

MEDIA RELEASE

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GEO ENERGY ACHIEVES RECORD REVENUE OF US\$368 MILLION AND PROFIT OF US\$106 MILLION IN 1H2022, DECLARES SECOND INTERIM DIVIDEND OF S\$0.02 PER SHARE, BRINGING TOTAL DIVIDENDS FOR 1H2022 TO S\$0.04 PER SHARE (39% ON 1H2022 NET EARNINGS)**1H2022 Highlights**

- The Group achieved half-yearly revenue of US\$368.3 million, an increase of 67% from 1H2021, driven by higher Average Selling Price ("ASP"), partially offset by lower sales tonnage. The average Indonesian Coal Index price for 4,200 GAR coal ("ICI4") in 1H2022 was US\$85.89 per tonne, compared to US\$47.78 per tonne in 1H2021.
- The Group delivered coal sales of 5.2 million tonnes in 1H2022, comprising 2.3 million tonnes and 2.8 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 lower than 5.4 million tonnes in 1H2021 after adjusting our mining plan following the temporary coal export ban in January 2022.
- Cash profit from coal mining for 1H2022 averaged at US\$31.49 per tonne (1H2021: US\$14.92 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 1H2022 was US\$162.6 million (1H2021: US\$77.5 million) at an EBITDA margin of 44.1%. Net profit was US\$106.0 million (1H2021: US\$48.5 million) at a net profit margin of 28.8%, driven by the high EBITDA and lower finance costs, offset by higher income tax expense.
- The Company is declaring a second interim dividend of S\$0.02 per share. Along with the first interim dividend of S\$0.02 per share paid on 27 May 2022, this represents 39% pay-out ratio on the Group's 1H2022 net earnings.

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



“Rising geopolitical tensions, worsening supply chain disruptions and the Russia-Ukraine conflict continue to hinder global recovery. Nonetheless, fuelled by an infrastructure-led recovery and the global and European energy shortage, coal demand has been high. Moreover, we also experienced a resurgence of import demand from China, lending a positive momentum to coal prices.

The half-year average ICI4 price recorded at US\$85.89 per tonne. In early March 2022, the ICI4 increased and peaked at US\$120.86 per tonne on 11 March 2022, driven by the 46.2%¹ increase in China coal imports.

¹ Reuters - China's March coal imports rebound from 2-yr low, high maritime prices weigh

With Europe’s return to coal amid hints that Russia will further reduce gas shipments to the continent due to tensions from the Ukraine-Russia conflict,² thermal coal demand is expected to remain strong on the back of energy shortages. The thermal coal outlook for 4,200 GAR coal, by Argus Media, is forecasted to be at US\$81.70 per tonne in 2022.³ SGX M42 Futures Index indicates an average price of around US\$76 per tonne for the remaining of 2022.⁴ ICI4 was US\$77.83 per tonne as of 10 August 2022. We expect a strong second half of 2022 as we ramp up production while coal prices are high.

Argus Media forecasted Indonesian export supply to be at 440 million tonnes in 2022 and 460 million tonnes in 2023 and 2024.³ One key factor for the growth is India, the world’s second-largest consumer and coal producer, rising demands for coal power generation. In 2022, Indonesia recorded its highest tonnage of coal export to India.

Given the global coal shortage, investments into global coal supply investment are expected to grow by another 10% in 2022. According to the International Energy Agency (“IEA”), China and India are anticipated to make up the bulk of global coal investment at over US\$80 billion in 2022, bringing the estimated global coal supply investment to US\$115.5 billion in 2022.⁵

Further, in response to Russian gas cuts following the invasion of Ukraine, Germany and several of its Europe neighbours are returning to coal-fired power plants to conserve reserves of natural gas.⁶ The IEA recommended European countries to minimise gas use in the power sector by increasing coal generation as part of a series of coordinated action to preserve gas supplies, as Russia looks unlikely to resume gas shipments.⁷ 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.⁸

We continue to look on various opportunities to expand our revenue streams by way of potential joint ventures, trading, and value accretive acquisitions for the Company. These include strategically reviewing and optimising our assets portfolio, which may include acquisitions to complement our business and divestments to build a sustainable business for the future. We will make an announcement in accordance with the listing rules of SGX, when such development materialises.”

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



“2022 marks the 10th year anniversary since Geo Energy was listed on the Mainboard of the SGX in 2012. Geo Energy has been able to adapt, innovate and thrive in its business above the various challenges that we faced in a changing economic and business environment. We turned a black swan event of COVID-19 into an opportunity by tendering and redeeming the Group’s USD Bonds, saving over US\$110 million in principal repayment and up to US\$24 million in annual financing costs, and capitalised on the increasing coal prices on the economic recovery thereafter. A resilient and competent team coupled with favourable coal market dynamics has enabled the Group to perform well. Geo Energy is poised to record its best financial performance and results in 2022 since its IPO.

The Group achieved another record 6 months results in 2022, despite a temporary coal export ban in January affecting all Indonesian coal miners. It is a strong start for the year. The Group recorded a 1H2022 revenue of US\$368.3 million, a 67% increase from US\$220.3 million in 1H2021 and delivered total coal sales of 5.2 million tonnes. Total coal sales were slightly lower than 5.4 million tonnes in 1H2021 after adjusting our mining plan following the temporary coal export ban in January 2022.

² McCloskey Market Alert, 19 July 2022

³ Argus Media Seaborne Coal Outlook Report, 15 July 2022

⁴ Extracted from SGX, 8 August 2022

⁵ IEA: World Energy Investment 2022

⁶ CBC News - [Europe's turn back to coal a 'temporary' measure in response to Russian gas cuts | CBC News](#), 25 June 2022

⁷ McCloskey Market Alert, 19 July 2022

⁸ McCloskey Market Alert, 20 July 2022

Driven by the higher ASP, cash profit from coal mining for 1H2022 averaged at US\$31.49 per tonne, as compared to US\$14.92 per tonne in 1H2021. EBITDA for 1H2022 was US\$162.6 million at an EBITDA margin of 44.1%. With the high EBITDA and lower finance costs (savings from the early and full redemption of USD Bonds in October 2021), net profit for 1H2022 was US\$106.0 million at a net profit margin of 28.8%.

The Group's Domestic Market Obligations ("DMO") volume was 36% of the total volume sold in 1H2022, higher than the 25% set in the Group's Rencana Kerja Anggaran Biaya ("RKAB") production quota for 2022. Our 1H2022 ASP was lowered by the increased DMO sales, which have a price cap of around US\$38 per tonne for coal sold to domestic power producers. Nonetheless, by fulfilling a higher DMO volume in early 1H2022 when ICI4 prices were lower, the Group expects to achieve a higher ASP with more export sales in 2H2022.

We remain on track for 12 million tonnes of coal sales for 2022. From 1 July to 10 August 2022, we have delivered over 1.2 million tonnes of coal sales, with a revenue of close to US\$90 million and achieved an EBITDA of US\$41 million. We have cash and bank balances of US\$206 million as of 10 August 2022, after paying over US\$60 million in taxes and US\$70 million in dividends, compared to US\$191 million as of 31 December 2021. The strong cash position allows the Group to look at opportunities to expand and diversify its business further.

The Company is declaring a second interim dividend of S\$0.02 per share for 2022 as part of our commitment to deliver value to our shareholders. Along with the first interim dividend of S\$0.02 per share paid on 27 May 2022, this represents a 39% pay-out ratio on the Group's 1H2022 net earnings. Our share price had appreciated in 2022, from S\$0.325 per share at the start of 2022 to S\$0.440 per share as of 10 August 2022, with a high of S\$0.580 per share on 18 and 21 April 2022. This represents total shareholders' return of 63% including the dividends paid and declared during this period.

Environment, Social and Governance ("ESG") has always been the essential part of our sustainability efforts. We will continue to keep sustainability at the heart of the business and reinforce ethical standards of conduct into our business. Our sustainability journey has given a good foundation in understanding the boarder risks and opportunities that impact the business. We will continue to focus on ESG practices and commit to comply with environmental regulations and well manage the climate change impacts through best practices and operational initiatives. We remain resilient in the face of global coal market disruptions."

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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 word-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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