



 **golden energy and resources**

## **GEAR 1H2022 Results Briefing**

**16 AUGUST 2022**

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# Agenda

1. 1H2022 Summary
2. Performance Highlights
3. Acquisition of SMC
4. Corporate Overview
5. Q&A



# 1H2022 Summary

Stellar financial performance driven by favourable pricing and SMC acquisition

**1**

Revenue **↑ 201%**  
EBITDA **↑ 358%**  
Net Profits **↑ 527%**  
Net Cash Flows from Operations **↑ 513%**



- **Revenue of US\$2.4b** due to multifold increase in ASP for Energy and Metallurgical Coal segments and higher revenue from completion of Stanmore SMC Pty Ltd (SMC) acquisition on 3 May 2022. SMC was formerly known as BHP Mitsui Coal Pty Ltd
- **Total coal production of 20.4Mt** (17.6Mt energy coal, 2.8Mt metallurgical coal)
- Group EBITDA of **US\$866.0m** and Group net profit of **US\$503.0m**
- **513% yoy increase in net cash flows from operations to reach US\$853.3m**

**2**

Increase in metallurgical coal revenue contribution to 45% following SMC acquisition



- Timely and successful acquisition of **80% interest** in SMC that positions Stanmore to become one of the **largest global exporters of metallurgical coal**
- Metallurgical Coal segment accounts for **45% of GEAR revenue** in 1H2022, from **9%** in 1H2021
- Integration of SMC sites well progressed; **synergies expects to realise from Q3'22**

**3**

Strong Financial Position



- Strong liquidity position of **US\$932.9m** (US\$379.8m as on 31 December 2021)
- **Net Debt** <sup>(1)</sup> stands at **US\$629.5m** (US\$29.6m as on 31 December 2021)
- Leverage ratio of **1.32x** continues to provide **financial flexibility** (1H2021: 1.55x)

(1) Net Debt = Loans and Borrowings (including lease liabilities) – cash and cash equivalents

# YTD 2022 Key Milestones

Diversifying our market presence through strategic acquisitions



FitchRatings

REAFFIRMED COMPANY'S  
CREDIT RATING AT 'B+'

Revised Outlook from Stable to **Positive**

APR

MAY



COMPLETED TRANSFORMATIVE  
ACQUISITION OF 80% INTEREST  
IN BMC, NOW KNOWN AS SMC



OBTAINED STRONG SUPPORT FROM  
INVESTORS AND FINANCIAL  
INSTITUTIONS IN EQUITY AND DEBT  
FINANCING

- Raised net proceeds of S\$86.4 million with **Placement** of 285 million new ordinary shares at S\$0.305 each
- **Bond Retap** of US\$90M, in addition to existing US\$285M, 8.5% Senior Secured Notes due 2026



# Performance Highlights

# Group 1H2022 Performance at a Glance



## Operating Statistics

### PRODUCTION

Energy coal      Metallurgical coal  
**17.6Mt**      **2.8Mt**

### AVERAGE REALISATION

Energy coal      Metallurgical coal  
**US\$73.7/t**      **US\$376.7/t**

### CASH COST (EX ROYALTIES)

Energy coal      Metallurgical coal  
**US\$34.1/t**      **US\$87.3/t**



## Financial Performance

### REVENUE

**US\$2.4B**

Record figure  
since listing in 2016

### EBITDA

**US\$866.0M**

### NET CASH FROM OPERATIONS

**US\$853.3M**



## Financial Strength

### ROBUST BALANCE SHEET

**US\$932.9M**

In Cash and Cash Equivalents

### LEVERAGE RATIO

**1.32x**

As at 30 June 2022

### CREDIT RATINGS

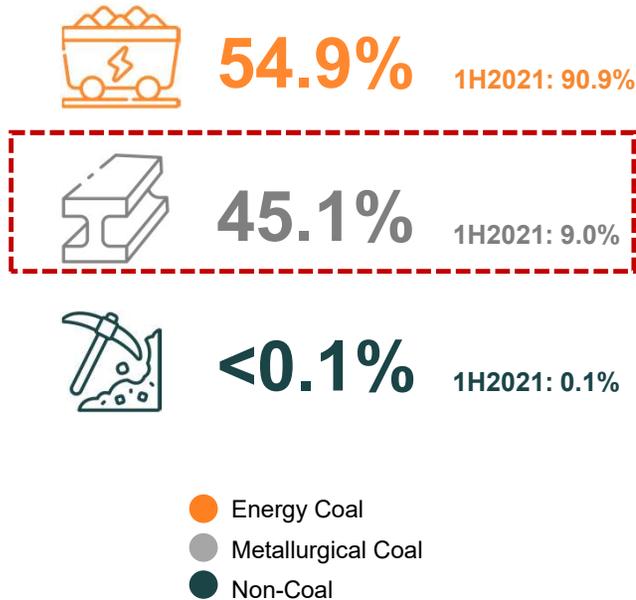
**B1 & B+**

Affirmed by Moody's and Fitch  
Ratings in November 2021 and  
April 2022 respectively

# Group Performance Highlights

Changing geographical mix due to increased contribution from metallurgical coal

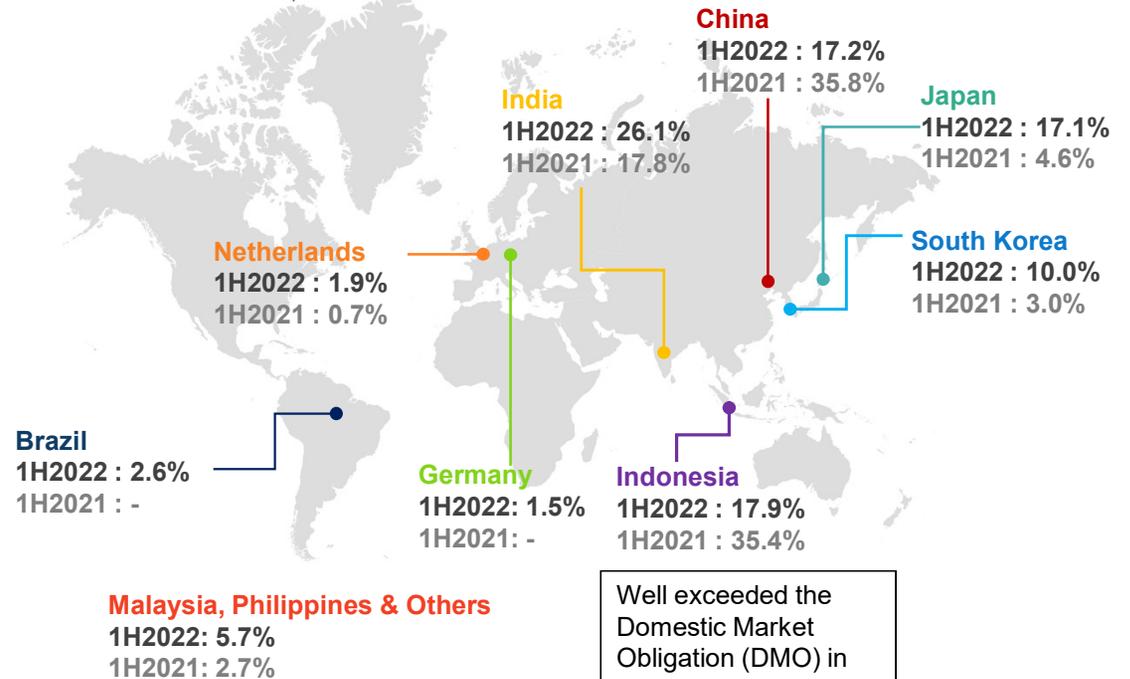
## Revenue breakdown by segment (1H2022)



Group denotes GEAR and its subsidiaries including GEMS and Stanmore.

## Revenue breakdown by geography

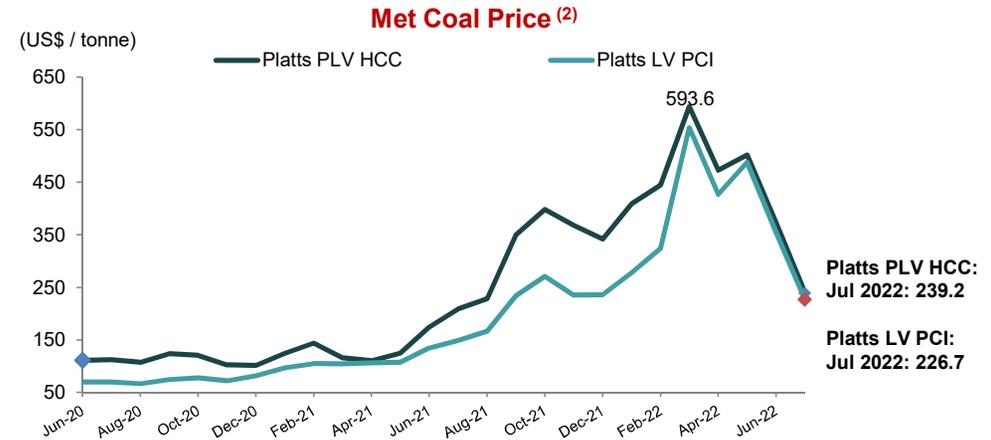
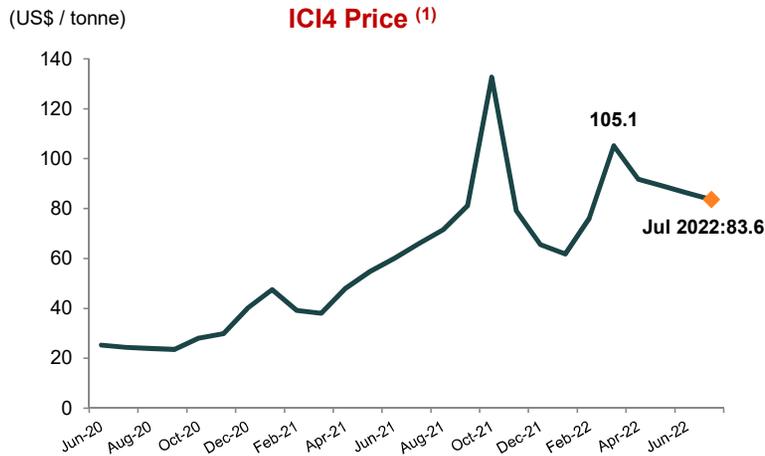
1H2022 Revenue : US\$2,431.6m  
1H2021 Revenue : US\$806.7m



Well exceeded the Domestic Market Obligation (DMO) in 1H2022

# Coal Price Trend

Weaker economic outlook and supply side ramp-up have led to market correction



**ICI4 prices remained robust in 1H2022** on widening demand and supply gap on the back of heightened geopolitical tensions and massive supply chain crisis. Prices has moderated since peak in March 2022 due to increased exports from Russia and weakening demand from China

**Metallurgical coal prices** experienced favourable pricing in 1H2022, with strong demand and elevated steel pricing coupled with ongoing supply weaknesses. Platts PLV HCC peaked at US\$594 per tonne in March 2022 but has since undergone a correction on recovery in production from large Australian mines and reduction in steel demand due to weaker economic outlook

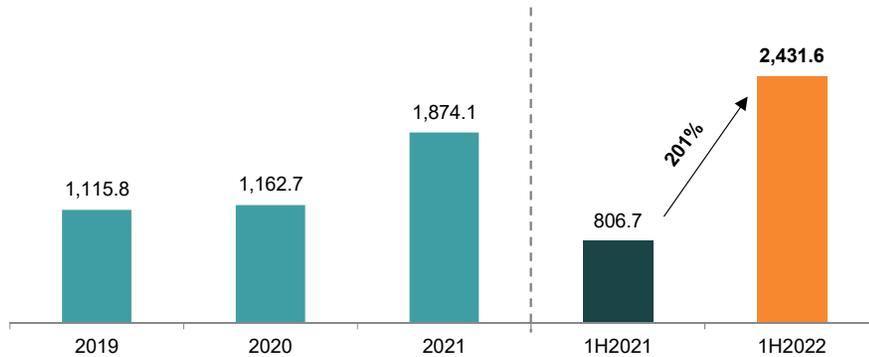
(1) ICI 4 prices represent average of the month (Source: Argus Report)

(2) Platts PLV HCC and Platts LV PCI prices represent average of the month (Source: S&P Global Platts)

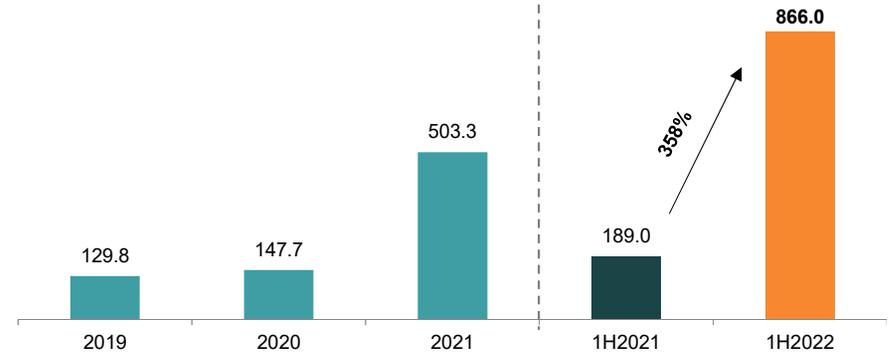
# Group Performance Highlights

Significant growth in performance led to strong financial position

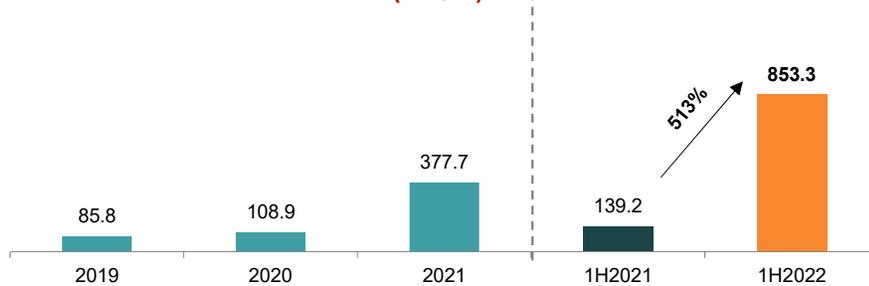
**Group Revenue (US\$m)**



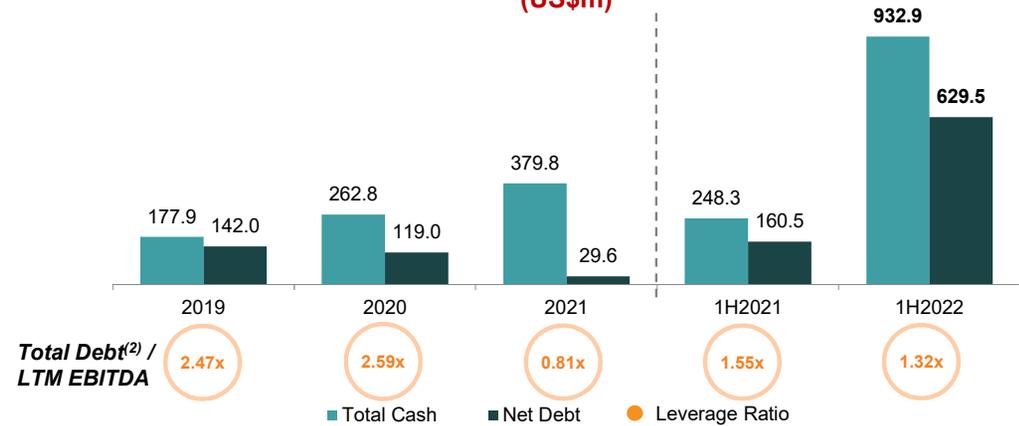
**Group EBITDA<sup>(1)</sup> (US\$m)**



**Net Cash Flow from Operations (US\$m)**



**Group Cash Balance, Net Debt<sup>(3)</sup> and Leverage Ratio<sup>(4)</sup> (US\$m)**



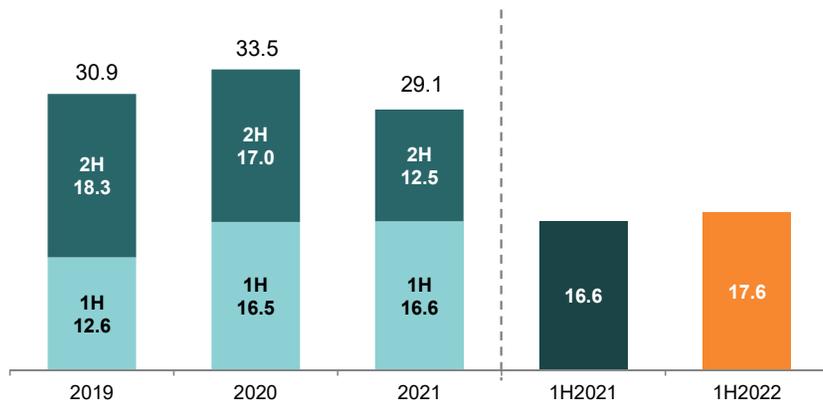
Group denotes GEAR and its subsidiaries including GEMS and Stanmore. Stanmore is consolidated in GEAR financials from 18 May 2020. GEAR financial year ending is 31 December

- (1) EBITDA = Profit for the year + finance costs + taxes + depreciation and amortisation + impairment loss
- (2) Total Debt = Loans and borrowings (including lease liabilities)
- (3) Net Debt = Loans and borrowings (including lease liabilities) – cash and cash equivalents
- (4) Leverage ratio = Total debt / LTM EBITDA

# Operational Performance

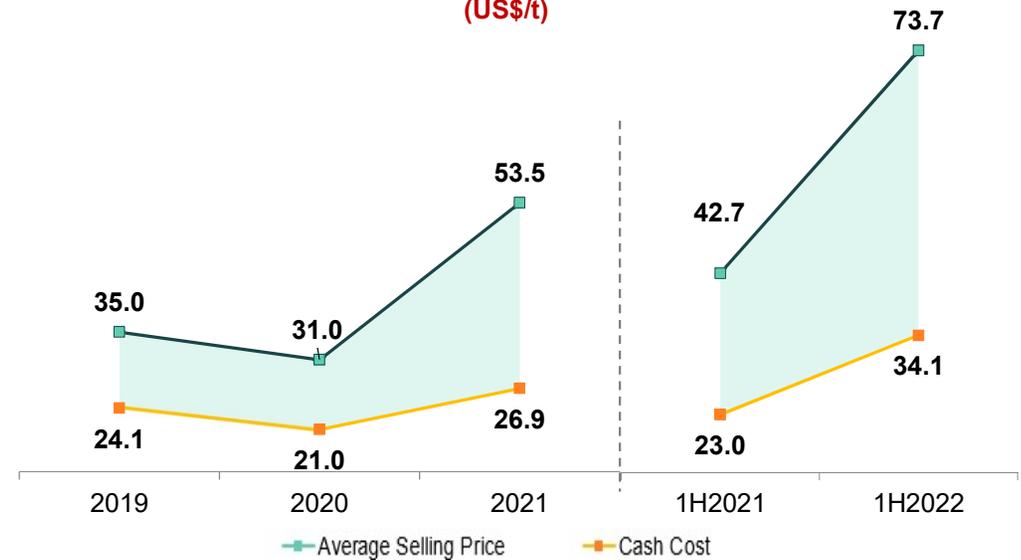
## GEMS

Production Volume (Mt)



With the improving macroeconomic conditions and lifting of COVID-19 movement restrictions, **production volume increased to 17.6Mt in 1H2022** (1H2021: 16.6Mt)

Average Selling Price, Cash Cost <sup>(1)</sup>  
(US\$/t)



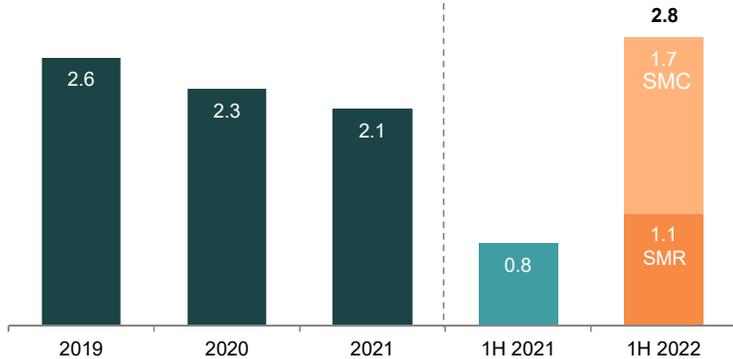
**The rise in ASP outpaced the rise in cash cost** leading to an increased profitability to the Group's Energy Coal segment. This was made possible due to **efficient cost optimisation** efforts despite increase in contractor cost (which is linked to ICI4 index prices)

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

# Operational Performance

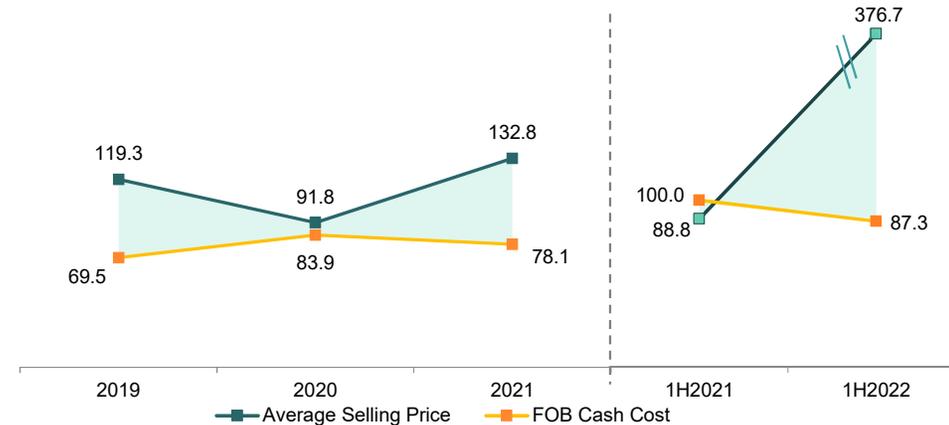
## Stanmore (consolidated for 2 months' SMC performance)

Saleable Production Volume (Mt)



Saleable Production Volume increased from 0.8Mt in 1H2021 to 2.8Mt in 1H2022 primarily due to the **consolidation of SMC's May and June 2022 results**.

Average Selling Price, FOB Cash Cost <sup>(1)</sup> (US\$/t)



**Record realisations in 1H2022** on the back of strong metallurgical coal prices, from strong demand and ongoing supply weaknesses.

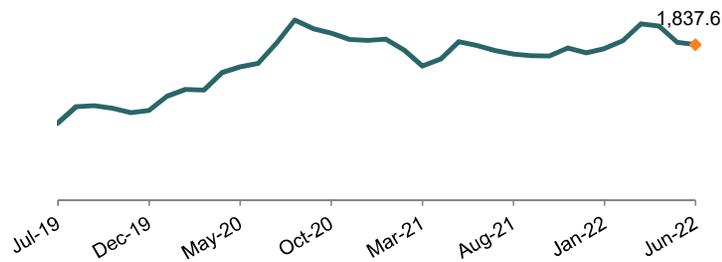
Reduction in FOB cash cost with transition of operations from Isaac Plains East to Issac Downs which has a lower strip ratio and inclusion of SMC mines (for 2 months period), which has a lower FOB cash cost

Source: Stanmore quarterly report  
 (1) FOB cash cost per tonne sold, on an ex-royalty basis

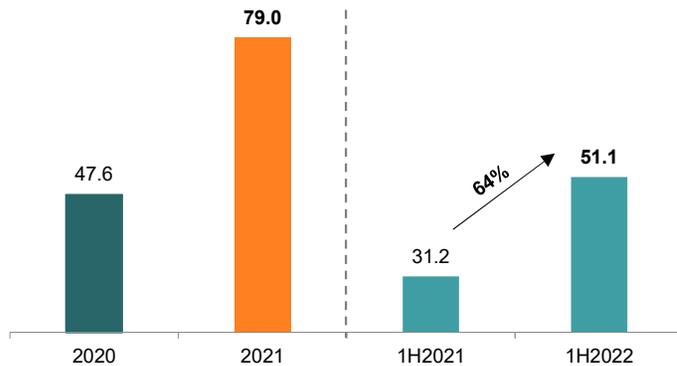
# Operational Performance

## Ravenswood

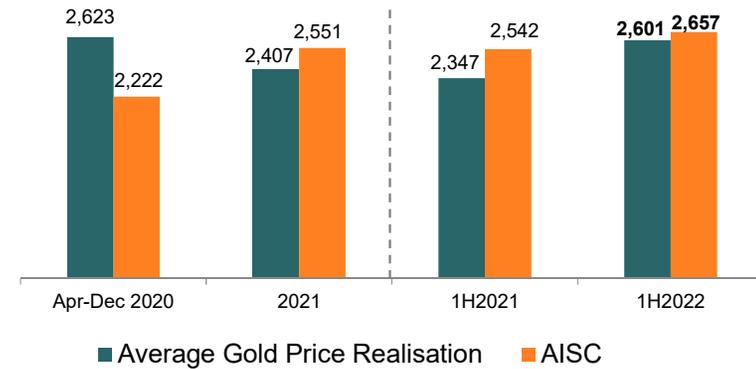
**Gold Price Trend  
(US\$/oz)**



**Production Volume  
(Koz)**



**Average Gold Price Realisation  
and All-in-Sustaining Cost (AISC) <sup>(1)</sup>  
(A\$/oz)**



Production volumes increased 64% from 31.2Koz in 1H2021 to 51.1Koz in 1H2022

Sub-optimal cost structure as the mine undergoes ramp up of new open cut development and plant expansion.

Completion delayed due to COVID issues, supply chain issues, labour constraints. Expansion expected to be completed in 2H2022.

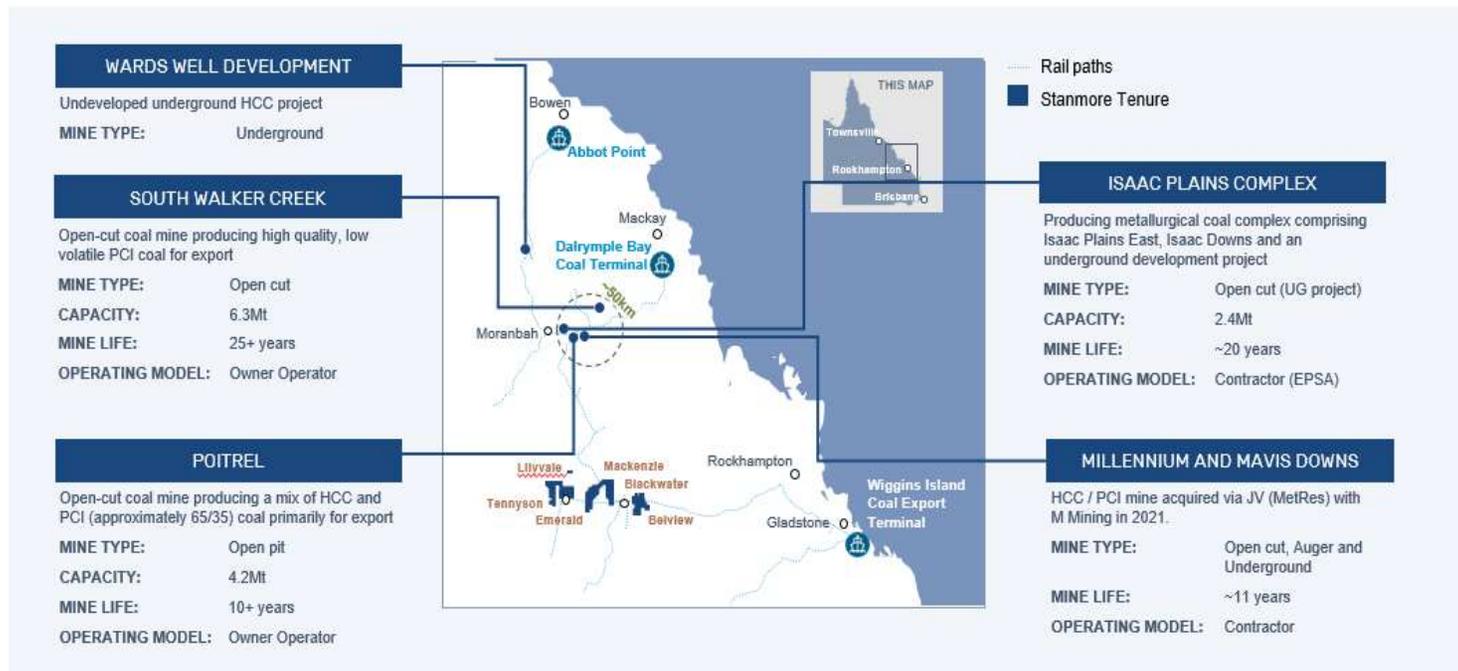
Source for Gold Price Trend: S&P Capital IQ. Ravenswood financial year end is 31 December  
 (1) AISC includes mining, processing, site admin, royalties and sustaining capital expenditure (excl. infill drilling)



# Acquisition of SMC

# Overview of Key Assets of Stanmore, including SMC

Well positioned to realise synergies from 3Q 2022



- Acquisition of 80% interest in SMC completed on 3 May 2022
- Transformational acquisition for the Group:
  - Making GEAR and Stanmore to be **one of the largest metallurgical coal producers in Australia**
  - High quality, low cash cost reserves with long mine life, which are well developed, capitalised and are cash generating in Australia
  - 2 months results of SMC group contributed US\$753.0 million of revenue and US\$78 million of net profit after tax in 1H2022
  - Acquisition increases revenue contribution from Metallurgical Coal segment and is expected to outweigh the Group's Energy Coal segment contribution

Integration well underway - linking Stanmore's existing operations to Poitrel and Red Mountain Infrastructure CHPP to unlock mine site blending benefits and additional coal output from those operations that were limited by the CHPP capacity

# Acquisition of Mitsui's 20% interest in SMC

## Confirms Full Ownership of SMC Assets

Stanmore entitled to 100% of SMC returns / dividends going forward

## Streamlining of Administration & Reporting

100% ownership simplifies reporting and allows SMC to join SMR tax consolidated group

## No External Funding Required to Complete

Internal cash flows sufficient without new external debt or capital required

## Simple Transaction expected to close in 4Q 2022

Only conditional precedent is FIRB approval

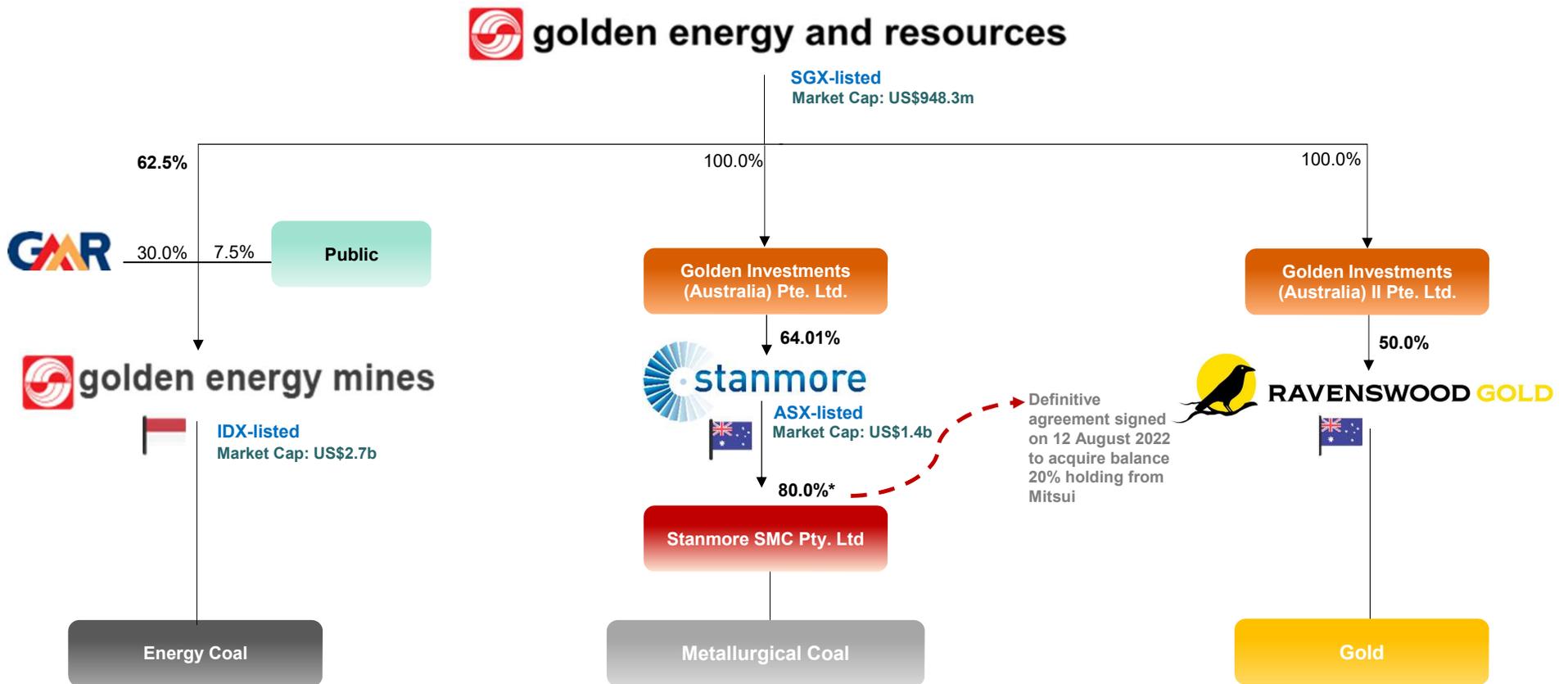
- Stanmore enters into definitive agreement with Mitsui to acquire its 20% interest in SMC for US\$380M, to be reduced by the amount of any dividends paid by SMC prior to completion
- Completion subject to approval from the Australian Foreign Investment Review Board
- Expected completion in 4Q 2022
- Upon completion, SMC will be a wholly-owned subsidiary of Stanmore
- GEAR's effective interest in SMC to increase from **51% to 64%**

# Corporate Overview



# GEAR Group Simplified Corporate Structure

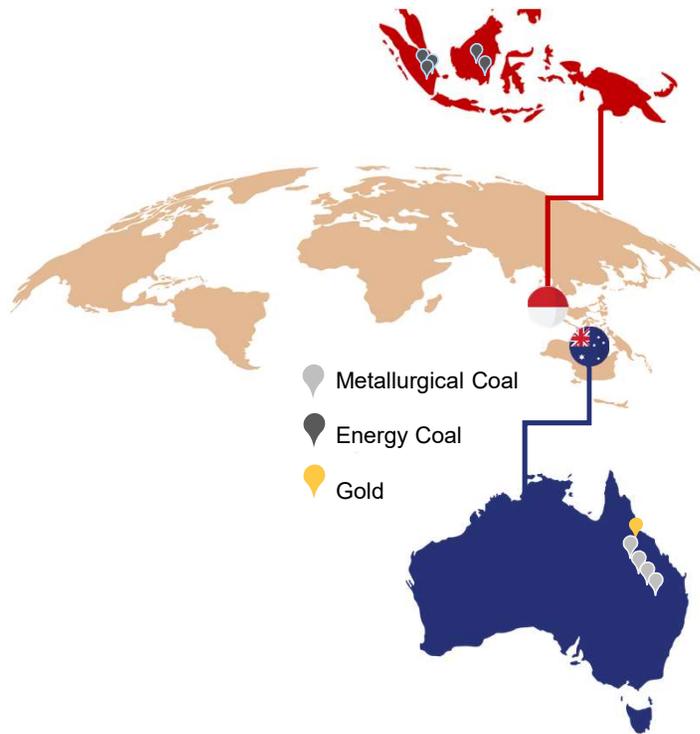
As at 15 August 2022



Source: Bloomberg. Market cap data as at 15 Aug 2022  
Note: For illustration purposes only and not exhaustive. Only key subsidiaries shown.

# GEAR Geographical Presence

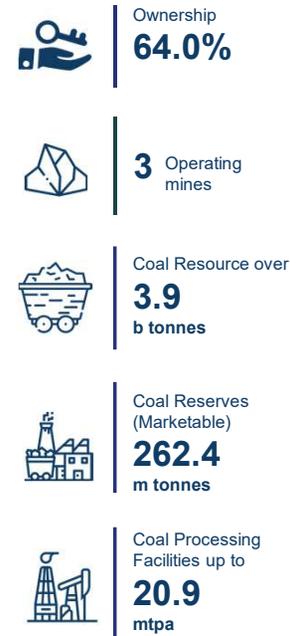
A leading energy & resources company in Asia Pacific region



## GEMS



## STANMORE\*



## RAVENSWOOD



\* Stanmore including SMC



**Q & A**



# Thank You

*“Never let a good crisis go to waste.”  
– Winston Churchill*

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