

# 3Q2022 RESULTS ANALYSTS AND INVESTORS BRIEFING

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## 3Q2022 Highlights

- The Group **sold a total of 2.4 million tonnes of coal** in 3Q2022, with 1.0 million tonnes of 4,200 GAR coal from the SDJ coal mine and 1.4 million tonnes from the TBR coal mine. This was a 9% decrease from 2.6 million tonnes in 3Q2021 mainly due to harsh weather conditions in South Kalimantan.
- Despite this, **revenue increased by 7% from US\$154 million in 3Q2021 to US\$165 million in 3Q2022**, mainly due to the higher ASP. The average ICI4 was US\$82.20 per tonne in 3Q2022, 14% higher than US\$72.28 per tonne in 3Q2021.
- **3Q2022 cash profit per tonne for coal mining was comparable to 3Q2021 at around US\$26.**
- **Cash cost for coal mining for 3Q2022 increased to US\$43.66 per tonne** (3Q2021: US\$32.71 per tonne), mainly due to higher production cost linked to coal index prices, higher mining strip ratio, and higher fuel costs.
- **EBITDA for 3Q2022 was US\$60 million** (3Q2021: US\$66 million) with an **EBITDA margin of 36%** as a result of lower sales volumes and cash profit.
- **Net profit was US\$36 million** (3Q2021: US\$45 million), due to lower sales volume, cash profit, other expenses arising from finalization of tax assessments and WHT paid on dividends received from our subsidiaries in Indonesia.
- **Cash position as at 30 September 2022 was US\$215 million**, despite dividend payments of US\$92 million for 2021 final dividend and interim dividend for 1Q and 2Q2022.
- **The Company has declared third interim dividend of S\$0.01 per share for 2022, totaling interim dividends of S\$0.05 per share, representing about 36% of 9M2022 net earnings.** Including the 2021 final dividend and 2022 interim dividends paid and declared this year, this represents a dividend yield to date of 27% and a total shareholders' return of 43% based on the Company's share price of S\$0.365 per share as of 15 November 2022.

# 5-Year Performance

US\$'000	2018	2019	2020	2021	9M2022
Revenue	299,242	249,109	306,757	641,889	533,068
Net Profit (Loss)	18,001	(47,718)	95,149	179,076	141,654

Share price 2018 – Nov 2022



We managed to ride on the trend of high coal prices and delivered exemplary results to our shareholders. However, the market is not pricing our shares at the right value.

Our revenue increased Y-O-Y by 43% to US\$533 million and we generated more than US\$140 million in net profit for 9M2022. Geo Energy targets to achieve a record revenue and its highest net profit in 2022.

Our share price hit the highest of S\$0.58 per share in April 2022. As at 15 November, our share price was S\$0.365 per share.

## Going Forward

- We may only achieve 11 million tonnes of production and coal sales for 2022 as the temporary export ban in January and harsher weather conditions have impacted production in 3Q2022.
- For October 2022, we delivered 0.9 million tonnes of coal sales (SDJ: 0.4 million tonnes and TBR: 0.5 million tonnes) at ASP of US\$74.48 per tonne (ICI: US\$91.64 per tonne), with a revenue of close to US\$64 million and achieved an EBITDA of US\$26 million.
- Coal price continued its strong momentum, with forecasts for coal restocking actions by buyers further ramping up coal demand. ICI4 as at 15 November 2022 was US\$87.76 with the McCloskey M42 Futures Index coal price averaging at US\$89<sup>(1)</sup> for 4Q2022.
- We expect to deliver more export sales in 4Q2022 with higher selling price and better margins based on the current and forward coal prices.

<sup>(1)</sup> M42 Futures from SGX, extracted on 16 November 2022



# Share Performance



## Key Data

Closing (15 Nov 2022)	Day Range
<b>S\$ 0.365</b>	<b>S\$0.360 – S\$0.370</b>
52 Week Range	Market Cap
<b>0.275 – 0.580</b>	<b>S\$513M</b>
Shares Outstanding	Public Float
<b>NA</b>	<b>41.95%<sup>(2)</sup></b>
BETA	Rev. Per Employee
<b>NA</b>	<b>US\$2.7M<sup>(3)</sup></b>
P/E Ratio <sup>(5)</sup>	EPS
<b>1.91</b>	<b>S\$0.143<sup>(3)</sup></b>
Yield <sup>(1)</sup>	Dividend
<b>27%</b>	<b>S\$0.01</b>
Ex-Dividend Date	Short Interest
<b>6 Dec 2022</b>	<b>NA</b>
% of Float Shorted	Average Volume
<b>NA</b>	<b>14.0M</b>

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

5 Day	<b>(7%)</b>
1 Month	<b>(4%)</b>
3 Month	<b>0%</b>
YTD <sup>(4)</sup>	<b>43%</b>
1 Year	<b>41%</b>

## Geo Energy Resources Ltd

**0.365** SGD 15 November 2022



- (1) Includes interim dividend of S\$0.01 per share declared for 3Q2022 and final dividend of S\$0.05 per share and interim dividends of S\$0.04 per share paid for 4Q2021 and 1H2022
- (2) As at 15 March 2022, as per Geo's Annual Report 2021
- (3) For 9 months ended 30 September 2022
- (4) Based on share price on 1 January 2022 and 15 November 2022, inclusive of the final dividend paid and interim dividend declared and paid during the period
- (5) Based on annualised 9M2022 EPS

# Geo Energy shares are undervalued - trading at less than 1x EV/EBITDA

Geo Energy shares are undervalued given:

- US\$215 million of cash as at 30 September 2022;
- trailing 12-months EBITDA of US\$350 million as at 30 September 2022; and
- trailing 12-months net profit of US\$227 million as at 30 September 2022.

The Group's Enterprise Value (EV) as at 18 November 2022, excluding cash and treasury shares, was US\$162 million<sup>1</sup>. This implies an EV/EBITDA<sup>2</sup> of 0.5 times.

<sup>1</sup> At exchange rate US\$:S\$ 1.3729 as at 15 November 2022 and cash balance as at 30 September 2022

<sup>2</sup> Trailing 12-months EBITDA as at 30 September 2022

# Industry Outlook

## Coal Price

- Expected to remain strong in the near term with high natural gas prices lasting until 2025 and gas supply not expected to rapidly increase due to the global supply chain disruptions.
- ICI price was US\$87.76 per tonne as at 15 November 2022, with the SGX M42 Futures Index indicating an average price of US\$89 per tonne for the remaining of 2022, and average price of US\$84 per tonne for 2023.

## Coal Demand and Supply

- Coal demand has further increased due to the larger than expected coal consumptions amidst an extreme summer season, which reinforced the pressure on coal restocking with winter looming.
- The European fuel-switching dynamics favoured the seaborne thermal coal demand with surging natural gas prices caused by the Russia-Ukraine war.
- Extreme weather conditions in Kalimantan has led to further supply constraints with major Indonesian coal producers revising their production targets downwards.
- Global coal supply remains subdued as exports from other coal exporting countries, particularly in Australia and US, were below expectations. These two key coal exporters are suffering from extreme weather-related disruptions and rising logistics pressures respectively, which has adversely impacted their coal exports.

Source:  
Argus Seaborne Coal Outlook, 16 September 2022  
M42 Futures from SGX, extracted on 16 November 2022

## **Thank You**

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