

**1H2022 RESULTS
ANALYSTS AND
INVESTORS' BRIEFING
22 AUGUST 2022**

**TUNG KUM HON
CEO/DIRECTOR**



1H2022 Highlights

- The Group **sold a total of 5.2 million tonnes of coal** during the period, mainly comprising 2.3 million tonnes of 4,200 GAR coal from the SDJ coal mine and 2.8 million tonnes from the TBR coal mine. This was a 4% decrease from 5.4 million tonnes in 1H2021 mainly due to the coal export ban by the Indonesian government in the beginning of 2022. The ban has since been lifted in late January 2022.
- Despite the export ban, **revenue increased by 67% from US\$220.3 million in 1H2021 to US\$368.3 million**, mainly due to the higher ASP in 1H2022. The average ICI4 was US\$85.89 per tonne in 1H2022, 80% higher than US\$47.78 per tonne in 1H2021.
- **Cash profit for coal mining for 1H2022 increased by 111% to US\$31.49 per tonne** (1H2021: US\$14.92 per tonne), mainly driven by the higher ASP that was 74% higher than that of 1H2021.
- **EBITDA for 1H2022 was US\$162.6 million** (1H2021: US\$77.5 million) with an **EBITDA margin of 44%**, driven by the robust cash profit.
- **Net profit was US\$106.0 million** (1H2021: US\$48.5 million), driven by higher ASP and lower finance costs from the full redemption of the USD Bond in October 2021.
- **The Company has declared second interim dividend of S\$0.02 per share for 2022, totaling interim dividend of S\$0.04 per share for 1H2022, representing about 39% of 1H2022 net earnings.** Including the final dividend for year ended 31 December 2021 of S\$0.05 per share paid on 10 May 2022, this represents a dividend yield of 23% based on the Company's share price of S\$0.400 per share as of 19 August 2022.

Industry Outlook

Coal Price

- There was improvement in Chinese domestic coal prices as spot prices started to gain support on seasonal demand.
- ICI price was US\$73.46 per tonne as at 19 August 2022, with the SGX M42 Futures Index indicating an average price of US\$74 per tonne for the remaining of 2022. Argus Media forecasted 4200 GAR coal price to be US\$81.70 per tonne in 2022.
- Fitch forecasts Newcastle thermal coal to average US\$320 per tonne in 2022, and for prices to remain above US\$250 per tonne until at least 2024. As infrastructure bottlenecks have prevented Russia from fully diverting coal and gas exports to markets outside of Europe, the effect has been a reduction in the amount of gas and coal available on the global market.

Coal Demand and Supply

- The global coal supply investment is expected to grow by another 10% in 2022, with China and India anticipated to make up the bulk at over US\$80 billion. India is seeking to increase coal production as its energy needs grow.
- Indonesian supply has been stronger, but there has been a sizeable pivot in destinations. Argus Media forecasted Indonesian export supply to be at 440 million tonnes in 2022 and 460 million tonnes in 2023 and 2024.
- Germany and several of its Europe neighbours are returning to coal-fired power plants to conserve reserves of natural gas in response to Russian gas cuts following the invasion of Ukraine.
- With the growing uncertainty over future Russian gas shipments, the European Commission proposed a new regulation setting a target for all member states to reduce gas demand by 15% between 1 August 2022 and 31 March 2023. The IEA forecast coal-fire power generation in 2022 to increase 8% year-on-year.

Sources:

McCloskey Marketing Alert, 29 June 2022, 19 & 20 July 2022
M42 Futures from SGX, extracted on 19 August 2022
The Hindu BusinessLine article, 23 June 2022

Argus Media Seaborne Coal Outlook Report, 15 July 2022
Fitch, Soaring coal price could last years, 15 August 2022
CBC News, 25 June 2022

Going Forward

- Remain on track for 12 million tonnes of coal sales for 2022.
- From 1 July to 19 August 2022, we have delivered over 1.5 million tonnes of coal sales, with a revenue of close to US\$110 million and achieved an EBITDA of US\$50 million.
- Thermal coal demand is expected to remain strong on the back of energy shortages. We expect a strong second half of 2022 as we ramp up production while coal prices are high.
- Despite cash outflow of over US\$60 million in taxes and US\$70 million in dividends, we have strengthened our cash balances to US\$218 million as at 19 August 2022, from the cash balances of US\$191 million as at 31 December 2021, with little debt.

GEO



Share Performance

Key Data

Closing (19 Aug 2022) S\$ 0.400	Day Range S\$0.390 – S\$0.410
52 Week Range 0.230 – 0.580	Market Cap S\$564M
Shares Outstanding 1,408M	Public Float 41.95%⁽²⁾
BETA NA	Rev. Per Employee US\$1.9M⁽³⁾
P/E Ratio ⁽⁵⁾ 1.93	EPS S\$0.104⁽³⁾
Yield ⁽¹⁾ 23%	Dividend S\$0.02
Ex-Dividend Date 23 May 2022	Average Volume 14.5M

Total Shareholders' Return⁽¹⁾

5 Day	6%
1 Month	8%
3 Month	1%
YTD ⁽⁴⁾	51%
1 Year	123%

Geo Energy Resources Ltd

0.400 SGD 19 August 2022



- (1) Includes interim dividend of S\$0.02 per share declared for 2Q2022 and final dividend of S\$0.05 per share and S\$0.02 per share paid for 4Q2021 and 1Q2022
- (2) As at 15 March 2022, as per Geo's Annual Report 2021
- (3) For 6 months ended 30 June 2022
- (4) Based on share price on 1 January 2022 and 19 August 2022, inclusive of the final dividend paid and interim dividend declared and paid during the period
- (5) Based on annualised 1H2022 EPS

Geo Energy shares are undervalued - trading at less than 1x EV/EBITDA

Geo Energy shares are undervalued given:

- US\$218 million of cash as at 19 August 2022;
- trailing 12-months EBITDA of US\$356 million as at 30 June 2022; and
- trailing 12-months net profit of US\$237 million as at 30 June 2022.

The Group's Enterprise Value (EV) as at 19 August 2022, excluding cash and treasury shares, was US\$192 million¹. This implies an EV/EBITDA² of 0.5 times.

¹ At exchange rate US\$:S\$ 1.3869 as at 19 August 2022

² Trailing 12-months EBITDA as at 30 June 2022



Thank You

For more Information, please visit
www.geocoal.com