

# 1H2022 RESULTS PRESENTATION

11 AUGUST 2022

TUNG KUM HON  
CEO/DIRECTOR



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# **1H2022**

## **Operational and Financial Performance**

Revenue of US\$368.3 million, EBITDA of US\$162.6 million and net profit of US\$106.0 million, despite the ban on coal export in January 2022

**GEO**

# 1H2022 Highlights

6 Months – 30 Jun 2022

## Key Performance Indicators

**Increases in ASP (74%) and production cash cost (52%), both in line with higher ICI4 as certain costs are linked to index prices.**

**Note: ICI4 coal price as at 10 Aug 2022 – US\$77.83 per tonne.**

Mt: Million tonne

(1) Increased difference in ASP vs ICI4 due to surge in ICI4 coal prices against Domestic Mandatory Obligations (DMO) sales in Indonesia to PLN capped at US\$38/tonne for 4,200 GAR coal.

## Key Operating Matrix

	1H2020	2H2020	1H2021 (A)	2H2021	1H2022 (B)	% change (B - A) / (A)
<b>In Mt</b>						
Sales volume	5.0	5.7	5.4	6.0	<b>5.2</b>	(4)
Export	3.5	4.4	3.6	4.9	<b>3.3</b>	(8)
DMO	1.5	1.3	1.8	1.1	<b>1.9</b>	6
DMO %	31%	22%	33%	18%	<b>36%</b>	
Production volume - FG	5.1	5.8	5.3	5.6	<b>5.5</b>	4
<b>In US\$ / tonne</b>						
Average ICI4	30.61	27.96	47.78	82.86	<b>85.89</b>	80
Average selling price (ASP) <sup>(1)</sup>	30.16	25.88	40.97	70.27	<b>71.12</b>	74
Production cash cost	23.86	19.67	26.05	36.09	<b>39.63</b>	52
Cash profit	6.30	6.21	14.92	34.18	<b>31.49</b>	111

# 1H2022 Highlights

6 Months – 30 Jun 2022

## Key Performance Indicators

**1H Revenue of US\$368M, despite the temporary coal export ban in January 2022.**

**12-mth trailing for EBITDA was US\$356M and FCF was US\$273M.**

## Key Financials

In US\$M	1H2020	2H2020	1H2021 (A)	2H2021	1H2022 (B)	% change (B - A) / (A)
<b>Income Statement</b>						
Revenue	160.6	146.1	220.3	421.6	<b>368.3</b>	67
EBITDA	27.6	29.4	77.5	193.4	<b>162.6</b>	110
12-mth trailing EBITDA	34.7	57.0	106.9	270.9	<b>356.0</b>	233
Net profit	66.5	28.6	48.5	130.6	<b>106.0</b>	118
<b>Cash flows</b>						
CAPEX	1.4	6.4	0.9	3.6	<b>2.9</b>	230
12-mth trailing Free cash flow (FCF) <sup>(1)</sup>	(23.7)	49.5	77.0	268.7	<b>272.8</b>	254

M: Million

(1) Free cash flow is calculated as net cash from operating activities less net cash used in investing activities.

# 1H2022 Highlights

6 Months – 30 Jun 2022

## Key Performance Indicators

**Early redemption of US\$ Bond in Oct '21, resulting in US\$5M savings in future financing cost.**

**Equity increased to US\$383M compared to market capitalisation of US\$370M as at 30 June 2022.**

**Cash and bank balance as at 30 Jun 2022 was US\$177M and increased to US\$206M as at 10 August 2022.**

## Key Financials

In US\$M, unless otherwise stated	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021 (A)	30 Jun 2022 (B)	% change (B - A) / (A)
<b>Balance Sheet</b>						
Total debt <sup>(1)</sup>	134	60	62	4	<b>3</b>	(7)
Cash and bank balance	78	53	84	191	<b>177</b>	(7)
Net debt (cash)	56	7	(22)	(187)	<b>(173)</b>	(7)
Net debt (cash) / EBITDA <sup>(2)</sup> (times)	1.6x	0.1x	(0.2x)	(0.7x)	<b>(0.5x)</b>	(29)
Equity	190	218	253	349	<b>383</b>	10

M: Million

(1) Total debt is calculated as the aggregate of the Group's borrowings, lease liabilities and US\$ Bond (including interest payable).

(2) 12-month trailing EBITDA.

# 1H2022 Highlights

6 Months – 30 Jun 2022

**Key Performance  
Indicators**

**Higher cash profit and  
net profit margins.**

**EPS up by 124% and NAV  
up by 55%.**

## Key Financial Ratios

	1H2021	1H2022
Cash Profit (US\$/tonne)	14.92	31.49
Cash Profit Margin (%)	36.4	44.3
Net Profit Margin (%)	22.0	28.8
Net Asset Value - Group (SG cents) <sup>(1)</sup>	24.3	37.6
Earnings per Share <sup>(1)(2)</sup>		
Basic (SG cents)	4.6	10.4
Diluted (SG cents) <sup>(3)</sup>	4.5	10.3

- (1) Numbers were translated using the 30 June 2022 and 2021 of US\$:S\$ exchange rates of 1.3895 and 1.3445 respectively.
- (2) The calculation for the basic EPS is based on the weighted average number of ordinary shares in issue during the respective financial period. The calculation for the diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial period, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.
- (3) The employee stock option issued by the Group has a dilutive effect as the average market price of ordinary shares during the period exceeded the exercise price of the employee stock option.

# 1H2022 Highlights

6 Months – 30 Jun 2022

## **Key Performance Indicators**

**Optimised capital structure and enhanced shareholders' return, with significant increase in TSR and dividend yield.**

**Undervalued with an Enterprise Value (EV) of only US\$197M and cash of US\$177M as at 30 Jun 2022. As at 10 Aug 2022, EV was US\$247M with cash of US\$206M.**

## Key Financial Ratios

	30 Jun 2021	30 Jun 2022
12-month trailing EBITDA (US\$M)	106.9	356.0
Net Cash (US\$M)	21.7	173.3
Net Cash / EBITDA (times)	0.2	0.5
Debt / Equity (times)	0.3	0.01
Total Shareholders' Return (%) <sup>(1)</sup>	43.7	63.1
Dividend Yield (%) <sup>(2)</sup>	5.0	20.5
Enterprise Value (US\$M) <sup>(3)</sup>	207.3	196.8
Enterprise Value / 12-month trailing EBITDA (times) <sup>(3)</sup>	1.94	0.55
Revenue per Employee (US\$M)	1.1	1.9

M: Million

(1) Based on share price on 1 January and 10 August for 2022 and 2021, inclusive of the final dividend paid and interim dividend declared and paid during the period.

(2) Based on share price as at 10 August for 2022 and 2021, inclusive of final dividends paid and interim dividends paid and declared for the respective periods.

(3) Based on market capitalisation and share price as of 30 June for 2022 and 2021.



# 1H2022 Highlights

6 Months – 30 Jun 2022

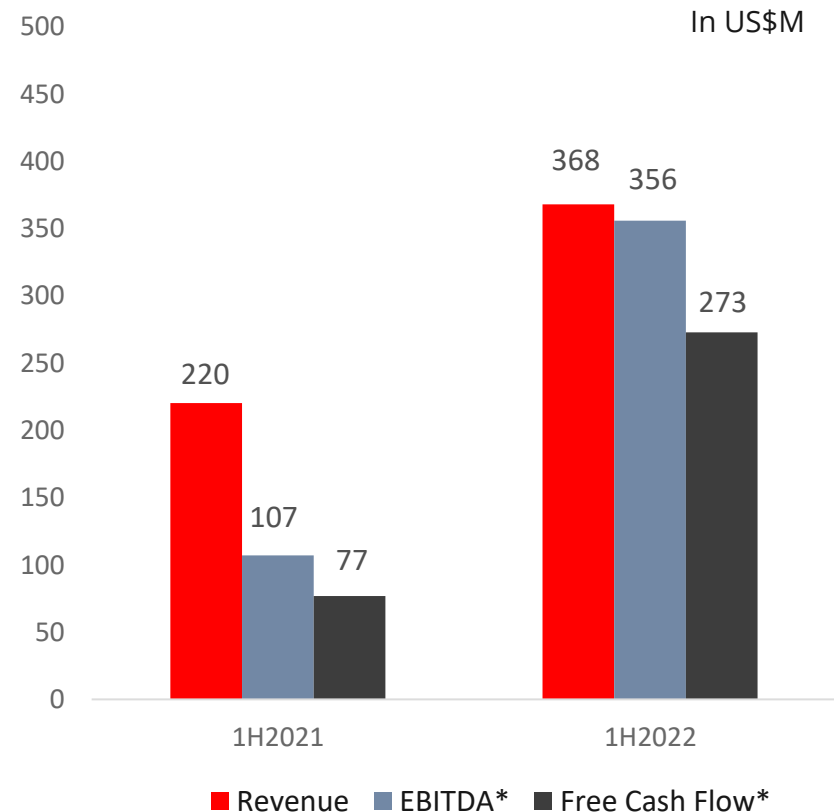
- **Revenue increased by 67% to US\$368M** from US\$220M in 1H2021, driven by higher average selling price.
- **12-month trailing EBITDA increased by 233% to US\$356M** from US\$107M in 1H2021 due to increased cash profit, which more than doubled that in 1H2021.
- **12-month trailing free cash flow in 1H2022 increased by US\$196M** from US\$77M in 1H2021 driven mainly by the higher EBITDA, offset by higher tax payments.



M: Million

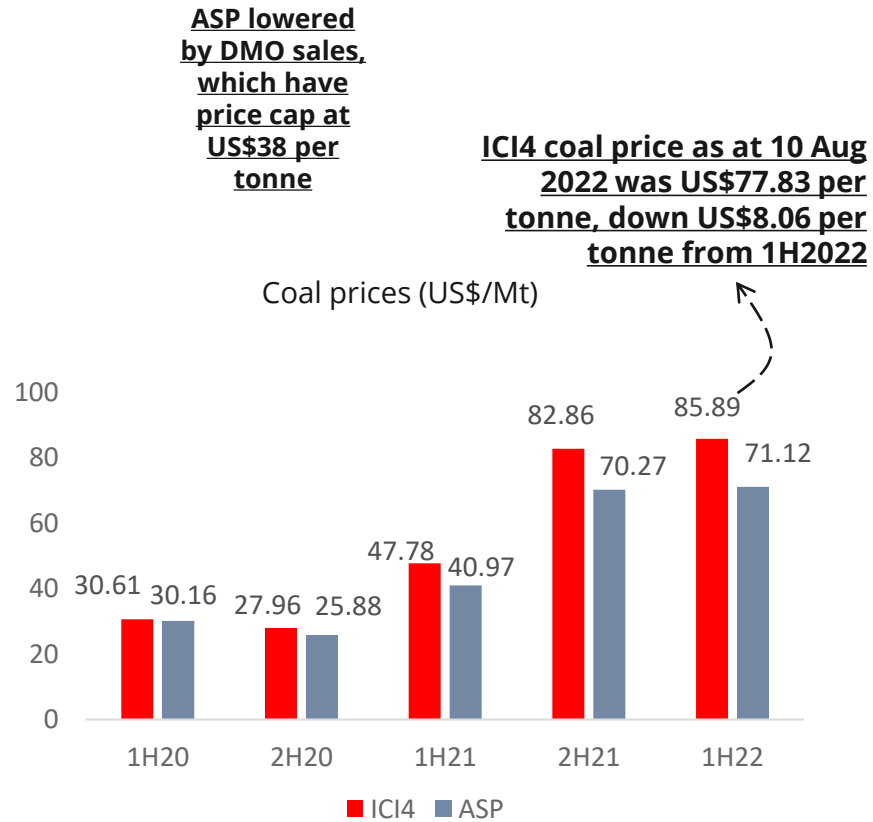
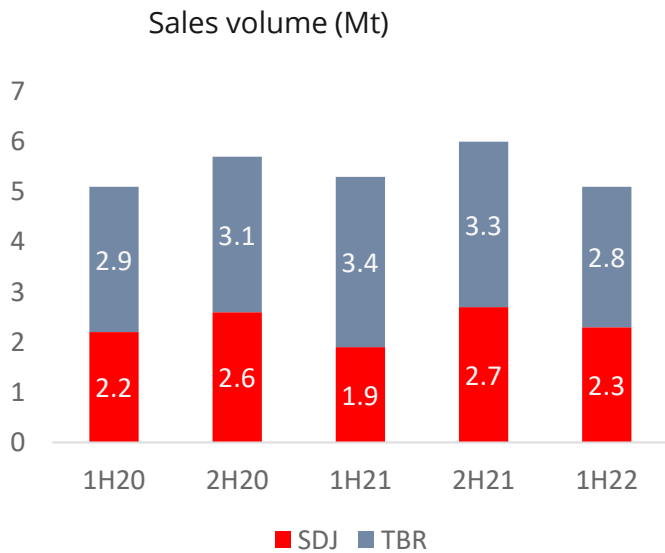
\* 12-month trailing EBITDA and free cash flow

## Financial Highlights



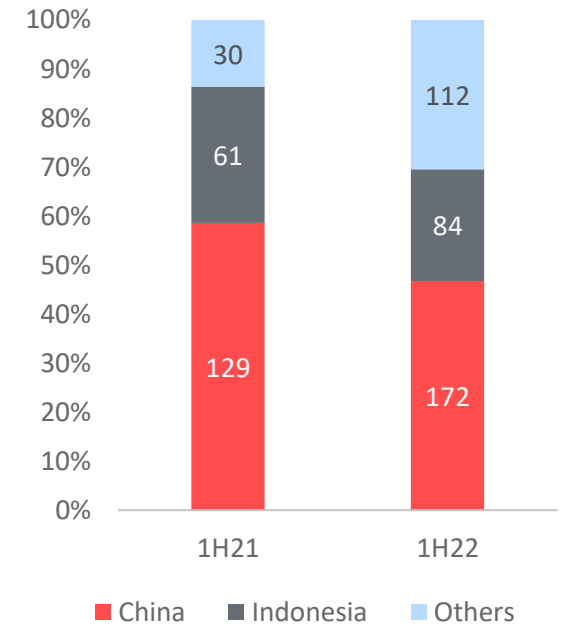
# 1H2022 Highlights

6 Months – 30 Jun 2022



# Revenue

Sales by countries (US\$M)



M: Million Mt: Million tonnes

# 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 averaged at 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.

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# 1H2022 Highlights

- **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 is declaring 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 21% based on the Company's share price of S\$0.440 per share as of 10 August 2022.

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# 1H2022 Highlights

6 Months – 30 Jun 2022

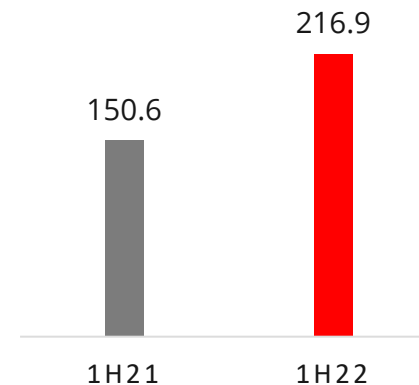
- **Production cash cost increased by 52%** to US\$39.63 per tonne due to certain of the Group’s costs linked to coal price.
- **Increase in total cost of sales** (1H2022 : US\$217M; 1H2021 : US\$151M) driven by higher costs linked to increase in ICI4.
- Depreciation & amortisation slightly increased by US\$0.8M from 1H2021 mainly due to the additions to right-of-use assets relating to OB disposal areas in 2H2021, partially offset by lower sales tonnage.

M: Million

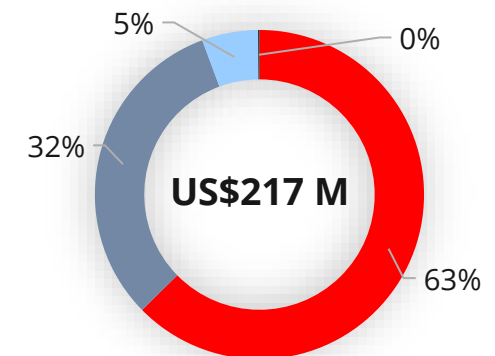


## Cost of Sales

Cost of sales (US\$M)



Components



- Mining & other production costs
- Selling & marketing
- Depreciation & Amortisation
- Others

# 1H2022 Highlights

6 Months – 30 Jun 2022

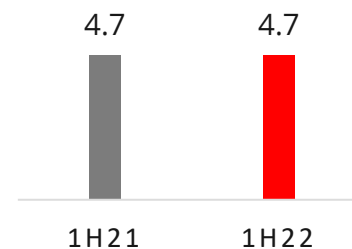
- **Higher net other income** in 1H2022 mainly due to reversal of provision of effect of legal claim against a subsidiary of US\$2.5M previously recognised in 2H2021, following a settlement agreement entered into with a former supplier of the subsidiary. As any prior court judgments no longer have legal enforcements to be executed, the Group accordingly reversed the said provision.
- **Minimal finance costs** following the full redemption of outstanding USD Bond in Oct 2021.

M: Million

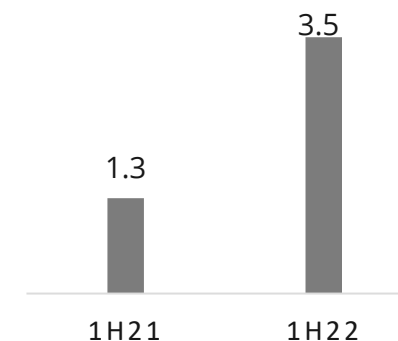


## Other Income / Expenses

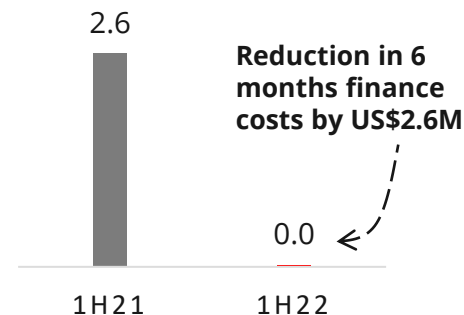
General and Administration expenses (US\$M)



Other income (net) (US\$M)



Finance costs (US\$M)



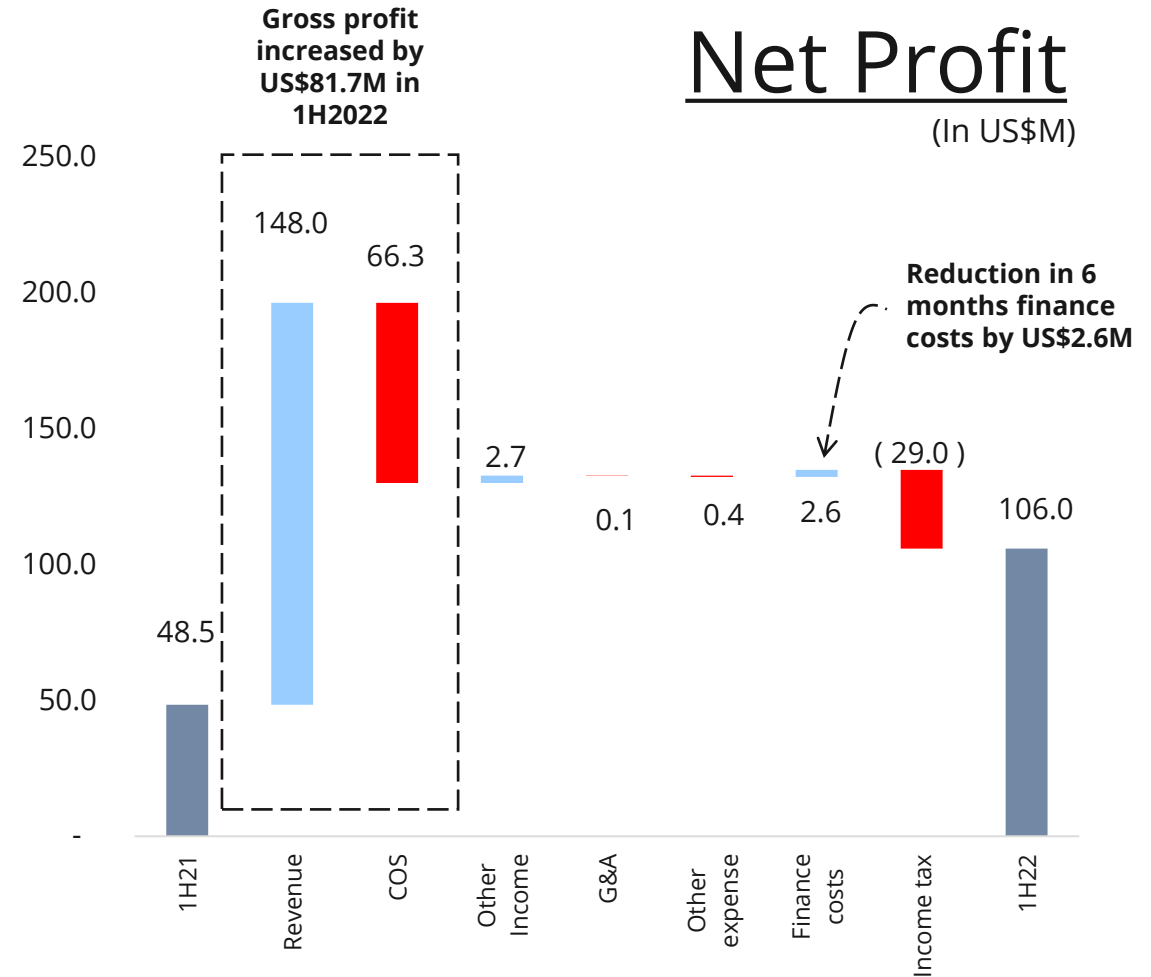
# 1H2022 Highlights

6 Months – 30 Jun 2022

- **Increase in net profit to US\$106M from US\$49M in 1H2021.** The higher tax is mainly due to increase in profit from operations for the period, driven by the higher cash profit.



M: Million



# 1H2022 Highlights

6 Months – 30 Jun 2022

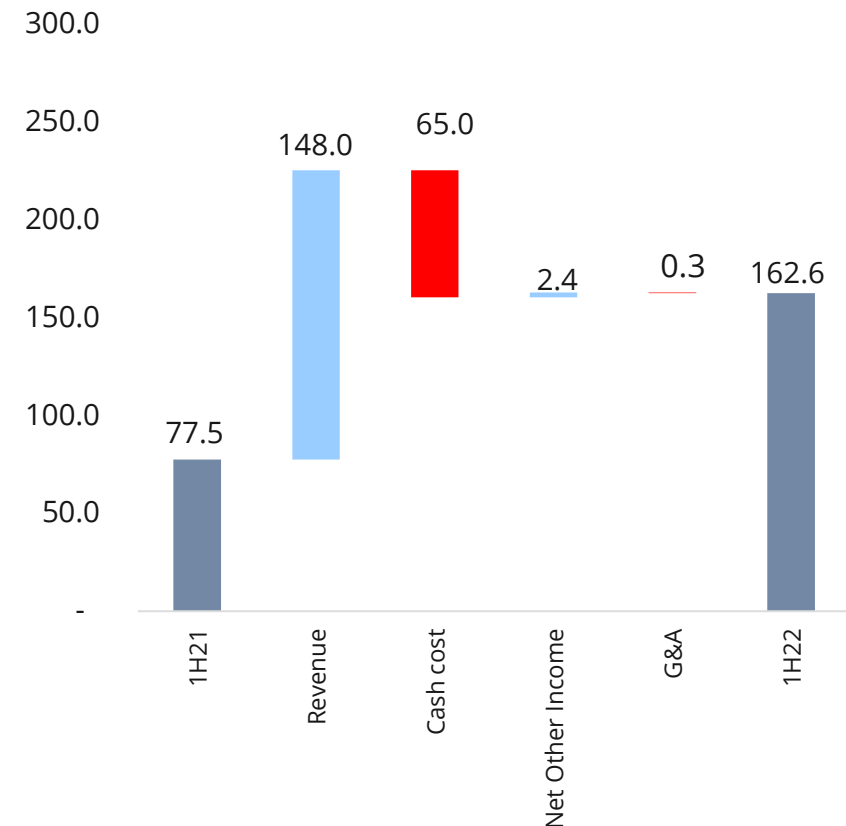
- **EBITDA for first half increased from US\$78M in 1H2021 to US\$163M in 1H2022**, largely driven by the increase in revenue following the increase in ICI4 prices, slightly offset by higher cash cost of production.

M: Million



## EBITDA

(In US\$M)





# 1H2022 Highlights

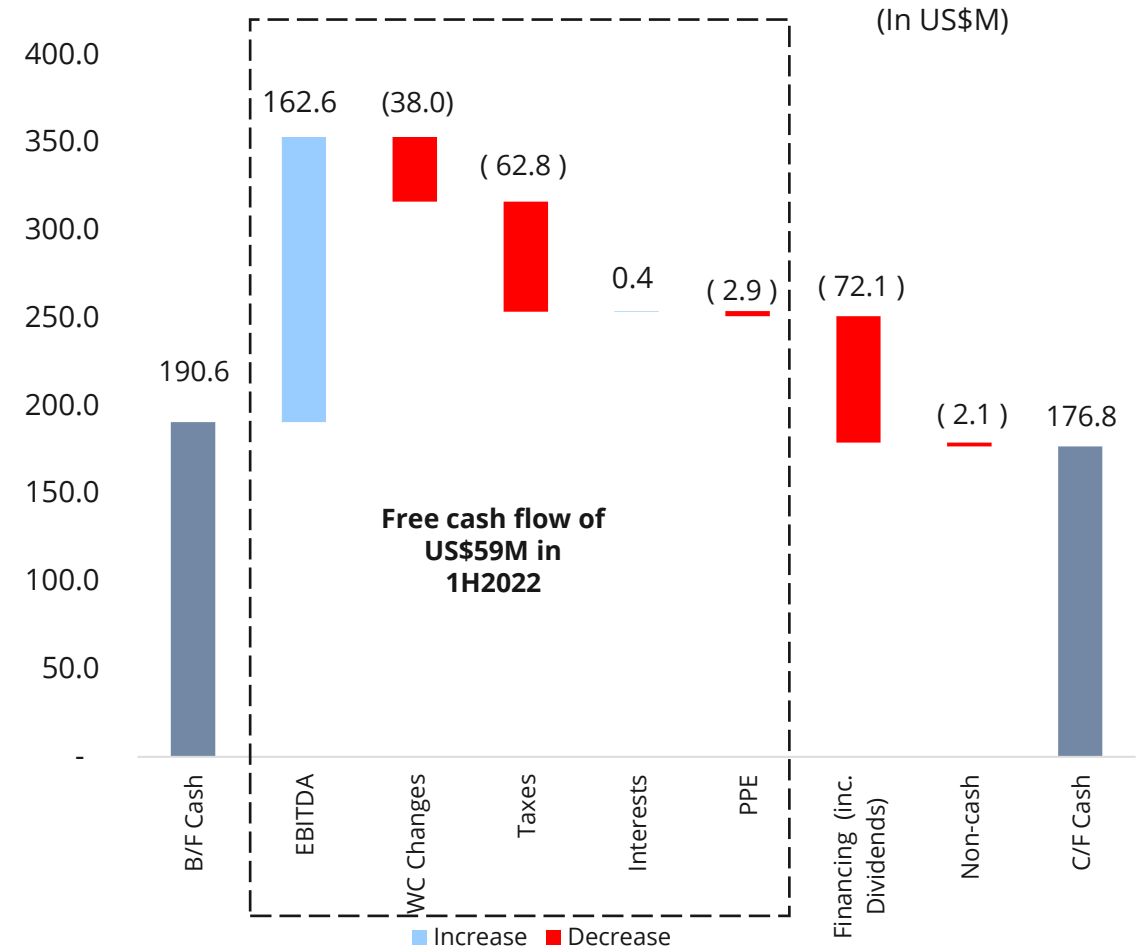
6 Months – 30 Jun 2022

- **Cash and bank balances decreased to US\$177M** from US\$191M as at 31 Dec 2021, mainly due to dividend payments of US\$71M and taxes paid of US\$63M. These are offset by EBITDA.

M: Million



## Cash Flow



## Share Performance

12-Month Total Shareholders Return (TSR)  
of 117%

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# Share Performance

## Key Data

Closing (10 Aug 2022) <b>S\$ 0.440</b>	Day Range <b>S\$0.430 – S\$0.445</b>
52 Week Range <b>0.230 – 0.580</b>	Market Cap <b>S\$620M</b>
Shares Outstanding <b>NA</b>	Public Float <b>41.95%<sup>(2)</sup></b>
BETA <b>NA</b>	Rev. Per Employee <b>US\$1.9M<sup>(3)</sup></b>
P/E Ratio <sup>(5)</sup> <b>2.12</b>	EPS <b>S\$0.104<sup>(3)</sup></b>
Yield <sup>(1)</sup> <b>21%</b>	Dividend <b>S\$0.02</b>
Ex-Dividend Date <b>23 May 2022</b>	Short Interest <b>NA</b>
% of Float Shorted <b>NA</b>	Average Volume <b>14.4M</b>

## Total Shareholders' Return<sup>(1)</sup>

5 Day	<b>7%</b>
1 Month	<b>28%</b>
3 Month	<b>7%</b>
YTD <sup>(4)</sup>	<b>63%</b>
1 Year	<b>117%</b>

## Geo Energy Resources Ltd

**0.440** SGD 10 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 10 August 2022, inclusive of the final dividend paid and interim dividend declared and paid during the period
- (5) Based on annualised 1H2022 EPS

## Industry Outlook

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# Industry Outlook

## Coal Price

- There were signs of an improvement of Chinese domestic coal prices as spot prices for China's domestic thermal coal started to gain some support on seasonal demand.
- ICI price was US\$77.83 per tonne as at 10 August 2022, with the SGX M42 Futures Index indicating an average price of around US\$76 per tonne for the remaining of 2022. Thermal coal outlook for 4200 GAR coal, by Argus Media, is forecasted to be at US\$81.70 per tonne in 2022.

## 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.

Source:

McCloskey Marketing Alert, 29 June 2022, 19 & 20 July 2022  
M42 Futures from SGX, extracted on 8 August 2022  
The Hindu BusinessLine article, 23 June 2022

Argus Media Seaborne Coal Outlook Report, 15 July 2022  
CBC News, 25 June 2022

## **Thank You**

For more Information, please visit  
[www.geocoal.com](http://www.geocoal.com)