



# HARNESSING STRENGTHS, DRIVING GROWTH

GEO ENERGY RESOURCES

# FY2016

RESULTS BRIEFING  
6 MARCH 2017

KH Tung – Chief Executive Officer



## Forward looking statements

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# FY2016 Results



## Delivering Strong Returns

Today's results show that we have kept our commitment to produce and sell close to our targeted **6 million tonnes** of coal in our first full year of production for the SDJ coal mine. We have maximised cash and productivity from our assets, delivering US\$ 23.5 million in FY2016 net profit from continuing operations while strengthening our balance sheet with a cash position of US\$ 67.7 million at year end.

The Group has today proposed its first dividend since its IPO on 19 October 2012 of S\$ 0.01 per share (tax exempt, implying a 3.4% yield as of the closing price on 28 February 2017)



## RESULTS BRIEFING

# FY2016



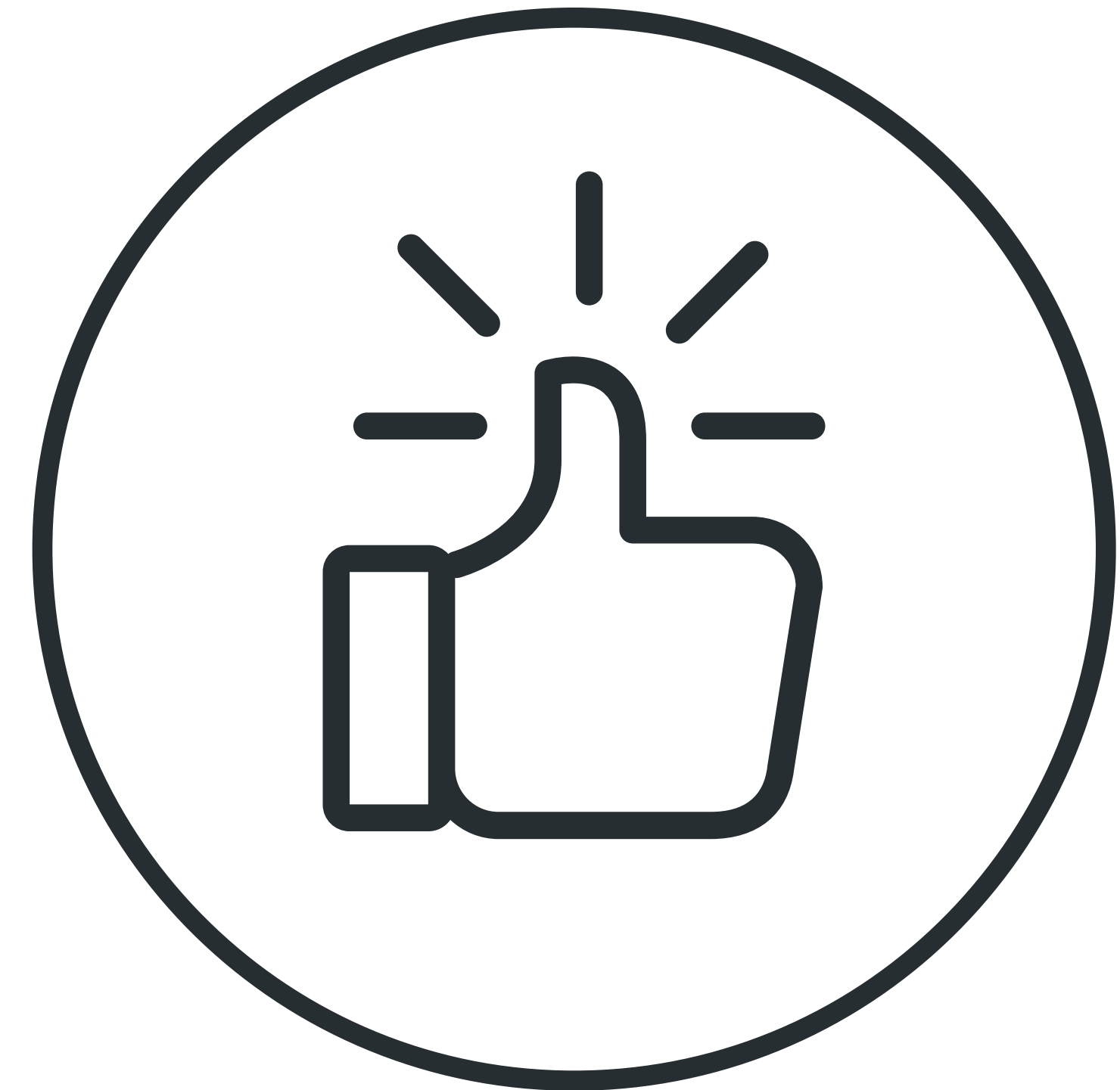
- **Harnessing Strength.** Transformation to a nimble and competitive business model - From a mining services operator to a low-cost coal producer.
- **Driving Growth.** Embarked on a series of acquisition opportunities as Geo Energy aims towards becoming one of Indonesia's top coal producers.
- **Delivering Value.** Recorded record quarterly net profit in 4Q2016, Geo Energy's highest ever since its IPO listing.

## Harnessing Strength



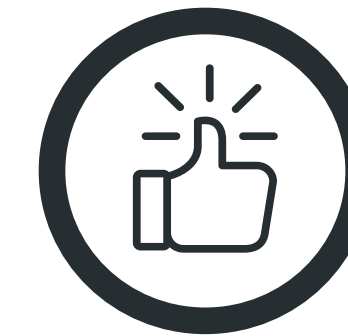
Transformation to a nimble and competitive business model - From a mining services operator to a low-cost coal producer.

**‘The Group is also exploring how to optimise its capital structure, including a potential restructuring of the MTN facility, to best suit the Group’s growth plans’.**





## Harnessing Strength

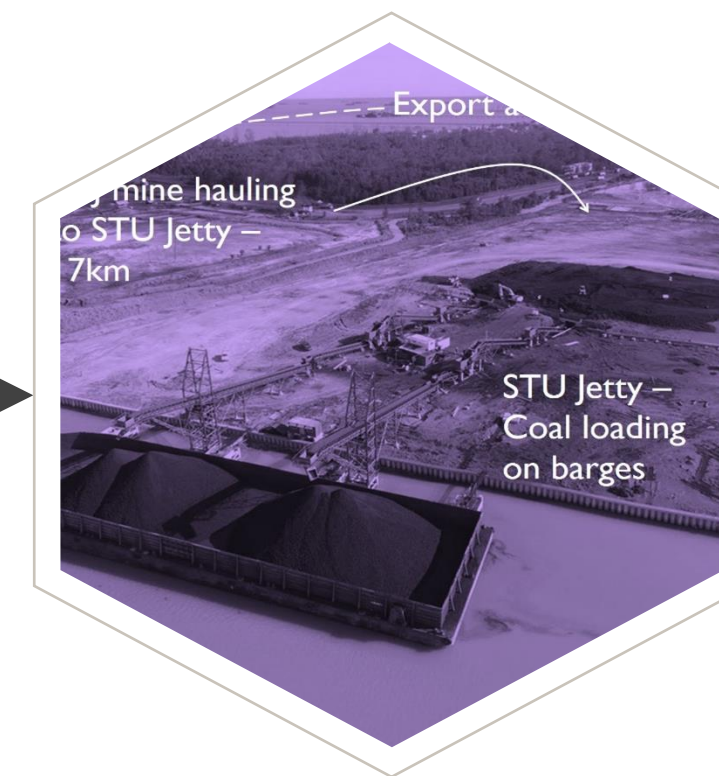


Transformation to a nimble and competitive business model - From a mining services operator to a low-cost coal producer.



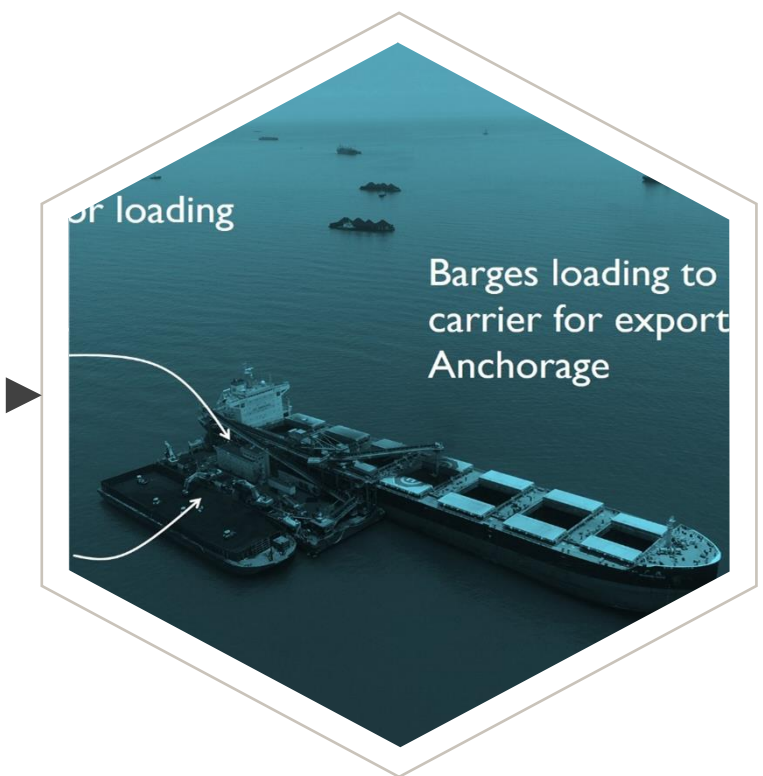
### OUTSOURCE MINING

Sub-contract Mining Services to BUMA (Indonesia 2<sup>nd</sup> largest mining services companies)



### OFFTAKE SALES

Coal sales Off-take and Prepayments with major international commodity trading Houses e.g. ECTP

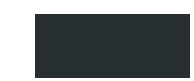


### EXPANSION

Expansion of Coal Mining business by duplicating Business Model

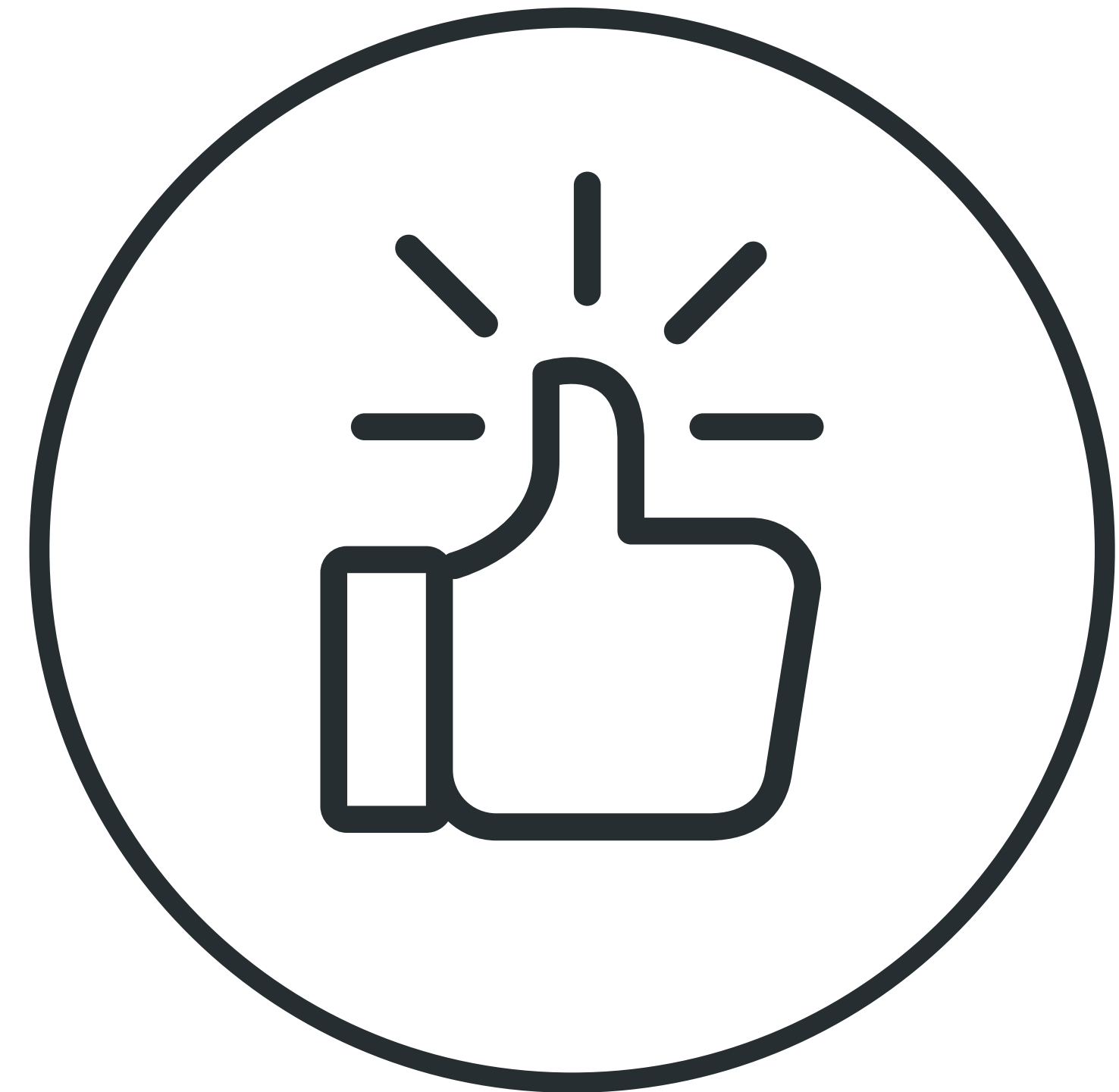
NO CAPEX & EASILY SCALABLE

## Driving Growth

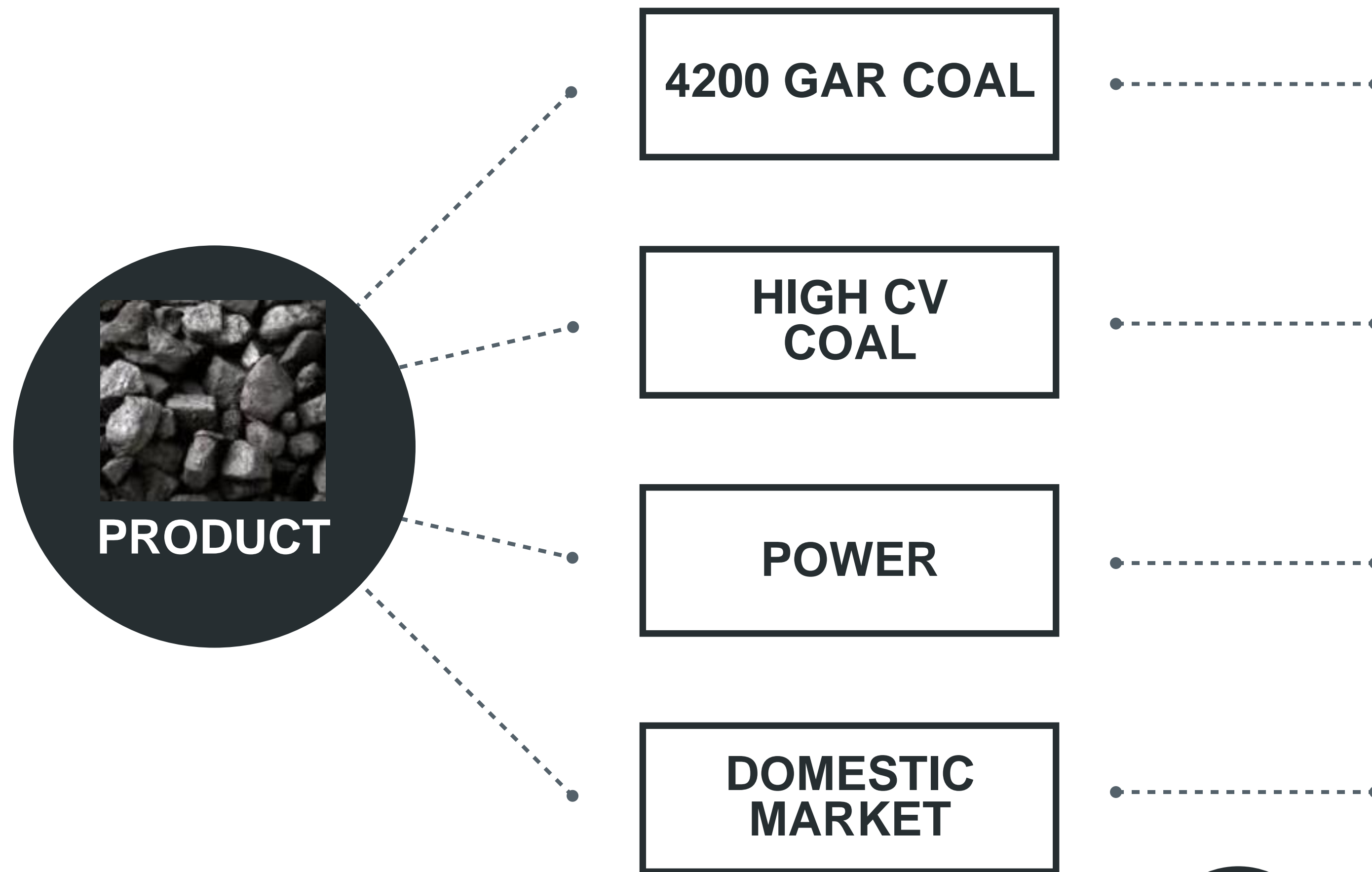


Embarked on a series of acquisition opportunities as Geo Energy aims towards becoming one of Indonesia's top coal producers.

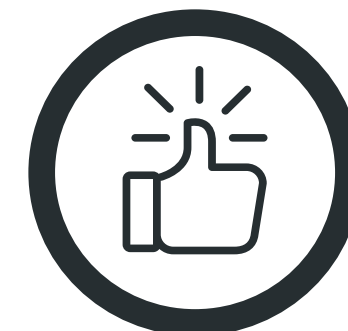
**‘We will continue to pursue earnings accretive opportunities in the region to build up our coal reserves. Our Group remains committed to enhancing shareholder value through driving improvements in productivity and to maximising the value of our good quality coal assets going forward’.**







**Driving Growth**



## **Acquisition of TBR and Project AJE**

Improves Group's mining efficiency and synergy, increase our coal reserves to 100 million mt and venture into Coal mining management service to expand our revenue.

## **Acquisition of STT, PJA and CLS**

These strategic acquisitions would widen our range of calorific coal and gain us access into a different customer segment to ride on the current coal prices.

## **Setting up of Tebo Power**

Exploring downstream expansion in the development of coal-fired power plants in line with the Indonesian government plans to generate an additional 35,000 megawatts (MW) in power generation capacity across the country by 2019.

## **Selling in Domestic markets**

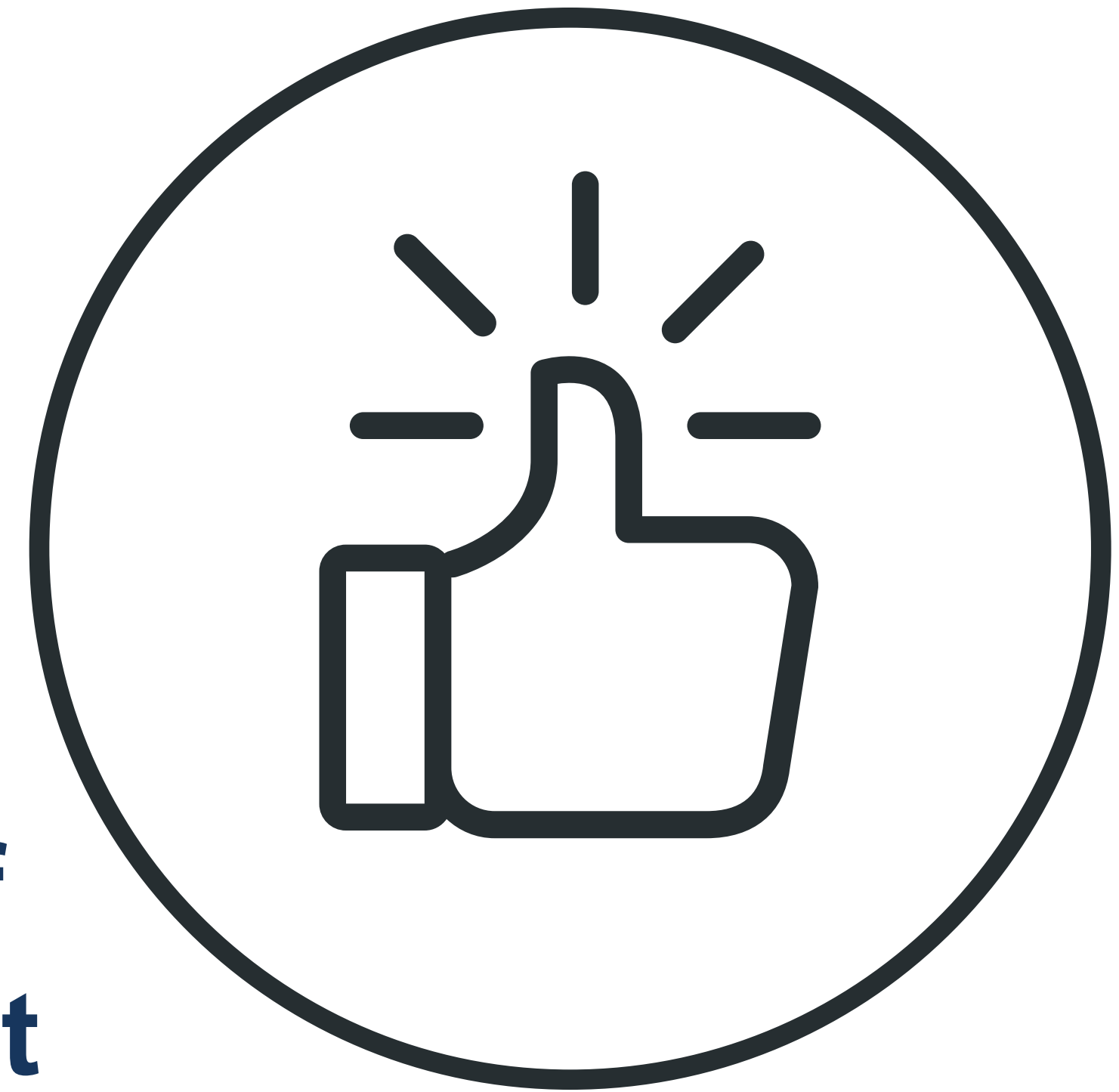
The Group currently exports more than 90% of coal production and is exploring the opportunity to supply thermal coal directly to Indonesian power plants through PLN, an Indonesian government-owned corporation which has a monopoly on electricity distribution in Indonesia.

## Delivering Value



Recorded record quarterly net profit in 4Q2016, Geo Energy's highest ever since its IPO listing.

**‘Our transformation has enabled us to achieve a record quarterly net profit of US\$ 14.7 million in 4Q2016, the highest ever quarterly profit recorded as a listed company’.**







(US\$ MILLION)	FY2015	FY2016	4Q2016
<b>Income</b>			
Sales	18.2	182.1	91.9
Cost of Goods Sold	15.0	140.2	64.2
Gross Profit	3.2	41.9	27.7
<b>(Expenses)</b>			
Other Income / (Expenses)	2.1	6.0	(0.7)
G&A Expenses	(6.5)	(8.2)	(3.4)
Finance Costs	(6.5)	(6.1)	(1.4)
Income Tax	0.4	(10.1)	(7.5)
<b>Net Profit – continuing business</b>	<b>(7.3)</b>	<b>23.5</b>	<b>14.7</b>



(US\$ MILLION)	31-12-2015	31-12-2016	30-9-2016
Assets			
Current Assets	69.0	168.5	124.6
Long Term Assets	146.1	121.6	132.2
Total Assets	215.1	290.1	256.8
Liabilities and Capital			
Current Liabilities	46.2	95.3	74.8
Total Liabilities	121.1	165.4	148.4
Total Capital	94.0	124.7	108.4
Total Liabilities and Capital	215.1	290.1	256.8
Net Worth:	94.0	124.7	108.4



SOURCES OF FUNDS	(US\$ MILLION)	USES OF FUNDS	(US\$ MILLION)
Net Cash from Operating Activities	69.6	Net Cash used in Investing Activities	6.5
Total Source of Funds	69.6	Net Cash used in Financing Activities	7.9
		Total Use of Funds	14.4

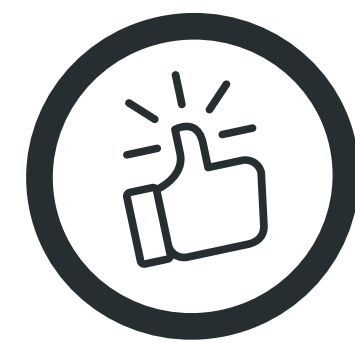
NET INCREASE IN CASH: US\$55.2 MILLION

Ratio Analysis	FY2015	FY2016	4Q2016	3Q2016
Financial Ratios				
Quick Ratio	1.37	1.67	1.67	1.53
Current Ratio	1.50	1.77	1.77	1.67
---				
Income Statement				
Gross Profit	17%	23%	30%	22%
Net Profit	n.m	13%	16%	13%
---				
Balance Sheet (% of Net Worth)				
Cash	13%	54%	54%	16%
Accounts Receivable	35%	68%	68%	71%
Inventory	6%	4%	4%	9%
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Net Worth (US\$ million)	94.0	124.7	124.7	108.4



# GEO

**Delivering Value**



STRONG GROWTH IN REVENUE AND CASH PROFIT

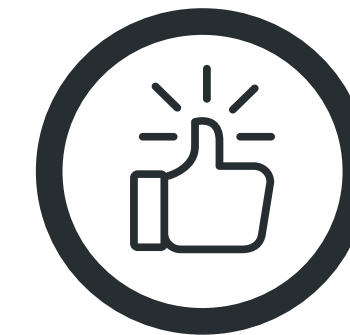




# Strong Growth in Revenue and Cash Profit

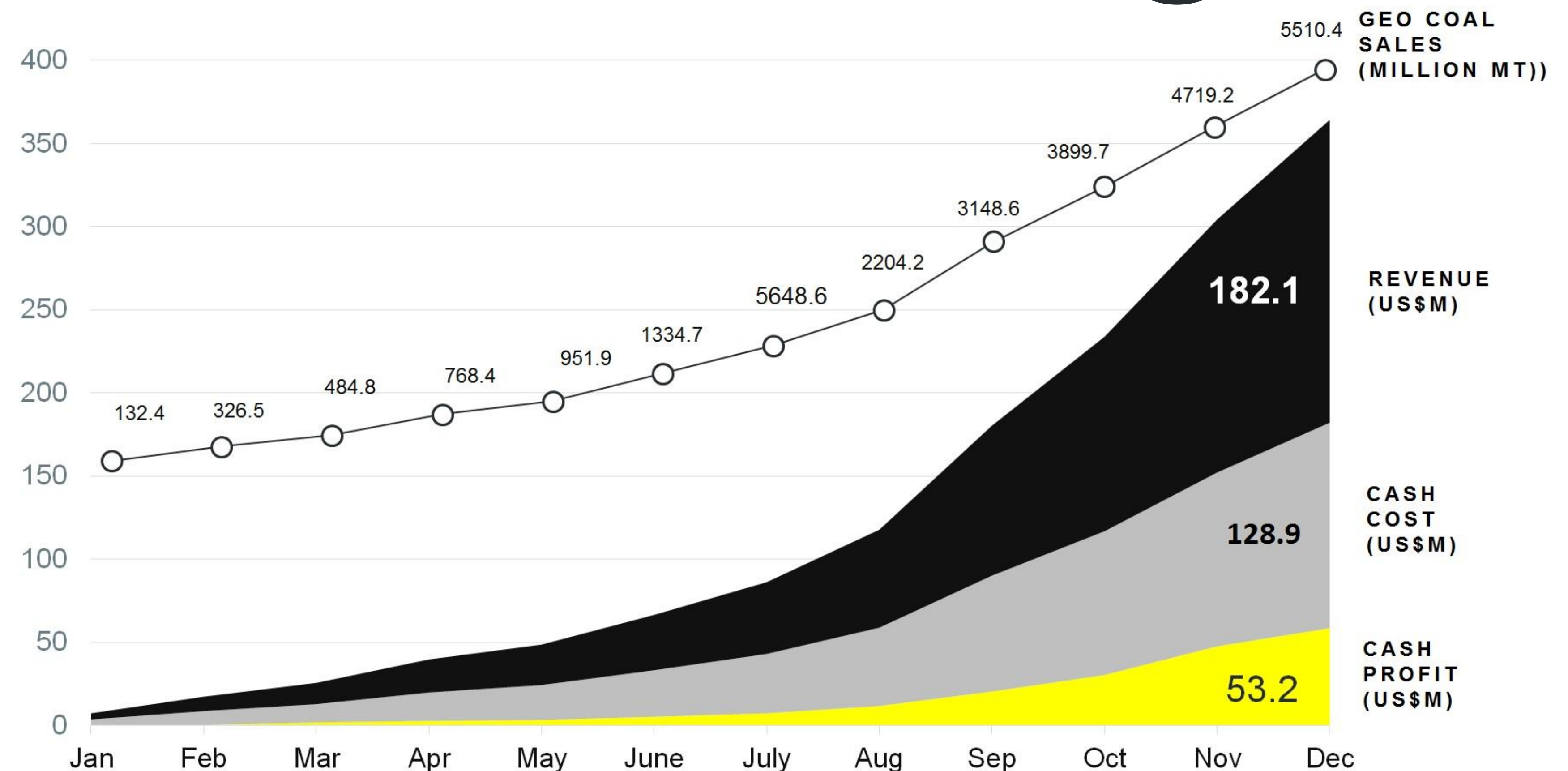
16

**Delivering Value**



Geo Energy achieved 5.5 million mt of coal sales in FY2016. This translated to sales revenue of US\$182 million.

By managing costs effectively, and with coal prices strengthening, this translated to cash profits of US\$53.2 million





# 1. Revenue Increased by 900% to US\$182.1M

17

**Delivering Value**



1Q2016 US\$11.9m

2Q2016 US\$21.4m

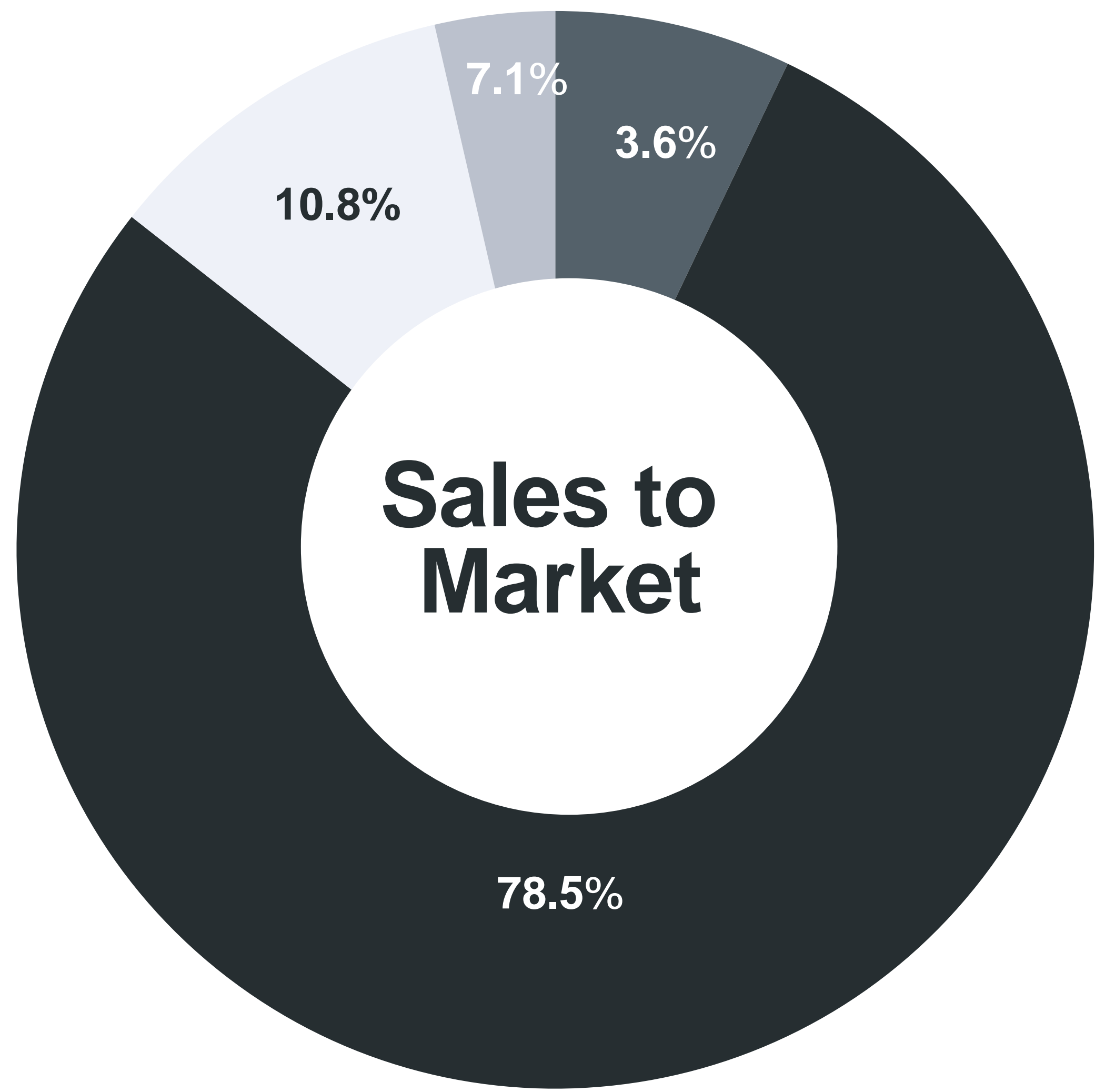
3Q2016 US\$56.9m

4Q2016 US\$91.9m

- Revenue increased by 900% to US\$182.1m, contributed by volume growth and higher coal price

## 2. Revenue Increased by Geographical Segment

Delivering Value 



Other than sales in Indonesia, the revenue for the other geographical segments were through an offtake and marketing agreement with Engelhart Commodities Trading Partners (ECTP).

- 1

China
- 2

Indonesia
- 3

India
- 4

Others



# 3. Average Selling Price at US\$38.93/MT for 4Q2016 <sup>19</sup>

**Delivering Value**



1Q2016 US\$24.52/mt

2Q2016 US\$25.17/mt

3Q2016 US\$31.40/mt

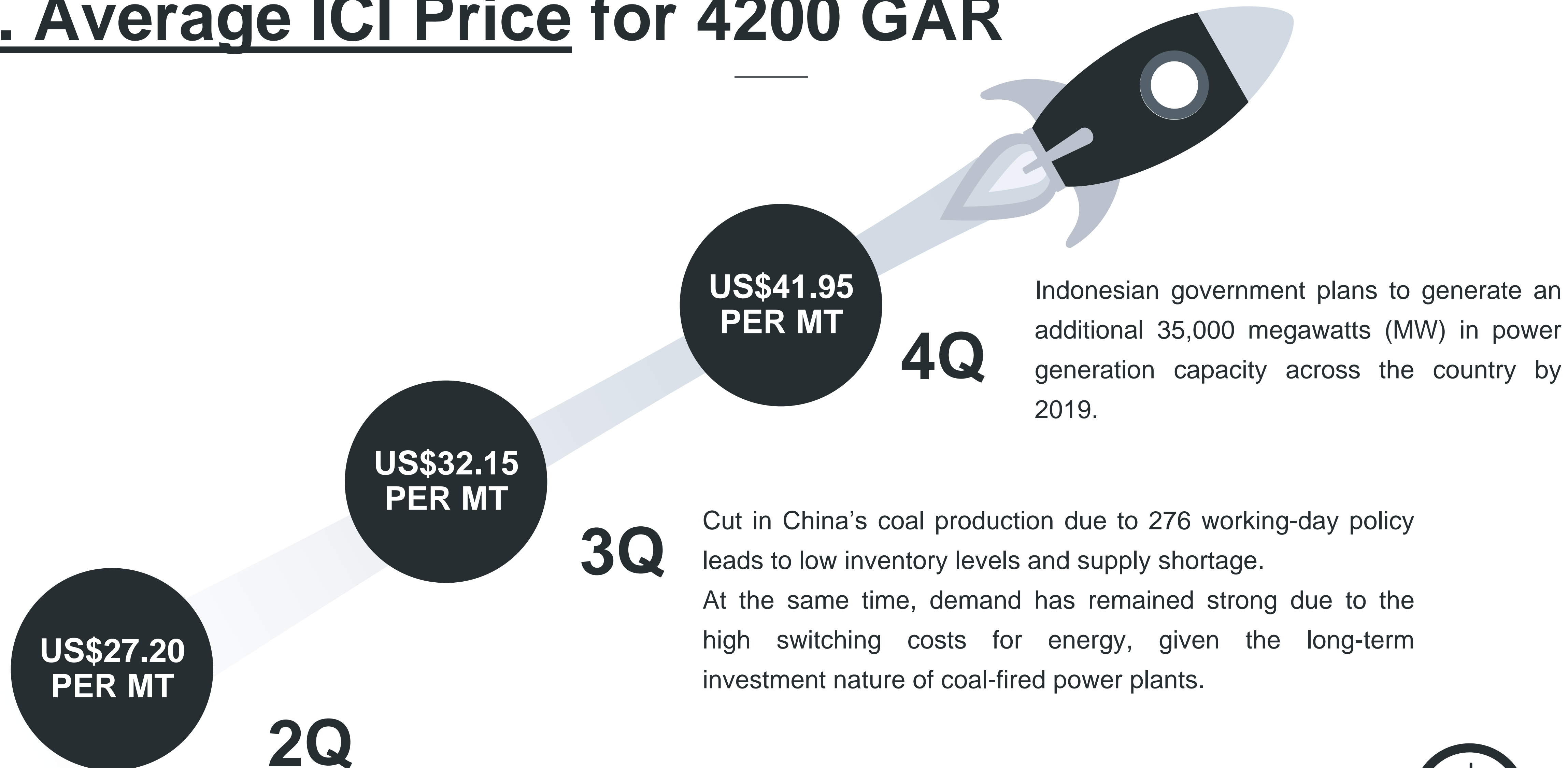
4Q2016 US\$38.93/mt

**Average selling price for 4200 GAR at US\$38.93/mt for 4Q2016** , up 24% from the average of US\$31.40/mt in 3Q2016

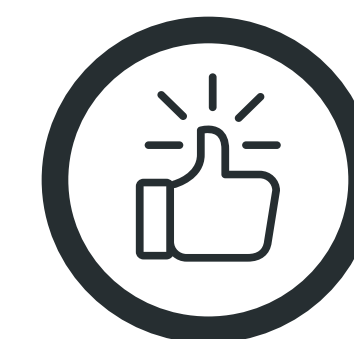


## 4. Average ICI Price for 4200 GAR

20



**Delivering Value**



# 5. Coal Sales Hits 2.4 million MT in 4Q2016

21

**Delivering Value**



1Q2016 0.48 million mt

2Q2016 0.85 million mt

3Q2016 1.8 million mt

4Q2016 2.4 million mt

- **Coal sales hits 2.4 million mt in 4Q2016**, a 33% increase over 3Q2016 volume of 1.8 million mt, bringing FY2016 sales of coal to 5.5 million mt

# 6. Cash Profit on Sales Increased to US\$13.86/MT

## CASH PROFIT

KEY INDICATOR OF GEO'S BUSINESS

Delivering Value



Cash profit on coal sales increased to US\$13.86/mt in 4Q2016, an increase of US\$5.44 in 3 months compared to US\$8.42/mt in 3Q2016





## 7. Finance Costs of US\$6M in FY2016

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- Finance costs of US\$6m in FY2016, with savings of US\$1.5m annually from the discontinuation of mining services business going forward.

**Delivering Value**



# 8. Net Profit from Continuing Operations Surges To US\$14.7M in 4Q2016

24

4  
Q2016

US\$14.7m

**Delivering Value**



- Net profit from continuing operations surges to US\$14.7m in 4Q2016, the highest ever quarterly profit reported since listing compared to a loss of US\$6.1m in 3Q2016

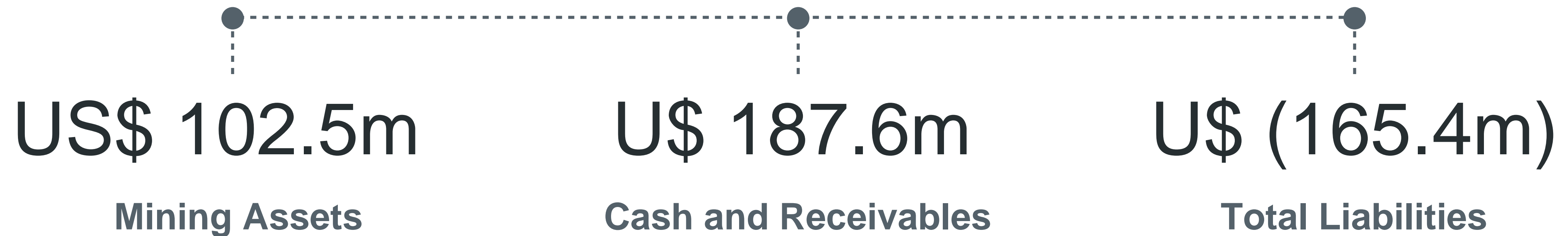
## 9. Financial Position

25

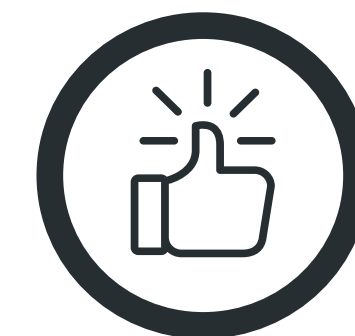


**US\$ 124.7m**

Net Worth



**Delivering Value**





# 10. Shareholders' Return of 114%

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**Delivering Value**



## **OUTPERFORMED THE SGX MOG INDEX**

For the period of 1 January 2016 to 28 February 2017, we have a total share-holders return of 114% compared to a decline of 17% by the SGX MOG Index.

## **UNDERVALUED - TRADING MULTIPLE BELOW PEERS**

Geo P/E ratio (Q4 Annualised): **4.2**,

Industry Average P/E ratio (Q4 Annualised): **10.1 – 10.8**

# Our Share Price Performance

Delivering Value



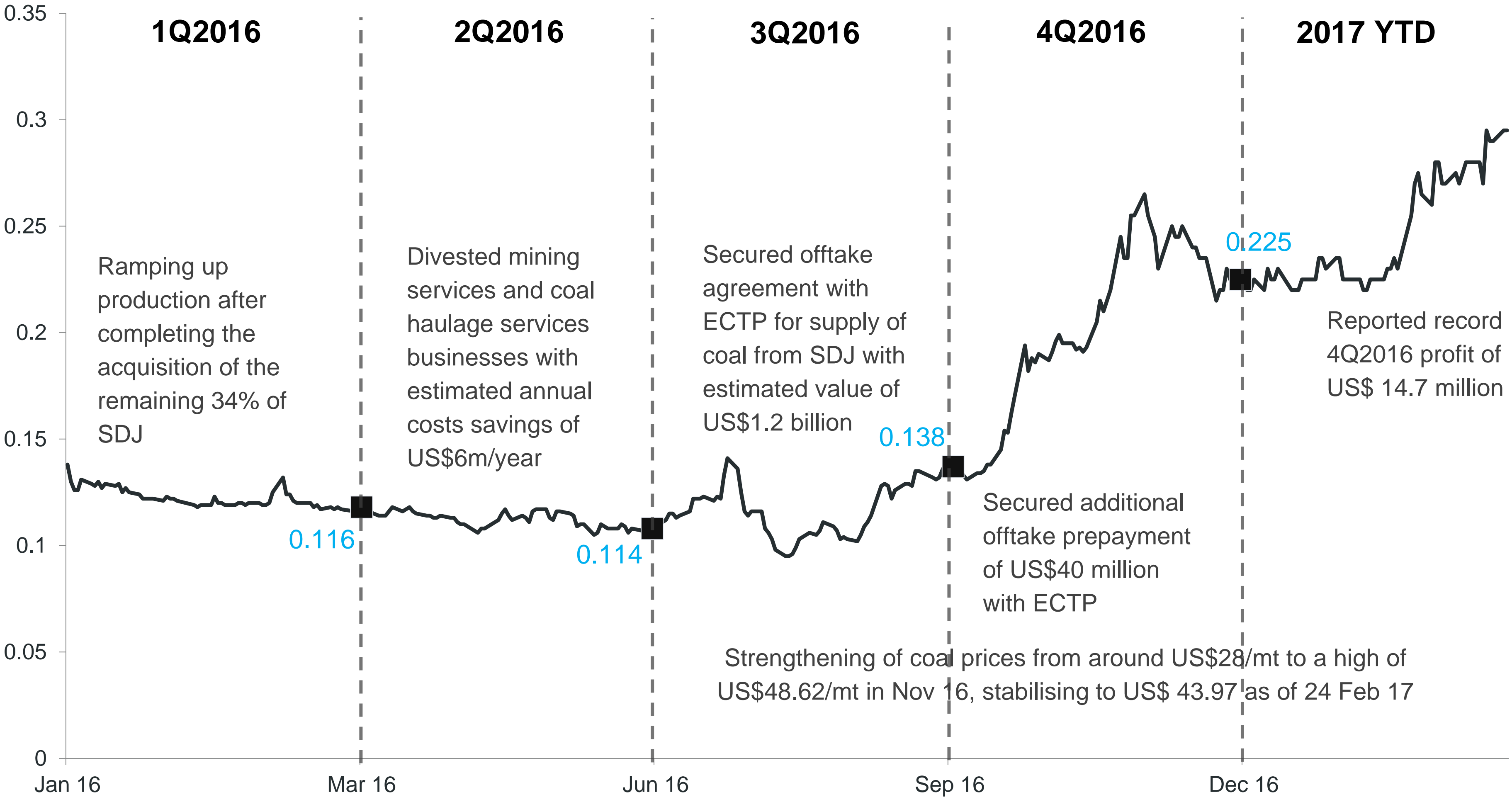
Geo Energy Resources Ltd (RE4.SI)

0.295

Stock Statistics

Number of Shares	1,212 million
Market Cap	S\$357.6 million

Key indicators	FY2016	FY2015
EPS (US cents)	1.95	(0.60)
NAV (US cents)	10.26	7.91
Net Debt to Equity	3%	73%
ROE	17.8%	(17.7)%
ROA	8 %	(7.7)%



# Our Share Price Performance

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**GEO: +114% , INDEX: -17%**

Geo Energy  
share price

SGX MOG  
Index

Source: Bloomberg, 2 Mar 2017

**Delivering Value**



**OUTPERFORMED  
THE SGX MOG  
INDEX IN FY2016**

For the period of 1 January 2016 to 28 February 2017, we have delivered a total share-holders return of 114% compared to a decline of 17% by the SGX MOG Index.



# Our Share Price Performance

Peers	General Info		4Q16 annualised		4Q16 adjusted			Balance sheet – most recent reported period			Enterprise Value
Company name	Listing	Market Cap (US\$ mn)	P/E Ratio	P/B Ratio	Revenue	EBITDA	Net Profit	Total Debt	Total Cash	Net Debt / Equity Ratio	
Geo Energy Resources Ltd	SGX	245	4.2	2.6	92	15	15	69	68	3.0%	246
Golden Energy & Resources Ltd	SGX	917	16.0	3.4	109	27	14	126	44	30%	999
Resources Prima Group Ltd	SGX	36	-	2.7	14	2	-2	1	5	-24%	33
BlackGold Natural Resources Ltd	SGX	55	-	5.3	0	-	-1	0	11	-101%	45
SGX average		10.1	10.1	3.5							
Rio Tinto PLC	LSE	78,141	8.5	1.7	9,141	3,611	1,452	9,196	4,101	11%	83,237
Adaro Energy Tbk PT	IDX	4,012	11.5	1.2	602	299	87	1,567	702	26%	4,877
Harum Energy Tbk PT	IDX	447	17.5	1.3	49	13	6	0	196	-57%	252
Baramulti Suksessarana Tbk PT	IDX	276	6.1	2.2	76	16	11	24	12	9%	288
Mitrabara Adiperdana Tbk PT	IDX	671	12.1	3.1	276	30	14	264	36	106%	899
Toba Bara Sejahtra Tbk PT	IDX	200	3.7	1.3	53	5	14	64	46	12%	219
Resource Alam Indonesia Tbk	IDX	168	16.0	2.2	24	3	3	0	7	-8%	162
IDX average		11,988	10.8	1.9							

Source: Bloomberg, 2 March 2017

**UNDERVALUED - TRADING MULTIPLE BELOW PEERS**  
**(GEO P/E RATIO: 4.2, AVERAGE: 10.1 – 10.8)**



# Geo Energy Group

[www.geocoal.com](http://www.geocoal.com)

**Adam Tan**

E-mail: [investor\\_relations@geocoal.com](mailto:investor_relations@geocoal.com)

Phone: +65 6702 0888



FY2016 RESULTS PRESENTATION

# THANK YOU

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**GEO ENERGY GROUP** is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. It now owns major mining concessions and coal mines in East and South Kalimantan. The Group is currently in the process of completing its acquisition of a mining concession in South Kalimantan. The acquisition will increase its JORC marketable coal reserves to over 90 million tonnes. Geo Energy has been listed on Singapore Stock Exchange's main board since 2012 and is part of the Singapore FTSE index.