



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
MONTHLY NEWS – SEPTEMBER
 (From 01/09 – 30/09/2018)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 03/09-07/09	Week 10/09-14/09	Week 17/09-21/09	Week 24/09-28/09
PCC 6 (CFR South China 3,800 NAR)	46.40	47.20	47.71	47.91
PCC 7 (CFR South China 4,700 NAR)	61.69	60.85	61.66	61.39
PCC 8 (CFR South China 5,500 NAR)	76.06	75.90	76.90	77.85
FOB Newcastle 6,300 GAR	116.55	115.72	112.58	113.03
CIF ARA 6,000 NAR	100.43	99.88	98.45	101.45
FOB Richards Bay 6,000 NAR	76.05	80.48	73.87	73.36
NEWC (FOB Newcastle 6,000 NAR)	114.48	115.74	113.01	113.58

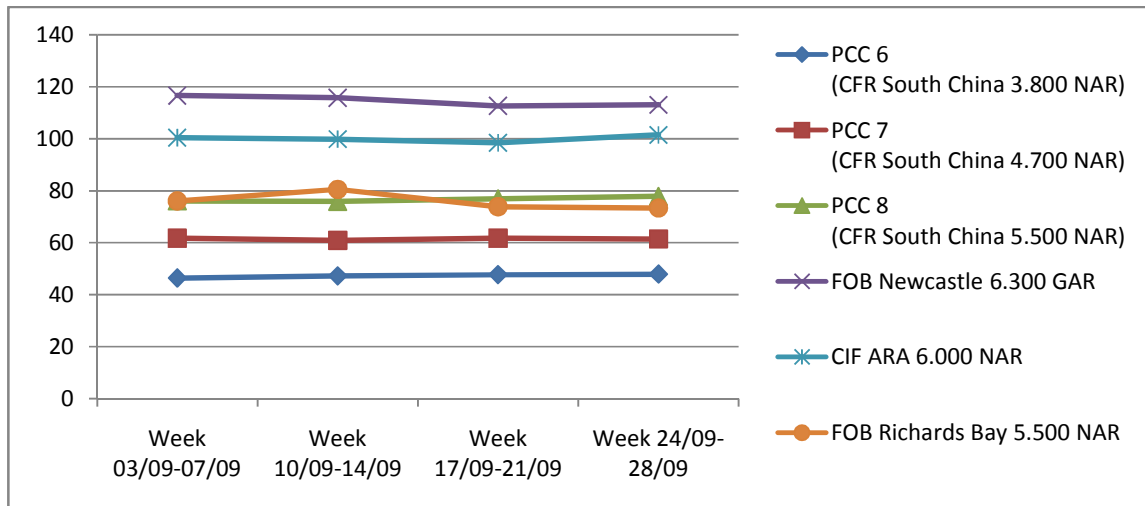


Chart 1: Average coal price September(2018)

(Source: Platts)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Month – September	03/09	06/09	10/09	14/09	21/09	25/09	28/09
Capesize (150,000 tons)								
1	Australia – China	10.60	10.00	10.25	9.15	8.95	8.95	9.85
2	Queensland – Japan	12.15	11.50	11.85	10.45	10.25	10.25	11.30
3	New South Wales – South Korea	13.00	12.35	12.70	11.30	11.10	11.10	12.15
Panamax (70,000 tons)								
1	Richards Bay - India West	14.15	14.10	14.20	14.30	14.60	14.65	14.65
2	Kalimantan - India West	9.70	9.80	9.85	10.35	10.75	10.75	11.00
3	Richards Bay - India East	14.35	14.30	14.50	14.50	14.80	14.85	14.85
4	Kalimantan - India East	8.15	8.25	8.30	8.75	9.05	9.05	9.30
5	Australia - China	12.85	13.00	13.30	13.75	14.40	14.30	14.40
6	Australia - India	14.60	14.60	15.00	15.50	16.25	16.25	16.40

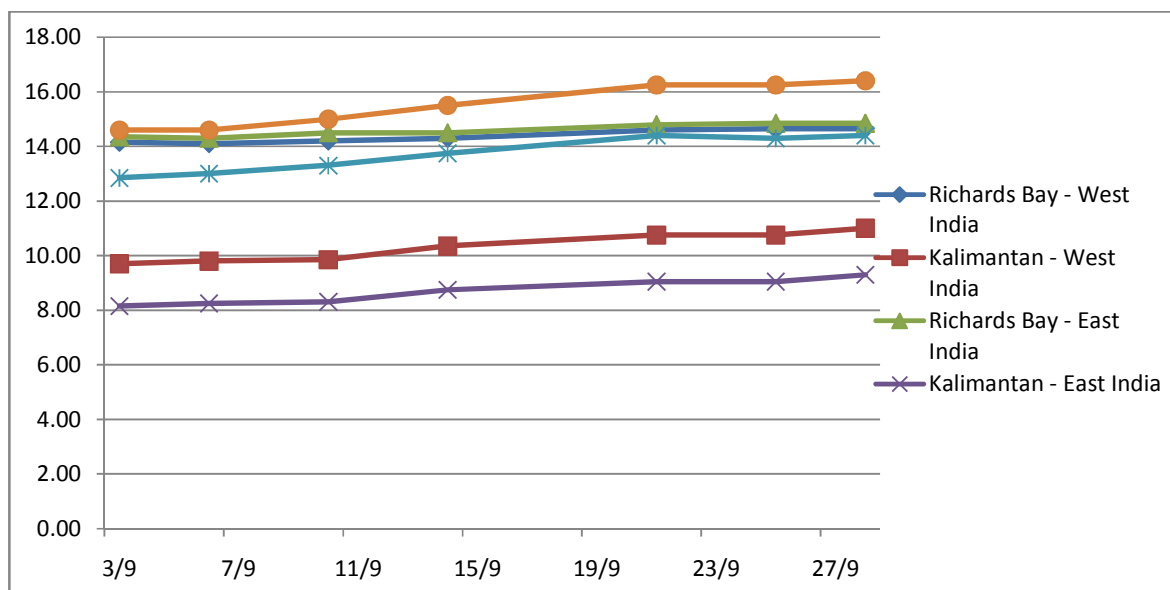


Chart 2: International spot dry bulk freight in September

(Source: Platts Coal Trader International)

II. NEWS

South African thermal coal exports total 6.6 million mt in August, up 29.5% on month

South Africa exported 6.6 million mt of thermal coal in August, up 29.5% from July but down 2.7% from the year-ago month, customs data showed Wednesday. Demand for South African coal in August picked up largely due to a roughly 10% drop in average prices from the prior month, along with increased shipments to northwest Europe, according to S&P Global Platts and customs data. Platts assessed FOB Richards Bay 5,500 kcal/kg NAR coal at an average price of \$87.83/mt in July and at an average price of \$79.35/mt in August as prices dropped for mid-CV coal during the month. Through August, South Africa has shipped 50 million mt and is on an annualized pace to export 75 million mt, down 6% from last year's total exports. In August, India received the largest volume of South African coal at 2.96 million mt, or 45% of South

Africa's total exports. India's volumes were up from 2.87 million mt in July. Pakistan received the second highest volume of South African coal at 893,048 mt, or 13.5%, up from 615,789 mt the prior month. The Netherlands received the third highest volumes of South African coal at 667,434 mt, or around 10% of South Africa's total exports during the month, and up from 82,000 mt in July.

Russia Jan-Sep coal exports increase on year, production also higher

Russian coal exports over January-September grew 4% on the year to 144.1 million mt, according to data released by the Russian Ministry of Energy Tuesday. The data did not give volume of thermal coal within the total. This growth in exports came as no surprise to market sources as Russian coal continues to dominate key markets such as CIF ARA and the Pacific. The export volume for September came to 16.4 million mt, a drop of 5.6% on month but a rise of 5% on year, the data showed. "Western ports are still not shipping vast quantities," an analyst said. The source said despite Russian coal remaining a dominant supplier to Europe, there has still been a preference to sell more coal to Eastern markets owing to a brighter growth outlook for this market. As well as this, sellers are able to achieve higher FOB prices when selling to Asian markets, stimulated by high FOB Newcastle 6,000 kcal/kg NAR prices, to which Russian producers can sell based on this price.

An offer was heard Monday for 36,000 mt of 6,000 kcal/kg NAR coal FOB East Cost Russia flat to the FOB Newcastle price for October loading. S&P Global Platts assessed the FOB Newcastle 6,300 kcal/kg GAR, 7-45 day price at \$114.75/mt Monday. "As long as Russian producers can sell east, they will send coal east," the analyst said, highlighting how east coast ports have been

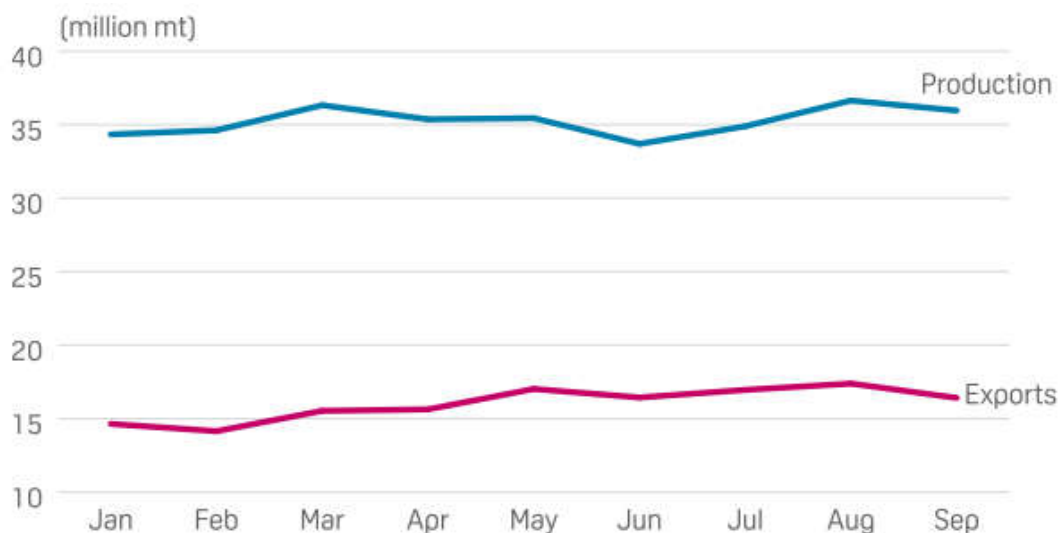
loading at maximum capacity recently. The source said it would not be strange to see an effort to export as much coal as possible now before winter restricts production and port activity.

Production up 6% on year

Total coal production during the period came to 317.29 million mt, a rise of 6% year on year, with the September volume coming in at 35.96 million mt, a drop of 2% on the month but a rise of 2% on the year. The volume of thermal coal produced was also not given. A European trader said there remains no oversupply of Russian coal in ARA owing to strong demand in Europe.

Despite efforts to send coal east, producers near west coast ports will see some advantage in selling coal via Baltic ports, owing to their freight advantage compared with Colombian, US and South African coal, commanding higher FOB prices as a result. "They (producers) will try and get as much share into Europe as possible," the trader said, adding he did not expect this to change anytime soon.

Russia year to date coal export and production



The average Platts FOB Russia Baltic 6,000 kcal/kg NAR, 90-day price during this period came to \$86.67/mt, an increase of \$9.03 on the year, with an average FOB Russia Pacific 6,300 kcal/kg GAR, 90-price for this period came to \$109.34/mt, an increase of \$20.17.

Coal india's Apr-Sep production up 10.6% on year

State-run Coal India Limited or CIL produced 256.47 million mt of coal during the first six months of the current fiscal year 2018-19, registering growth of 10.6% compared to 231.88 million mt a year ago, CIL said Wednesday. Coal offtake for supplies to its customers during the April-September period reached 290.81 million mt compared to 269 million mt, an increase of 8%, the company said. Coal supplies to the power sector were up by 10% during the period. CIL supplied 232.21 million mt of thermal coal to the country's power stations during H1 of the current fiscal compared to 211.10 million mt a year earlier, the company said.

“Despite the monsoon impeding our production and coal offtake in the second quarter, we have been able to register a growth of 5.8% and 4.5% respectively in both these performance parameters during July-September 2018,” said a senior CIL official. On a monthly basis, CIL's output of 40.24 million in September was up 3.8% from the same month a year ago. Offtake for September was at 43.91 million mt, flat year on year. The company liquidated 34.34 million mt of its pithead coal stock during April-September, taking stocks to 21.21 million mt from 55.55 million mt at the beginning of the fiscal year.

(Source: Platts)