



GEO  
ENERGY RESOURCES

2020  
Bond & Equity  
Investor Presentation

27 August 2020

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CEO/Director

Opportunities in Crisis



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# Geo Energy Strategy

**Vision**

To become one of Indonesia’s top ten coal producers. Geo Energy commits to sustainable growth and enhancing shareholders value.

We will continue to pursue opportunities to expand our mining operations and in increasing our coal reserves through strategic acquisitions and vertical integration.





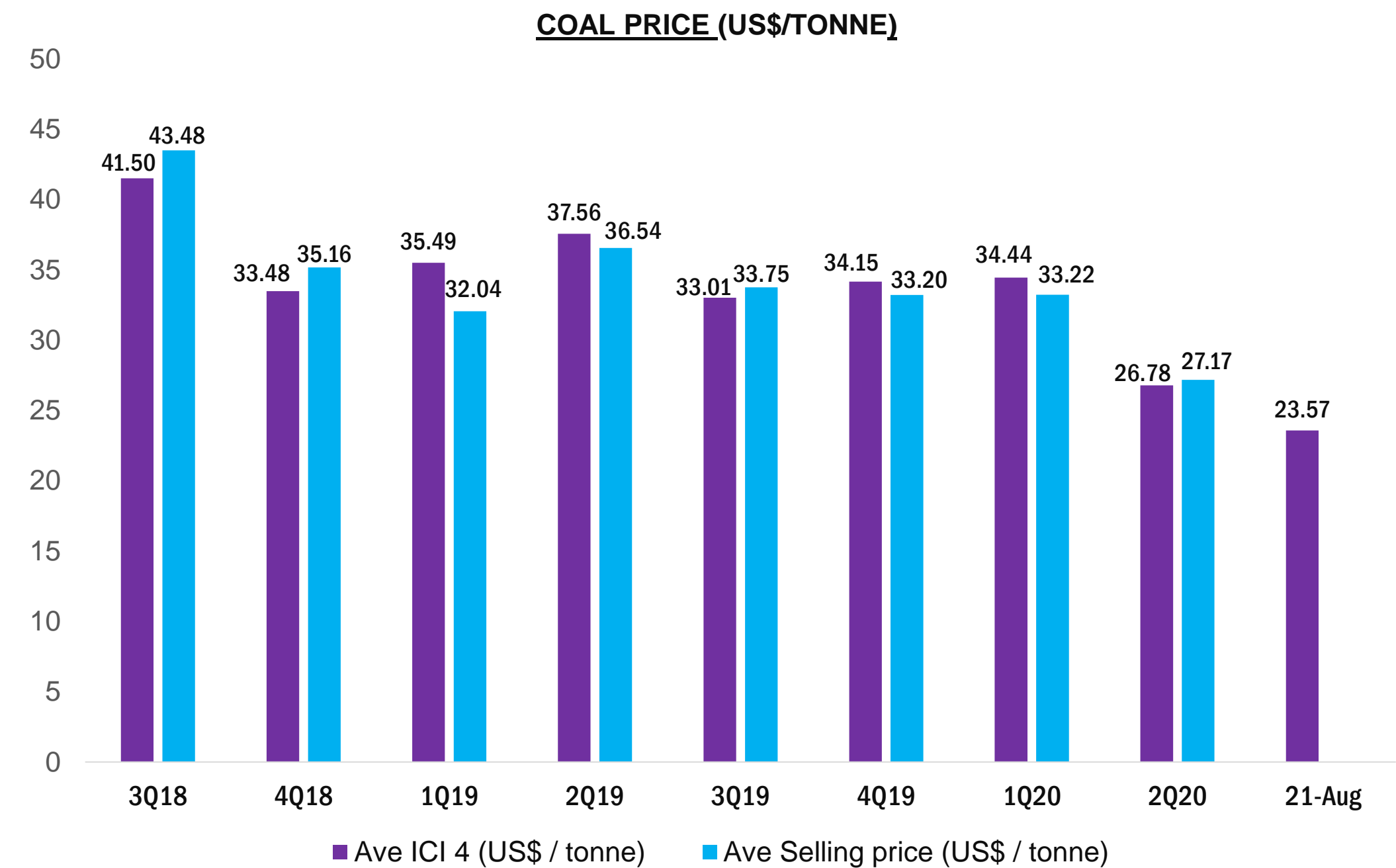
**Strengthen our  
Core Earnings**

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# Strengthen our Core Earnings

- The COVID-19 pandemic continues to expand globally and will likely leave profound effects on the world economy. The effect of extended lockdowns on employment and consumer confidence also means that recovery will take longer than expected into 2021-2023.<sup>1</sup>
- China's imports are still being restricted by the quota system, with buying interest remaining limited despite rising domestic coal prices.
- As a result, thermal coal remains under downward pressure.
- The Indonesian Government has reported an expected decrease in coal production as many coal miners are slowing or stopping production as selling prices fall below their costs.
- We have successfully implemented cost cutting measures and reduced production costs, as we negotiated with our service providers. The new production costs structure linked to coal prices gives us more flexibility as we chart our course ahead to build a resilient and sustainable future.

<sup>1</sup> S&P Ratings, Global Credit Condition report, 1 July 2020



**Average ICI 4 has been decreasing, to a low of US\$26.78 per tonne in 2Q20.**

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# Strengthen our Core Earnings

Key Operating Matrix	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	% Change Y-o-Y
<b>In million tonnes</b>						
Sales Volume	1.4	2.0	1.9	2.5	2.5	79
Production Volume	1.7	2.2	1.5	2.6	3.2	88
<b>In US\$ / tonne</b>						
Average ICI 4	37.56	33.01	34.15	34.44	26.78	(29)
Average Selling price	36.54	33.75	33.20	33.22	27.17	(26)
Production Cash Cost	25.78	31.74	29.05	26.86	20.92	(19)
Cash Profit	10.76	2.01	4.15	6.36	6.25	(42)

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# Strengthen our Core Earnings

Key Financials US\$ million	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	% Change Y-o-Y
<b>Income Statement</b>						
Revenue	52	67	64	88	73	40
12-mth trailing EBITDA	41	24	23	35	35	(15)
Net profit (loss)	1	(11)	(28)	31	35	nm
US\$ million	30 Jun 2019	30 Sep 2019	31 Dec 2019 (A)	31 Mar 2020	30 Jun 2020 (B)	% Change (B-A)/A
<b>Balance Sheet</b>						
Debt <sup>1</sup>	299	305	284	195	134	(53)
Cash	200	184	139	107	78	(44)
Net Debt	99	121	145	88	56	(61)
Equity	163	151	123	155	190	54

<sup>1</sup> Debt is calculated as the aggregate of the Group's lease liabilities and Senior Notes (including interest payable)

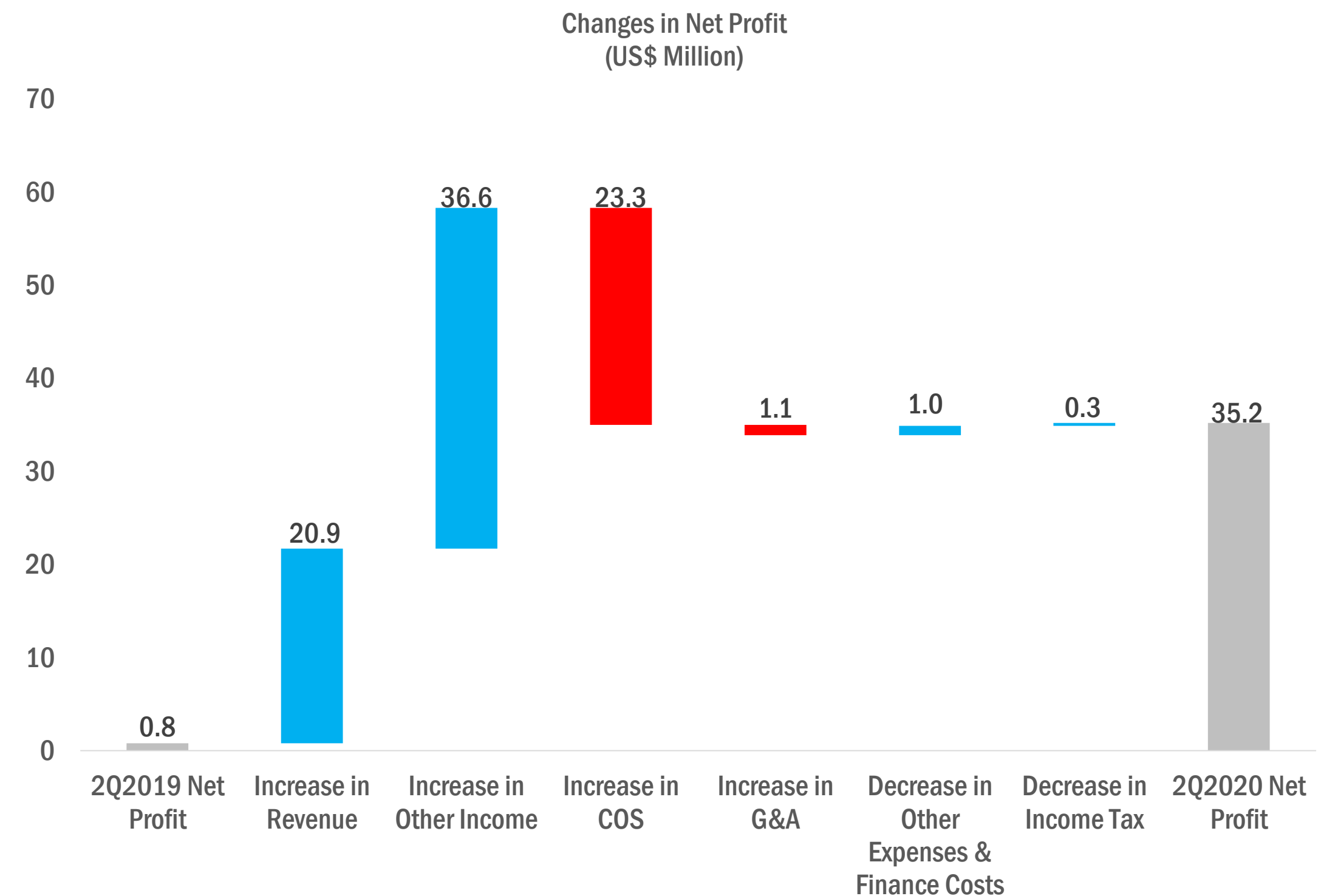
nm – not meaningful



# Strengthen our Core Earnings

Net Profit of US\$35.2 million, an increased of US\$34.3 million from 2Q2019.

(US\$ million)	2Q2019	2Q2020	Change	Remarks
2Q2019's Net profit			0.8	
Increase in revenue	51.9	<b>72.8</b>	20.9	Increase in sales volume offset by lower ASP
Increase in COS	(40.9)	<b>(64.2)</b>	(23.3)	Higher sale volume mitigated by lower production costs
Increase in Other Income	1.4	<b>38.0</b>	36.6	US\$35.2 million gained due to repurchase of Senior Notes. The Group acquired US\$55.4 million in principal amount of the Senior Notes for US\$24.5 million, including the accrued interest.
Increase in G&A Expenses	(2.5)	<b>(3.6)</b>	(1.1)	Increase due to higher professional fee incurred on the Senior Notes consent solicitation and tender.
Decrease in Other Expenses & Finance Costs	(7.0)	<b>(6.0)</b>	1.0	Decrease mainly due to the lower interest expense from the lower outstanding principal amount of the Senior Notes.
Decrease in Income Tax	(2.0)	<b>(1.7)</b>	0.3	Effective tax rate of 5% was mainly driven by non-taxable income from the gain on repurchase of the Senior Notes.
2Q2020's Net Profit			<b>35.2</b>	





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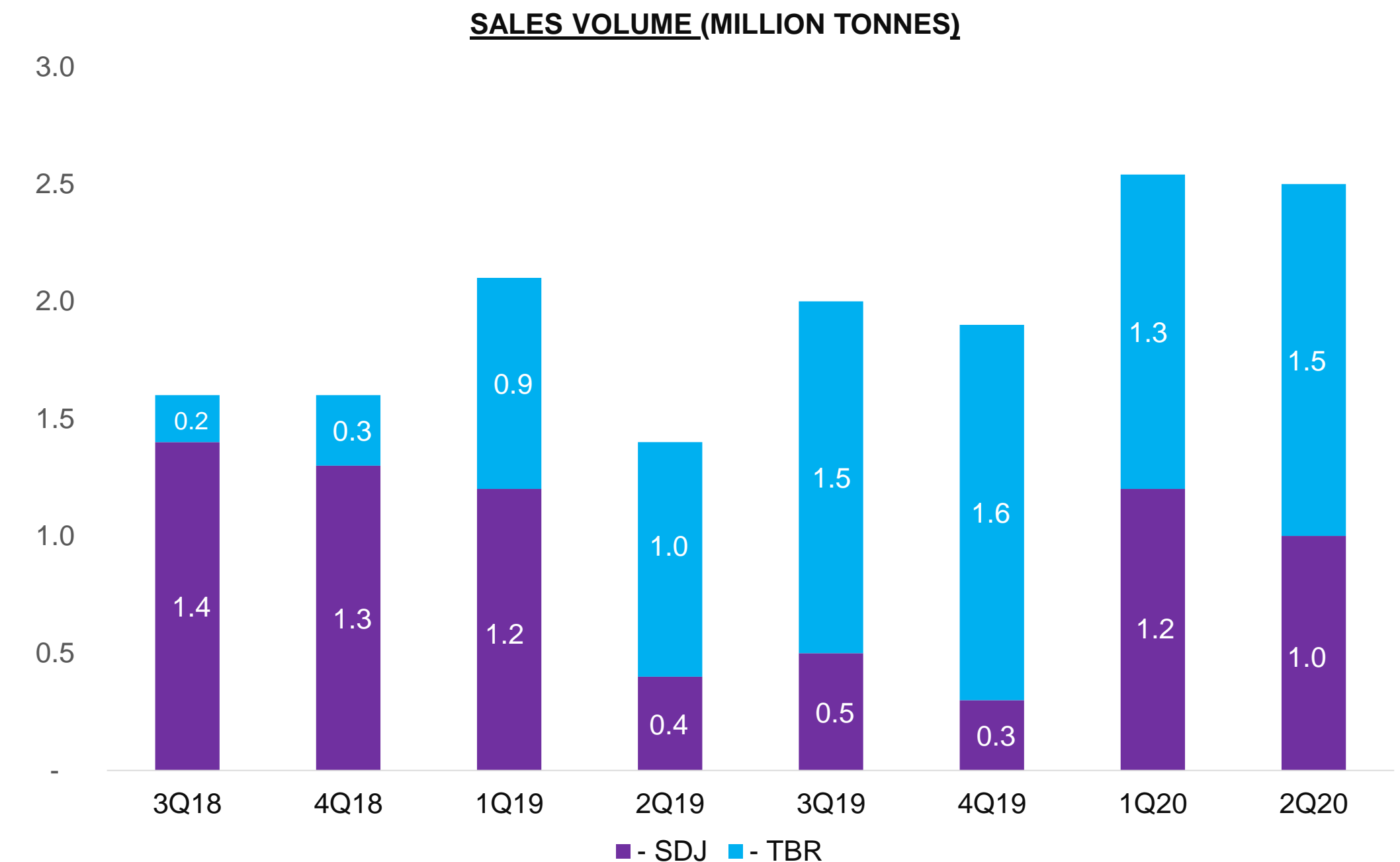
# Strengthen our Core Earnings

## A. Optimise our Cost Structure

- Reduced cash cost from US\$26.86 per tonne (1Q2020) to US\$20.92 (2Q2020) due to negotiations with Service Providers.

## B. Increase Flexibility to allow higher production

- Success is when preparation meets opportunity.
- We have successfully applied for an increase in the Rencana Kerja Anggaran Biaya (“RKAB”) (Work Plan and Budget) production quota for our SDJ and TBR mines from 8 million tonnes to 12 million tonnes in 2020, giving us added flexibility in increasing our production volumes when coal prices increase.
- We have also slowed down some of our coal getting, and increased our coal exposed. This allows us flexibility to ramp up coal deliveries when the coal prices are better, and slow down when the prices are weaker.





**Optimise our  
Capital Structure**



# Optimise our Capital Structure

## A. Strengthened Balance Sheet and Reduced Gearing

- Through the repurchases of our Senior Notes due 2022, our Group delivered on its de-leveraging strategy, taking steps towards achieving our two key objectives of **(1) improving our debt position by 52.9% by repurchasing US\$151.2 million in principal amount of the Senior Notes in 1H2020**, whilst maintaining a cash position of US\$78.1 million as at 30 June 2020 and **(2) reducing our annual interest costs by US\$13.4 million a year.**
- Subsequent to 30 June 2020, the Group had further repurchased US\$23.2 million in principal amount of the Senior Notes, reducing its debt position and annual interest costs further.

Financial Ratio	30.6.2020	% Change <sup>2</sup>
Gearing – Debt/Equity (times)	0.86	(67)
Net Debt / EBITDA (times) <sup>1</sup>	2.44	(70)
Fixed charge coverage ratio (times) <sup>3</sup>	3.25	221

<sup>1</sup> 12 months trailing as at 30 June 2020  
<sup>2</sup> from 31 December 2019  
<sup>3</sup> based on interest attributable to indebtedness, adjusted for the pro forma effect as if any indebtedness repaid or redeemed during the relevant period were incurred on the first day of such reference period





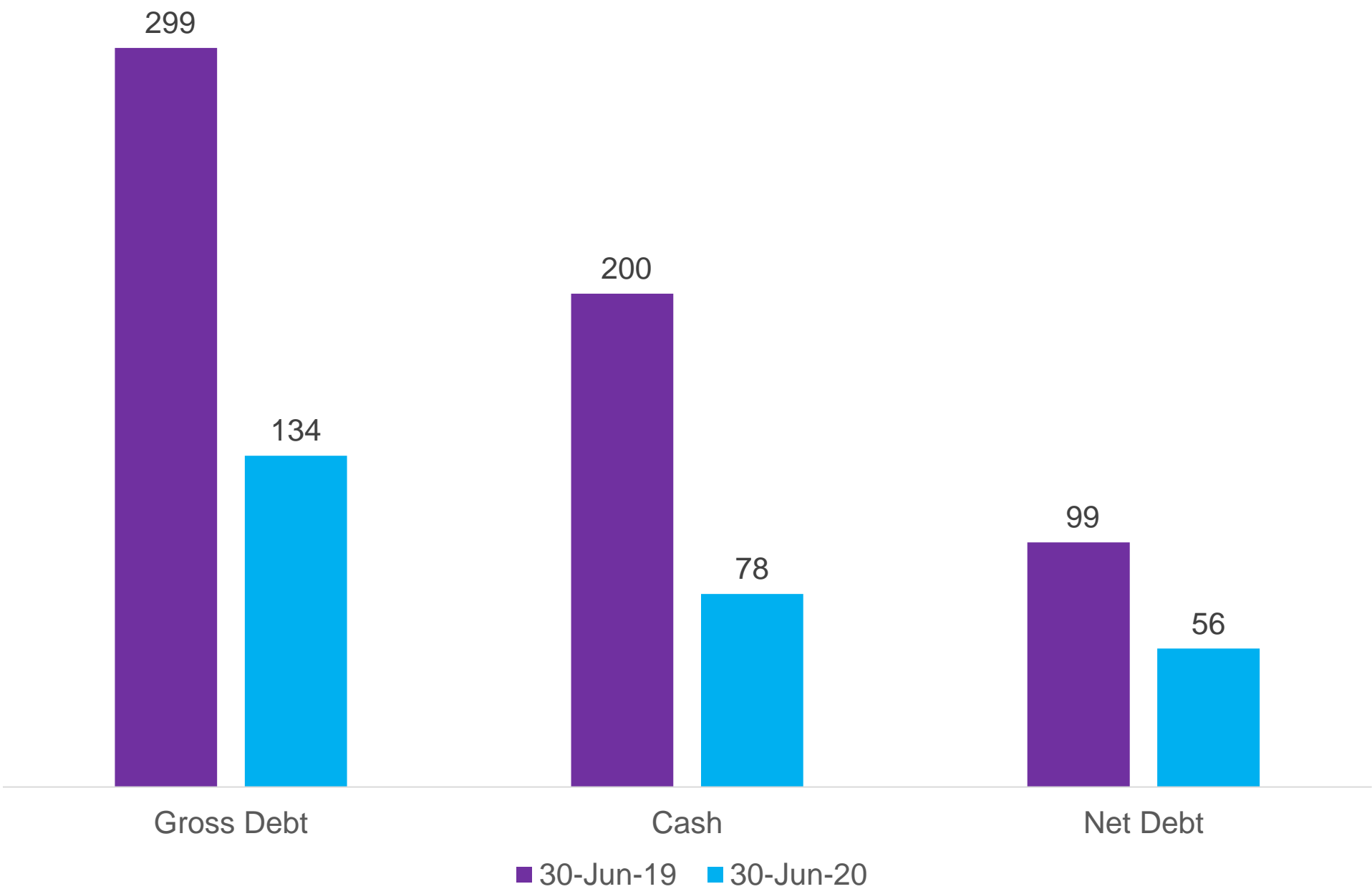
# Optimise our Capital Structure

## A. Strengthened Balance Sheet and Reduced Gearing

- **Gross debt<sup>1</sup> mainly pertains to the Senior Notes.** As of 31 July 2020, the **outstanding Senior Notes was US\$109.5 million** as the Group had purchased US\$78.6 million of the Senior Notes in 2Q2020 and July 2020.
- **Cash was US\$61.9 million as at 31 July 2020** compared to US\$139.0 million as at 31 Dec 2019. Cash payments were mainly for the repurchases of the Senior Notes and payment of accrued interest of the Notes, offset by movement in working capital in the ordinary course of business.
- **Net debt as of 31 July 2020 was US\$49.5 million.**

<sup>1</sup> Gross debt is calculated as the sum of lease liabilities and notes payable (including interest payable)

GROSS DEBT, CASH AND NET DEBT (US\$ MILLION)



# Secure a sustainable Financial and Capital Structure

## B. Risk Management

	Effective Equity Interest of GER	SDJ (98.96%)	TBR (97.91%)	SDP Total
IUP expiry date		11 May 2027	10 January 2028	
JORC Reserves as at 30 April 2020	Mt	24.9 <sup>1</sup>	62.7 <sup>1</sup>	87.5
Less:				
May – June 2020 coal production	Mt	(1.0)	(1.2)	(2.2)
Total JORC Reserves as at 30 June 2020	Mt	23.9	61.5	85.3

- The Group has received approval from the local authority on the extension of the IUPs of SDJ and TBR coal mines, which the IUPs have been extended to 11 May 2027 and 10 January 2028 respectively.
- The Group's SDJ and TBR 2P Reserves have also increased to 87.5 million tonnes as at 30 April 2020, through further explorations on its coal mining concessions as well as joint boundaries arrangement for coal mining, based on the updated JORC report dated 12 August 2020. **This is above the requisite coal reserve required under the Senior Notes Put Option covenant.**
- **Based on the mining production plan, we expect the Senior Notes Put Option to fall away on 4 April 2021.**

<sup>1</sup> JORC reserves as at 30 April 2020 based on the updated IQPR dated 12 August 2020



**Building a  
Sustainable  
Business for the  
Future**



## Building a Sustainable Business for the Future

- We have focused on improving and building a more resilient and flexible business model by negotiating with our service providers and implementing cost-cutting measures, particularly during such challenging market conditions where many other coal mines have reduced or stopped production due to high cash costs. This is also possible because of the short 17km distance between our coal mine and jetty, which gives us a competitive advantage over our peers.
- We have optimised our capital structure, reducing our outstanding debt and annual interest costs.
- Flexibility as a key to coping with volatile market conditions. We have also managed our coal exposed and deliveries to optimise sales at optimal price levels.
- We will continue to explore potential acquisition(s) of coal assets or joint ventures to expand our business where our core competence is, and we will continue to work to Strengthen our Core Earnings through opportunities in these times of crisis. We aim to emerge out of this crisis as one of the top Indonesian integrated Mining Groups.

# Awards and Others

## Awards

- Geo Energy won the Metals & Mining category award in the **Singapore Business Review Listed Companies Awards 2020** (Please click here: [SBR Listed Companies Metals & Mining](#)) on its focus on ESG and sustainability principles in its business, especially so in the coal and energy industries we are engaged in. The Company has released its Sustainability Report 2019 in May 2020 (Please click here: [Sustainability Report 2019](#))
- Geo Energy was also a winner of the **Le Fonti Awards 2020 for Excellence of the Year – Innovation and Leadership in the Coal Mining Sector**.





# Share Price Performance

Earnings Per Share for the three months in 2Q2020 was S\$0.035. Net Tangible Asset Per Share was S\$0.189 as at 30 June 2020. The Company’s share price as at 17 August 2020 was S\$0.12 per share.

**S\$0.12**

Last Quoted on 17 Aug

**S\$160M**

Market Capitalisation

**GERL:SP** Singapore  
**Geo Energy Resources Ltd** [COMPANY INFO](#)

**0.12** SGD    +0.00 +1.77% ▲

OPEN	PREV CLOSE	VOLUME
0.12	0.11	2,172,500
MARKET CAP	DAY RANGE	52 WEEK RANGE
159.517M	0.11 – 0.12	0.07 – 0.15

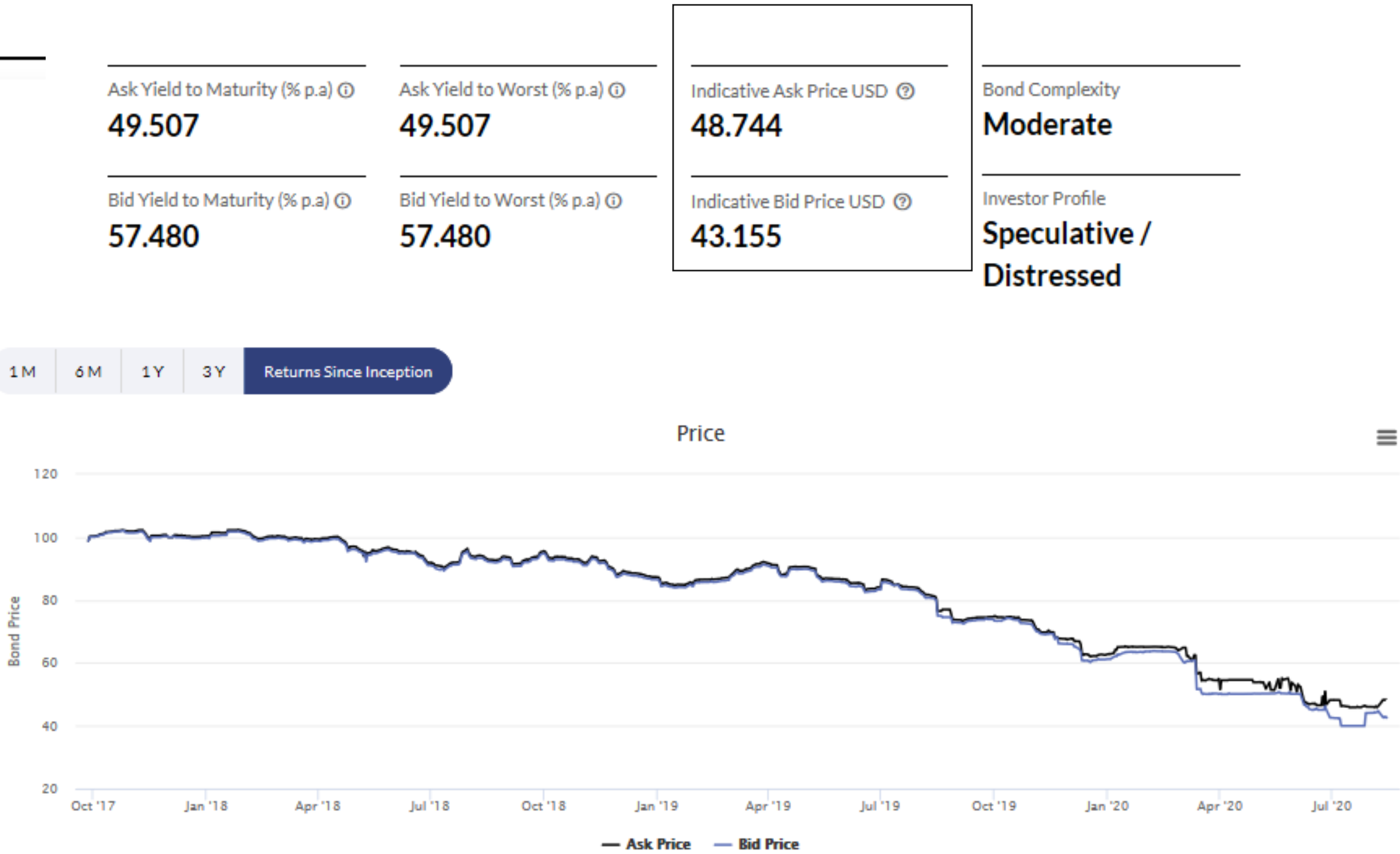


# Bond Price Performance

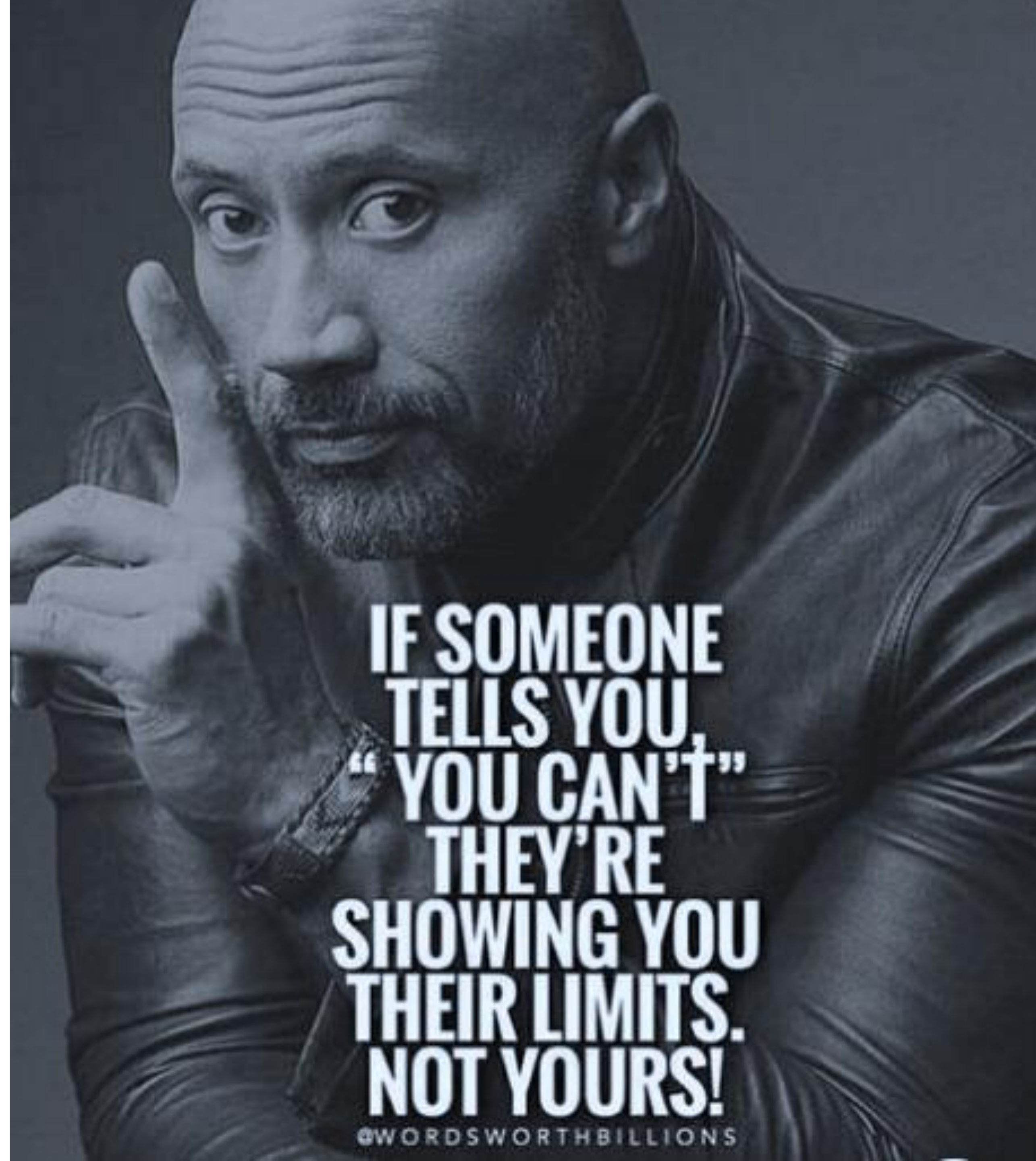
Repurchased US\$78.6 million principal amount of its Senior Notes in 2Q2020 and July 2020 to instil confidence in the market and provide an opportunity to the investors of our Senior Notes to gain liquidity that might not otherwise be available.

## Bond Information

Bond Issuer Geo Coal International Pte Ltd	Bond Currency USD	Issue Size 154,017,000	Bond Credit Rating (S&P/ Fitch) D/ CC ⓘ
Guarantor Subsidiaries	Annual Coupon Rate (% p.a.) 8.000	Announcement Date 27 Sep 2017	Issuer Credit Rating (S&P/ Fitch) N.R/ N.R ⓘ
ISIN USY2700AAB53	Coupon Type Fixed	Issue Date 04 Oct 2017	Exchange Listed SGX
CUSIP AP3385535	Reference Rate -	Maturity Date 04 Oct 2022	Seniority Senior Unsecured
Bond Type High Yield Corporate	Annual Coupon Frequency Semi Annually	Years to Maturity 2.130	Sukuk Investing Conventional
Bond Sector Energy	Min. Investment Quantity USD 200,000	Issue / Reoffer Price 98.792	
Bond Sub Sector Oil, Gas and Consumable Fuels	Incremental Quantity USD 1,000		



**Thank You**



**IF SOMEONE  
TELLS YOU,  
“YOU CAN’T”  
THEY’RE  
SHOWING YOU  
THEIR LIMITS.  
NOT YOURS!**

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