

GEO ENERGY RESOURCES LTD

(GERL.SP / RE4.SI)

ResInvest deal validates infrastructure premium and marine logistics integration

Alyssa Tee | +65 6202 1193 | alyssa.tee@kgi.com

Investment Highlights

- ResInvest deal validates MBJ at infrastructure multiple.** On 11 May 2026, the Group secured a binding term sheet with Resource Invest AG to invest in MBJ at a valuation of US\$1.5bn. At Geo's 71.3% pre-deal effective interest, MBJ alone is attributable at US\$1,069.5mn, exceeding the entire current market capitalisation and providing a third-party market-validated benchmark for our methodology refinement.
- 1Q26 reflects expected back-loaded production; coal price recovery on track.** 1Q26 revenue of US\$95.8mn, fell 42% YoY, and net profit of US\$4.0mn align with the back-loaded production profile pending MBJ commissioning. ICI4 has rebounded sharply from a 1Q26 average of US\$52.38/t to US\$66.00/t (10 May 2026), with M42 Futures forecasting ~US\$65/t for the rest of 2026 and 2027, and McCloskey projecting US\$67-68/t over the 15-year outlook. Our model retains a conservative ASP path below these levels.
- Marine logistics integration adds recurring earnings.** The 8 January 2026 acquisition of 51% in PT Trans Maritim Pratama and PT Bahari Segara Maritim contributed US\$7.7mn revenue and US\$2.3mn cash profit at the segment level in 1Q26, annualised ~US\$30mn and ~US\$10mn respectively. Vertical integration secures end-to-end logistics control from mine to mother vessel; we model this segment within the operating DCF stack at Geo's 51% economic interest.
- Coking coal optionality flagged but not in base case.** The 1 April 2026 binding term sheet to acquire a majority stake in PT Harfa Taruna Mandiri positions Geo for entry into the premium hard coking coal market, commanding 3-4x thermal coal pricing. We view this as identified upside pending due diligence completion and definitive agreement.

Valuation & Action.

We raise our target price to **S\$1.27** (from S\$1.02), maintaining our **OUTPERFORM** rating on Geo Energy. We maintain a DCF framework with two refinements: MBJ is removed from the operating DCF and marked at the ResInvest deal value (US\$1.5bn × Geo's pre-deal 71.3% effective interest) and marine logistics was added into the DCF at Geo's 51% economic interest.

Risks.

Key risks include (i) global coal price volatility undermining the ASP recovery thesis; (ii) execution risk on the ResInvest definitive agreement and potential delays beyond 3Q26 / 1Q27; (iii) MBJ commissioning timeline slippage beyond July 2026; (iv) the new 1%-5% Indonesian coal export duty effective Jan 2026 and any further DMO / HPB regime changes and (v) due diligence outcomes on the coking coal acquisition.

OUTPERFORM

Last close (S\$)	0.58
12M Target Price (S\$)	1.27
Previous TP (S\$)	1.02
Previous Recommendation	OP
Upside / (Downside) (%)	121.4

TRADING DATA

Market Cap (S\$mn)	1,023.7
Issued Shares (mn)	1,780.4
3M Avg Daily Vol (mn)	22.1
3M Avg Daily Val (S\$mn)	12.2
Free Float (%)	43.7

MAJOR SHAREHOLDERS (%)

Melati Charles Anton	28.9
Master Resources Ltd	12.3
Heah Theare Haw	5.7

Financials & Key Operating Statistics

YE Dec (US\$'mm)	2024	2025	2026F	2027F	2028F
Revenue	401.9	562.7	606.6	816.8	834.0
PATMI	31.4	27.5	56.9	77.9	58.1
EPS (S\$ cents)	2.65	1.93	3.87	5.30	3.95
EPS growth (%)	(40.4%)	(27.2%)	100.6%	36.9%	(25.4%)
DPS (S\$ cents)	1.00	0.55	1.51	2.07	1.54
Div Yield (%)	3.4%	1.3%	2.6%	3.6%	2.7%
Net Profit Margin (%)	7.8%	4.9%	9.4%	9.5%	7.0%
Net Gearing (%)	21.4%	29.4%	12.2%	(3.1%)	(14.2%)
P/E (x)	8.7x	16.8x	11.4x	12.0x	11.2x
P/B (x)	0.6x	0.9x	1.1x	1.0x	0.9x

Source: Company data, KGI Research estimates

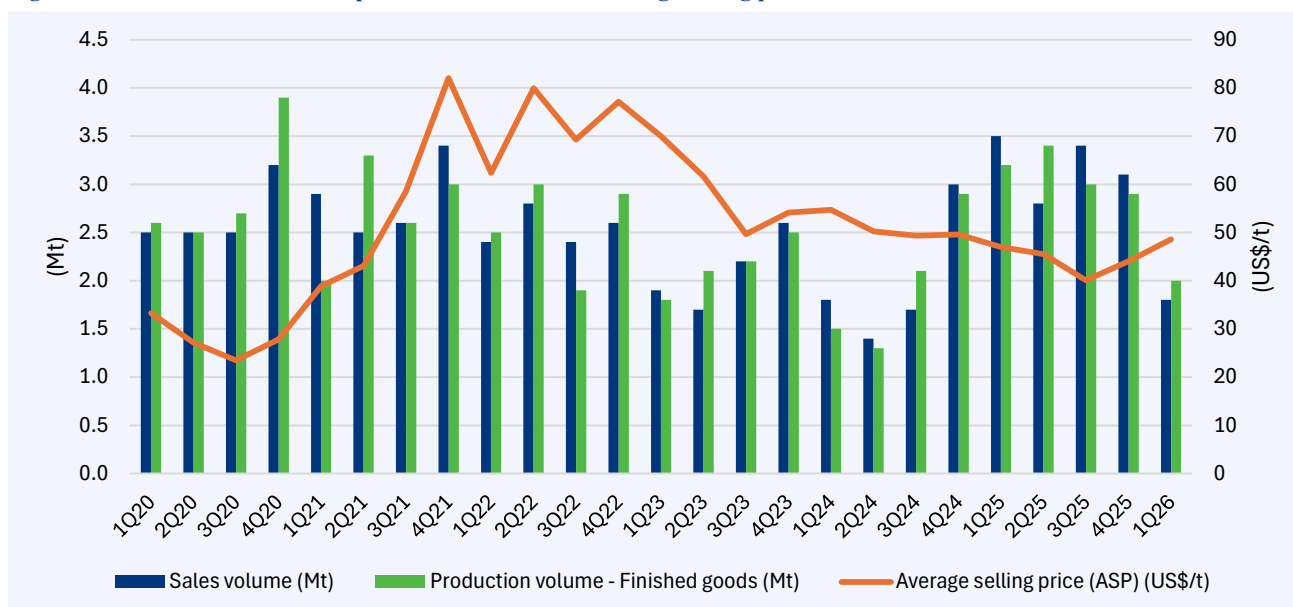
Business Updates

1Q26 results & operating performance

Geo Energy 1Q26 revenue declined to US\$95.8mn (-42% YoY) while net profit declined to US\$4.0mn (-72% YoY) on 1.8mt of coal sales (vs 3.5mt in 1Q25). Quarterly profitability remained largely flat versus 4Q25's US\$4.3mn, signalling a stable run-rate floor ahead of the TRA ramp-up. The decline versus 1Q25 reflects the deliberate transition from SDJ/TBR (winding down toward end of mine life) to TRA, with the latter's expansion contingent on MBJ commissioning expected in June/July 2026.

However, these declines were due to lower volumes rather than margin compression. Coal sales volume was 1.8mt compared to 3.5mt in 1Q25, while cash profit per tonne remained resilient at US\$10.66 (1Q25: US\$11.16), and cash profit margin at 21.9% (1Q25: 23.7%). ASP was US\$48.56/t (1Q25: US\$46.98/t) — slightly above the prior year level despite the ICI4 spike to US\$63.56/t on 8 May 2026 not yet being captured in 1Q realised pricing. Management expects cash profit per tonne to increase materially from 2Q26 as the higher coal price environment flows through. RKAB approvals received in March 2026 support the FY26 production target of 11.5-12.5mt.

Figure 1: Historical sales volume, production volume and average selling price – 1Q20 - 1Q26



Source: Company, KGI Research

MBJ Integrated Infrastructure

As of 23 April 2026, MBJ construction had reached approximately 90% completion, with truck hauling trials commenced in April. Completion is on schedule for June/July 2026. At full capacity of 40-50mtpa, MBJ targets up to US\$300mn in annual EBITDA contribution to the Group, with 9mtpa already secured via two binding third-party haulage term sheets (announced on 17 March 2026). MBJ will allow TRA's production to scale toward 20-25mtpa and yield logistical savings of >US\$10/t for TRA operations. We model a progressive ramp-up of production toward full capacity by 2030. As of 23 April 2026, MBJ construction had reached approximately 90% completion, with truck hauling trials commenced in April. Completion is on schedule for June/July 2026.

ResInvest binding term sheet at US\$1.5bn

On 11 May 2026, the Group announced a binding term sheet with Resource Invest AG (already a 5.36% shareholder, also the off-taker of TRA coal via its subsidiary RIC) to invest in MBJ at a valuation of US\$1.5bn. The initial tranche is targeted for 3Q26 with the remainder in 1Q27. The deal represents an external, market-validated benchmark for MBJ's intrinsic value, and is the single most significant valuation event in our coverage history. A complementary marketing JV with RIC

for TRA coal sales is expected to enhance realised pricing. We rebase our valuation framework to SOTP to capture this validation, with MBJ now marked to deal value rather than DCF-derived.

Marine logistics integration

The 8 January 2026 acquisition of 51% stakes in PT Trans Maritim Pratama (TMP) and PT Bahari Segara Maritim (BSM) contributed US\$7.7mn revenue and US\$2.3mn cash profit in 1Q26, annualising to ~US\$30mn revenue at current run-rate. Beyond securing end-to-end logistics for TRA and MBJ jetty operations, the segment generates third-party barging income and adds margin capture to the value chain. Purchase Price Allocation is targeted for completion in 2Q26.

Coking coal acquisition

On 1 April 2026, the Group entered a binding term sheet to acquire a majority stake in PT Harfa Taruna Mandiri, a hard coking coal mining concession in Central Kalimantan. Coking coal typically commands US\$180-220/t versus thermal coal at US\$50-65/t, even modest contribution would be materially accretive. Due diligence and feasibility studies are ongoing. We have not incorporated coking coal into our base case but flag it as identified upside pending definitive agreement.

Capital actions

The Group completed a placement of 35mn new shares at S\$0.525 on 15 April 2026, raising gross proceeds of S\$18.4mn from prominent institutional investors including Asdev Acquisitions, ICH AM Funds and Mr Han Seng Juan. Issued shares post-placement: 1,780.04mn. An interim dividend of 0.1 Sing cent per share has been declared (34% payout ratio for 1Q26), to be paid on 29 May 2026.

Outlook

Coal price rally: geopolitics and LNG disruption drive Asian fuel switching

ICI4, the 4,200 GAR Indonesian coal benchmark, has rebounded from a 1Q26 average of US\$52.38/t to the mid-US\$60/t range by May 2026. The company also cited the SGX M42 futures curve as implying pricing of around US\$65/t for the rest of 2026 and 2027, while McCloskey's 31 Mar 2026 price outlook reportedly sees 4,200 GAR coal rising to US\$67-68/t over the longer term. The rally has been supported by Middle East-related LNG disruption, with EIA estimating that around 20% of global LNG supply has been affected by the Strait of Hormuz closure, driving greater coal-fired generation in Japan and South Korea. China's coal imports remain large, even as import growth moderates, alongside record domestic output of 4.83bn tonnes in 2025. India's peak power demand hit a record 256 GW on 25 April 2026 and is projected at 271 GW for May-June, driving an estimated 11.5% YoY rise in coal requirement to 233mt in the April-June quarter.

China's energy transition is non-linear; coal remains structural

China is expanding both coal and renewable capacity simultaneously rather than substituting one for the other. Coal will remain a key pillar of China's power infrastructure for the foreseeable future, providing baseload stability as renewable penetration rises. This reinforces a structurally supported demand floor for thermal coal, a constructive backdrop for Geo Energy's TRA volume ramp-up.

Indonesian supply discipline supports pricing

Indonesia accounts for roughly half of global seaborne thermal coal supply. The ESDM Ministry's January announcement to cap 2026 production at around 600Mt, compared with 750-790Mt realised in 2025, together with a new 1-5% coal export duty effective 1 January 2026 and an active Ministry proposal to lift the DMO obligation from 25% to 30% or above, could tighten marginal and spot export availability. According to S&P Global, the Ministry has exempted large tier-1 miners with approved 2026 RKABs from the production cut. Geo also stated that the Group received 2026 RKAB approvals for its mines, preserving its FY26 production target of 11.5-12.5mt. Combined with Japan, South Korea and Vietnam increasing coal use or procurement as hedges against LNG supply disruption, the regional supply-demand balance has created a more supportive near-term backdrop for Indonesian producers with secured volume rights.

Valuation

We raise our 12-month target price to **S\$1.27** (from S\$1.02), maintaining our **OUTPERFORM** rating. Implied upside is approximately 121.4% from the current share price of S\$0.575. We maintain a DCF framework with two specific refinements that reflect (i) the ResInvest binding term sheet and (ii) the marine logistics consolidation: we remove the MBJ (road and Jetty) from the operating DCF and recognise it separately at the deal-validated value of US\$1.5bn, while incorporating marine logistics (TMP + BSM) into the operating DCF at Geo's 51% economic interest.

Figure 2: DCF Valuation (including 51% ownership of Marine Logistics)

(US\$m)	2026	2027	2028	2029	2030
Production (mn tonnes)					
SDP (SDJ +TBR)	6.6	5.9	3.8		
TRA	5.0	11.5	16.0	18.0	20.8
Total production	11.6	17.4	19.8	18.0	20.8
Gross Profit (including 51% Marine Logistics)	115	149	122	151	174
OPEX	(24)	(32)	(33)	(25)	(28)
OPEX % Rev	-4%	-4%	-4%	-4%	-4%
Dep & Amt	(36)	(34)	(35)	(35)	(46)
EBIT	55	83	55	91	100
FCF	64	82	71	95	111
PV (FCF)	59	70	56	70	75
PV (FCF) [Enterprise Value]	925.1				
Plus Net Borrowing (US\$m)	-251.0				
FCF to equity (US\$m)	674.2				

Source: KGI Research

Figure 3: DCF and MBJ Mark-to-Deal Valuation

Valuation	
DCF Equity Value (US\$m) (including marine logistics - 51%)	674.2
MBJ Integrated Infrastructure valuation (US\$m)	1500.0
MBJ ownership	71.3%
MBJ value owned by Geo (US\$m)	1,069.5
Total Equity Value (US\$m)	1,743.7
Total Equity Value (S\$m)	2,266.8
Number of shares outstanding (S\$m)	1,780
Current Share Price*	0.575
FX rate (USD/SGD)*	1.30
Target Price	1.27
Upside / (Downside)	121.4%

Source: KGI Research

Valuation build

Our revised stack comprises:

- a DCF Equity Value of US\$674mn covering the coal mining business and the marine logistics segment at Geo's 51% economic interest, net of debt; and
- MBJ mark-to-deal of US\$1,069.5mn on Geo's pre-deal 71.3% effective interest, reflecting the principle that the ResInvest cash injection, leaving Geo's economic exposure to MBJ's US\$1.5bn intrinsic valuation at the pre-deal effective stake.

We have not incorporated the PT Harfa Taruna Mandiri coking coal acquisition into our base case. We will update upon definitive agreement.

Financial Summary

INCOME STATEMENT (US\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	401,899	562,664	606,571	809,057	833,957
Cost of sales	(349,254)	(476,969)	(492,035)	(661,511)	(711,481)
Gross profit	52,645	85,694	114,537	147,546	122,476
Other income	35,768	1,546	6,066	8,091	8,340
General & Administrative expenses	(22,202)	(24,464)	(30,329)	(40,453)	(41,698)
Other expenses	(11,552)	653	653	653	653
Profit from operations	54,658	63,428	90,926	115,836	89,770
Net finance income / (cost)	(17,389)	(14,283)	(15,082)	(13,097)	(12,360)
Profit before tax	37,269	49,146	75,845	102,739	77,410
Tax expense	(5,890)	(21,625)	(18,961)	(25,685)	(19,352)
Net profit (PATMI)	31,379	27,521	56,883	77,054	58,057
EPS (S\$ cents)	2.65	1.93	3.87	5.24	3.95
DPS (S\$ cents)	1.00	0.55	1.51	2.05	1.54

CASH FLOW STATEMENT (US\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	43,150	49,146	75,845	102,739	77,410
Depreciation & amortisation	30,211	41,162	36,277	34,321	34,696
Working capital changes	19,664	(15,660)	1,191	1,752	9,748
Tax paid	(17,765)	9,774	(18,961)	(25,685)	(19,352)
Other operating items	(4,541)	12,362	12,901	9,396	8,289
Operating cash flow	70,719	96,784	107,253	122,523	110,791
Capex	(10,026)	(39,532)	(14,168)	(15,867)	(14,768)
Acquisitions / disposals	(11,270)	(38,388)	-	-	-
Other investing items	(27,820)	(45,252)	-	-	-
Investing cash flow	(49,117)	(123,172)	(14,168)	(15,867)	(14,768)
Net debt drawdown / (repayment)	(16,330)	27,740	(12,003)	(25,711)	(5,211)
Dividends paid	(10,383)	(11,360)	(7,889)	-	-
Equity issuance / (buyback)	9,049	17,003	14,875	-	-
Other financing items	(22,562)	(18,546)	(15,082)	(13,097)	(12,360)
Financing cash flow	(40,226)	14,836	(20,098)	(38,808)	(17,571)
Net change in cash	(18,624)	(11,551)	72,986	67,848	78,452
FX effects	(718)	(1,312)	-	-	-
Beginning cash	135,797	116,455	103,592	176,579	244,427
Ending cash	116,455	103,592	176,579	244,427	322,879

BALANCE SHEET (US\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash & equivalents	118,073	105,140	178,127	245,975	324,427
Trade receivables	113,021	121,311	101,072	134,812	138,961
Inventories	34,360	30,631	40,003	53,781	57,844
Other current assets	52,193	52,916	49,687	66,273	68,313
Current assets	317,647	309,998	368,888	500,841	589,544
Property, plant & equipment	484,604	591,252	586,201	583,019	578,389
Intangibles & goodwill	-	-	-	-	-
Other non-current assets	215,614	230,317	222,796	214,771	204,077
Non-current assets	700,218	821,569	808,996	797,790	782,466
Total assets	1,017,866	1,131,567	1,177,884	1,298,631	1,372,010
Trade payables	133,321	206,096	200,215	269,177	289,511
Short-term borrowings	25,512	13,821	13,427	12,236	12,071
Other current liabilities	1,025	9,355	9,355	9,355	9,355
Current liabilities	159,858	229,272	222,997	290,768	310,937
Long-term borrowings	208,362	249,303	237,936	213,579	208,650
Other non-current liabilities	109,644	116,347	116,436	116,715	116,797
Non-current liabilities	318,006	365,650	354,372	330,294	325,447
Total liabilities	477,864	594,922	577,369	621,061	636,383
Shareholders' equity	449,451	442,679	506,549	583,604	641,661
Minority interests	90,551	93,966	93,966	93,966	93,966
Total equity	540,002	536,645	600,515	677,569	735,627

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	(17.8%)	40.0%	7.8%	33.4%	3.1%
Gross margin (%)	13.1%	15.2%	18.9%	18.2%	14.7%
Net profit margin (%)	7.8%	4.9%	9.4%	9.5%	7.0%
ROE (%)	7.0%	6.2%	11.2%	13.2%	9.0%
ROA (%)	3.1%	2.4%	4.8%	5.9%	4.2%
Net debt / equity (x)	0.21x	0.29x	0.12x	(0.03x)	(0.14x)
Dividend payout (%)	37.7%	28.5%	39.0%	39.0%	39.0%
P/E (x)	8.65x	16.84x	11.42x	11.86x	11.19x
EV/EBITDA (x)	8.37x	9.19x	8.74x	7.30x	8.60x
P/NAV (x)	0.60x	0.86x	1.08x	0.96x	0.88x
Dividend yield (%)	3.4%	1.3%	2.6%	3.6%	2.7%

Source: Company, KGI Research estimates

KGI's Ratings

The following table summarises the ratings convention used by KGI Securities in this and other research reports.

Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Not Rated (NR)	The stock is not rated by KGI Securities.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.

Disclaimer

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities' total revenues, a portion of which are generated from KGI Securities' business of dealing in securities.

Copyright 2021. KGI Securities (Singapore) Pte. Ltd. All rights reserved.