

GEAR – 2Q/1H FY2017 – Results Briefing

15 August 2017

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ii.agree to be bound by the limitations and restrictions described herein.

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1 Performance Highlights

2 Outlook and Growth Strategies

3 Q&A

Performance Highlights



Performance Highlights

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High Calibre Team…



Lay Krisnan Cahya
Non-Executive Chairman



Fuganto Widjaja
Executive Director, Group CEO



Dwi Prasetyo Suseno
Executive Director, Dy CEO



Mochtar Suhadi
Executive Director



Pauline Lee
Chief Financial Officer



Mark Zhou
Head of Investments

…Driving Exceptional Growth

1 Robust Financial Performance with Maiden Interim Dividend

- Recorded **US$48.7 million in net profit** for 1H FY2017, compared to US$1.7 million in 1H FY2016
- **Revenue rose 51.3%** to **US$282.8 million** in 1H FY2017 from US$187.0 million in 1H FY2016
- **Low gearing at 0.09 times** as at 30 June 2017
- Healthy cash and cash equivalents position of **US$122.1 million**
- Declared **maiden interim dividend** of **0.8 Singapore cents per share**

2 Track Record of Operational Excellence

- One of the few producers that remained profitable and increased production during coal's down cycle
- Achieved **coal production** volume of **6.01 MT** in 1H FY2017 despite extended monsoon season, a **39.5% increase** from 1H FY2016
- Successfully obtained Indonesia Government's approval to raise production output in BIB concession to 12 MT in 2017
- On track towards achieving production target of 14 MT in FY2017

3 Quality Coal Assets with Excellent Infrastructure

- **Over 2.3 billion tonnes** of **high quality**, low sulphur coal resources[(1)] with comparatively lower stripping ratio
- Concessions **strategically located in close proximity to major customers** and end-users in Asia
- Supported by **excellent dedicated transport infrastructure**

4 High Calibre Management Team

- Management team has **proven experience** in successfully navigating the market cycle
- Production grew from approximately 1.3 MT in 2008 to **approximately 9.5 MT in 2016**

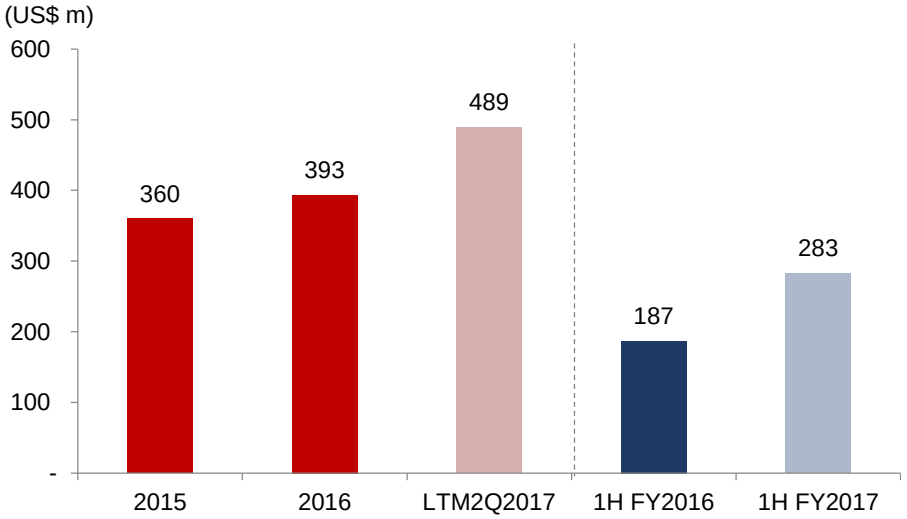
Source: Company materials
(1) Company materials.

1 Robust Financial Performance with Maiden Interim Dividend

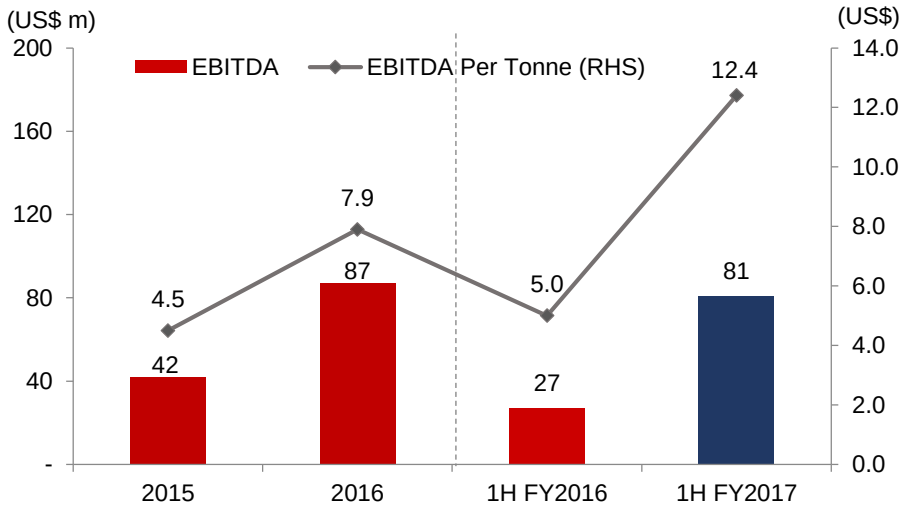
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Geographical Diversification, Strong Balance Sheet and Low Cost Operations Drive a Robust and Improving Financial Performance

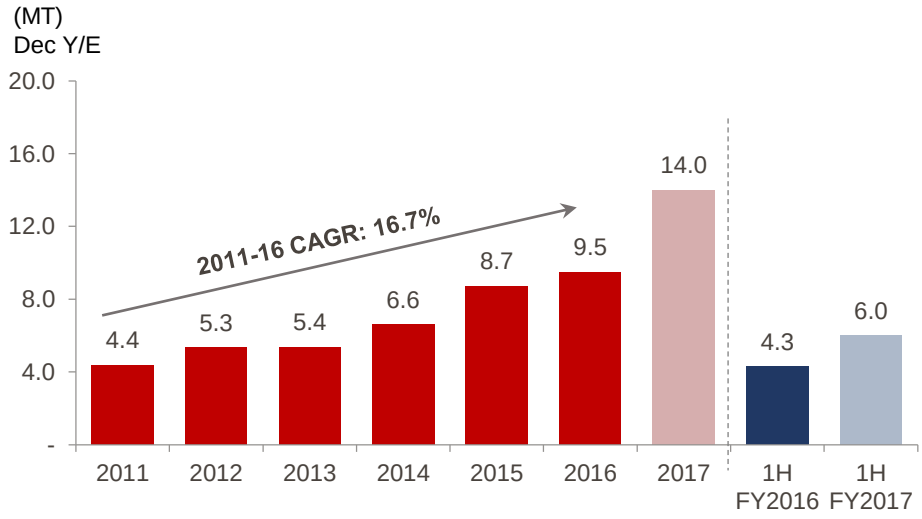
Revenue Growth



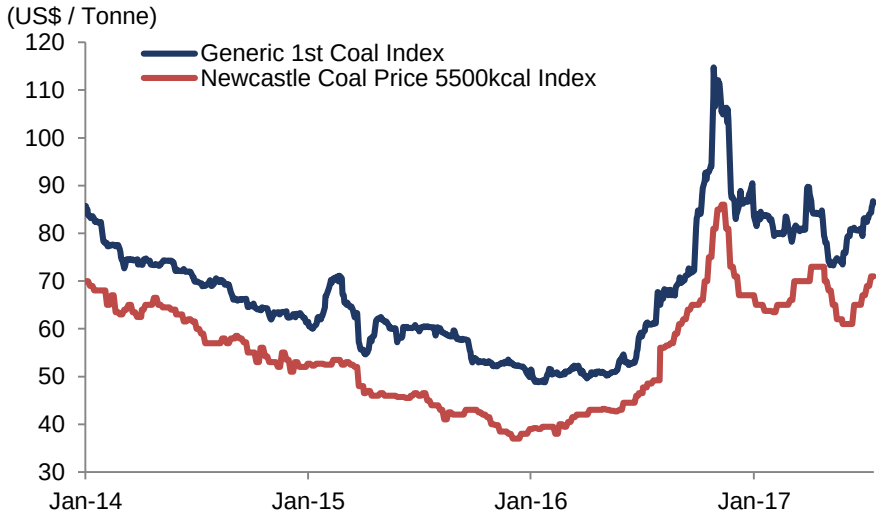
EBITDA Trend – Coal Mining



Production Volume Trend – Coal Mining



Newcastle Coal Price Trend



Source: Company Annual Reports, Bloomberg.

1 Robust Financial Performance with Maiden Interim Dividend

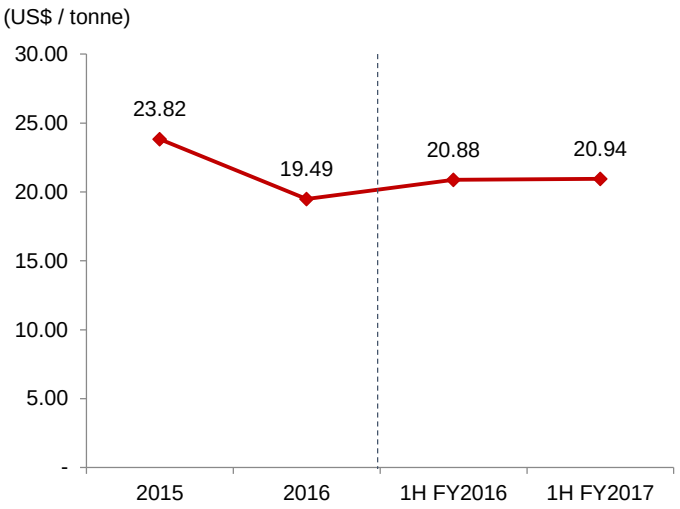
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Geographical Diversification, Strong Balance Sheet and Low Cost Operations Drive a Robust and Improving Financial Performance

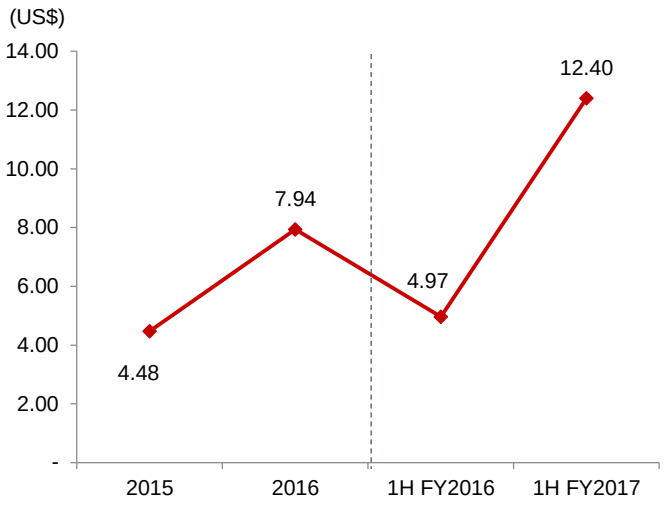
Key Points

- Steady recovery in unit EBITDA realization across the cycle
- Consistent decline in cash cost driven by management's focus on operational optimization
- Lower stripping ratio compared to other Indonesian and global coal companies
  - ❖ Benefits from lower cost open cut mining methods
  - ❖ Low average life of mine stripping ratio at the BIB concession areas of 1:4.1
- Declared maiden interim dividend of 0.8 Singapore cents per share

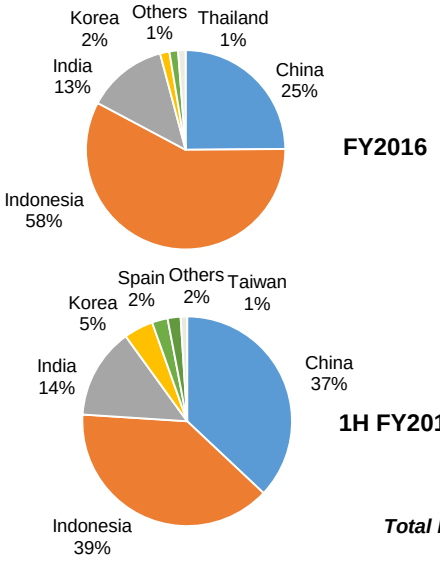
Cash Cost per Tonne(1) - Coal Mining



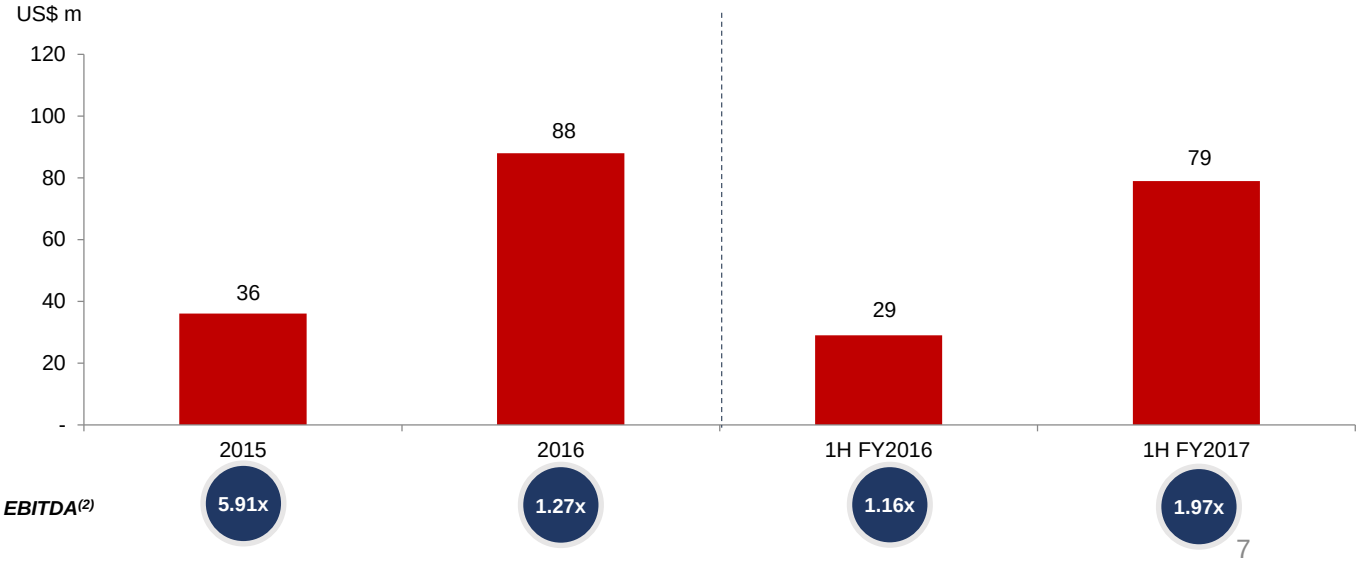
EBITDA per Tonne – Coal Mining



FY2016 VS 1H FY2017 Revenue



EBITDA and Leverage – Coal Mining



Sources: Company materials

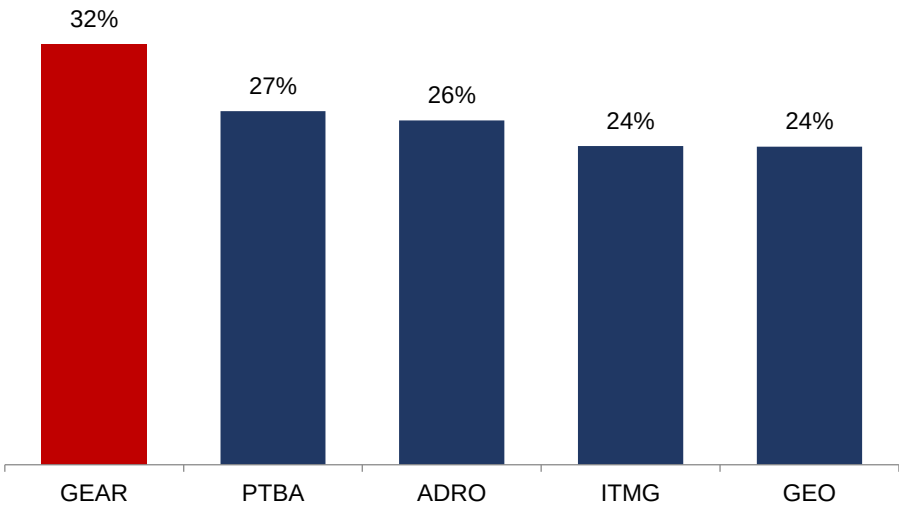
(1) Includes COGS and selling expenses, excludes royalty and non cash items such as depreciation and amortization (D&A)

(2) Total Debt = Loans and borrowings + Trade and other payables.

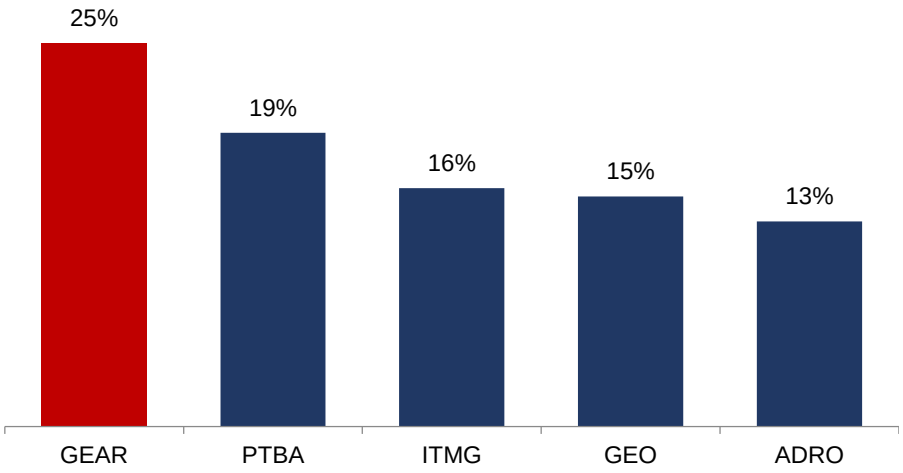
GEAR's Profitability Relative to Peers

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Operating Margin (1Q 2017)



Net Margin (1Q 2017)



Source: Bloomberg.

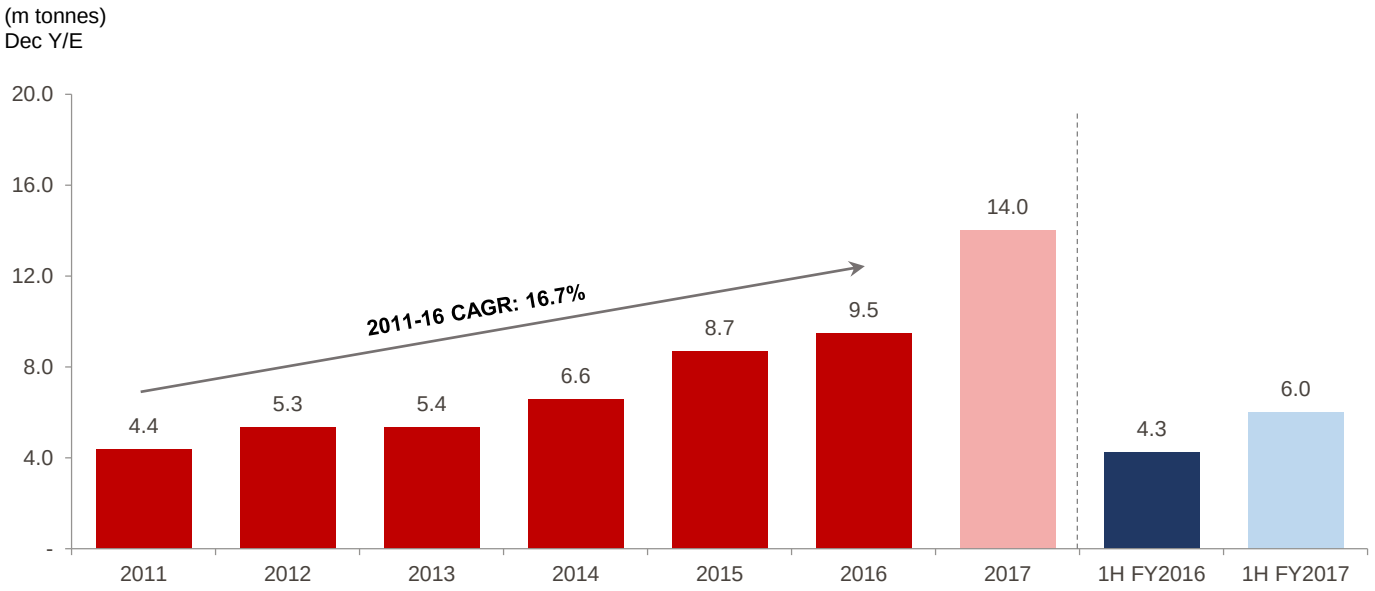
2 Track Record of Operational Excellence

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Business Has Exhibited Resilience To Industry-wide Challenges

- Top 10 Indonesian coal company by production volume
- Gained Indonesian government approval to raise production output in BIB concession to 12m tonnes in 2017
- On track to achieving its target coal production volume of 14m tonnes for FY2017
- Strategically located near main customers or end users in Asia
- Product is more affordable than Australian coal, which is impacted by a higher price premium and freight costs
- Proximity to port facilities and transport infrastructure supportive of production growth
  - ❖ Highly cost-effective and efficient logistics supply chain

Production Volume – Coal Mining



Positioned For Growth

Recent Performance Highlights

1 Production Ramp-Up

- 40% increase in 2016 production volume to 9.5m tonnes from 2014 level of 6.6m tonnes
- Expects to produce 14m tonnes in 2017

2 Operational Enhancement

- Increase portfolio diversification through enhanced revenue contributions across business lines
- Strong profitability growth with net profit of US$48.7 million for 1H FY2017, compared to US$1.7 million in 1H FY2016

3 Strong Balance Sheet

- Debt(1)/LTM EBITDA of 1.13x(2)
- Robust cash and cash equivalents of US$122.1m(2)

Source: Company information..
(1) Debt means total borrowings of the Company + trade and other payables
(2) As at 31 June 2017

3 Quality Coal Assets with Excellent Infrastructure

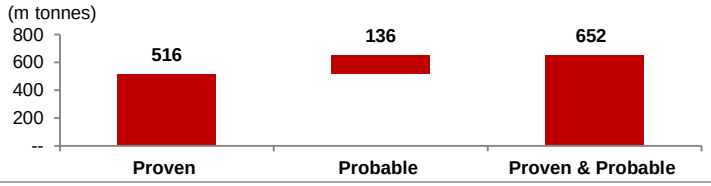
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High Quality, Long Life Coal Resources and Reserves with an Average Calorific Value Range of Between 2,900 to 6,600 kcal/kg (arb)

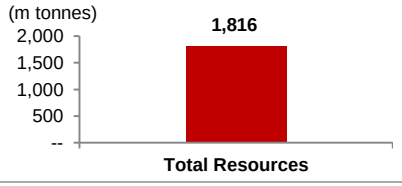
- Borneo Indobara's coal has established itself as a well-regarded brand in the market
  - ❖ Highly sought-after by power plants in Indonesia, India, China and other Southeast Asia countries given the versatility of the coal grade
  - ❖ Suitable for major export markets, such as China and India, as well as for domestic power producers in Indonesia
  - ❖ Low sulphur specifications allow for blending with higher sulphur coal

BIB

Marketable Coal Reserves(1)



Coal Resources(2)

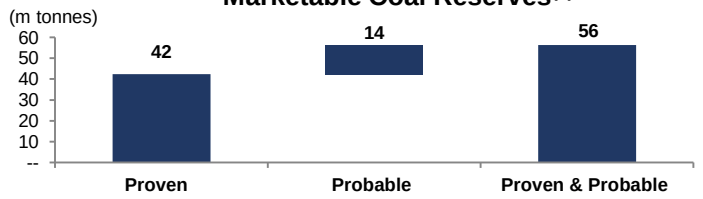


Coal Quality Characteristics(3)

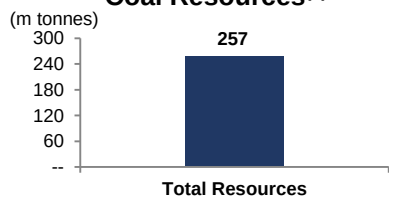
Calorific Value	3,866 – 6,528 kcal/kg (arb)
Sulphur Content	0.22% (adb)

KIM

Marketable Coal Reserves(1)



Coal Resources(2)

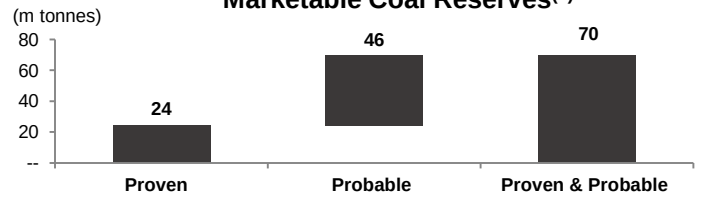


Coal Quality Characteristics(3)

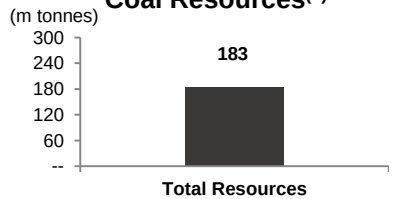
Calorific Value	4,828 – 4,980 kcal/kg (arb)
Sulphur Content	1.32% (adb)

EMS

Marketable Coal Reserves(1)



Coal Resources(2)

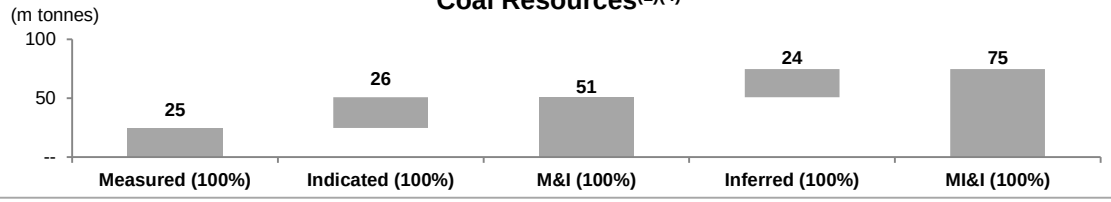


Coal Quality Characteristics(3)

Calorific Value	2,834 – 2,912 kcal/kg (arb)
Sulphur Content	0.20% (adb)

TKS

Coal Resources(1)(4)



Coal Quality Characteristics(3)

Calorific Value	5,726 kcal/kg (adb)
Sulphur Content	2.0% (adb)

Source: Company Filings and materials.
(1) As at 31 Dec 2016.
(2) Measured, indicated & inferred resources based on independent QP report as of 31 Dec 2016.
(3) Based on independent QP report as of 31 Dec 2016.
(4) Resources are inclusive of Reserves as at 31 Dec 2016.

4 High Calibre Management Team

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Under the Stewardship of the Management Team, Coal Production of GEMS grew from approximately 1.3m tonnes in 2008 to approximately 9.5m tonnes in 2016

 **Lay Krisnan Cahya** *Non-Executive Chairman*	• Currently serves as President Director of PT Dian Swastatika Sentosa Tbk ("DSS") and President Commissioner of GEMS • Presently sits on the board of commissioners of various mining and mining-related companies in Indonesia
 **Fuganto Widjaja** *Executive Director, Group CEO*	• Oversees the overall management and operations of the Group • President Director of GEMS and PT Berau Coal Energy Tbk with 10 years of management experience in the coal industry • Holds a Master's Degree in Philosophy (Finance) from the University of Cambridge
 **Dwi Prasetyo Suseno** *Executive Director, Deputy CEO*	• Assists Mr. Widjaja in overseeing the overall management and operations of GEMS • Former Group CFO at Straits Corporation Group (part of Straits Asia Resources) • Over 20 years experience in mining, commodities and oil & gas industries • Presently sits on the Board of Directors of GEMS
 **Mochtar Suhadi** *Director*	• Also serves as Director of GEMS • Served in several positions in PT Catur Mitra Sejati Sentosa, KIM, PT Manggala Alam Lestari, and PT Nusantara Indah Lestari • Holds a B.Sc. degree from University of Michigan
 **Pauline Lee** *Chief Financial Officer*	• Responsible for overseeing GEAR's financial, accounting and reporting functions as well as the overall financial risk management of the Group • Close to 15 years of accounting and finance experience • Certified chartered accountant and holds a Master of Finance from the Royal Melbourne Institute of Technology
 **Mark Zhou** *Head of Investments*	• Responsible for overseeing and managing GEAR's assets, fund raising and M&A activities as well as investor relations • Former CIO of Geo Energy Resources – completed various equity and debt raising as well as coal mine acquisitions • Possesses investment banking experience having completed numerous IPOs, RTOs and corporate actions on the Singapore Exchange

Sources: Company materials and website.

Outlook and Growth Strategies



Local and Regional Outlook

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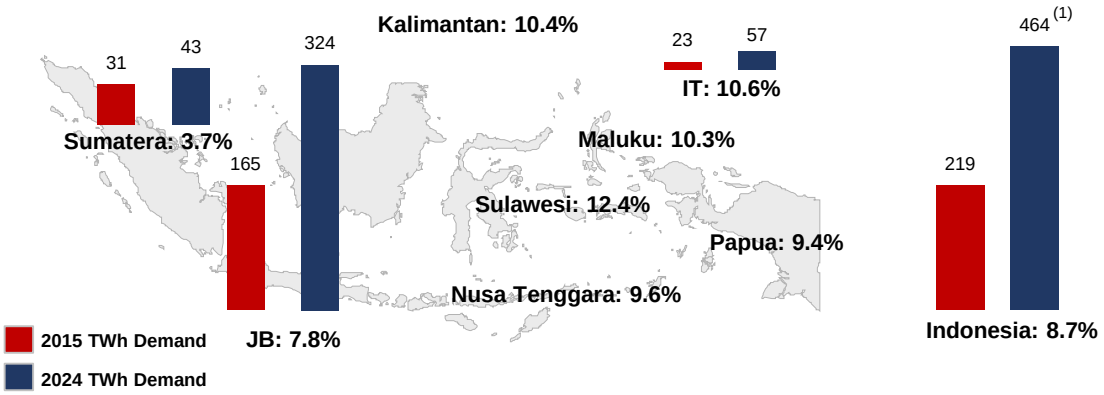
Growing Local and Regional Demand for Thermal Coal

Indonesian Market

- Indonesian government's energy policy expected to create growth in coal demand to service 60% of the planned addition to power capacity
- President Jokowi launched a program to provide an additional 35GW of power capacity by 2019
  - Almost 20,000 MW will come from coal-fired plants
- US$22bn of infrastructure development will drive additional coal demand given coal's extensive use in cement manufacturing processing plants

- Between 2015 and 2024, electricity consumption in Indonesia is expected to increase from 219 TWh to 464 TWh with an average growth of 8.7% per year

Power Demand Growth in Indonesia

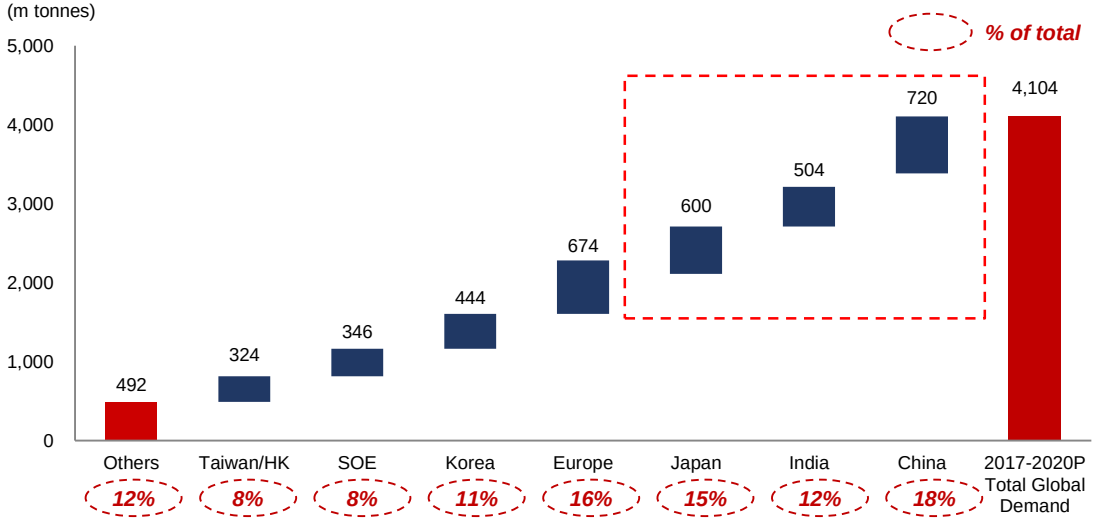


Note: Stated growth rates are a 2015-2024 CAGR

Asian Market

- High demand growth for thermal coal among Asia's emerging markets due to continued electrification and industrial growth
  - China's coal imports have grown 33% in 1Q 2017 amid healthy demand and a ban on coal imports from North Korea
  - India is largely reliant on coal-fired power production with domestic demand for coal expected at over 1,230 TWh by 2020
  - Southeast Asian economies such as those of Thailand, Philippines and Vietnam are growth markets for thermal coal due to dependency on coal-fired electricity generation for fueling their fast-growing economies
- Japan plans to increase the number of coal-burning power stations in the country by almost 50% in the next 12 years
  - Imported coal has helped to fill the demand, contributing 32% of Japan's energy needs in 2015

2017-2020 Projected Seaborne Thermal Demand



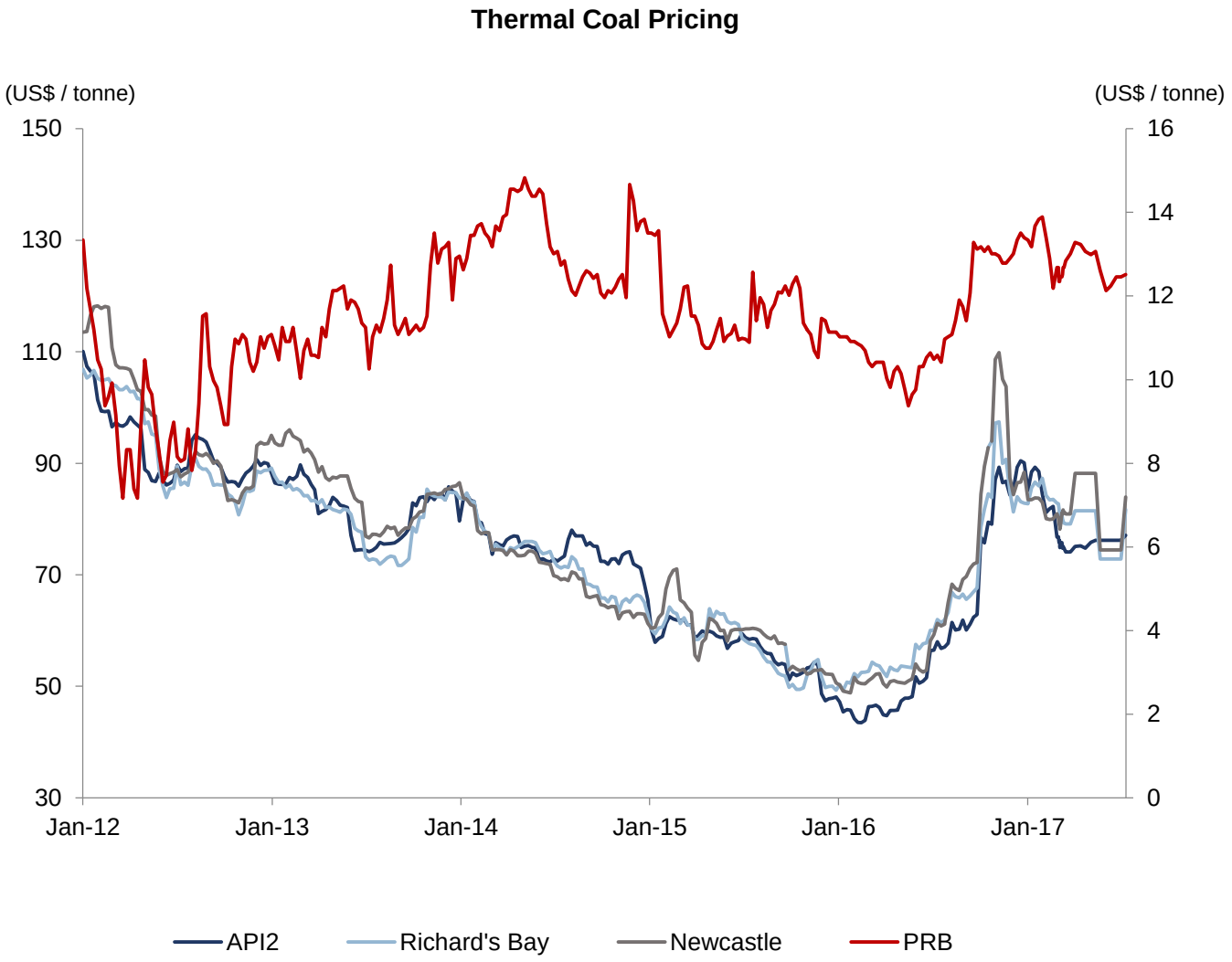
Sources: Company materials and website, AME, Deutsche Bank Research.
(1) Total 2024 Indonesia power demand includes demand from other regions not broken out in this graphic.

Thermal Coal Prices Have Strengthened Globally

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Recent Developments

- After lengthy decline, domestic coal prices have stabilized and are beginning to show strength
- China's coal imports have grown 33% to 89.5m tonnes in 1Q 2017 amid healthy demand and a ban on coal imports from North Korea
- New industry data on the world's biggest developers of coal-fired power plants showed that China's energy companies will make up nearly half of the new coal generation expected to go online in the next decade
- Supply side disruptions in Australia and Indonesia have also helped prices tighten
- Prices are expected to settle down as suppliers work through their issues and China relaxes its new coal mining regulations



Source: Bloomberg and SNL. Prices as of 14 Jul 2017.
Note: PRB is based on Bloomberg PRB1 index. API2 based on Bloomberg MFE1 index. Newcastle pricing based on XW1 Bloomberg index. Richard's Bay pricing based on X01 Bloomberg index.

Organic Growth Strategies

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Robust Drivers for Organic Growth



Increase existing coal production and exploration activities

- Secured Indonesian governmental approval to raise coal production in BIB concession to 7.5m tonnes per annum in 2016
- Produced 6.0m tonnes from BIB and KIM in 1H2017, successfully attained further Governmental approval to raise BIB's output to 12m tonnes in 2017
- Plans to further expand key logistics infrastructure in Kusan-Girimulya and Sebamban blocks to facilitate the planned increase in coal production
- Increase exploration activities, drilling programmes and enhance exploration efforts to source for equivalent grade of coal or higher grade coal



Development of customer and marketing distribution network

- Develop long term relationships with existing customers by entering into long term coal sales agreements
- Establish a customer base with an optimal mix of long term and spot contracts ie. at least 50% long term contracts
- Expand marketing network domestically and internationally, including sourcing of clients/end users
- Actively looking to expand customer network into other emerging markets in the region

Ambitious Organic Growth Target – Moving towards 36m Tons of Production in 2021



[COMPANIES]

GEMS Moving Towards 36 Million Tons of Production in 2021

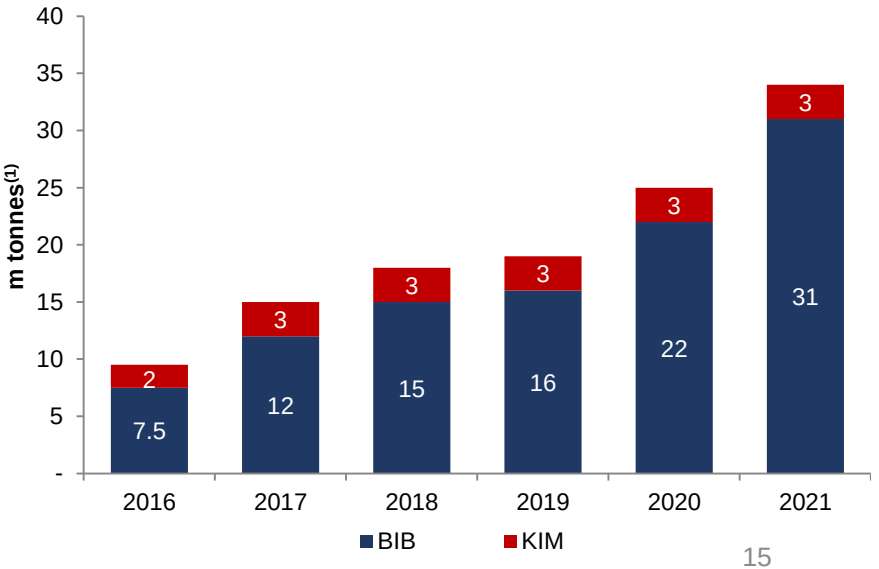
By Thomas Robiana Sembiring

Publicly listed coal producer PT Golden Energy Mines Tbk (GEMS), a mining unit of Sinar Mas Group, is setting its sight on increasing production to up to 15 million tons this year. The target is 50% higher than last year's mark of only 10 million tons. In the coming four years the company's production is expected to reach 36 million tons.

"The big production will occur around 2020-2021 at about 36 million," R Utoro, GEMS director, told *Petromindo* in Jakarta recently.

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"The big production will occur around 2020-2021 at about 36 million," R Utoro, GEMS director, told *Petromindo* in Jakarta recently.



Source: Coal Asia Mar 25 – Apr 25 2017, Company materials.
(1) 2021 management estimates of 36m tonnes differs slightly from the external technical report estimates of 34m tonnes.

Source: Company 2016 Annual Report and Independent Qualified Person Report Oct 2016

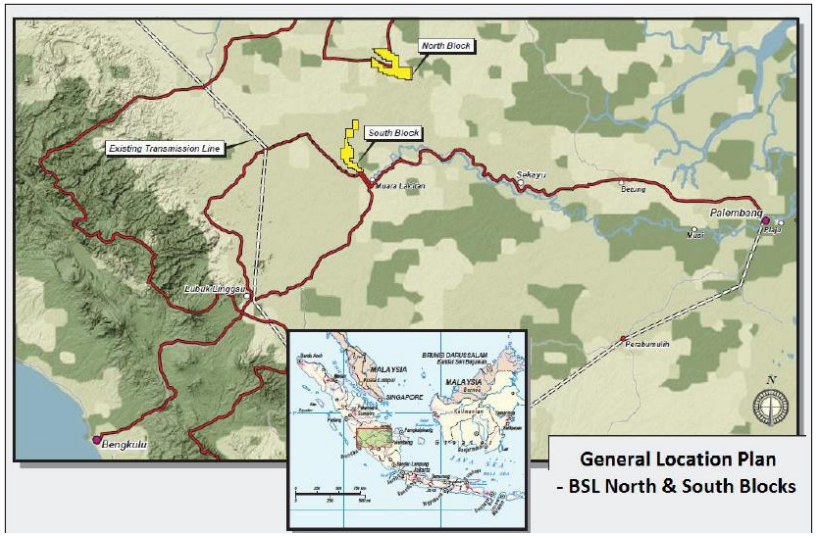
Inorganic Growth Momentum

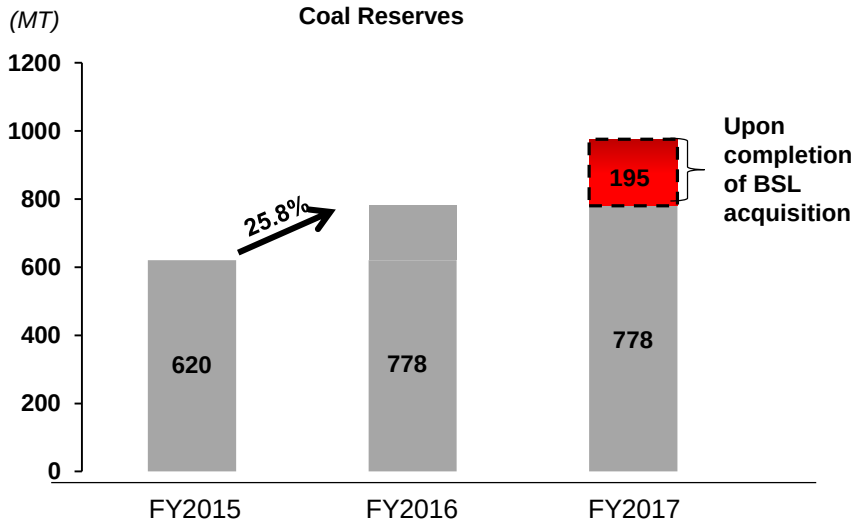
golden energy and resources

Proven Inorganic Growth Capabilities with Plans for Further Acquisitions

- On 12 May 2017, GEMS announced that it plans to acquire PT Barasentosa Lestari ("BSL"), a coal concession in South Sumatra, for US$65.6m in total, as part of its plans to increase its coal reserves and production levels. BSL has a Joint Ores Reserves Committee Code ("JORC") probable and proven coal reserve of 195m tonnes and coal resources of 393m tonnes
- In FY2016, GEMS acquired entire share capital issue in PT Era Mitra Selaras ("EMS") with concession rights to PT Wahana Rimba Lestari ("WRL"), which has a JORC probable and proven coal reserve of 70m tonnes and coal resources of 183m tonnes, for an aggregate consideration of US$37.2 million
- Remains well-poised to look for additional strategic earnings accretive acquisitions with current net cash position







Source: Independent JORC Report as at 16 May 2016.

Inorganic Growth Momentum

Proposed acquisition of PT Barasentosa Lestari ("BSL")

Transaction Rationale

- In line with GEAR's strategic plans to expand its business operations and increase its reserves and production levels
- Acquisition would increase the GEAR's quantity of high calorific value coal resources available for production
  - ❖ BSL has estimated coal resources of 393 MT and reserves of 195MT in one of its two blocks
  - ❖ Valued at US$258.5 million as at 1 April 2017, based on IQPR reports

Consideration

- Aggregate consideration payable by GEMS is US$65.64 million, comprising
  - ❖ US$59.27 million for Sales Shares*
  - ❖ US$6.37 million for all the mandatory convertible bonds issued by DSU and held by the GMR vendors

**include shares in BSL, PT Unsoco ("UNS"), PT Duta Sarena Intermusa ("DSI") and DSU, which comprise the entire effective shareholding interest in BSL*

Financing

- Funded by GEMS' internal resources

Latest Analyst Recommendations



KGI

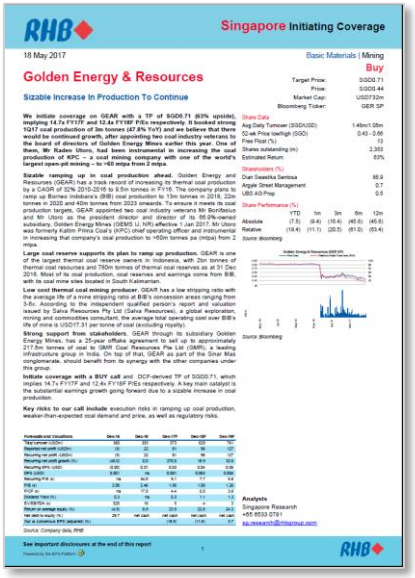
RESULTS UPDATE — Commodities – Singapore

Golden Energy and Resources
(GER SP/GOLD.SP)

Severely undervalued; on-track for another record year

Maintained BUY recommendation; Target Price: S$0.78 (17 May 2017)

- Severely undervalued company – its current price assumes long-term ASP of US$35/tonne and a US$22/tonne cash cost
- GEAR's 1Q17 PATMI of US$20.9m is almost equivalent to the full-year profit for FY16
- Balance sheet continues to strengthen, with GEAR ending 1Q17 in a net cash position
- Management already has plans to increase production to 12m tonnes at BIB alone, which would allow GEAR to achieve its 14m tonnes target this year.



RHB

Singapore Initiating Coverage

18 May 2017

Basic Materials | Mining

Buy

Golden Energy & Resources

Sizable Increase In Production To Continue

Initiated coverage with BUY call; Target Price: S$0.71 (18 May 2017)

- Stellar 1Q17 Performance
- Sizable ramping up in coal production ahead
- Large coal reserve supports its plan to ramp up production
- Low cost thermal coal mining producer
- Key shareholders support long-term volume growth
- Well-positioned to benefit from increasing coal demand from power plants
- Positive coal price outlook

Q & A

