

**An exceptional record
9M2021 operational and
financial performance**

9M2021 Results Briefing

**Tung Kum Hon
CEO/Director**

**Singapore
25 Nov 2021**

Forward Looking Statements

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3Q2021 Financial Performance

A strong operational and financial performance, with record quarterly revenue of US\$153.6 million, EBITDA of US\$65.8 million and profit from operations of US\$58.5 million. 9M2021 revenue and net profit surge to US\$373.9 million and US\$94.0 million, respectively



3Q2021 Highlights

3 Months - 30 Sep 2021

Key Performance Indicators

Increases in ASP (149%) and production cash cost (67%), both in line with higher ICI4 as certain costs are linked to index prices.

Note: ICI4 coal price as at 19 Nov 2021 - US\$70.70 per tonne.

Key Operating Matrix

	3Q2020 (A)	4Q2020	1Q2021	2Q2021	3Q2021 (B)	% change (B - A) / (A)
In Mt						
Sales volume	2.5	3.1	2.9	2.4	2.6	4
Production volume - FG	2.7	3.2	2.9	2.4	2.6	(2)
In US\$ / tonne						
Average ICI4 ¹	23.95	31.97	41.84	53.71	72.28	202
Average selling price (ASP) ¹	23.46	27.84	38.85	43.53	58.51	149
Production cash cost	19.58	19.75	23.14	29.57	32.71	67
Cash profit	3.88	8.09	15.71	13.96	25.80	565

¹ Increased difference in ASP vs ICI4 due to surge in ICI4 coal prices against the 25% Domestic Mandatory Obligations (DMO) sales in Indonesia to PLN capped at US\$38/tonne for 4,200 GAR coal

Mt: Million tonnes

3Q2021 Highlights

3 Months - 30 Sep 2021

Key Performance Indicators

Q3 Revenue of US\$154M.
12-mth trailing EBITDA was US\$166M.

FCF in 3Q2021 of US\$60M.

Note: 3Q2020 included gain on repurchases of the US\$ Bond of US\$31M.

Key Financials

In US\$M	3Q2020 (A)	4Q2020	1Q2021	2Q2021	3Q2021 (B)	% change (B – A) / (A)
Income Statement						
Revenue	59.4	86.7	114.5	105.8	153.6	159
EBITDA	7.2	22.2	44.8	32.7	65.8	813
12-mth trailing EBITDA	39.5	57.0	87.7	106.9	165.5	319
Net profit	25.1 ¹	3.5	28.5	20.0	45.5	81
Cash flows						
CAPEX	0.3	6.1	0.1	0.7	1.2	276
Free cash flow (FCF) ²	(0.8)	22.9	29.7	25.2	59.9	nm

M: Million

¹ Includes US\$31M gain on the US\$ Bond repurchases

² Free cash flow is calculated as net cash from operating activities less net cash used in investing activities

3Q2021 Highlights

3 Months - 30 Sep 2021

Key Performance Indicators

The bond was fully redeemed and cancelled in October 2021.

Cash and bank balance as at 30 Sep 2021 increased to US\$127M.

Cash as at 22 Nov 2021 was US\$140M after prepaying the US\$ Bond with interest of US\$63M in Oct 2021.

Key Financials

In US\$M, unless otherwise stated	30 Sep 2020	31 Dec 2020 (A)	31 Mar 2021	30 Jun 2021	30 Sep 2021 (B)	% change (B – A) / (A)
Balance Sheet						
Total debt ¹	62	60	62	62	65	8
Cash and bank balance	33	53	82	84	127	140
Net debt (cash)	29	7	(20)	(22)	(62)	nm
Net debt (cash) / EBITDA ² (times)	0.7x	0.1x	(0.2x)	(0.2x)	(0.4x)	nm
Equity	215	218	247	253	293	34

nm – not meaningful 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

3Q2021 Highlights

3 Months - 30 Sep 2021

Key Financial Ratios

	3Q2020	3Q2021	9M2020	9M2021
Cash Profit (US\$/tonne)	3.88	25.80	5.49	18.49
Cash Profit Margin (%)	16.5	44.1	19.7	39.6
Net Operating Profit Margin (%)	(10.6)	29.6	(6.8)	25.1
Net Profit Margin ⁽¹⁾ (%)	42.2	29.6	41.6	25.1
Net Asset Value - Group (SG cents) ⁽²⁾	21.05	28.42	21.05	28.42
Earnings per Share ⁽²⁾⁽³⁾ :				
Basic (SG cents)	2.45	4.38	8.94	9.05
Diluted (SG cents) ⁽⁴⁾	2.45	4.32	8.94	8.91

(1) The net profit margin in 3Q2020 and 9M2020 included the gain on the repurchases of the Notes.

(2) Numbers were translated using the 30 September 2021 and 2020 of US\$:S\$ exchange rates of 1.3573 and 1.3674 respectively.

(3) 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.

(4) 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.

3Q2021 Highlights

3 Months - 30 Sep 2021

Key Financial Ratios

	30 Sep 2020	30 Sep 2021
12-month trailing EBITDA (US\$M)	39.5	165.5
Net Debt (Cash) (US\$M)	28.9	(61.0)
Net Debt (Cash) / EBITDA (times)	0.7	(0.4)
Debt / Equity (times)	0.3	0.2
Total Shareholders' Return (%) ⁽¹⁾	(21)	75
Dividend Yield (%) ⁽²⁾	-	17
Enterprise Value (US\$M) ⁽³⁾	134.3	222.9
Enterprise Value / 12-month trailing EBITDA (times) ⁽³⁾	3.4	1.4
Revenue per Employee (US\$M)	1.2	1.9

M: Million

- (1) Based on share price as at 22 November for 2021 and 2020, inclusive of the final dividend and interim dividends declared and paid during the respective period.
- (2) Yield periods pertain to 1 January to 22 November for 2021 and 2020. Yield for 2021 includes interim dividends of S\$0.03 per share declared for 3Q2021, S\$0.005 per share for each of 1Q2021 and 2Q2021 (paid on 16 June and 1 September 2021, respectively), and the 2020 final dividend of S\$0.008 per share paid on 17 May 2021. There were no dividends declared or paid in 9M2020.
- (3) Based on market capitalisation and share price as of 30 September for 2021 and 2020.

3Q2021 Highlights

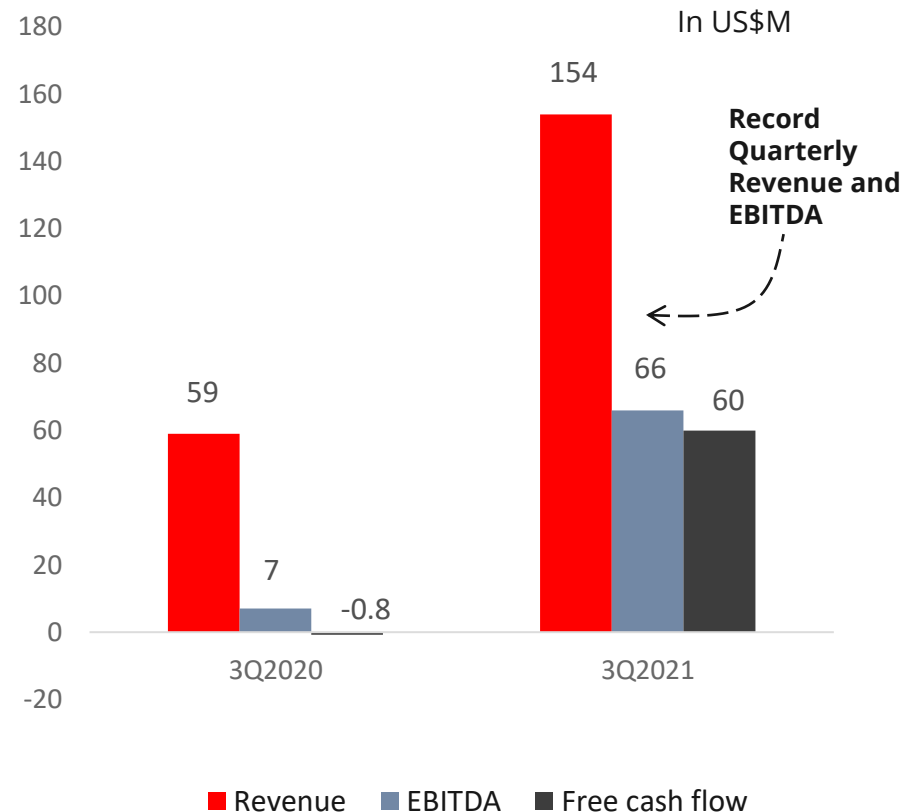
3 Months - 30 Sep 2021

- **Revenue increased by 159% to US\$154M** from US\$59M in 3Q2020, driven by higher average selling price.
- **12-month trailing EBITDA increased by 319% to US\$165M** from US\$40M in 3Q2020 due to increased cash profit, which was more than 5x higher than the cash profit in 3Q2020.
- **Free cash flow in 3Q2021 increased by US\$61M** from an outflow of US\$0.8M in 3Q2020, driven mainly by cash generated from operations.

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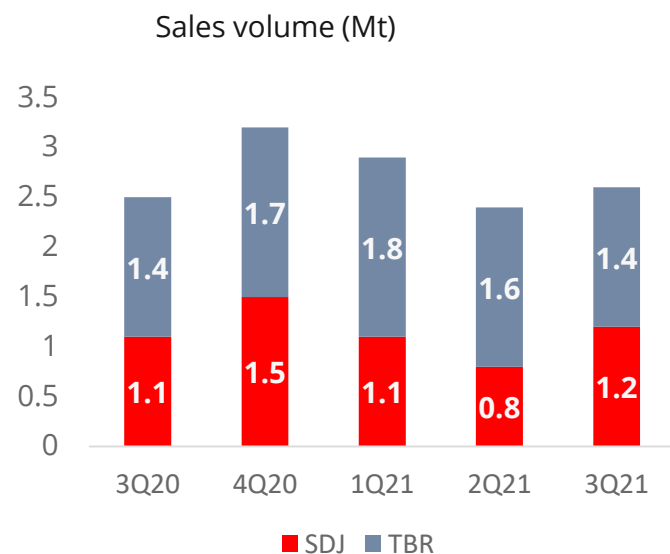
M: Million

Financial Highlights



3Q2021 Highlights

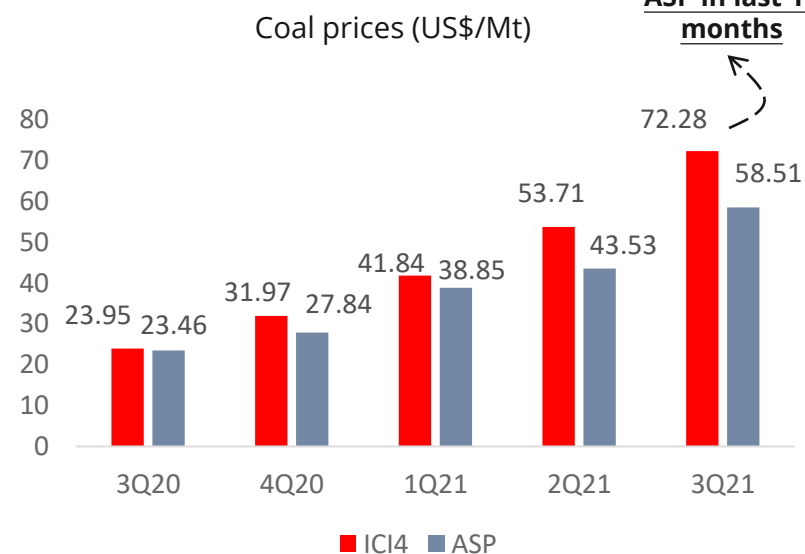
3 Months - 30 Sep 2021



ICI4 coal price as at 19 Nov 2021 was US\$70.70 per tonne, down US\$1.58 per tonne from 3Q2021

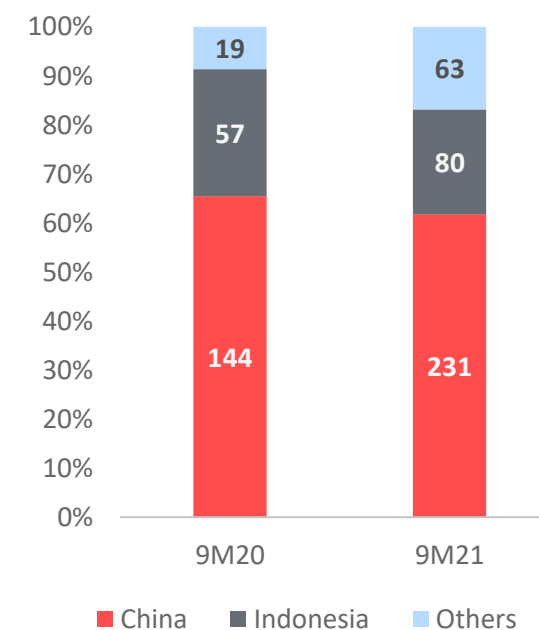
ICI4 vs ASP due to lower DMO ASP fixed by PLN at US\$38/Mt

Highest quarterly ICI4 coal price and ASP in last 12 months



Revenue

Sales by countries (US\$M)



M: Million Mt: Million tonnes

3Q2021 Highlights

3 Months - 30 Sep 2021

Revenue

- **Revenue increased by 159% to US\$154 million** in 3Q2021 from US\$59 million in 3Q2020.
- **Delivered 2.6 million tonnes of coal** in 3Q2021 with an **average selling price per tonne of US\$58.51**.
- Average **ICI4 coal price was US\$72.28 per tonne in 3Q2021, up from US\$23.95 per tonne** in 3Q2020. **ICI4 coal price as at 19 November 2021 was US\$70.70 per tonne, down US\$1.58 from 3Q2021**.
- **China and Indonesia remain the Group's core markets**, contributing 62% and 21% respectively to the Group's total revenue in 9M2021 (9M2020: 66% and 14% respectively).
- Revenue coming from other regions slightly decreased from 20% in 9M2020 to 17%, mainly coming from South Korea (9M2021: US\$20 million; 9M2020: US\$10 million)

We negotiated with our service providers for our costs to link with coal prices, allowing us to have a resilient model that remains profitable at low coal prices. This enables us to be more cost competitive compared to our peers. Our production for 2022 and 2023 is planned at 12 Mt. This translates to a yearly cash generation of US\$72M (12Mt x US\$6) to US\$840M (12Mt x US\$70) for average ICI4 coal prices at historical low of US\$25 (ASP: US\$25) and high of US\$150 (ASP: US\$122) per tonne per year.

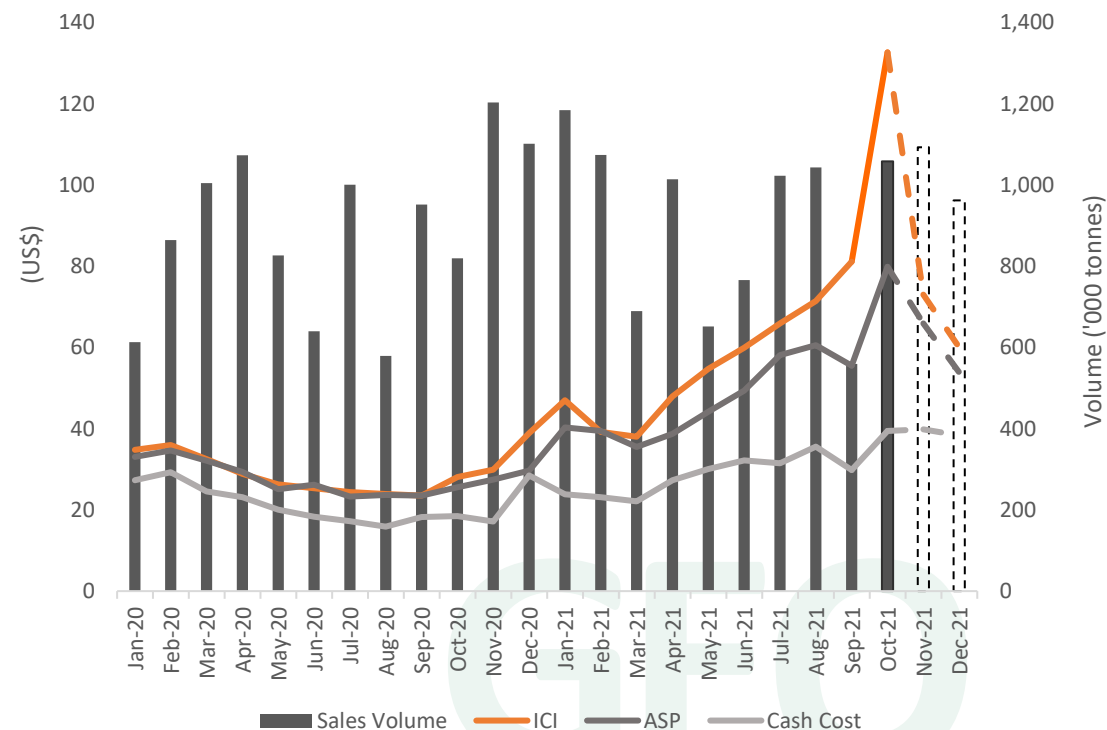
3Q2021 Highlights

3 Months - 30 Sep 2021

- **The cash profit indicated is the average cash profit of the exports and DMO sales.** 75% of our production are presold over the life of mines to Trafigura and Macquarie Bank. The pricing is based on either averaged for the month or averaged 2 weeks lagging prices. The export cash profit is much higher. The DMO prices are regulated by the Indonesian government which is currently at US\$38 per tonne for our type of coal.
- **Calculation of ASP** is based on the average of the exports and DMO prices e.g. when ICI4 is at US\$120 per tonne.

Exports 75% x US\$120 per tonne = US\$90 per tonne
 DMO 25% x US\$38 per tonne = US\$10 per tonne
 ASP = US\$100 per tonne
 Cash costs = US\$47 per tonne
 Cash profit = US\$53 per tonne

Revenue

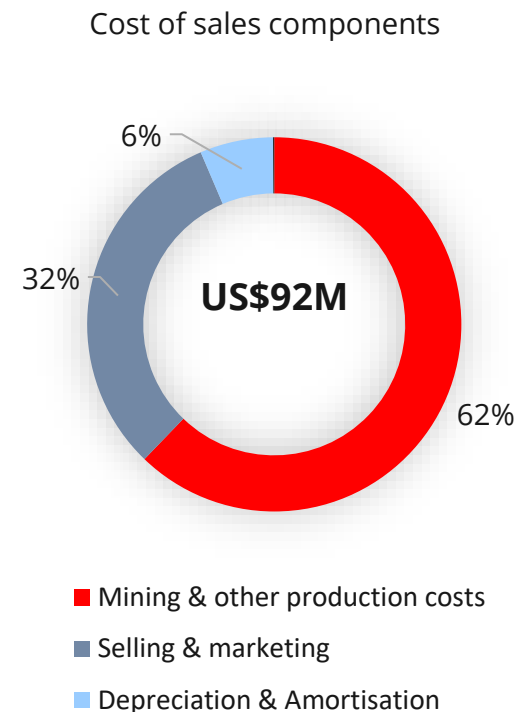
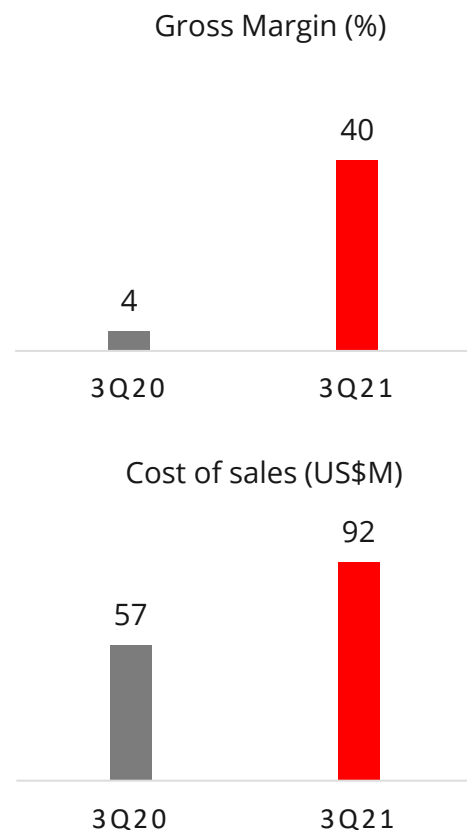


3Q2021 Highlights

3 Months - 30 Sep 2021

- **Gross margin increased from 4% in 3Q2020 to 40% in 3Q2021 driven by higher average selling price, offset by the increase in total cost of sales (3Q2021 : US\$92M; 3Q2020 : US\$57M)** due to certain of the Group's costs linked to coal price, partially offset by fee adjustments to certain costs following negotiations with our vendors, and excluding 10% VAT in 2021.
- Depreciation & amortisation decreased to US\$6M from US\$7M in 3Q2020 mainly due to increase in the SDJ & TBR's coal reserve in 2020.

Gross Margin



3Q2021 Highlights

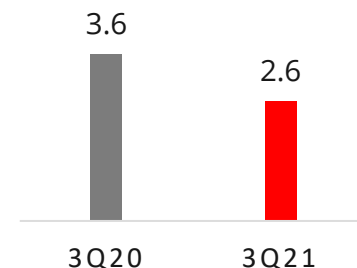
3 Months - 30 Sep 2021

- **Reduction in G&A** due to lower professional fees and staff costs.
- Low net other income in 3Q2021 mainly due to US\$31M gain on repurchases of US\$ Bond recorded in 3Q2020.
- **Lower finance costs mainly due to lower outstanding US\$ Bond of US\$59M throughout 9M2021**, and the accelerated amortisation of transaction costs recorded during repurchases in 9M2020.

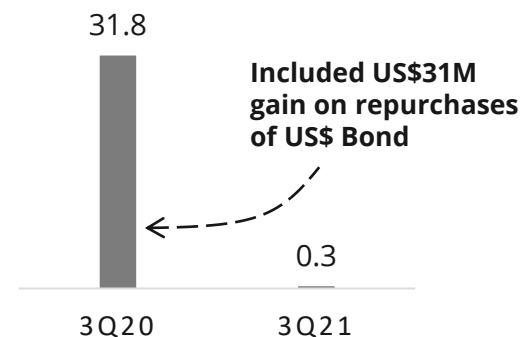
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Other Income / Expenses

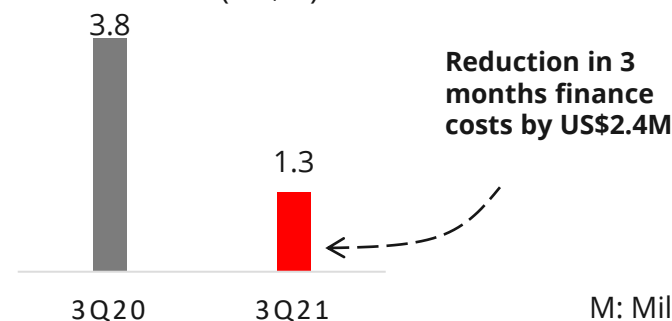
General and Administration expenses (US\$M)



Other income (net) (US\$M)



Finance costs (US\$M)



M: Million

3Q2021 Highlights

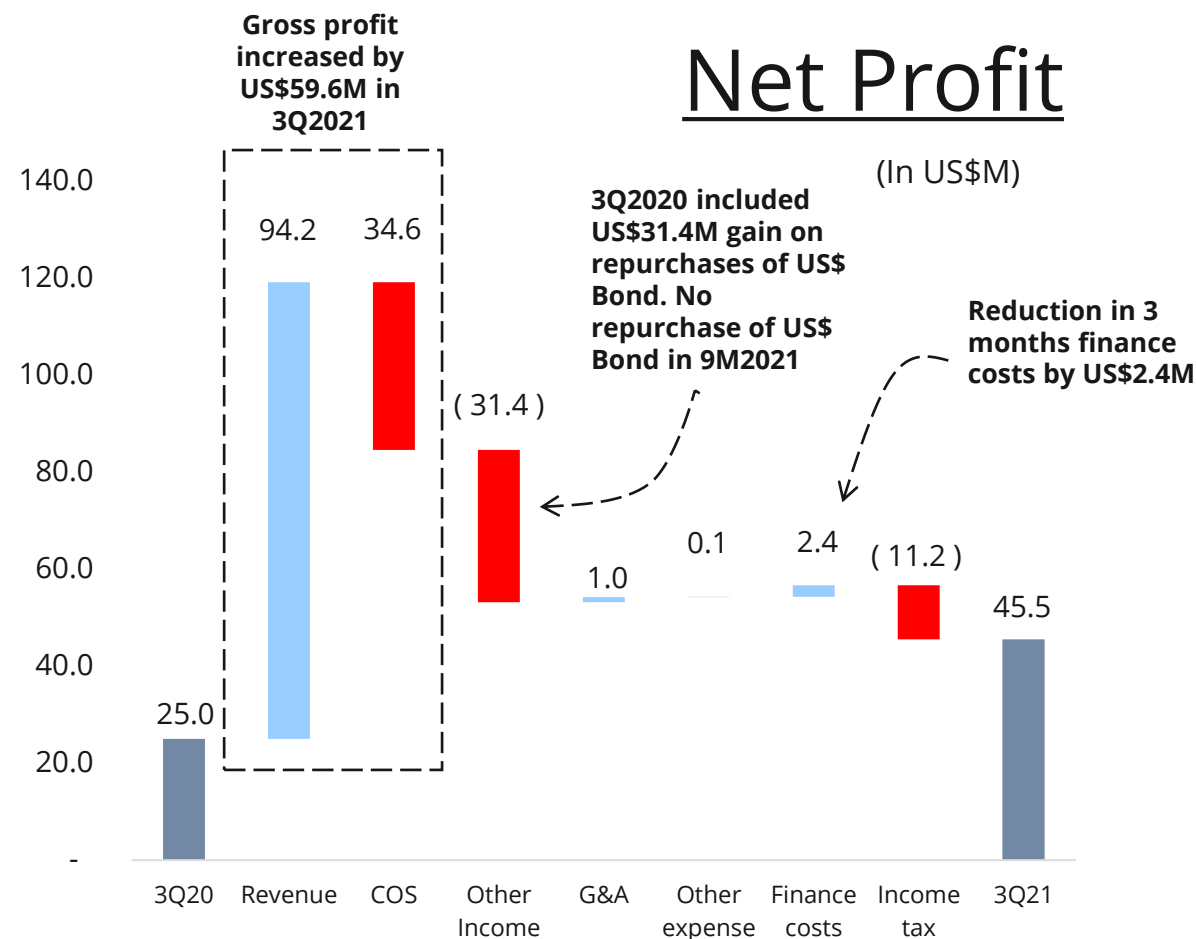
3 Months - 30 Sep 2021

- **Significant increase in net profit from operations to US\$45M from a net loss of US\$6M in 3Q2020 (excluding the gain from US\$ Bond repurchases).** The higher tax is mainly due to increase in profit operations for the period as gain on repurchases of US\$ Bond was capital in nature and non-taxable.

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Net Profit

(In US\$M)



3Q2021 Highlights

3 Months - 30 Sep 2021

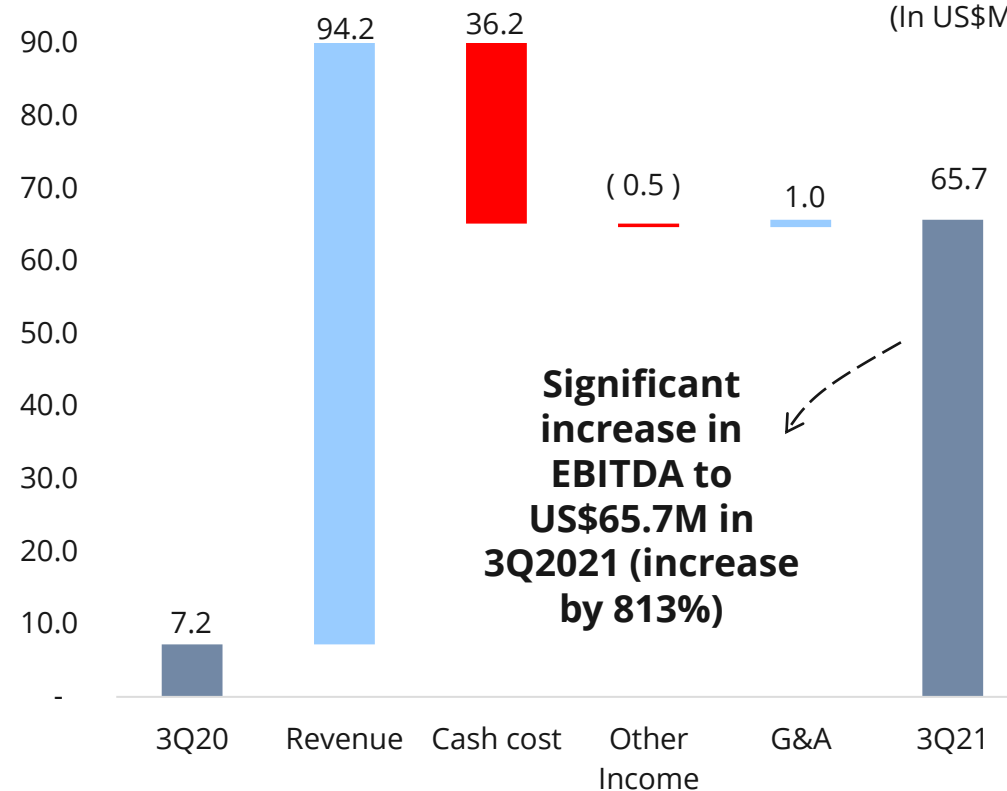
- **EBITDA increased from US\$7M in 3Q2020 to US\$66M** largely driven by the increase in revenue following the increase in ICI4 prices, slightly offset by higher cash cost of production.
- **12 months trailing EBITDA at US\$165M.**

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M: Million

EBITDA

(In US\$M)



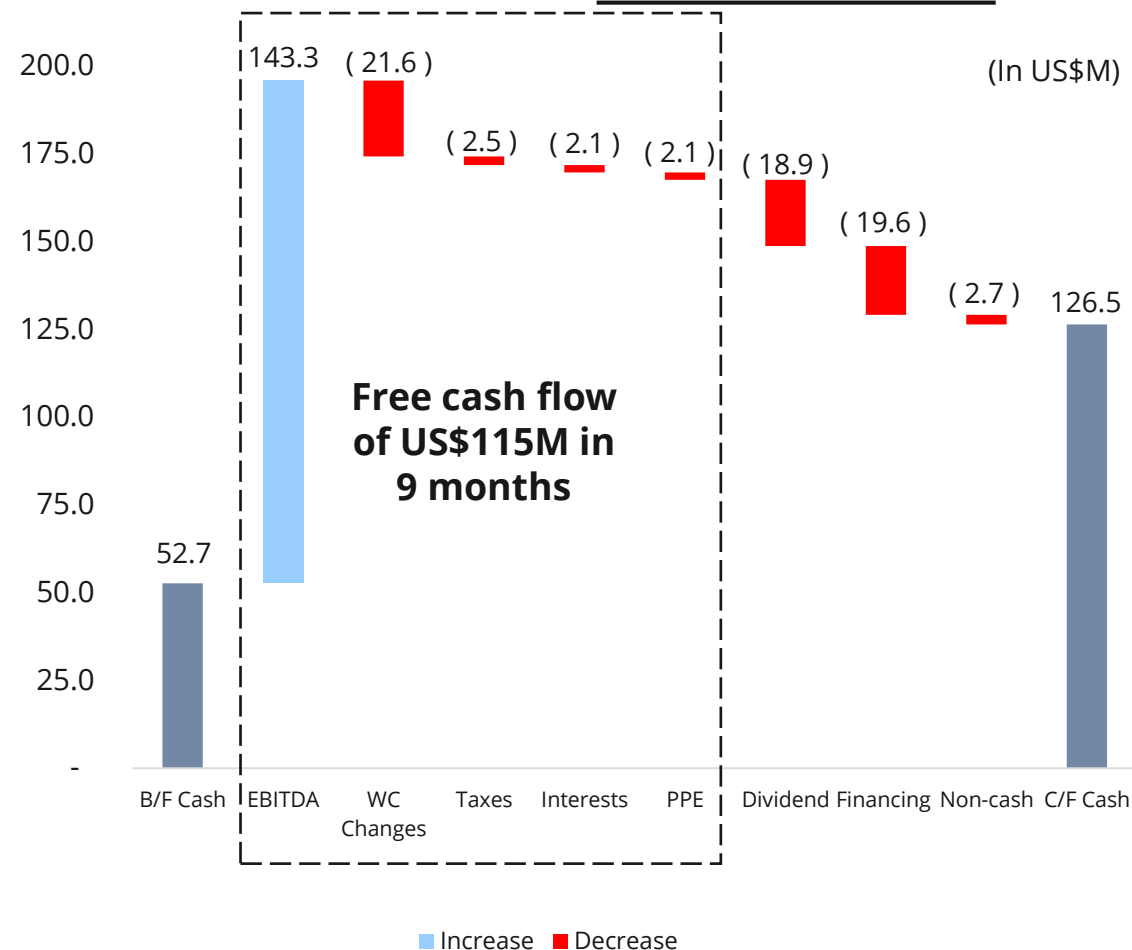
Cash as at 22 Nov 2021 was US\$140M after prepaying the US\$ Bonds with interest of US\$63M in Oct 2021.

3Q2021 Highlights

3 Months - 30 Sep 2021

- **Cash and bank balances increased to US\$127M** from US\$53M as at 31 Dec 2020, driven by the high EBITDA offset against US\$18.9M dividends paid, as well as changes in working capital which included US\$21.0M repayment of prepayment from offtakers and US\$7.8M increase in inventory.
- The Group also paid US\$19.6M in other financing expenses, which is mainly the leasing of the overburden disposal area to cater to the increased production in the second half of 2021.

Cash Flow



M: Million

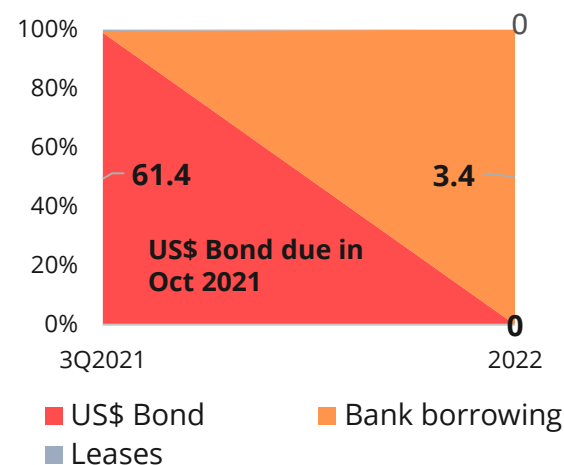
3Q2021 Highlights

3 Months - 30 Sep 2021

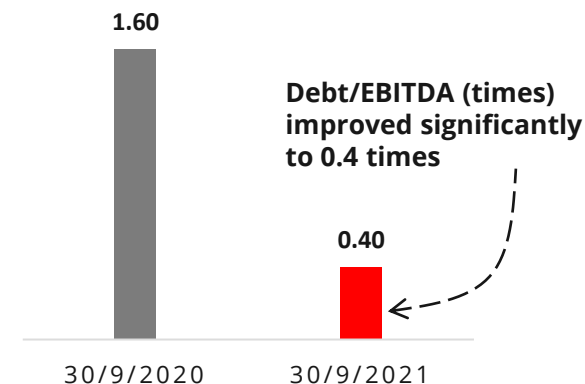
- The Group's debt comprises **US\$ Bond of US\$61M (including interests) due in Oct 2021**, bank borrowing and leases.
- As previously announced, the Group has **completed the redemption of all** its outstanding US\$ Bond on 10 October 2021.
- The Group was in a **net cash position (Debt less cash) of US\$61M** as at 30 Sep 2021.
- **Debt/EBITDA (times) improved significantly** from 1.6 times to 0.4 times as at 30 Sep 2021.
- **FCCR (Fixed Charge Coverage Ratio)** was 34.8 times in 9M2021.

Debt Profile

Debt maturity profile on 30 Sep 2021 (US\$M)



Debt / EBITDA (12-mth trailing) times



Share and US\$ Bond

**11 Months Total Shareholders Return (TSR) of 75%
and US\$ Bond Status**

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Share Price Performance

Key Data

Closing (22 Nov 2021)	Day Range
S\$ 0.285	S\$0.275 – S\$0.285
52 Week Range	Market Cap
0.115 – 0.420	S\$404.3M
Shares Outstanding	Public Float
NA	38.45%²
BETA	Rev. Per Employee
NA	US\$1.9M³
P/E Ratio	EPS
3.15	S\$0.0905³
Yield ¹	Dividend
17%	S\$0.03
Ex-Dividend Date	Short Interest
19 Nov 2021	NA
% of Float Shorted	Average Volume
NA	6.27M

Total Shareholders Return⁴

5 Day	(3%)
1 Month	(14%)
3 Month	42%
YTD	75%
1 Year	190%

Shares price as at 24 Nov 2021 was S\$0.295. ↑0.01 / ↑3.51% (STI ↓0.01%)

*Ex dividend (S\$0.03 interim dividend payable on 29 Nov 2021).



Geo Energy Resources Ltd

0.285* SGD 22 November 2021



¹ Yield includes interim dividend of S\$0.03 per share declared for 3Q2021, 1Q2021 & 2Q2021 interim dividend of S\$0.005 per share each paid on 17 June and 2 September 2021 and the 2020 final dividend of S\$0.008 per share paid on 17 May 2021

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

³ For 9 months ended 30 September 2021

⁴ Including dividend declared and paid during the period

US\$ Bond

- Completed full redemption of all its outstanding US\$ Bond on 10 October 2021 at a redemption price equal to 102% of the principal amount thereof, plus accrued and unpaid interest to (but not including) 10 October 2021.
- Following the full redemption and payment on 12 October 2021, the US\$ Bond were cancelled.
- There are no outstanding US\$ Bond.
- This saves up to US\$4.8 million in annual financing costs and gives the Group flexibility in its plans to diversify its business, as the covenants previously restricted its investments only to the mining industry (and its complementary businesses).



Market Outlook

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Market Outlook

Coal Prices

- Expected to remain strong, at least for the near future
- M42 Futures Index (4,200 GAR coal) on the SGX showed 4Q2021's average coal prices at US\$90 per tonne, and for 2022 to be around US\$60-70 per tonne.
- Global energy crisis and in China, curbs on power consumption have disrupted daily life and factory production; supply in China impacted as severe weather led to 27 coal mines being closed due to flooding.
- Unusually cold winter in Europe and China looming, and coal stocks being low throughout the world, coal prices are expected to remain high at least through winter.
- Chinese coal prices have risen to record high owing to tight domestic supply and recovering global demand, with further support coming from government policy on energy consumption and imports.
- China are implementing policies to cap prices for China domestic coal producers, and subsidies for coal imports.
- Coal prices has fallen sharply since the introduction of domestic price caps in China, eroding gas' competitiveness against the solid fuel in South Korea and providing a firmer outlook for coal-fired generation, particularly with firm overall power demand forecast.

Source: <https://www.sgx.com/derivatives/delayed-prices-futures?cc=M42F&category=coal>; <https://www.washingtonpost.com/business/2021/10/09/energy-crisis-global/>; <https://www.wsj.com/articles/coal-shortages-push-up-prices-weigh-on-economies-11633525885>; Argus Coal Daily International highlights, 1 October 2021; The Business Times, 28 October 2021; Argus Coal Daily International highlights, 5 Nov 2021

Market Outlook

Coal Demand and Supply

- Global thermal coal export growth slowed in September, with shipments from the six largest suppliers slipping back below the pre-pandemic level.
- South Korean government decision to roll back coal-fired capacity restrictions could support demands, and this leads to an increase on coal import in September 2021 compared a year earlier.
- Global coal demand is likely to begin declining from 2025 at the earliest and then ease to 5.13 billion tonnes by 2030, a 4% drop from last year's 5.32 billion tonnes.
- China remain the world's biggest coal consumer.
- China commits to net-zero emissions before 2060, but for years to come it will continue burning a lot of coal to keep its economy charging ahead
- On the supply side, IEA forecast coal production to match demand at 5.13 billion tonnes in 2030, down 6% from 5.46 million tonnes.

Green Energy

- The modern energy politics are focused on aspiration to achieve carbon neutrality.
- The world could face further energy market volatility as governments begin to phase out coal use but fail to invest enough on renewables to fill the gap.
- Uncertainty as to whether renewables will be sufficient enough to replace coal during this transition.
- Coal is still the cheapest and most reliable source of energy.

Source: Argus Coal Daily International highlights, 1 October 2021, 22 October 2021 and 19 November 2021; McCloskey Coal Report, Issue 521, 15 October 2021; Coal Carbon Intensity Report, 16 August 2021; https://www.wsj.com/articles/chinas-ambitious-climate-goals-collide-with-reality-imperiling-global-efforts-1635346919?st=izjhmyfnw7iixih&reflink=article_gmail_share

Thank You



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