

**SUPPLY DISRUPTIONS IN COAL
CAUSE AN INCREASE IN COAL
PRICES TO RECORD HIGH**

**GEO ENERGY IS EXPECTED TO
PERFORM WELL IN 2022 WITH THE
CURRENT HIGH COAL PRICES**

**INVESTORS AND
ANALYSTS' BRIEFING
7 March 2022**

**TUNG KUM HON
CEO/DIRECTOR**

2021 Highlights

- The Group **achieved record revenue of US\$641.9 million**, a significant increase of 109% from 2020, due to the increase in sales volume and higher average selling price. The average ICI4 coal price more than doubled to US\$65.85 per tonne in 2021.
- The Group delivered its **highest coal sales in a year of 11.4 million tonnes** (2020: 10.7 million tonnes).
- **Cash profit from coal mining averaged at US\$25.05 per tonne** (2020: US\$6.25 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. **4Q2021 cash profit was US\$40.70 per tonne.**
- **EBITDA and free cash flow were a record US\$270.9 million** (2020: US\$57.0 million) **at a significant improved margin of 42%**, and the **net profit from operations of US\$179.1 million** was a complete turnaround from the net loss from operations of US\$11.5 million in 2020, excluding the gain on repurchases of the US\$ Bonds.
- The Group made **an early redemption of its outstanding US\$60.4 million Bonds in October 2021**, saving US\$4.8M in annual financing costs.
- The Company recommended a final dividend of S\$0.05 per share. **Total dividends for 2021 is S\$0.09 per share or US\$93.5 million, equivalent to a 52% pay-out ratio on its 2021 net earnings, with a dividend yield of 16% based on share price as at 4 March 2022 of S\$0.555 per share.**
- **52-week Total Shareholders' Return (TSR) was a record 243%** against the FTSE Straits Times Index (STI) of 7%.¹

Industry Outlook

Coal Analysis and Forecast to 2024

- **China and India account for two-thirds of the coal consumption in the world**, which will greatly influence the global trend in next few years. In 2021, the coal consumption increased 4% in China, 13% in India, and 17% in the United States.
- **Coal demand expected to reach an all-time high in 2022 and continue until 2024**, with emerging and developing economies being the driving force. The expected global economy recovery, higher power demand due to cold winter and hot summer, and adverse weather conditions might curtail coal supply.
- The continued uncertainty around Australian coal ban by China, **Indonesian miners continue to enjoy the high import demand from China**.

(Continue)

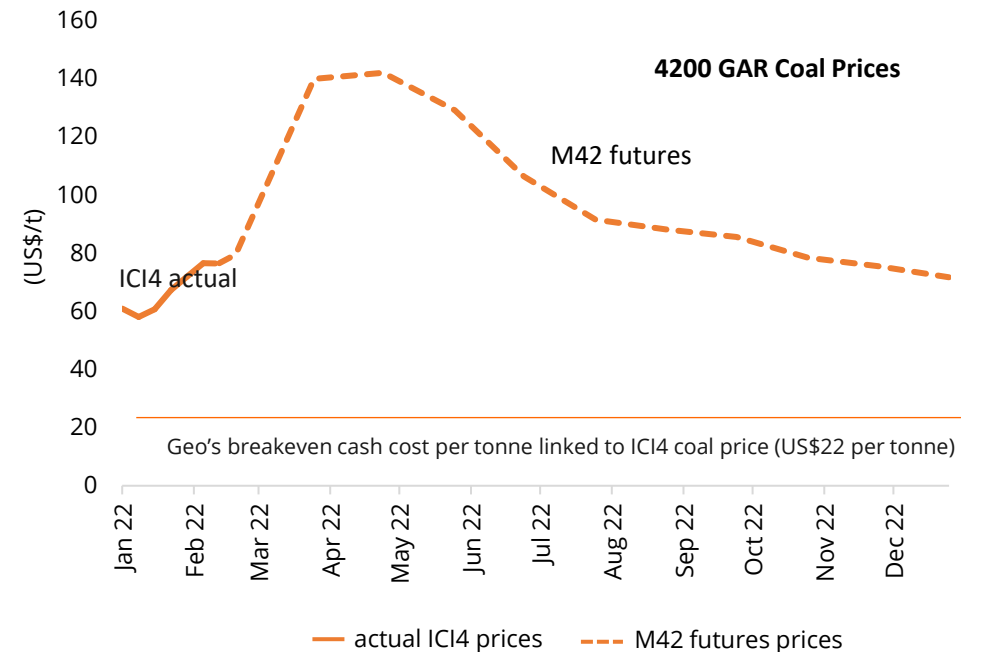
Source: Coal 2021: Analysis and forecast to 2024, December 2021 (International Energy Agency)

GEO

Industry Outlook

- **The geopolitical tensions caused by Russia’s invasion of Ukraine have impacted the global economy and markets.** There will be lasting implications for commodities, energy policy and the energy transition.
- The invasion has rocked prices in Asian thermal markets. The highest coal price over the past 10 years came in late 2021 when it surpassed US\$200 per tonne. **The Newcastle coal price broke through the US\$400 per tonne barrier** in response to Russian sanctions, more than doubling since the start of 2022.
- **The M42 Futures Index prices for 4200 GAR coal for the next 10 months in 2022 are US\$71 – US\$140 per tonne** and average US\$59 per tonne for 2023. **ICI4 coal price as at 4 March 2022 was US\$95.46 per tonne, up US\$15.92 or 21%!**

The impact of the Russia’s invasion of Ukraine and the sanctions imposed on Russia on the coal industry is expected to continue in the coming years ahead



Source: McCloskey Fax, Issue 1085, 25 February 2022; Wood Mackenzie [Crisis in Ukraine: the global risks to commodities | Wood Mackenzie](#); [Coal price responds to Russia in a big way - Australian Mining](#); <https://www.sgx.com/derivatives/delayed-prices-futures?cc=M42F&category=coal>, extracted on 4 March 2022

Geo Energy is expected to perform well in 2022 with the current high coal prices

- **Delivered 1.4 million tonnes** of coal for the two months in 2022 despite the temporary coal export ban by Indonesia in January, with a **revenue of US\$78.4 million at an average selling price of US\$55.05 per tonne**. Domestic Market Obligations (DMO) volumes was 51% of the total volume sold in response to supply requirements imposed by the Indonesian Government.
- Based on the current coal price of US\$95.46 per tonne and DMO sales of 25%, **the Group's cash profit is above US\$40 per tonne**.
- **The Group targets a coal production of 5-6 million tonnes in 1H2022** and has a RKAB production quota approved for 2022 of 12 million tonnes.
- **Geo Energy expects to achieve revenue of more than US\$400 million (1H2021: US\$220.3 million) and EBITDA close to US\$200 million (1H2021: US\$77.5 million) in 1H2022, based on today's coal price and the M42 Futures Index price.**

GEO



Share Price Performance

Key Data

Closing (4 Mar 2022)	Day Range
S\$ 0.555	S\$0.510 – S\$0.565
52 Week Range	Market Cap
0.166 – 0.555	S\$781.5M
Shares Outstanding	Public Float
NA	38.45%²
BETA	Rev. Per Employee
NA	US\$3.2M³
P/E Ratio	EPS
3.23	S\$0.1718³
Yield ¹	Dividend
16%	S\$0.05
Ex-Dividend Date	Short Interest
29 Nov 2021	NA
% of Float Shorted	Average Volume
NA	8.42M

Total Shareholders Return¹

5 Day	39%
1 Month	70%
3 Month	126%
YTD ⁴	88%
1 Year	243%

Geo Energy Resources Ltd

0.555 SGD 4 March 2022



¹ Include final dividend of S\$0.05 per share proposed for 2021 and total 2021 interim dividends of S\$0.04 per share paid during the year

² As at 15 March 2021, as per Geo's Annual Report 2020

³ For 12 months ended 31 December 2021

⁴ Based on share price on 1 January 2022 and 4 March 2022

Geo Energy shares are undervalued

Although the share price has risen recently, it is undervalued given:

- the net profit from operations of US\$179.1 million in 2021;
- projected revenue of more than US\$400 million and EBITDA close to US\$200 million in 1H2022, based on current high coal prices of US\$95.46 per tonne and cash profit of more than US\$40 per tonne, and the M42 Futures Index price;
- the VALMIN JORC valuation of the Group's coal reserves of US\$726 million as at 31 August 2021; and
- US\$191 million cash as at 31 December 2021.

The Group's Enterprise Value (EV), excluding cash¹ and treasury shares, as of 4 March 2022 was US\$388² million or EV/EBITDA (2021) at 1.4 times, and less if we use 2022 projected EBITDA

¹ As at 31 December 2021

² At exchange rate US\$:S\$ 1.3590 as at 4 March 2022

Thank You



For more Information, please visit
www.geocoal.com

