



GEO
ENERGY RESOURCES

Strategy and 1Q2020 Bond & Equity Investor Presentation

29 May 2020

Tung Kum Hon
CEO/Director

Forward Looking Statements

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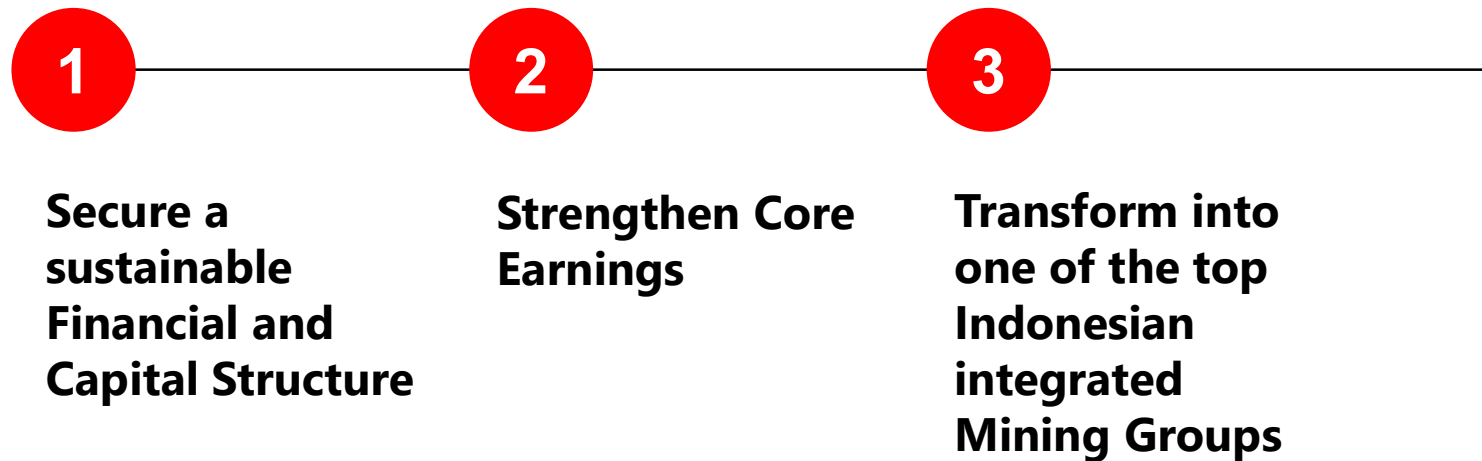
Geo Energy Strategy

Vision

To become one of Indonesia's top ten coal producers. Geo Energy commits to sustainable growth and enhancing shareholders value.

We will continue to pursue opportunities to expand our mining operations and in increasing our coal reserves through strategic acquisitions and vertical integration.

RESILIENCE is when times are challenging, you learn about who you are.



1

**Secure a
sustainable
Financial and
Capital Structure**



Secure a sustainable Financial and Capital Structure

A company going through a downturn with cash has a considerable advantage. We will continue to assess the market situation and business viability and pursue effective de-leveraging strategies.

We need to re-evaluate our business and where our core competence is, and target opportunities and chances in times of crisis to create the most value for our stakeholders. We need to ensure a solid finance is in place, so that we are fully prepared when another crisis strikes.

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Secure a sustainable Financial and Capital Structure

The Coal Industry faced unprecedented challenges in this COVID-19 pandemic, but it's starting to recover partly as countries start opening back up, including China. Demand has increased slightly and price for Indonesian coal has moved up partly. This is a government-imposed crisis shut down because of the pandemic and not so much a consumer driven demand crisis, which we should be more concerned about.

The Coal Industry has been through many cycles, but this is one we have not seen before, both in supply and demand issues at the same time. The market hasn't stabilised. It's very difficult for coal producers to make money when coal is at today's prices. Only the low costs coal producers can still produce. Several Indonesian coal producers have scaled down their production or stopped completely.

1

Secure a sustainable Financial and Capital Structure

Bankruptcies have been on the rise and several Indonesian coal producers were placed under PKPU debt restructuring or seeking to refinance their debts.

This is going to be a difficult time for the coal industry, but we think the best approach is to follow the market and re-evaluate our business and where our core competence is.

1

Secure a sustainable Financial and Capital Structure

A. Strengthened Balance Sheet and Reduction in Gearing

Facing financial challenges ahead, **we restructured our balance sheet to reduce leverage and lower interest expense to strengthen our capital structure and enhance the Group's credit profile as part of an effective de-leveraging strategy.**

The Group repurchased US\$95.8 million principal amount of its 8% Senior Notes due 2022 ("**Senior Notes**") in 1Q2020 and further repurchased US\$34.1 million principal amount of its Senior Notes in April 2020 (the "**Repurchase**") **to instil confidence in the market and provide an opportunity to the investors of our Senior Notes to gain liquidity that might not otherwise be available.** The Repurchase was from Senior Noteholders who approached the Group needing liquidity based on market prices.

Secure a sustainable Financial and Capital Structure

A. Strengthened Balance Sheet and Reduction in Gearing

After the Repurchase, the outstanding Senior Notes decreased to US\$188.1 million as of 31 March 2020 from US\$283.9 million as of 31 December 2019, and to **US\$154.0 million as at 28 April 2020**. This represents a current net debt position of US\$88.1 million as at 31 March 2020 and US\$71.1 million as at 30 April 2020. With **the Repurchase, the Group has streamlined its capital structure and reduced annual interest expense by approximately US\$11.7 million.**

The Group had made a Consent Solicitation and Tender Offer relating to the Senior Notes on 21 May 2020 provides an opportunity to the noteholders to gain liquidity that might not otherwise be available.

Tender Offer

- 1) Pay US\$ 430 per US\$ 1,000 principal amount** of the Notes plus accrued interest in relation to the Senior Notes for Holders, who validly tender the Senior Notes at or **prior to 4 June 2020**.
- 2) Pay US\$ 400 per US\$ 1,000 principal amount** of the Notes plus accrued interest in relation to the Senior Notes for Holders, who validly tender the Senior Notes at or prior to 18 June 2020 but **after 4 June 2020**.

Secure a sustainable Financial and Capital Structure

A. Strengthened Balance Sheet and Reduction in Gearing

This being an any-and-all tender offer, the Company **can only afford to offer as high a consideration as its current liquidity position allows** for, with an assumption that potentially all noteholders tender at the Repurchase Price of US\$430 per US\$1,000 principal amount.

Furthermore, the Repurchase Price proposed is **in line with the last traded price when the Group repurchased US\$34.1 million of the Notes** via an open market repurchase in end April 2020. This is also in line with the trend of falling repurchase prices that the Group had transacted at with various Holders since December 2019.

With the uncertainty around the Group's ability to satisfy the minimum coal reserve requirements on 4 April 2021 under the Mandatory Offer to Purchase covenant ("**Put Option**") and the Group's future liquidity position given the currently weak economic conditions and demand outlook for coal, we believe that at the Repurchase Price, it is offering to return to Holders most of its remaining cash available through this exercise.

The **current market price quoted for the Notes is about 50%.**

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Secure a sustainable Financial and Capital Structure

A. Strengthened Balance Sheet and Reduction in Gearing

- **Reduction of Debt by 31%** (30 April 2020 – 46%)
- **Net Debt/EBITDA¹ at 2.5 times**
- **Cash and Net Debt was US\$81.6 million and US\$71.1 million** as of 30 April 2020

Financial Ratio	31 Mar 2020	% Change ²
Gearing – Debt/Equity (times)	1.3	(45)
Net Debt / EBITDA (times)	2.5	(60)
Fixed charge coverage ratio (EBITDA/finance cost) (times)	1.3	47

¹ 12 months trailing as at 31 March 2020

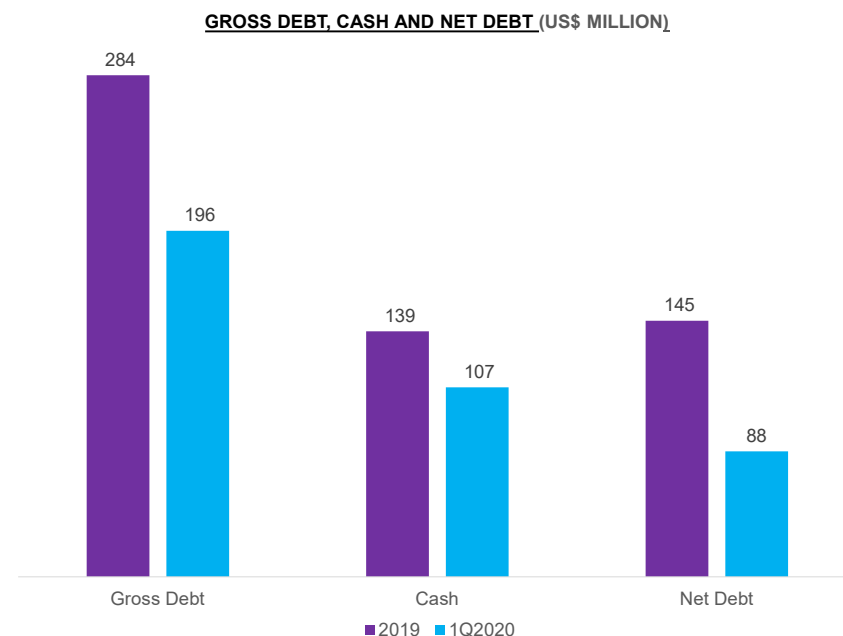
² from 31 December 2019

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Secure a sustainable Financial and Capital Structure

A. Strengthened Balance Sheet and Reduction in Gearing

- **Gross debt¹ mainly pertains to the Senior Notes.** As of 30 April 2020, the **outstanding Senior Notes was US\$154.0 million** as the Group had purchased US\$111.9 million of the Senior Notes from Dec 2019 to March 2020 and an additional US\$34.1 million in April 2020.
- **Cash was US\$81.6 million as at 30 April 2020** compared to US\$139.0 million as at 31 Dec 2019. Cash payments were mainly for the repurchases of the Notes and payment of accrued interest of the Notes, offset by movement in working capital in the ordinary course of business.
- **Net debt as of 30 April 2020 was US\$71.1 million.**



¹ Gross debt is calculated as the sum of lease liabilities and notes payable (including interest payable)

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Secure a sustainable Financial and Capital Structure

B. Flexibility as a Key - One important aspect of coping

Removal of the Mandatory Offer to Purchase covenant and to increase the existing working capital and general permitted debt baskets

- **Consent Solicitation with a Consent fee of 1%**

- a) **Remove the Mandatory Offer to Purchase covenant**, which would otherwise require the Group to make an offer to purchase all of the outstanding Notes in the event the Group is unable to satisfy certain minimum coal reserve requirements by **4 April 2021**.
- b) **Increase the working capital permitted debt** basket by US\$ 15.0 million **and the general permitted debt** basket to US\$ 10.0 million.

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Secure a sustainable Financial and Capital Structure

B. Flexibility as a Key - One important aspect of coping

- **Consent Solicitation - >75% of the outstanding amount of the Notes**

Removal of the Mandatory Offer to Purchase covenant in the event the Group is unable to satisfy certain minimum coal reserve requirements by 4 April 2021

While the Group continues to explore potential acquisition(s) of coal assets, management is doing so cautiously, in light of the current challenging market conditions. The Group and its management believe it would not be prudent nor in the long-term interests of its various stakeholders, to enter into acquisition(s) where the return on investment is limited during this period of challenging market conditions, just to fulfil the minimum coal reserve requirement in the Put Option.

Why not? The Group is in the process of renewing the licenses of its SDJ and TBR coal mining concessions and conducting new exploration at the TBR concession to increase its JORC proved and probable coal reserves. It is expected (but may change) that the combined coal reserves of SDJ and TBR will increase from this new exploration in TBR and the Mandatory Offer to Purchase covenant may fall away with or without a smaller acquisition (if any) .

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Secure a sustainable Financial and Capital Structure

B. Flexibility as a Key - One important aspect of coping

Certain minimum coal reserve requirements by 4 April 2021

Effective Equity Interest of GER		SDJ (98.96%)	TBR (97.91%)	BEK (98.88%)	Total
IUP expiry date		29 May 2022	11 Jan 2022	4 Apr 2031	
JORC Reserves	Mt	23.8 ¹	40.9 ¹	12.4 ¹	
Less:					
1Q2020 coal production	Mt	(1.1)	(1.5)	-	
Total JORC Reserves as at 31 March 2020	Mt	22.7	39.4	12.4	74.5

Minimum Reserve Condition (First Call Date), means the Group has not less than 80Mt of Qualified Reserves of Qualified Mines having an IUP that expires no earlier than October 4, 2025.

Minimum Reserve Condition (Fall-Away), means the Group has 120Mt of (i) SDJ/TBR/BEK Reserves and (ii) new reserves with 8 years from the date of determination.

¹ JORC reserves are reported in accordance with SMGC's Independent Qualified Person's Report as at 31 December 2019

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Secure a sustainable Financial and Capital Structure

B. Flexibility as a Key - One important aspect of coping

- **Consent Solicitation - >50% or not less than majority of the outstanding amount of the Notes**

Increased flexibility to incur indebtedness for working capital and other corporate purposes

The weakening global outlook and demand for coal has increased the Group's need for additional flexibility in light of the current challenging market conditions, and in doing so, be in a better position to address its obligation to Holders come the final maturity date in 2022.

Under the existing terms of the Indenture, the working capital permitted debt basket is set at US\$40.0 million and the general permitted debt basket is set at US\$5.0 million. The Group is seeking Holders' consent to amend the Indenture and increase the Limitation on Indebtedness covenant by an aggregate **increase of US\$20.0 million**.

Why not? The total debt had decreased US\$146m Vs increase US\$20m in the consent solicitation.

1

Secure a sustainable Financial and Capital Structure

B. Flexibility as a Key - One important aspect of coping

What if the Consent Solicitation is not successful?

We would have saved the 1% or US\$1.54 million consent fee payable (assuming 100% not consented) to noteholders and the Mandatory Offer to Purchase covenant may fall away with or without a smaller acquisition (if any) and we are limited on the flexibility to incur indebtedness for working capital and other corporate purposes, notwithstanding that we can raise funding in the markets.



**Strengthen Core
Earnings**

2

Strengthen Core Earnings

1Q2020

- **Revenue of US\$ 87.8 million**, a 34% increase from US\$ 65.7 million in 1Q2019.
- **Production cash cost reduced to US\$ 26.86 per tonne**, a 11% reduction from production cost of US\$ 30.24 per tonne in 1Q2019.
- **Cash profit was US\$ 6.36 per tonne**, US\$ 4.56 per tonne higher than cash profit of US\$ 1.80 per tonne in 1Q2019.
- **Net profit was US\$ 31.4 million**, a reversal from 1Q2019's net loss of US\$ 8.7 million.
- **Cash balance as at 31 March 2020 was US\$ 107.4 million**, a reduction from cash balance of US\$ 139.0 million as at 31 Dec 2019.

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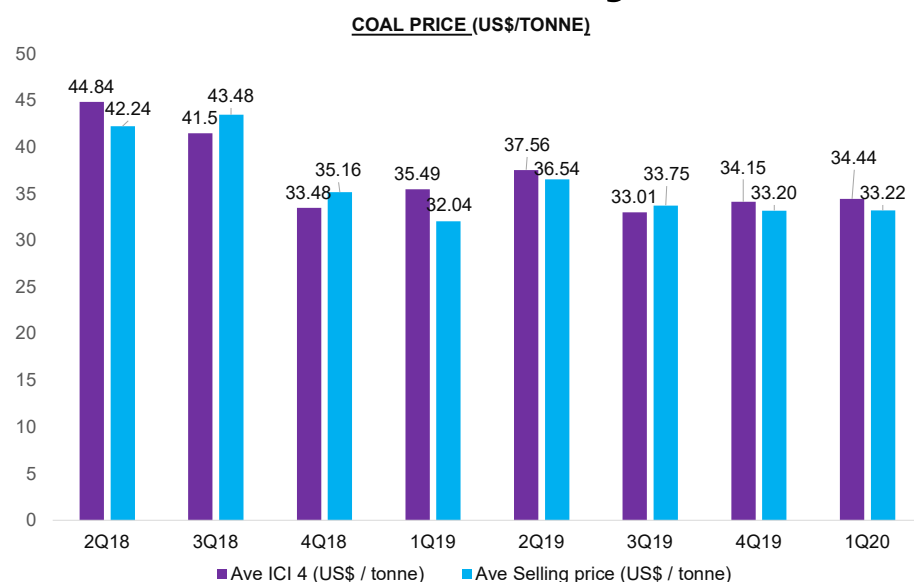
Strengthen Core Earnings

1Q2020 - Summary

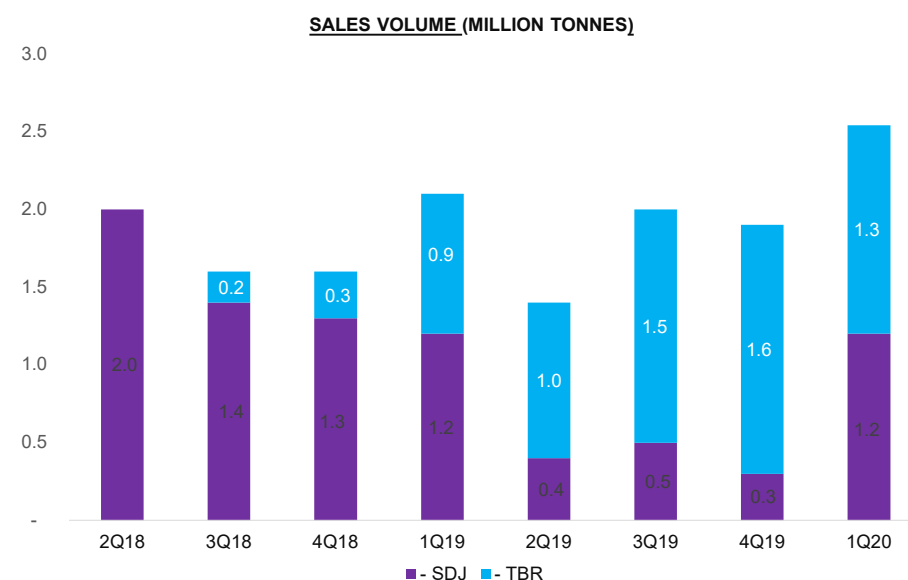
Key Operating Matrix	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	% Change Y-o-Y
In million tonnes						
Sales Volume	2.1	1.4	2.0	1.9	2.5	19
Production Volume	1.9	1.7	2.2	1.5	2.6	37
In US\$ / tonne						
Average ICI 4	35.49	37.56	33.01	34.15	34.44	(3)
Average Selling price	32.04	36.54	33.75	33.20	33.22	4
Production Cash Cost	30.24	25.78	31.74	29.05	26.86	(11)
Cash Profit	1.80	10.76	2.01	4.15	6.36	253

Strengthen Core Earnings

1Q2020 - Summary



Average ICI 4 for 1Q 2020 has been relatively stable since 4Q2018.



TBR to account for a growing share of Geo Energy's total coal produced.

2

Strengthen Core Earnings

1Q2020 - Summary

Key Financials US\$million	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	% Change Y-o-Y
Income Statement						
Revenue	66	52	67	64	88	34
12-mth trailing EBITDA	50	41	24	23	35	(30)
Net profit (loss)	(9)	1	(11)	(29)	31	nm
US\$million	31 Mar 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019 (A)	31 Mar 2020 (B)	% Change (B-A)/A
Balance Sheet						
Debt ¹	303	299	305	284	196	(31)
Cash	206	200	184	139	107	(23)
Net Debt	97	99	121	145	88	(39)
Equity	165	163	151	123	155	26

¹ Debt is calculated as the aggregate of the Group's lease liabilities and Senior Notes (including interest payable)

2

Strengthen Core Earnings

1Q2020 - Summary

Financial Ratio	31 Mar 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019 (A)	31 Mar 2020 (B)	% Change (B – A)/(A)
Net Debt / EBITDA	1.9	2.4	5.0	6.3	2.5	(60)
Credit Ratings	S&P		Moody's		Fitch	
Rating / Outlooks	SD / Negative		Caa3 / Negative		C	

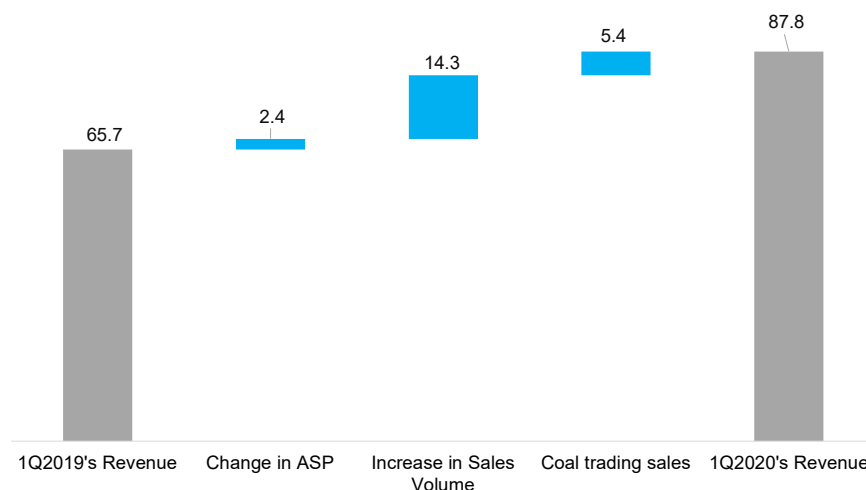
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Strengthen Core Earnings

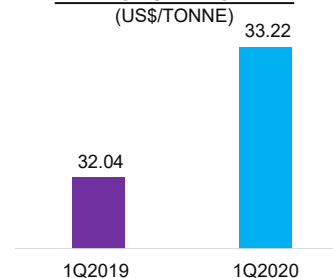
1Q2020

- Revenue increased by 34% due to higher sale volume and improved selling price.
- **Average Selling Price increased** 3.7% to US\$33.22 per tonne in 1Q2020 from US\$ 32.04 per tonne in 1Q2019. This is despite a lower average ICI 4,200 GAR coal price of US\$34.44 in 1Q2020 than the US\$35.49 in 1Q2019. The competitive pricing was due to the appointment of Macquarie and Trafigura as coal offtakers.
- **Coal sales increased** to 2.5 million tonnes for 1Q2020 from 2.1 million tonnes in 1Q2019.
- The Group also recorded revenue of **US\$5.4 million from sales of coal purchased from PT Titan Infra Energy** ("TIE"), with whom the Group has entered into a coal purchase agreement for exports in 2020.

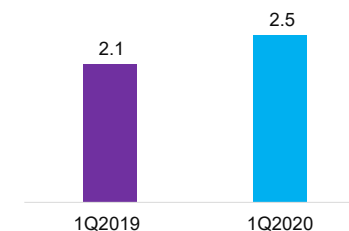
IMPACT OF REVENUE CHANGE
(US\$ MILLION)



AVERAGE SELLING PRICE
(US\$/TONNE)



SALES VOLUME
(MILLION TONNES)

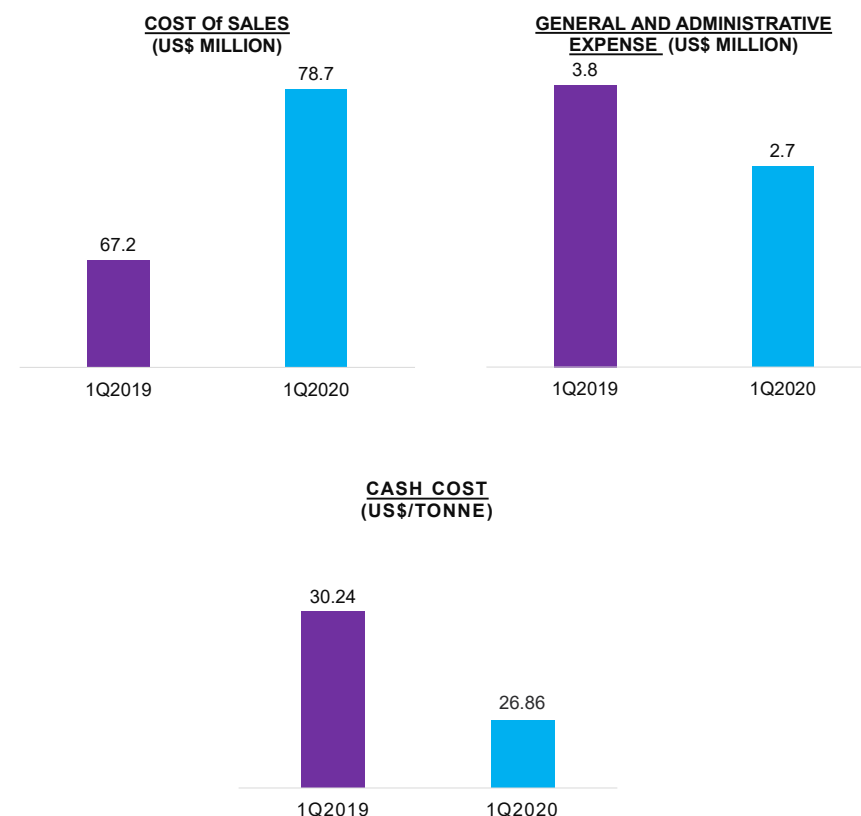


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Strengthen Core Earnings

1Q2020

- **Cost of sales increased by 17%** in 1Q2020, which is lower than the increase in production volume. This reflects the successful renegotiation with the Group's suppliers for lower costs in line with lower coal prices. Nevertheless, the Group is looking to continue the discussions to lower our service providers' fee and charges given the COVID-19 situation and thus, the challenging coal market outlook.
- **Cash cost per tonne decreased to US\$26.86 per tonne** in 1Q2020, down from US\$30.24 per tonne in 1Q2019.
- **General and administrative expenses reduced by 28%** mainly due to lower professional fees incurred.



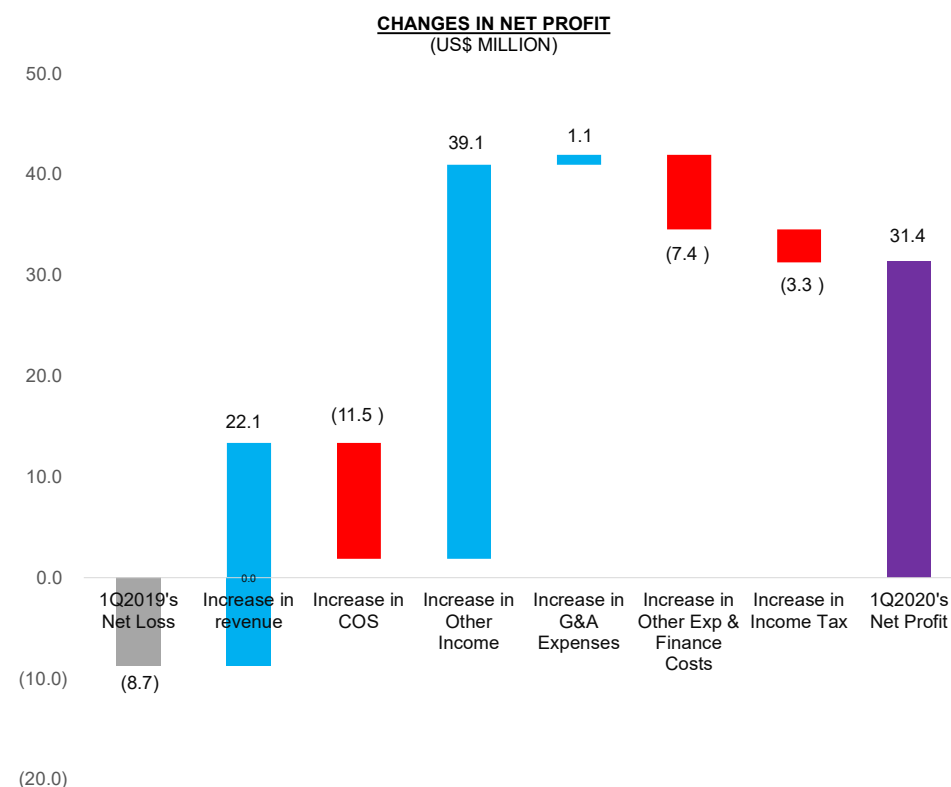
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Strengthen Core Earnings

1Q2020

Net Profit of US\$31.4 million, a reversal of net loss of US\$8.7 million in 1Q2019.

(US\$ million)	1Q2019	1Q2020	Change	Remarks
1Q2019's Net profit			(8.7)	
Increase in revenue	65.7	87.8	22.1	Increase in sales volume and higher price
Increase in COS	(67.2)	(78.7)	(11.5)	Higher sale volume mitigated by lower production costs
Increase in Other Income	1.7	40.8	39.1	US\$40.0 million gained due to redemption of Senior Notes. The Group acquired US\$ 95.8m in principal amount of the Senior Notes for US\$55.8 million, including the accrued interest.
Increase in G&A Expenses	(3.8)	(2.7)	1.1	Reduction due to lower professional fee incurred.
Increase in Other Exp & Finance Costs	(7.1)	(14.5)	(7.4)	US\$5.0 million impairment loss on certain trade and other receivables and forex loss as a result of the IDR depreciation against US\$
Increase in Income Tax	1.9	(1.4)	(3.3)	
1Q2020's Net Profit			31.4	



Strengthen Core Earnings

2020 Outlook

COVID-19 Pandemic and Crude Oil Price

- The COVID-19 pandemic and volatile crude oil price have caused significant volatility in coal price with supply and demand remaining in flux.
- Economic activities in China, the Group's main export market, have increased, leading to more demand for electricity and hence, coal. However, the significant reduction in oil price have pressured the price outlook for thermal coal. Oil is an alternative source of energy, but the risk is partially mitigated by the high switching costs in the technology used for power plants.
- Consequently, the ICI price for 4,200 GAR coal had decreased by US\$ 6.46 per tonne from the 1Q2020 average of US\$ 34.44 per tonne to US\$ 27.98 per tonne on 22 May 2020. Price is likely to remain weak in the near future given the weak demand outlook.
- Nevertheless, the falling crude oil price in 1Q2020 will also reduce the Group's production cost as our mining cost is linked to fuel price. This has not been fully reflected in the fuel prices used in our mining cost. Fuel cost accounts for about 28% of our mining costs and the Group currently has a 9% discount from fuel adjustment in the mining contractor cost.

2

Strengthen Core Earnings

2020 Outlook

As of 30 April 2020, the Group had cash balance of US\$ 81.6 million. The Group had terminated the CSPA for the acquisition of PT Titan Global Energy on 1 April 2020 as certain condition precedents were not met. Nevertheless, **the Group will continue to explore potential acquisitions of coal assets but will be cautious given the current challenging market conditions.**

3

**Transform into
one of the top
Indonesian
integrated
Mining Groups**

Transform into one of the top Indonesian integrated Mining Groups

Shorter economic cycles for the coal industry calls for new level of flexibility and responsiveness from us on the inevitable changes.

The decisions we make in the near term will most likely drive how Geo Energy is sustained in the long term. We need to prepare for what may change in the months and years ahead.

Share Price Performance

Earnings Per Share for the three months in 1Q2020 was S\$0.03. Net Tangible Asset Per Share was S\$0.16 as at 31 March 2020. The Company's share price as at 22 May 2020 was S\$0.13 per share.

S\$0.13

Last Quoted on 22 May

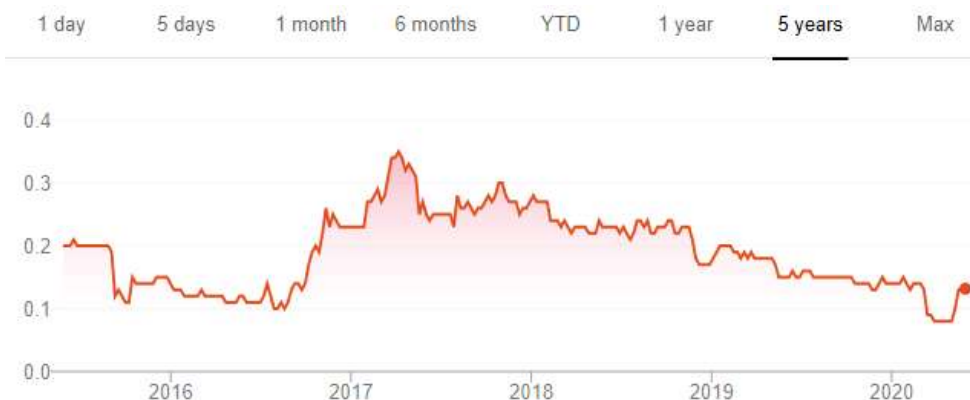
S\$185M

Market Capitalisation

GERL:SP Singapore
Geo Energy Resources Ltd [COMPANY INFO](#)

0.13 SGD -0.01 -4.35% ▼

OPEN	PREV CLOSE	VOLUME
0.14	0.14	1,467,400
MARKET CAP	DAY RANGE	52 WEEK RANGE
184.704M	0.13 - 0.14	0.07 - 0.17



Bond Price Performance

Repurchased US\$34.1 million principal amount of its Senior Notes in April 2020 at 43% to instil confidence in the market and provide an opportunity to the investors of our Senior Notes to gain liquidity that might not otherwise be available.

Bond Information

Bond Issuer Geo Coal International Pte Ltd	Bond Currency USD	Issue Size 283,939,000	Bond Credit Rating (S&P/ Fitch) D/ CC
Guarantor Subsidiaries	Annual Coupon Rate (% p.a.) 8.000	Announcement Date 27 Sep 2017	Issuer Credit Rating (S&P/ Fitch) N.R/ N.R
ISIN USY2700AAB53	Coupon Type Fixed	Issue Date 04 Oct 2017	Exchange Listed SGX
CUSIP AP3385535	Reference Rate -	Maturity Date 04 Oct 2022	Seniority Senior Unsecured
Bond Type High Yield Corporate	Annual Coupon Frequency Semi Annually	Years to Maturity 2.360	Sukuk Investing Conventional
Bond Sector Energy	Min. Investment Quantity USD 200,000	Issue / Reoffer Price 98.792	
Bond Sub Sector Oil, Gas and Consumable Fuels	Incremental Quantity USD 1,000		

Ask Yield to Maturity (% p.a.) ⓘ

39.020

Ask Yield to Worst (% p.a.) ⓘ

39.020

Indicative Ask Price USD ⓘ

54.630

Bond Complexity

Moderate

Bid Yield to Maturity (% p.a.) ⓘ

43.665

Bid Yield to Worst (% p.a.) ⓘ

43.665

Indicative Bid Price USD ⓘ

50.320

Investor Profile

**Speculative /
Distressed**

1 M 6 M 1 Y 3 Y Returns Since Inception



A black and white photograph of Nelson Mandela, an older man with grey hair, wearing a suit and tie. He is raising his right fist in a gesture of solidarity or protest. The background is a blurred crowd of people.

**IT ALWAYS SEEMS
IMPOSSIBLE
UNTIL ITS DONE**

THANK YOU



Nelson Mandela Quotes via Gecko&Fly

For more information, please visit
www.geocoal.com

