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COVID-19 and the impacts in Southeast Asian mining countries

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Outline

- Mining in Southeast Asia
- Southeast Asian mining countries in the outbreak of Covid-19
- How mining companies have been protecting themselves
- What should be done in the future

Mining in Southeast Asia

- One of the primary growth drivers in Asia's economy
- A big employer of an intensive labor force
- Labor safety is a weakness
- A source of negative impacts to the environment
- A specific topic for media and social organizations given misperception about mining and its contribution to the economy and society

Mining in Southeast Asia

- Indonesia: coal, nickel
- Laos: copper, nickel
- Malaysia: tin, bauxite
- Myanmar: tin, copper
- Philippines: copper, nickel, gold
- Thailand: zinc, tin
- Viet Nam: coal, bauxite, copper, tin

Halam coal mine, Vietnam, 2020



Humphrey, 2018

Mining in Southeast Asia

- Contribution to the Gross Domestic Product
(in current price, percentage)

Country	2013	2014	2015	2016	2017
Indonesia	5.50	5.01	4.03	4.23	4.7
Laos	14.82	14.19	6.80	6.49	6.56
Myanmar	5.03	1.02	1.27 (Q1)	n/a	n/a
Thailand	n/a	3.47	2.94	2.58	n/a
Viet Nam (*)	11.00	10.82	9.61	8.12	7.46 (est.)

PricewaterhouseCoopers, Laos Statistic Bureau, Myanmar Statistical Information Service, National Statistical Office Thailand, Viet Nam Statistic Bureau, Author's calculation ()*



Mining in Southeast Asia

- Development in the mining areas:
 - Infrastructures
 - Changes in economic structure
 - Social contribution: education, childcare, health care, maintaining indigenous culture, etc.
 - Safety – Health – Wellbeing

Masan Resources maintains indigenous culture and relief in the host community



Mining in Southeast Asia

- Disadvantages:
 - Artisanal and small-scale mines
 - Less invest in safety and health management, using out-of-date mining technology

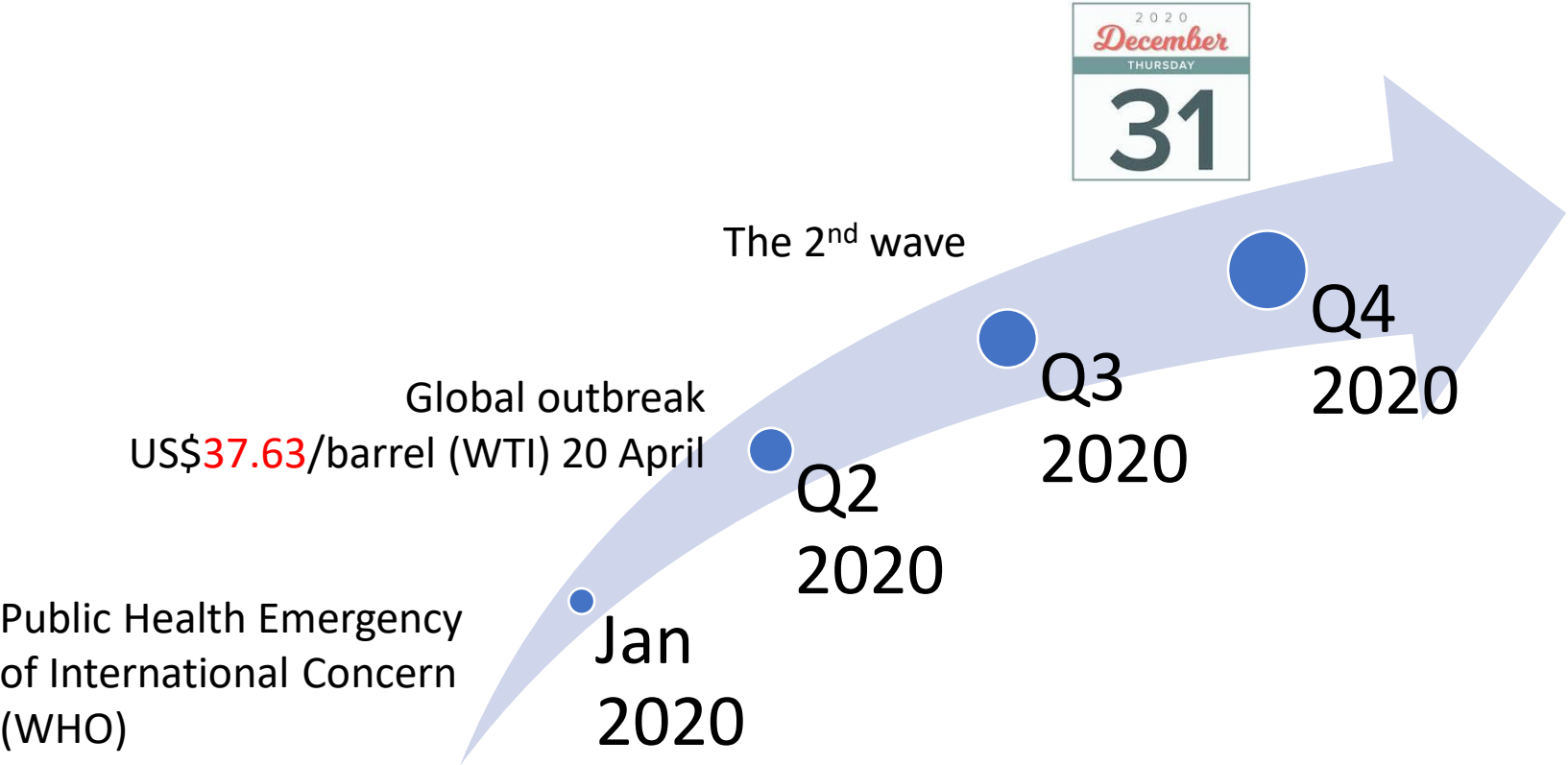


*A quarry mine
Central of Viet Nam, June 2020*

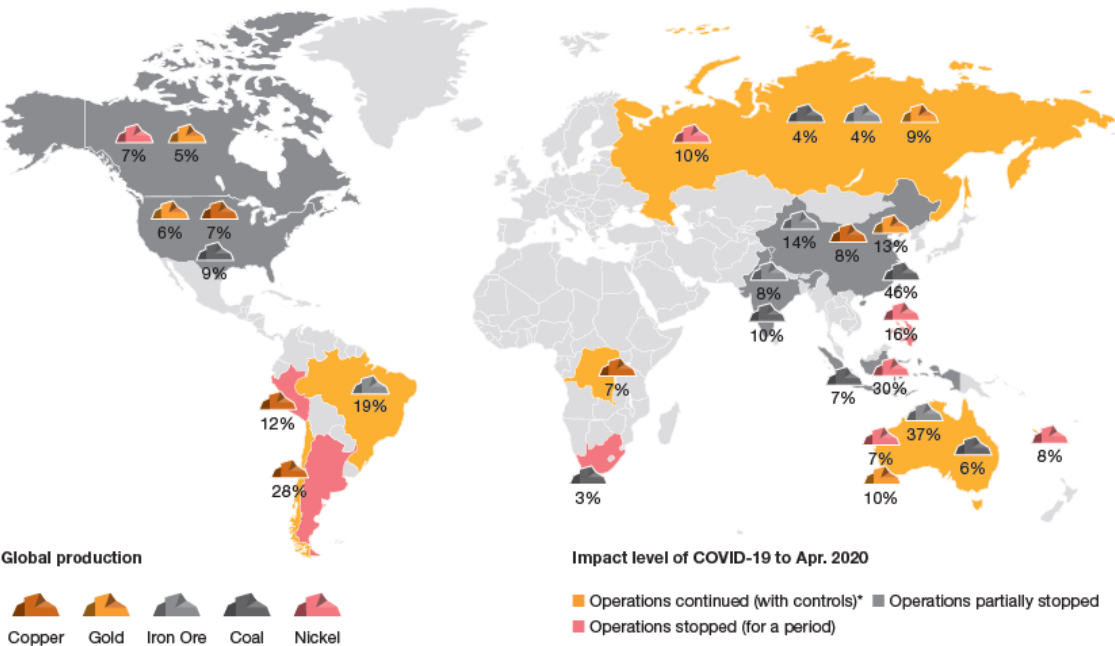


*Jade mining in Myanmar
cost lives
(frontiermyanmar.net)*

How the pandemic has changed us?



How the pandemic has changed us?



Financial metrics

Revenue up 4% to US\$692bn

EBITDA flat at US\$168bn

Profit before tax (PBT) down 11% to US\$89bn

Dividends paid up 25% to US\$55bn

Share buybacks down 51% to US\$7bn

Market capitalisation up 19% (US\$898bn) (reduced to US\$752bn on 30 April 2020)

Capex up 11% to US\$61bn

COVID-19 impact

EBITDA forecast to reduce 6% in FY20, largely driven by commodity prices

Expected capital spend reduction of at least 20% for FY20

In excess of US\$380m pledged by the Top 40 for COVID-19 relief

PwC, 2020



Southeast Asian mining countries in the outbreak

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- Relevant figures

*Worldometers.info,
5 Sept. 2020*

Country	Total cases	Active cases	Deaths/1M Pop	Tests/1M Pop	Population
Philippines	232,072	67,786	34	24,938	109,838,295
Indonesia	187,537	45,524	29	8,667	274,037,400
Malaysia	9,385	165	4	39,485	32,439,229
Thailand	3,438	101	0.8	10,729	69,831,733
Myanmar	1,216	850	0.1	3,055	54,475,243
Vietnam	1,049	242	0.4	10,351	97,494,794
Laos	22	1		5,533	7,294,119



Impacts on Mining in Southeast Asia

- Lockdown or social distances at national level
 - But mining is still an active service and allowed to continue under strict conditions



*Spraying of disinfectants in
Thong Nhat coal mine, Viet Nam,
April 2020
(thongnhat-tkv.vn)*

- Prices and production of commodities decrease, except for coal and gold

Impacts on Mining in Southeast Asia

- Workers in underground face higher risks, given mining requires large group of workers, who are transported down in narrow spaces of elevators
- Other risks can come from fly-in-fly-out workers, workers travel with public transport, limited health facilities on-site or the nature of jobs that need tool sharing
- Lack of workers on-site as migrant workers cannot enter the country
- Temporary and less skillful workers face risks at work



Impacts on Mining in Southeast Asia

- Mining companies scope with financial issues, given the lost revenues and higher expenditures on salary, environment, health and safety management

Halam coal company in Viet Nam invested a mobile chamber to sanitize the whole body for its employees, March 2020



What have mining companies in SEA implemented to protect themselves?

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- Contribution to the National Funds to co-sponsor budgetary supports to poor and near poor families, low-income people and SMEs
 - At the end of March 2020, the Indonesian Coal Mining Association (APBI) donated Rp 540 billion (over US\$38 million) – which they collected from coal mining companies within the APBI
 - To April 7 2020, the Vietnam National Coal – Minerals Industry Holding Corporation Limited donated 11.5 bil. VND (over US\$ 500,000) to central and provincial organizations



What have mining companies in SEA implemented to protect themselves?

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- Strictly compliance with national regulations and companies protocol
 - Temperature check-up, wearing masks, more spacious workplaces, hand sanitization, no guests, changing regulations in staff transportation, online meetings, eliminating crowded people, installing Apps (recommended by Ministry of Health)



Health check-up point,
Halam coal mine, Viet Nam,
August 2020



Transparent partitions in the
canteen of Halam coal mine,
since February 2020



What have mining companies in SEA implemented to protect themselves?

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- Maintenance stable income and social benefits for employees
 - Caring of financial conditions and mental health of the labor force
- Restructure of the labor force (temporary/migrant workers, contractors)



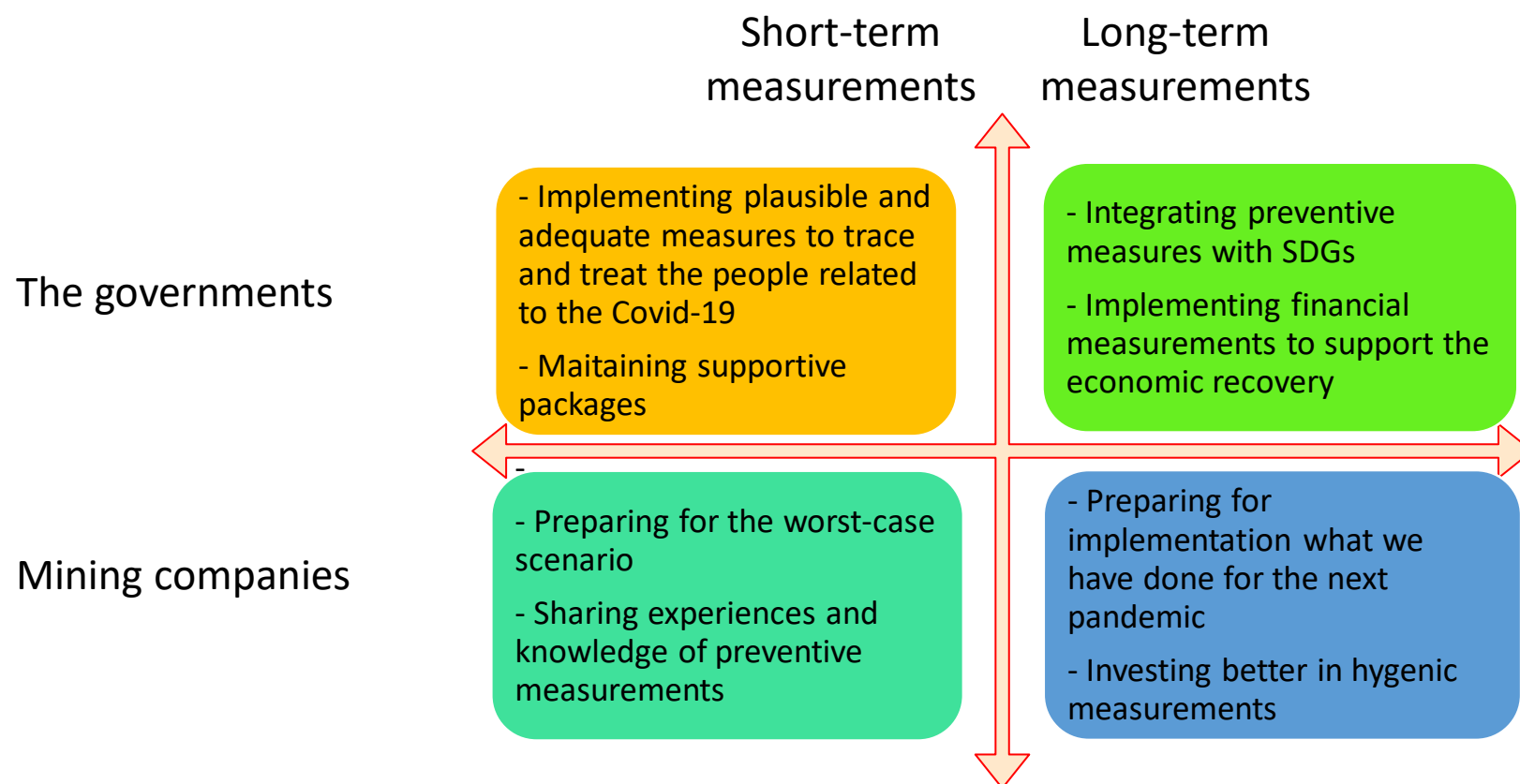
A quarry mine of Nghi Son cement company, Viet Nam, July 2020



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What should be done in future in Southeast Asian mining countries

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“This is no longer only a global health crisis, it is also a major labor market and economic crisis that is having a huge impact on people. Everything needs to be done to minimize the damage to people at this difficult time.”

Guy Ryder, ILO's Director-General



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THANK YOU FOR LISTENING

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