN”), and Korea East-West Power (“EWP”, together the “Vendors”) to act as their financial advisor in relation to the potential divestment of their combined 10.0% stake in PT Bayan Resources Tbk (the “Transaction”).

PT. Bayan Resources Tbk (“Bayan”) is an Indonesian listed company that produces over 30Mt of coal per year through 21 mining concessions (CCoW-5, IUP-16) in Kalimantan. Bayan is a top-level holding company with 30 subsidiaries and is involved in all aspects of coal, from mining, transportation and to sales. Due to its stable cash flow, it ranks among the top market capitalizations in the Indonesia Stock Exchange (“IDX”), and the dividends to be paid to shareholders from its retained earnings in 2022 total USD 1.8 billion.

Bayan is the third largest coal producer in Indonesia in 2022, with production of c.38.9Mt. As of 2022, 87% of its coal production comes from the Tabang region, where Bayan’s mines have an estimated 2.03Bt of reserves.

Investment Highlights

1 High Payout Based on Solid Financial Performance

- Dividend of USD 1.8 billion through 2022; USD 1.0 billion of interim and USD 800 million of annual dividend.
- Dividends to shareholders of USD 1.0 billion in 2021 and USD 300 million in 2020.
- Strong financial performance with high EBITDA.

2 Exporting to All Asia with Different CV of Coal

- Producing 3,000 to 6,000kcal/kg of coal from various mines.
- Supplying coal throughout all Asia, including the Philippines, China, and Korea.
- Securing future supply through off-take contract.

3 Significant Coal Production and Coal Reserves

- Coal production of 37.6Mt in 2021 and 38.9Mt in 2022.
- Coal reserves of 2.03Bt and resources of 4.08Bt as of 2022, with large-scale coal production in the future.

4 Strong and Tenured Management Team

- Bayan’s directors have a deep understanding of Indonesia and the coal industry.
- Bayan’s Board of Directors is comprised of former ministers, professors, and others with a vast range of experience, knowledge, and networks.

5 Strong Market Outlook

- Restriction in export due to COVID-19 led to production shortfalls, raising thermal coal prices.
- The crisis in Ukraine caused an unstable supply chain, which led to higher thermal coal prices.
- Stabilization of coal prices is expected to be slow, and prices are expected to remain above historical levels.

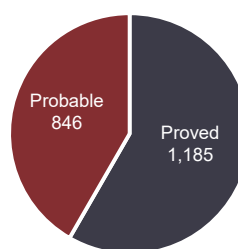
Asset Overview

Location

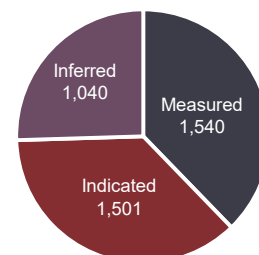


Reserves & Resources (Mt)¹

2,031Mt Total Reserves



4,082Mt Total Resources



Mt	Reserves			Resources			
	Proved	Probable	Total	Measured	Indicated	Inferred	Total
GBP	-	-	-	-	-	-	-
WBM	5	4	9	91	167	67	325
PIK	13	9	22	29	98	77	204
TSA / FKP	3	5	8	33	118	29	180
Tabang	1,164	829	1,993	1,386	1,110	863	3,359
Etc.	-	-	-	2	8	4	14
Total	1,185	846	2,031	1,540	1,501	1,040	4,082

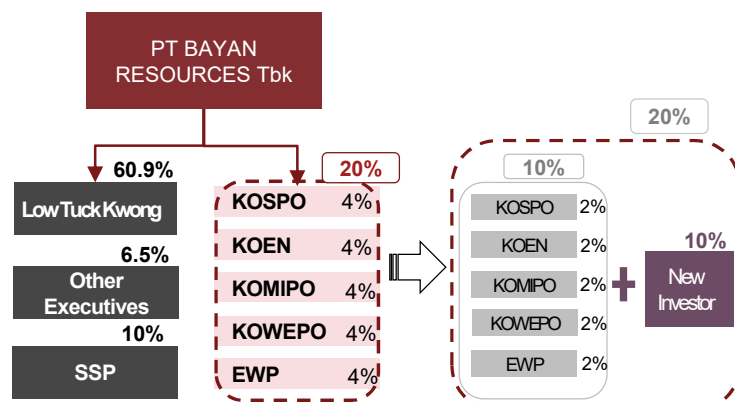
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Financial Overview

in mil USD	FY19	FY20	FY21	FY22
Sales	1,392	1,395	2,852	4,704
%Growth	(17.0%)	0.3%	104.4%	64.9%
EBIT	317	285	1,678	2,945
%Margin	22.7%	20.4%	58.8%	62.6%
EBITDA	369	511	1,738	3,008
%Margin	26.5%	36.6%	60.9%	63.9%
Net Income	234	344	1,266	2,302
%Margin	16.8%	24.7%	44.4%	48.9%
Total Assets	1,278	1,620	2,434	3,945
Total Liabilities	659	758	571	1,832
Total Equity	619	862	1,863	1,995
Dividends	67	300	1,000	1,800
%Payout	28.5%	87.1%	79.0%	78.2%

Source: 2022 Annual Report, PwC Analysis

Deal Overview



Further Information

The Vendors have appointed Samil PricewaterhouseCoopers (Samil PwC) and PricewaterhouseCoopers Securities (PwCS) to undertake a process to sell their combined 10.0% stake in the PT Bayan Resources Tbk (“Proposed Transaction”).

Parties with an interest in investing who wish to receive further information are requested to execute a Confidentiality Agreement and submit it to Samil PwC.

Under no circumstances are parties to contact either KOSPO, or any other Vendors. All inquiries are to be directed to Joo-Ho Choi or Sunghwan Kim on the details listed below.

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Disclaimer

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