

MEDIA RELEASE

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GEO ENERGY REPORTS A RECORD YEAR WITH HIGHEST REVENUE OF US\$641.9 MILLION (109% INCREASE Y-O-Y), RECORDS SIGNIFICANT INCREASE IN NET PROFIT TO US\$179.1 MILLION AND PROPOSES FINAL DIVIDEND OF S\$0.05 PER SHARE, BRINGING TOTAL DIVIDENDS FOR 2021 TO S\$0.09 PER SHARE (52% ON 2021 NET EARNINGS)

2021 Highlights

- The Group achieved record revenue of US\$641.9 million, a significant increase of 109% from 2020, due to the increase in sales volume and higher average selling price ("ASP"). The average ICI4 more than double to US\$65.85 per tonne in 2021, compared to US\$29.29 per tonne in 2020.
- The Group delivered its highest coal sales in a year of 11.4 million tonnes in 2021, comprising 4.6 million tonnes and 6.7 million tonnes of 4,200 GAR coal from the SDJ and TBR coal mines respectively, and another 0.1 million tonnes of 3,400 GAR coal from the BEK coal mine. This was higher than 10.7 million tonnes in 2020.
- Cash profit from coal mining for 2021 averaged at US\$25.05 per tonne (2020: US\$6.25 per tonne), driven by the higher ASP but offset by the higher production cash cost as the Group's cost structure links certain costs to the coal index prices.
- EBITDA for 2021 was a record US\$270.9 million (2020: US\$57.0 million) at a significant improved margin of 42%, and the net profit from operations of US\$179.1 million was a complete turnaround from the net loss from operations of US\$11.5 million in 2020, excluding the gain on repurchases of Senior Notes ("USD Bonds").
- The Group made an early redemption of all outstanding USD Bonds of US\$60.4 million on 10 October 2021 at 102% of its issued price.
- On 8 December 2021, the Group announced a VALMIN JORC valuation of its coal reserves at a high of US\$726 million as at 31 August 2021.
- The Company is recommending a final dividend of S\$0.05 per share in 2021, subject to the approval of shareholders at its forthcoming annual general meeting. This brings the total dividends for 2021 to S\$0.09 per share or US\$93.5 million, equivalent to a 52% pay-out ratio on its 2021 net earnings, with a dividend yield of 22% based on share price as at 23 February 2022 of S\$0.41 per share.
- 52-week Total Shareholders' Return ("TSR") was a record high at 176% based on share price as at 23 February 2022 against the FTSE Straits Times Index ("STI") of 16%¹.
- The coal market is expected to remain strong in 2022, with demand led by recovering economies at an all-time high. The Group has received approval of an increased RKAB production quota of 12 million tonnes for 2022, as we target to ramp up production if conditions permit. The Group targets another great performance in 2022 if coal prices remain buoyant.

Commenting on the vision and outlook for the Group and industry, Mr Charles Antonny Melati, Executive Chairman of Geo Energy said:

¹ FTSE Straits Times Index extracted from MarketWatch, 23 February 2022



“The recovery of economic and industrial activities has widened the gap between coal supply and demand, which in turn boosts the increase of coal ASP to the record high of US\$56.42 per tonne in 2021. Although the Chinese government announced interventions to control the local coal prices, the prices are expected to remain strong going forward. Our Group capitalised on this by planning and expanding our production scale early, even before the current coal super-cycle.

The average ICI4 coal price increased to US\$83.25 per tonne in 2H2021 and reached a historical high of US\$154.61 per tonne on 22 October 2021. We constantly monitor and adjust our strategic plan to achieve the highest returns from the rising industry trend.

Coal supply remains a concern that needs to be well-managed by major economies in China and ASEAN. To ensure enough domestic coal inventory and minimise shortage, the Indonesian Ministry of Energy and Mineral Resources (“ESDM”) introduced temporary ban of all coal export sales on 31 December 2021. Our mines were among the first to have the temporary ban lifted as the Group has always met its domestic market obligations in 2021.

For 2022, we have applied for an increase in the production quota, which has been approved for 12 million tonnes, as we seek to ramp up our productions further if conditions permit.

Meanwhile, we are strategically reviewing our asset portfolio and planning to expand our revenue streams by way of potential joint ventures, trading, and value accretive acquisition to diversify our coal mining business into renewable supply chain, downstream logistics and transshipment. We will make appropriate announcements in accordance with the listing rules of SGX-ST, if and when such acquisitions or diversification materialise.”

Commenting on the financial performance and operations for the Group, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



“Our financial performance in 2021 is a great testament to our resilient response to the COVID-19 pandemic. 2021 was a fantastic year in terms of coal prices and demand, but it was also a challenging year where we encountered a resurgent wave of the pandemic, extreme weather conditions that impacted our operations, Chinese government’s interventions to control prices and on the last day of the year, export bans introduced by the Indonesian government.

Notwithstanding these external factors which hampered production and sales activities, the Group continued to power through and increased our production capacities to serve the infrastructure-led economic recovery globally. This allowed us to gain a larger share of the strong coal demand and boost our return to stakeholders.

In US\$M	2H2020	FY2020 (A)	2H2021	FY2021 (B)	% change Y-o-Y (B - A) / (A)	% change Q-o-Q (4Q2021 vs 3Q2021)
Income Statement						
Revenue	146.1	306.8	421.6	641.9	109	74
EBITDA	29.4	57.0	193.4	270.9	375	94
12-mth trailing EBITDA	57.0	57.0	270.9	270.9	375	64
Net profit	28.6 ¹	95.1 ¹	130.6	179.1	88	87
Cash flows						
CAPEX	(6.4)	(7.8)	0.2 ²	(0.6) ²	(92)	nm
Free cash flow (FCF) ³	22.1	49.5	217.7	272.6	450	164

M: Million

¹ Include gain on the US\$ Bond repurchases of US\$31M for 2H2020 and US\$107M for FY2020

² Includes a refund of Advances Paid for Purchases of PPE following cancellation of agreement

³ Free cash flow is calculated as net cash from operating activities less net cash used in investing activities

Driven by the increase in sales volume and high ASP, we achieved a record year with highest ever revenue and net profits in 2021. We recorded a historical high revenue of US\$641.9 million in 2021, increasing 109% y-o-y. The average ICI4 picked up strongly in the second half of 2021 and averaged US\$65.85 per tonne for the full year.

Cash profit from coal mining for 2021 averaged at US\$25.05 per tonne, 4 times higher when compared to US\$6.25 per tonne in 2020. The strong result was attributed to the higher ASP but was partly offset by the higher production cash cost as the Group's cost structure links certain costs to the coal index prices. The impact of the increasing coal index prices on the production cash cost was cushioned by the exclusion of 10% VAT due to changes in tax regulations following the passing of the Indonesian Omnibus Law in November 2020.

Our net profit from operations of US\$179.1 million was a complete turnaround from the net loss from operations of US\$11.5 million in 2020, excluding the gain on repurchases of USD bonds. EBITDA and free cash flows for 2021 increased significantly to US\$270.9 million (at a high margin of 42%) and US\$272.6 million, respectively.

Our great financial and operational performance in 2021 have strengthened our cash position. We redeemed all outstanding USD bonds on 10 October 2021, about 1 year earlier than when they would have been due in October 2022. The aggregate amount paid including a premium for the early redemption of the USD bonds was US\$60.4 million, which served as a good return to the bond investors who believed in us. Additionally, the Company instituted a share buyback, purchasing 8,900,000 of its own shares in December 2021 that are now held as treasury shares. The share buybacks enhanced the efficiency of our capital structure and represent our commitment to enhance value for our shareholders and improve our return on equity.

The Group is recommending a final dividend of S\$0.05 per share in 2021. This brings the total dividend for 2021 to S\$0.09 per share, equivalent to a 52% pay-out ratio on its 2021 net earnings.

Our share price reached a high of S\$0.42 on 14 October 2021. Including the dividend yield on the S\$0.09 paid and proposed for 2021, the Group's total shareholders return from 1 January 2021 to date was 163% with a dividend yield of 22% based on the Company's share price of S\$0.41 per share as of 23 February 2022. The Group's enterprise value, excluding net cash and treasury shares, as of 23 February 2022 was US\$242 million compared to US\$202 million as of 1 January 2021. The Group's market capitalisation, excluding treasury shares, as of 23 February 2022 was over US\$429 million. Our shares are undervalued given the VALMIN JORC valuation of the Group's coal reserves of US\$726 million as at 31 August 2021, our net profit from operations of US\$179.1 million in the year and US\$191 million cash as at 31 December 2021.

Sustainability initiatives continue to remain as the main focus of the Group's activities. To ensure the safety of our employees, we collaborated with the Indonesian government and sponsored the vaccinations for all the employees on-site. Furthermore, we also donated IDR3 billion and sponsored COVID-19 vaccinations and for social assistance activities organised by the Indonesian Young Entrepreneurs Association in Jakarta, Indonesia. We also sponsored the D2M run organised by Diabetes Singapore to remove the stigma around diabetes and encourage exercising. We are constantly connected with the community and will continue to collaborate with governments and other organisations for such initiatives.

Lastly, our greatest asset is our employees. They are the core component of the Group in driving value for all our stakeholders and making a difference in our business and the community which we operate. We appreciate their contribution to help achieve a record financial performance in 2021. The Group achieved a revenue per employee of US\$3.2 million for 2021, an increase from US\$1.9 million in 9M2021 or 67%.

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ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)

Geo Energy Resources Limited (“Geo Energy”) is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4 and is part of the Singapore FTSE-ST index.

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group’s investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.



For more information, please visit www.geocoal.com.

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