

GEO ENERGY | SGX: RE4

Direct Hormuz Play, Limited by Domestic Reforms

BUY

Current Price: \$ 0.555
Target Price: \$ 0.69
Upside: + 24%

Structural cost reset, not a coal-price bet. The MBI integrated haul road + barging chain (capex ~US\$150 mil) removes third-party trucking on TRA coal and takes ~US\$7–8/t out of the annual cost base. That is a self-help margin gain that survives a flat coal price.

A large, long-life anchor. TRA (Triaryani) holds ~300Mt 2P, the core of a group reserve base that supports a ~12–15-year mine life at the planned 20–25 MTPA run-rate. Volume ramps toward guidance of a possible 17–18 Mt, though our model currently carries a more cautious ~13.6 Mt in FY27F given the overhanging policy risks and that legacy mines SDJ and TBR are reaching the end of their IUP terms in May 2027 and January 2028 respectively.

Cheap on a rebound year — with leverage to upside coal price. At S\$0.555 the stock trades on ~10.8x FY26F PE at a 22% effective tax rate (in line with 1H26, vs. 44% in FY25), a ~47% discount to thermal-coal peers. Operating leverage is high: a +10% move in ICI4 ≈ +US\$66 mil revenue, roughly +35–45% to FY26F net profit and would flip FY26F free cash flow positive.

The swing factor is Jakarta, not Hormuz. Danantara/DSI consolidation, FX-retention rules (100% retained; ≤50% IDR-conversion cap retained), royalty/HBA linkage and the RKAB/DMO regime drive the downside case. Policy has been softened three times, but the DSI settlement and RKAB renewals remain 2026–27 open items.

We initiate coverage of Geo Energy with a BUY and an intrinsic value of S\$0.69, ~24% above the current S\$0.555. The investment case is not a directional call on the coal price. It is that Geo Energy is moving from a toll-paying, third-party logistics miner into a vertically integrated one, and the market has not yet paid for that transition.

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Mkt cap: S\$960 mil
[S\$0.555 23-September-26]

Intrinsic Value: S\$0.69

30-day advt: 9.457 mil

Singapore

Coal mining, Coal trading,
Mining services [2530]

Geo Energy Forecast US\$ mil	12/24	12/25	12/26F	12/27F	Industry Valuation	2026F P/E(X)	2026F PEG	2026F DY(%)
Revenue	401.1	562.7	713.1	826.6	Geo Energy	10.8	0.1	2.3
EBIT	16.9	56.3	148.5	197.1	PT Bayan Resources	25.5	n.a.	3.3
Net Att Profit	37.1	27.4	92.4	124.6	PT Bumi Resources	15.0	n.a.	0.0
EPS (US\$ cts)	2.6	1.9	4.0	4.8	Peer Average	20.2	n.a.	1.7
P/E (x)	16.6	22.7	10.8	9.0	% Geo Energy / Avg.	-47%	n.a.	35%
PEG (x)	-0.4	-0.8	0.1	0.4				
ROAE (%)	7.1	5.1	10.8	11.2				
Div Yield (%)	2.8	1.3	2.3	4.0	STI	18.0	1.74	4.1
FCF Yield (%)	0.2	0.2	0.0	0.1	% Geo Energy / STI	-40%	-94%	-44%
Gearing - D/E (%)	38.6	46.5	34.8	30.7				
- D/TA (%)	20.5	22.0	18.5	17.0				
Intrinsic Value				0.69				
% Upside				24%				

DY = Dividend Yield, Source = RHTC, BBG



BUY

Price \$0.555

23-Sep-26



Ratios & Valuations

Dec-yr end	2023	2024	2025	2026F	2027F
PE(x)	9.9	16.6	22.7	10.8	9.0
PE/G	-0.2	-0.4	-0.8	0.1	0.4
Intrinsic value				\$0.69	
(potential upside)				24%	
Mkt Cap/Sales (x)	1.55	1.88	1.35	1.06	0.92
Div Yield (%)	4.6	2.8	1.3	2.3	4.0
FCF Yield (%)	0.2	0.2	0.2	(0.0)	0.1
P/BVPS	1.23	1.14	1.16	0.99	0.96
ROAE (%)	12.4	7.1	5.1	10.8	11.2
ROAA (%)	6.6	3.8	2.5	5.5	6.1

Growth & Margins (%)

%	23/22	24/23	25/24	26F/25	27F/26
Revenue growth	(33.3)	(17.8)	40.0	26.7	15.9
PBT growth	(62.5)	(51.6)	13.9	164.9	34.9
EPS growth	(61.6)	(40.1)	(27.0)	110.9	20.2
DPS growth	(77.8)	(40.0)	(54.2)	81.8	75.0
FCF growth	(42.0)	(13.5)	(10.5)	(126.3)	(493.5)
Asset growth	318.1	8.6	11.2	27.8	4.3
	2023	2024	2025	2026F	2027F
Op margin	11.4	4.2	10.0	20.8	23.8
Net margin	12.8	9.3	4.9	10.8	11.9
FCF margin	27.7	29.2	18.6	(3.9)	13.1

Source: Company data, RHTC estimates

Income Statement (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F
Revenue	488,975	401,899	562,664	713,100	826,600
Cost of goods sold	(409,741)	(349,254)	(476,969)	(541,500)	(603,200)
Gross profit	79,233	52,645	85,694	171,600	223,400
SG&A	(23,291)	(35,720)	(29,421)	(23,100)	(26,300)
EBIT	55,943	16,924	56,273	148,500	197,100
Interest expense	(5,556)	(17,389)	(14,283)	(19,700)	(22,100)
Others	38,821	43,614	7,155	1,400	700
Pre-tax profit	89,208	43,150	49,146	130,200	175,700
Tax	(26,464)	(5,890)	(21,625)	(28,600)	(38,700)
Tax rate (%)	29.7%	13.7%	44.0%	22.0%	22.0%
Net profit	62,743	37,260	27,521	101,600	137,000
Minority Interests	(763)	(120)	(139)	(9,200)	(12,400)
Net Attributable Profit	61,980	37,140	27,382	92,400	124,600
less dividends paid	(56,942)	(12,476)	(11,546)	(21,074)	(25,694)
Retained Earnings	5,038	24,664	15,836	71,326	98,906

Top shareholders (Est Free Float 45.0%)

#	Beneficial owner	Total shares	Est % o/s shrs
1	Charles A. Melati	513,853,406	29.47
2	Huang She Thong	247,946,910	14.22
3	Heah Theare Haw	102,000,096	5.85
4	Tomas Novotny	95,474,333	5.48
	Sub-total	959,274,745	55.02
As of FY2025 AR		Implied free float	44.98

Geo Energy Per Share

Per Share Data	2023/22	2024/23	2025F/24	2026F/25	2027F/26
EPS S\$ cents	4.5	2.6	1.6	5.2	6.7
DPS S\$ cents	4.0	0.6	0.6	1.1	2.8
payout (%)	89.5	22.7	40.6	21.2	40.9
Wt avg sh o/s mil	1,393.4	1,399.8	1,419.8	1,419.8	1,419.8
BVPS	0.4	0.4	0.3	0.4	0.5

Balance Sheet (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F
Cash & ST investments	135,804	118,073	105,100	87,200	158,300
Accounts receivable	75,732	113,021	121,311	146,600	158,600
Deposits and prepayments	48,258	52,193	46,555	55,300	58,300
Inventory	46,362	34,360	30,631	64,600	69,600
Other current assets			6,361		
Total current assets	306,156	317,647	309,958	353,700	444,800
Net PP&E	444,292	484,604	591,252	694,000	679,000
Deferred stripping costs	43,228	69,598	108,683	159,000	174,800
Net investments	25,693	31,455	28,473		
Other LT assets	117,998	114,562	93,161	260,500	271,700
Total non-current assets	631,212	700,218	821,569	1,113,500	1,125,500
Total assets	937,368	1,017,866	1,131,526	1,467,200	1,570,300
Accounts payable	95,174	133,321	206,096	163,900	173,900
ST debt & current lease	27,455	26,537	23,175	90,300	109,000
Provisions staff & others	-	-	-		
Total current liabilities	122,629	159,858	229,271	254,200	282,900
LT debt & lease	223,819	208,362	249,303	266,900	257,000
Deferred tax liabilities	86,179	102,671	108,296	55,000	49,100
Others	5,136	6,973	8,051	105,000	95,000
Total non-current liabilities	315,135	318,006	365,650	427,400	401,000
Equity	499,604	540,002	536,645	785,600	886,400
Total liabilities & equity	937,368	1,017,866	1,131,567	1,467,200	1,570,300

Cash Flow (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F
CF operating	78,695	68,836	102,700	198,800	249,400
Net change working capital	(69,239)	19,664	(15,660)	(103,200)	(35,000)
Others	(55,054)	(17,782)	9,745	0	0
CF from operations	(45,597)	70,719	96,784	95,600	214,400
Capital expenditure	(9,989)	(41,843)	(84,916)	(97,800)	(55,000)
Acquisitions/(divestures)	(182,978)	(13)	(40,512)	(35,500)	(25,000)
Others	4,999	(7,260)	2,256	0	0
CF from investing	(187,968)	(49,117)	(123,172)	(133,300)	(80,000)
Dividends paid	(56,406)	(10,383)	(11,360)	(20,300)	(34,300)
Share issue/(repurchased)	(2,030)	9,049	17,543	22,300	(5,000)
Debt & lease changes	195,557	(38,892)	8,653	(7,600)	(24,000)
CF from financing	137,121	(40,226)	14,836	(5,600)	(63,300)
Net CF	(96,444)	(18,624)	(11,551)	(17,900)	71,100
Free CF	135,533	117,173	104,904	(2,200)	159,400
FCF per share (basic) US\$ cts	0.10	0.08	0.06	(0.00)	0.09
Beginning cash	231,977	135,797	116,455	105,100	87,200
FX impact	264	(718)	(1,312)	0	
End cash	135,797	116,455	105,100	87,200	158,300

1. EXECUTIVE SUMMARY

Resource Nationalism And Investor Uncertainty

Ahead of initiating coverage on Geo Energy, we met with Adam Tan, Group Chief Financial Officer; Lu King Seng, Business Development Director; and Kenneth Wee, Investment Director. Our discussions focused on the key issues for 2026, including Indonesia's proposed centralisation of coal exports under SWF Danantara Indonesia, the potential impact on Geo Energy, progress at the MBJ logistics platform, domestic production quotas, coal prices and demand, and whether MBJ can still be transformational under the new policy backdrop. We came away confident that management is navigating the volatility well, that existing export contracts should remain protected, and that Geo Energy's risk profile remains manageable. We also believe the significant investment in MBJ should support the company's strong 2H production guidance and create medium-term value in line with management's expectations.

Indonesian coal mining stocks, including SGX-listed Geo Energy, have had a volatile 2026 despite support from higher coal prices due to the US-Iran war. Investors have had to absorb rising economic and political risks in Indonesia, including Negative Outlook placements by rating agencies Moody's and Fitch threatening Indonesia's BBB IG rating and President Prabowo Subianto's draconian May 2026 proposal to centralise commodity exports under SWF Danantara Indonesia and its subsidiary, DSI. Subsequent policy dilutions, rollbacks and clarifications in June, July and August have significantly eased pressure on the coal industry, markedly improving the outlook for 2H with high and rising oil prices providing an additional boost.

We initiate coverage of Geo Energy with a BUY and an intrinsic value of S\$0.69, ~24% above the current S\$0.555. The investment case is not a directional call on the coal price. It is that Geo Energy is moving from a toll-paying, third-party logistics miner into a vertically integrated one, and the market has not yet paid for that transition.

The re-rating driver is infrastructure. The MBJ haul road and barging chain (capex ~US\$150m) let Geo Energy carry TRA coal on its own logistics rather than renting road capacity, cutting ~US\$7–8/t from the delivered cost. On the TRA volumes that ramp through FY26–27F, that is a durable margin uplift that does not depend on the ICI4 price recovering. It also converts a per-tonne external cost into an owned asset, which is what underpins the equity story of a ~65% rise in book value by FY27F (US\$537 mil to US\$886 mil).

The asset base supports the duration of the thesis. TRA alone holds ~300 Mt 2P coal, anchoring a group reserve position across five concessions and a mine life we put at ~12–15 years at the targeted 20–25 MTPA. Management guides to 17–18 Mt near-term; we flag that our own model presently sits below that given the myriad domestic policy risks, and that legacy mines SDJ and TBR are reaching the end of their mining lives in May 2027 and January 2028 respectively.

Valuation is undemanding on a recovery year, with real upside leverage. Geo Energy trades on ~10.8× FY26F earnings, roughly a 47% discount to thermal peers, on forecast FY26F revenue of US\$713 mil and net attributable profit of US\$92.4 mil — this assumes a 22% effective tax rate (in line with 1H26) rather than FY25's 44%; were the tax rate to revert to 44%, FY26F profit would be ~US\$29 mil lower. The price leverage cuts both ways but is asymmetric to the upside from here: on a largely fixed cost base, a +10% ICI4 move is worth roughly +US\$66 mil of revenue and, after price-linked royalties and tax, on the order of +35–45% to FY26F net profit and flips the cash picture from a mildly negative free-cash-flow year to a solidly cash-generative one. Bottom line: earnings are highly geared to coal prices.

The main risk is domestic, not offshore. Energy-security narratives (Middle East supply, seaborne tightness) can lift sentiment, but Geo Energy's realised economics are set in Jakarta: the Danantara/DSI ownership settlement, FX-retention rules (100% retention; the ≤50% IDR-conversion cap remains in place — it was not relaxed), royalty/HBA linkage, and RKAB/DMO quotas. Policy has been walked back three times, which is why we are buyers; but the DSI settlement and RKAB renewals are unresolved into FY27.

On the Negative Outlook on Indonesia's IG BBB credit rating, we would point out that this is a signal, not a downgrade. Geo Energy's SGX listing and USD-denominated earnings partly insulate equity holders from rupiah stress. But an actual downgrade (higher borrowing cost against the MBI capex) is the cleanest bear trigger to watch.

Policy Risks Remain Despite The Dilutions And Rollbacks

To recap: on May 20, 2026, the Indonesian government announced that it was introducing a plan to centralise strategic commodity exports, including coal and palm oil, through the newly formed DSI. On May 31, 2026, the Government press briefing detailed that document submissions would begin on June 1. After the initial announcement triggered a sharp sell-off in mining stocks and raised concerns among private miners, Danantara clarified its intended role. On June 12, 2026, official meeting minutes circulated confirmed DSI would function as a "facilitator, not a trader" during the transition. On August 24, 2026, DSI reaffirmed the intermediary verification model through the end of 2026.

President Prabowo's resource-nationalist agenda seeks to increase state oversight of commodity pricing and export governance. While this may protect fiscal revenues, which is important given the fiscal deficit is close to the 3% (of GDP) threshold, the execution introduced legal and commercial uncertainty. Global commodity trading houses value predictable regulation; inserting a state intermediary above existing private contracts, which risked reducing long-term foreign direct investment and could redirect capital toward alternative mining jurisdictions such as Australia, another major coal exporter to Asia.

To its credit Geo Energy has navigated the situation well since the May policy announcement, issuing timely statements to keep investors abreast of developments and their likely impact. The coming on stream of its US\$150 mil MBL logistics arm in July will allow Geo Energy to ramp up production at its massive ~300 Mt TRA mine and meet its targeted 7.9 Mt to 8.9 Mt output guidance for 2H26 while driving down costs by US\$7-8/t to US\$35/t vs the current ICI4 benchmark price of ~US\$66/t.

This all comes against a background of Prabowo wanting to push GDP growth up to 8%, a milestone not reached since the high growth era of former President Suharto, well above the long-term average of around 5%. Indonesia needs ~8% p.a. growth if it is to reach high-income status by 2045. To achieve it Prabowo must get the money from somewhere to fund his various populist policies, such as free school meals, which are straining the national budget. The obvious source is Indonesia's multi-billion-dollar commodity exports. Resource downstreaming and energy security are high on his agenda and coal will play an integral role given ample domestic supply and high international oil and gas prices with plans for coal gasification and liquefaction. These will require Indonesian coal miners to meet rising domestic market coal obligations (DMO) which currently work out to 25% to 30% of Geo Energy's total coal production.

In fact, in a further policy announcement on 31 August the Indonesian government has eased foreign exchange deposit rules under the Devisa Hasil Ekspor Sumber Daya Alam (DHE SDA) framework, allowing qualifying natural resource exporters to place at least 30% of their gross export proceeds in domestic banks for 90 days instead of the previous 12-month requirement. This regulatory shift aims to provide crucial liquidity relief and protect operational capital for eligible miners amidst global price volatility. However, the 50% conversion cap stays. Under the strict rules introduced by the Indonesian government earlier in 2026, natural resource exporters were restricted to converting a maximum of 50% of their retained earnings into Rupiah, forcing them to keep the remaining half in foreign currency.

Geo Energy has also had to manage a sharp rise in its effective tax burden to 44% after regulatory changes in 2025 linked taxable income to the elevated domestic Harga Batubara Acuan (HBA) benchmark (currently ~ US\$124/t) rather than lower Indonesian Coal Index (ICI4) export prices (currently ~US\$66/t) used to write contracts.

Figure 1-1: HBA (6,322 kcal/kg GAR) Coal Reference Price[^], 2026 ytd

Period	HBA, US\$/t	Change vs. Previous Period
Jan 2026 P1	103.30	+2.4%
Jan 2026 P2	104.03	+0.7%
Feb 2026 P1	106.11	+2.0%
Mar 2026 P1	102.37	-3.5%
Mar 2026 P2	103.01	+0.6%
Apr 2026 P1	99.87	-3.0%
Apr 2026 P2	103.43	+3.6%
May 2026 P1	106.57	+3.0%
May 20-21 (DA)*		
Jun 2026 P1	121.83	+14.3%
Jun 2026 P2	123.91	+1.7%
Jul 2026 P1	126.58	+2.2%
Jul 2026 P2	131.85	+4.2%
Aug 2026 P1	124.44	-5.6%
Aug 2026 P2	124.06	-0.3%

[^] Used to calculate the Harga Batubara Acuan (HBA) benchmark selling prices and state royalty payments *DA Danantara announced.
Source: Ministry of Energy and Mineral Resources (ESDM)

Figure 1-2: Indonesian Coal Index 4 (ICI4) Benchmark Price[^], 2022 – Aug 2026

Period	Avg. Price per Tonne	Primary Market Context
2022	US\$86.06	Historic Highs triggered by geopolitical supply crunches.
2023	US\$62.96	Normalization of export volumes as local caps loosened.
2024	US\$53.93	Moderate consolidation amidst rising regional inventory levels.
2025	US\$46.07	Market floor established due to oversupply in regional pipelines.
1H 2025	US\$47.91	Supply pressure build-up suppressing index margins.
2H 2025	US\$44.24	Prices hit a 4-year cyclical low.
1H2026	US\$58.13	Strong price rebound driven by Asian energy-security demand.
July 2026	US\$63.14	Maintained structural support above baseline summer expectations.
Aug 2026	US\$65.65	Index remained elevated.

[^] A private market-driven commercial price index
Source: Argus Media/PT Coalindo Energy

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2. OVERVIEW

Geo Energy is an Indonesian coal producer and integrated energy infrastructure group. Founded in 2008 as a coal mining and services contractor in Kalimantan and incorporated in Singapore in 2010, the company focuses on low-cost coal production, coal trading, and downstream logistics across Indonesia and the Asia-Pacific region.

Geo Energy listed on the Singapore Exchange Mainboard in October 2012. In 2014, it shifted to an asset-light, low-cost model by outsourcing heavy mining work to third-party contractors while retaining coal ownership and off-take rights.

From 2015 to 2019, the group expanded through acquisitions of high-capacity coal concessions, including PT Sungai Danau Jaya (SDJ) and PT Tanah Bumbu Resources (TBR) in Kalimantan, strengthening its position as a leading low-cost coal supplier in Southeast Asia.

In 2023, Geo Energy made a major strategic move by acquiring a controlling stake in PT Triaryani (TRA), securing long-life, low-sulphur coal reserves in South Sumatra, and PT Marga Bara Jaya (MBJ), which provides integrated hauling-road and port infrastructure. From 2024, the group deepened vertical integration by expanding marine barging and developing dedicated transport corridors, improving control of its pit-to-port supply chain.

Today Geo Energy has three core business pillars: coal mining, infrastructure and logistics, and marine logistics.

1. Coal mining

Geo Energy owns and operates key coal concessions in Indonesia, including PT Sungai Danau Jaya (SDJ) and PT Tanah Bumbu Resources (TBR) in South Kalimantan, PT Triaryani (TRA) in South Sumatra, and a 49% joint venture stake in PT Internasional Prima Coal (IPC) with state-owned PT Bukit Asam Tbk.

2. Integrated Logistics Infrastructure

Geo Energy also operates integrated logistics infrastructure through PT Marga Bara Jaya (MBJ), which develops and manages dedicated coal hauling roads, port facilities, and jetties.

3. Marine Logistics

Geo Energy holds majority stakes in shipping fleet operations to provide third-party and internal barging and marine transport for coal across regional export markets.

2-1 Coal Reserves

Unlocking TRA's Potential

Indonesia's coal resources are distributed across Sumatra, Java, Kalimantan, Sulawesi, and Papua, with the largest concentrations in South Sumatra, South Kalimantan, and East Kalimantan. South Sumatra holds more than 39% of national coal reserves but contributes less than 10% of output, creating a logistics-driven supply gap that Geo Energy is positioned to capture.

Geo Energy's portfolio contains more than 300 Mt of 2P proved and probable coal reserves, making it one of Southeast Asia's larger listed mid-tier coal producers.

Its assets are concentrated in South Sumatra and South/East Kalimantan, Indonesia's key coal-bearing regions, with the core thermal-coal portfolio anchored by producing concessions in South Sumatra and South Kalimantan.

Geo Energy's low-ash, low-sulphur thermal coal deposits in South Sumatra and Kalimantan have expanded materially through acquisitions since 2023, lifting 2P reserves to around 300 Mt and supporting production growth as new logistics infrastructure comes online.

The group's broader coal resource base is typically cited at about 400 Mt, including roughly 300 Mt of 2P reserves across five mining concessions, focused on low-ash, low-sulphur thermal coal.

Reserves have risen from about 70 Mt to more than 300 Mt, mainly following the 2023 acquisition of PT Golden Eagle Energy, whose flagship PT Triaryani mine was reported to hold nearly 300 Mt of 2P reserves.

MBJ is also expected to serve neighbouring third-party mines with more than 2 Gt of reserves. These are not Geo Energy-owned reserves, but they are material to the group's haulage and logistics revenue opportunity.

Figure 2-1: Geo Energy's Coal Reserves

Concession	Location	Coal Spec/Quality	Reserve Status	Key Strategic Role
PT Triaryani (TRA)	South Sumatra	Premium sub-bituminous (Low Ash, Low Sulphur)	~300 Mt (Flagship asset)	Long-life core engine (>12-15 yrs mine life).
PT Tanah Bumbu Resources (TBR)	South Kalimantan	Sub-bituminous (~4,200 kcal/kg)	Near depletion/active production	Supporting cash-flow generator.
PT Sungai Danau Jaya (SDJ)	South Kalimantan	Sub-bituminous (~4,200 kcal/kg)	Mature/near depletion	Supporting cash-flow generator.
PT Internasional Prima Coal (IPC) 49% JV	South Kalimantan	Sub-bituminous	Minority interest asset	Strategic JV asset with SOE.

Source: Company

Asset Analysis

PT Triaryani (TRA) is Geo Energy's growth engine. Extended drilling and exploration pushed 2P coal reserves to ~300 Mt. It has a Quality Advantage: TRA produces low-ash and low-sulphur thermal coal, which commands pricing premiums in Asian power generation markets due to lower environmental emissions. With the operational launch of the PT Marga Bara Jaya (MBJ) integrated infrastructure (hauling road and jetty terminal) in July 2026, Geo Energy is unlocking TRA's potential to scale production to 20–25 MTPA. Geo Energy has progressively increased its effective interest in TRA (upwards of ~75%), maximizing direct earnings exposure to these reserves.

SDJ and TBR, on the other hand, are the historical cash drivers. Located in South Kalimantan, SDJ and TBR were the mainstays of Geo Energy's original low-cost operating model. These mines produce high-demand ~4,200 GAR thermal coal with low strip ratios, allowing Geo Energy to generate rapid operational cash flow during commodity upturns. Both concessions are approaching the end of their IUP (Izin Usaha Pertambangan – or Mining Business Permit) terms - SDJ (May 2027) and TBR (January 2028).

Strategic Takeaways

The acquisition and expansion of the TRA concession have transformed Geo Energy from a short-to-medium life miner (nearing depletion at SDJ/TBR) into a long-life producer with 20+ years of reserve visibility. With MBJ infrastructure now online, Geo Energy's primary bottleneck—logistics and haulage—is removed, allowing for the rapid monetization of TRA's 300+ Mt reserve base. The low-ash, low-sulphur profile of TRA coal also lowers customer processing costs and emissions footprints, making it more resilient to tightening regulatory and environmental standards across Asian import markets.

2-2 Logistics Infrastructure

MBJ Ramp Up

Geo Energy announced the start of operations and successful commissioning of its PT Marga Bara Jaya (MBJ) Integrated Infrastructure on 16 July 2026, and MBJ completed its first shipment of approximately 50,000 tonnes of coal from TRA to a domestic buyer, valued at about US\$3.2 mil. Over 100 trucks are operational, drastically trimming logistics cycles from a 24-hour round-trip on the old public road to just 3.5 hours on the dedicated MBJ road.

This is a key de-risking milestone as Geo Energy shifts from pure-play coal mining toward integrated mining, logistics, and infrastructure earnings.

The project includes a 92-kilometre hauling road connected to a dedicated coal terminal jetty in South Sumatra's Lalan River region. MBJ is designed for total throughput of up to 50 MTPA with 25 MTPA allocated to Geo Energy's TRA mine and 25 MTPA reserved for third-party haulage

and monetisation. MBI will reduce TRA's logistics bottlenecks, supporting a planned 2H 2026 sales ramp to approximately 8 Mt and FY26 sales of 11.5–12.5 Mt.

At full scale, according to Geo Energy, MBI could contribute up to US\$600 mil in incremental annual EBITDA, compared with Geo Energy's FY25 and 1H26 EBIT of US\$56.3 mil and US\$28.5 mil respectively. Around US\$350 mil per year could come from logistics cost savings of US\$7-8/t on TRA coal at 40–50 MTPA capacity, subject to RKAB (Rencana Kerja dan Anggaran Biaya, the annual work-plan & budget/quota) quota approvals. This exceeds the roughly US\$300 mil estimate reported in March.

Up to a further US\$250 mil per year could come from recurring third-party tolling revenue, with initial binding term sheets already secured for 9 MTPA from neighbouring miners. In September Geo Energy's management revealed they have progressed beyond a binding term sheet and are finalising a definitive 8-year agreement with an external road user, which they expect to conclude shortly.

MBI marks Geo Energy's transition to an integrated infrastructure, mining, and logistics model. Utilisation is expected to scale over several years toward 2030, rather than be fully realised in 2026 or 2027.

MBI valued at US\$1.5 bn

Reflecting the logistics business's strong EBITDA potential, Swiss-based commodity firm Resource Invest AG (ResInvest) signed a binding term sheet to invest in MBI at an implied standalone valuation of S\$1.24 bn, compared with Geo Energy's current market capitalisation of S\$960 mil at S\$0.55 per share. Initial equity injections are targeted for 3Q26, with the balance expected in 1Q27 to support the ramp-up to full capacity.

2-3 1H26 Results and FY27 Outlook

Softer Performance Due To Planned Volume Constraints

Geo Energy reported a softer 1H26 performance as planned volume constraints, linked to infrastructure readiness, reduced coal output by 45% yoy to 3.6 Mt. Stronger commodity prices partly offset the impact, with the Indonesian Coal Index 4 (ICI4) averaging US\$58.13 per tonne in 1H26, up 21.3% from US\$47.91 per tonne in 1H25. However, the lower volumes still weighed on core financial metrics, with revenue falling 28.5% yoy to US\$207 mil and net profit declining 27.9% yoy to US\$14.2 mil.

Management viewed 1H26 as a logistics-transition baseline ahead of a targeted production rebound in 2H26. Higher pricing power lifted the mining segment's cash profit per tonne to US\$13.30, helping limit the gross-profit decline to 13% despite the sharp drop in sales volume.

Geo Energy's 3.6 Mt of coal sales were mainly directed to its core regional processing and customer networks, including domestic Indonesian electricity allocations that have historically accounted for around 25–32% of volumes under the DMO framework.

China remained Geo Energy's largest export market, taking most of its seaborne thermal coal shipments. The balance was sold across major Southeast and East Asian import markets, including South Korea, India, Vietnam, and the Philippines.

Targeted 2H26 Production Rebound

Despite the weak 1H26 numbers, management reaffirmed FY26 coal-production guidance of 11.5–12.5 Mt as recently as the August 1H26 results. Management has also explicitly quantified the 2H26 split – 8 Mt expected in 2H26 (more than double the 3.6 Mt produced in 1H26 and ~36% higher than 2H25's 5.9 Mt). This ramp-up is supported by the newly fully operational MBJ infrastructure hauling road and jetty, which began coal loading in July. Historically, Geo Energy utilised a third-party hauling road that charged US\$7-8/t. Shifting haulage completely to Geo Energy's MBJ will significantly boost cash profit per tonne from 1H26's US\$13.30/t to an estimated US\$15.50/t based on July-August ICI4 prices of ~ US\$64/t and a high of US\$18/t factoring in MBJ cost savings.

Management recently said that the real volume spike begins in early-to-mid September 2026 as double-trailer trucks are fully deployed on the new MBJ haul road. The TRA mine is targeted to move 800,000 to 1 Mt per month.

Figure 2-2: Geo Energy's Coal Output vs ICI4 Price, 2022-2026

Period	Avg. Price per Tonne	Yoy % change	GE's Coal Output Mt	Yoy % change
2022	US\$86.06	31%	10.3	-7%
2023	US\$62.96	-27%	8.6	-17%
2024	US\$53.93	-14%	7.8	-9%
2025	US\$46.07	-15%	12.5	60%
1H25	US\$47.91	-13%	6.6	136%
2H25	US\$44.24	-16%	5.9	18%
1H26	US\$58.13	21%	3.6	-45%
2H26	US\$63.85*	44%	(7.9 Mt – 8.9 Mt)^	(34% - 51%)^

Source: Indomine, GE ARs, * July-August avg., ^ Based on GE's FY26 guidance of 11.5–12.5 Mt.

FY27 Should See Fuller Realization Of MBJ Cost Savings

In the 1H26 results briefing in August management has also provided volume projections for 2027, guiding a possible total group production target of 17 to 18 Mt. This will be driven by doubling TRA production to 11 Mt in 2027 alongside a 6 to 7 Mt contribution from the legacy SDJ and TBR mines. Management itself has cited logistical savings of US\$7–8/t - and note it applies to TRA's logistics cost specifically, not the group's blended cash cost - SDJ and TBR aren't on the MBJ road. The blended effect depends on TRA's share of total volume, which was ~33% in 1H26 (1.2Mt of 3.6Mt) and is expected to keep rising as MBJ unlocks TRA capacity. There's

also a phasing issue: MBI only went live mid-July, so 2H26 gets a partial-period, still-bedding-in benefit, while FY27 should see fuller realization.

MBI Could Lift Earnings By ~35%, But Risks Haven't Entirely Gone Away

If coal prices remain firm and TRA volumes scale as planned, MBI could materially lift FY27F net profit by ~35% to US\$137 mil (US\$124.6 mil attributable) and reposition Geo Energy as a logistics-led coal infrastructure platform with an embedded coal option. In the upside case MBI delivers volume growth, cost savings, and third-party tolling income while DSI remains a verification layer. High oil and LNG prices, together with regional energy-security concerns, should keep coal demand resilient even as China's coal imports plateau.

Impact Of A +10% Increase In ICI4 Prices

This is a high-beta business to coal prices. If coal prices rise by a further 10% revenue rises ~7–10%, not the full 10% — because ICI4 affects the coal-mining segment (not marine logistics revenue), and the ASP-to-ICI4 ratio (92.7%) applies proportionally, so a 10% ICI4 move becomes roughly a 9.3% ASP move, diluted slightly by the non-coal revenue base. Profit leverage is much higher than revenue leverage — every dollar of price upside falls straight to pre-tax profit since costs don't move, so PBT rises 38–45% off a 7–10% revenue increase.

Key risks going forward include the 50% IDR-conversion cap on export proceeds, and any 2027 DSI settlement changes that could tighten cash flow and slow contracting momentum, while Indonesia's fiscal position, rupiah stability, and ratings outlook remain relevant. A ratings downgrade would raise borrowing costs for Geo Energy.

2-4 Industry Landscape in 2026

Trying To Rewrite The Rules

The most draconian element — Government Regulation No. 24 of 2026, issued on 20 May, which sought to rewrite the rules for coal miners and marked a major change in how Indonesia manages its coal sector — now appears to have been largely shelved. The regulation required all coal exports (thermal and metallurgical) to pass through PT Danantara Sumberdaya Indonesia (DSI), a subsidiary of Indonesia's SWF Danantara. The Indonesian government had effectively created a single export gateway for the world's largest seaborne coal exporter. Indonesia said the policy was aimed at reducing revenue leakage from under-invoicing, which is fair given Indonesia's budget constraints, but it effectively turned private miners like Geo Energy into domestic suppliers for a state-controlled export channel. On May 31, 2026, the Government press briefing detailed that document submissions would begin on June 1.

End Of Direct Exporting

Under the new regime, coal miners could no longer export directly to third parties or overseas affiliates. During the transition phase, every transaction must be reported through the Customs digital platform, CEISA 4.0. Once the framework was fully implemented, DSI would become the exclusive intermediary, buying coal domestically and selling it to overseas buyers.

Production Cuts And Port Bottlenecks

To support Danantara's broader goal of conserving resources and curbing unrecorded trade, the government tightened RKAB quota approvals. Production quotas had been cut by roughly 170 Mt. Some mines had temporarily halted operations, while vessels have faced weeks-long delays at ports, creating supply-chain friction.

Pressure On Long-Term Contracts And Financing

International buyers for Indonesian coal - especially in key markets in India, China, Japan, and South Korea - faced uncertainty over existing long-term contracts. Danantara said it would honour existing agreements but might renegotiate prices if they fell below global benchmarks. DSI's control of the export gate also threatened to disrupt offshore prepayment structures, where buyers advanced cash to miners in return for guaranteed coal supply.

Policy Dilution And Rollback

The coal policy created significant implementation challenges: it was far more damaging to both the coal industry and Indonesia's reputation. It was softened through several rounds of clarification in June and August after the initial announcement triggered a sharp sell-off in mining shares and raised concerns among private miners. Danantara clarified its intended role on 11 June when Danantara COO Dony Oskaria stated that the government would not become a middleman or take ownership of commodities. On 12 June, meeting notes from a closed-door government briefing indicated that DSI had stepped back from a trader model. DSI acknowledged that acting as a central buyer would require too much working capital and expose it to excessive commercial risk. Its transition role was instead reframed as price monitoring, data verification, and supervision. This clarification materially reduced the near-term threat of a state-controlled monopoly over coal exports.

Further softening came during DSI's official launch in Jakarta on 24 August, when Danantara CEO Rosan Roeslani and DSI President Director Luke Mahony told coal executives that existing commercial contracts would be protected. They confirmed that miners could continue selling directly to overseas buyers, with DSI operating through the end of 2026 as a central verification and data platform rather than a compulsory buyer or trader.

Geo Energy Played Its Part Well

The policy clarifications regarding Danantara's non-disruptive oversight role were formally announced by Geo Energy via an SGX filing on June 22, 2026. This filing was based on official meeting updates and preliminary regulatory guidance from the Indonesian authorities issued earlier that month on June 11-12, 2026, which alleviated market fears of contracts being taken over. Danantara Indonesia clarified it will operate strictly as a monitoring and compliance body rather than an export intermediary or market-disrupting consolidator. The SWF also confirmed it will not assume ownership of existing export contracts, replace commercial arrangements, or take over customer relationships. DSI's mandate centres on preventing fraudulent practices like under-invoicing and transfer pricing to strengthen export governance transparency rather than seizing control of physical shipments. As a result, Geo Energy said it anticipated no material disruptions to its mining operations, export activities, or logistics.

Downstream Coal Projects

One thing that hasn't changed is that Indonesia is still seeking to shift coal and other commodities from being a raw export commodity into a domestic value-added resource, which is fair because if Indonesia doesn't move up the value-added ladder it can't raise living standards for the majority of its nearly 300 mil people. A coal-to-DME (dimethyl ether) project with state miner PT Bukit Asam, aimed at cutting LPG imports, broke ground in February 2026, with Chinese investment partners involved. In July 2026 Latitude Energy (US) signed an MoU with Danantara to explore coal gasification using its Transport Integrated Gasification (TRIG) technology - part of Indonesia's broader strategy toward energy self-sufficiency using low-calorie coal.

A Brief Detour – Latitude Energy

Public sources identify Latitude Energy's President and CEO as Jacob Thomas, but reveal no other named executives, board members, or investors. The company was only founded in 2025 and is headquartered in Washington, DC. It is private and has reportedly raised only US\$100,000, a modest amount for a firm seeking to develop large-scale industrial gasification projects. Its registered DC address appears to be a shared or virtual office used by many small businesses and startups, which does not suggest a substantial physical operating presence.

TRIG itself is not proprietary to Latitude. It was developed by Southern Company and KBR with U.S. Department of Energy support, and KBR holds exclusive global licensing rights for power-generation applications. It remains unclear whether Latitude has a licence from KBR/Southern Company or another commercial arrangement.

In short, Latitude Energy appears to be a young, lightly capitalised company with limited ownership transparency. Its use of U.S. diplomatic support to secure a high-profile MoU with Danantara will attract scrutiny, particularly given the contrast between the company's limited track record and the scale of the proposed project.

Prabowo Sticking To His Aggressive 8% Growth Target

President Prabowo's goal of 8% GDP growth still stands. Gone are the days when Indonesia could rely on labour intensive exports such as textiles, garments and footwear to drive growth. Traditional manufacturing hubs in Java have experienced major contractions and plant closures due to low-cost imports from China. This leaves the downstreaming of commodities into higher value-added products as the main growth lever. There may still be more to come for the coal mining industry.

2-5 Coal Prices

The US-Iran War Is Recalibrating Global Energy Prices

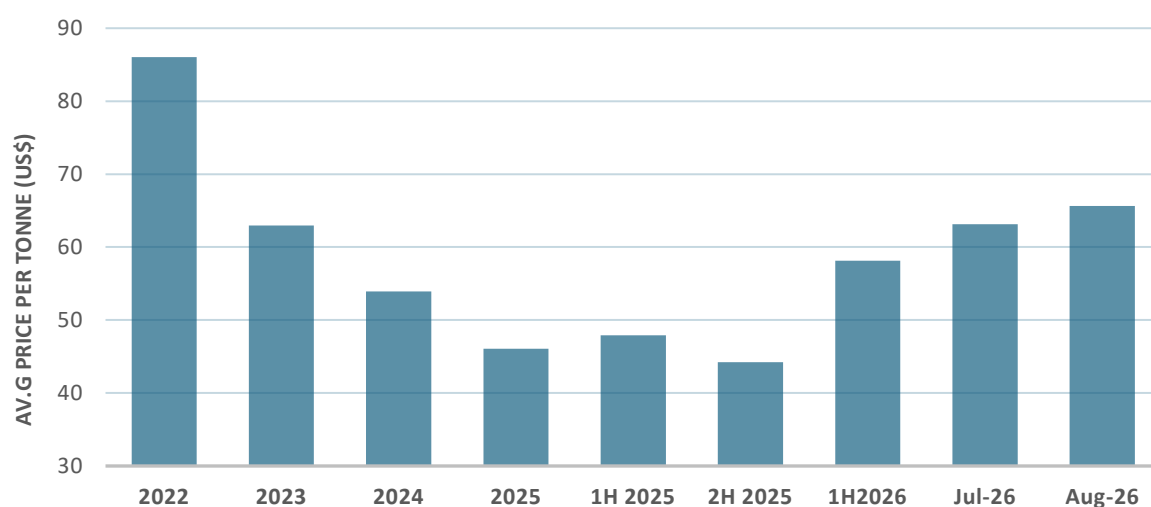
From January through mid-May, the HBA benchmark moved sideways in a ~US\$100–107 band. Then between May 1 (US\$106.57) and June 1 (US\$121.83) - the window that captures both the May 20-21 Danantara announcement and the associated export levy/foreign-earnings-retention rules taking effect June 1 - the benchmark jumped 14.3% in a single reset, the sharpest move of the year by far. It kept climbing through July, reaching US\$131.85 by mid-July, up roughly 32% from its April low (US\$99.87).

As tensions eased and Indonesian officials softened the policy's implementation, prices retraced much of that spike but remained elevated yoy, with periodic Indonesian supply-side news (both policy and weather) continuing to jolt benchmarks through July-August.

Meanwhile, the US-Iran war is recalibrating global energy prices. Brent crude is back around US\$110/b, and higher oil prices have pulled coal prices up, with the ICI4 benchmark at ~US\$66/t in early September, ~50% above the 2H25 average, and above Geo Energy's guidance for the rest of FY26 of US\$63/t. With a largely fixed cost base, most further price upside flows straight to the bottom line.

Iran is playing the long game with the US over the vital Strait of Hormuz through which 20% of the world's oil passes; it said it will not sign any agreement with the US until after President Trump leaves office. Energy prices could remain elevated for quite some time. And while major coal importers such as China and India continue to emphasise domestic production, which caps long-term seaborne import growth, near-term tightness has kept prices and demand supported.

Figure 2-3: Indonesian Coal Index 4 (ICI4) Benchmark Price[^], 2022 – Aug 2026



[^] A private market-driven commercial price index.

Source: Argus Media/PT Coalindo Energy

2-6 FX Deposit Rules

Policy Eased 1 Day Before September 1 Starts

The Indonesian government has eased foreign exchange deposit rules under the DHE SDA framework, allowing qualifying natural resource exporters to place at least 30% of their gross export proceeds in domestic banks for 90 days instead of the previous 12-month requirement. This regulatory shift aims to provide crucial liquidity relief and protect operational capital for eligible miners amidst global price volatility.

Under the strict rules introduced by the Indonesian government in 2026, natural resource exporters were restricted to converting a maximum of 50% of their retained earnings into Rupiah, forcing them to keep the remaining half in foreign currency. Previously (2023–2025) exporters were required to keep 30% of export proceeds for 90 days (3 months).

In 2026 the government heavily tightened this rule (GR 2/2026) for non-oil and gas miners (such as coal and nickel), requiring them to hold 100% of export proceeds for a full 12 months in designated domestic state-owned banks. Simultaneously, they added the rule that only up to 50% of those funds could be converted into Rupiah for operations. The rationale was to boost the domestic supply of US dollars and secure macroeconomic stability.

Then on 31 August 2026, one day before the 1 September start date, the government introduced a special exemption (GR 21/2026) because the 100% lock-up heavily strained corporate cash flows. Qualifying mining companies with specific foreign trade partnerships (such as those with investors from the US, China, Canada, etc.) are now permitted to drop back down to holding just 30% of their proceeds for 90 days. The remaining 70% can be freely

mobilised back into international capital flows without waiting out the rigid 12-month lock-in period. Companies not using these optional frameworks must still adhere to the strict 100% retention rule.

Forcing miners to hold half of their export cash as restricted onshore foreign-currency deposits creates idle capital and reduces financial flexibility. Mining operations require steady, liquid funding for contractors, fuel, haulage, and sustaining capex; tighter cash flow during periods of softer commodity prices could push weaker or more leveraged miners into financial stress.

Figure 2-4: Export Earnings Retention Policy – New Option on 31 August

Policy Element	Strict Framework	Relaxed Facility Option
Cash Retention Amount	100% of export proceeds	30% of Export Proceeds
Holding Period	12 months minimum	3 months minimum (aligned with oil/gas benchmarks)
Bank Class	State-owned & foreign exchange banks	State-owned & foreign exchange banks

Source: Ministry of Trade

Impact On Geo Energy's 2H26 Outlook

While the Indonesian government introduced crucial liquidity relief under GR 21/2026 by slashing the retention timeline and amount (down to 30% for 90 days) for eligible mining exporters, it did not remove the currency control framework.

Under Bank Indonesia Regulation No. 5/2026 (which operationalises the government's decree), the conversion rules dictate that the 50% Limit Stays. Exporters are still strictly capped from converting more than 50% of their deposited export proceeds into Indonesian Rupiah (IDR) within the placement month.

The Indonesian central bank keeps this cap to tightly control the volume of foreign currency exiting special state-bank accounts (Himbara). By forcing companies to keep at least half of their proceeds in foreign currency (like USD), the government builds a larger buffer to protect domestic foreign-exchange reserves and defend the stability of the Rupiah.

For Geo Energy (assuming it qualifies for GR21/2026, else 100% retention for 12 months applies), the continuation of the 50% cap is highly manageable because their operational mismatch is low. Since they report their earnings in USD and hold major contracts in USD, they do not need to convert more than half of their capital into Rupiah anyway. The vital victory for the company was escaping the 12-month lock-up period. The remaining 50% conversion cap simply means they continue holding their excess unspent cash as USD in Indonesian bank accounts, which is broadly consistent with its treasury needs.

2-7 Demand Outlook for Coal

IEA Forecasts For 2026

The IEA's Coal Mid-Year Update, published in 2025, projects Indonesia to record the largest decline in 2026 thermal coal exports among major exporters, with volumes falling 35 Mt from 2025 levels. Russia is expected to see the next-largest drop, at just 3 Mt year-on-year.

The IEA links this to a broader structural contraction in global coal trade for a second consecutive year, which it describes as unprecedented. The main driver is weaker Chinese import demand, with China's coal imports forecast to fall by a further 14 Mt. On the demand side, India's imports are projected to decline to around 219 Mt as domestic production expands and displaces seaborne supply. Europe, Japan, Korea and Taiwan remain in structural decline, while among the six largest importers only Vietnam is expected to increase imports, rising to around 64 Mt in 2026 on power-sector demand growth.

Figure 2-5: Thermal Coal Imports by Country (Mt), 2024, 2025, 2027 and 2030

Region/Country	2024	2025	2027	2030	CAGR 2025-30
Asia Pacific	1016	956	909	822	-3.0%
China	416	367	328	290	-4.6%
India	164	159	160	146	-1.7%
Japan	123	122	105	79	-8.3%
Korea	82	78	67	54	-7.1%
ASEAN	156	154	172	180	3.1%
North America	12	6	7	7	3.3%
Central/ South America	19	19	15	14	-6.1%
Europe	67	69	46	34	-13.0%
Eurasia	28	27	27	27	0.0%
Africa	20	21	23	25	3.3%
Middle East	8	7	7	7	-0.2%
World	1171	1106	1035	936	-3.3%

Source: IEA Coal Market Updates.

For Indonesia, the IEA notes that coal output reached a record 829 Mt in 2024 but was already expected to fall below 800 Mt in 2025 due to weak international prices, even before the projected 2026 export decline. Subsequent data broadly supports that view: production fell 15% yoy to 509 Mt in Jan–Sept 2025, while exports declined 4.7% to about 285 Mt, with shipments to China and India down 16% and 12%, respectively.

Figure 2-6: Thermal Coal Consumption by Country (Mt), 2024, 2025, 2027 and 2030

Region/Country	2024	2025	2027	2030	CAGR 2025-30
Asia Pacific	6346	6331	6377	6436	0.3%
China	4218	4211	4166	4108	-0.5%
India	1233	1212	1289	1412	3.1%
Japan	123	123	105	80	-8.4%
ASEAN	470	486	534	593	4.1%
North America	387	422	375	304	-6.3%
Central/ South America	31	28	25	23	-3.5%
Europe	434	425	324	239	-10.9%
Eurasia	305	326	325	310	-1.0%
Africa	192	190	196	197	0.7%
Middle East	8	7	7	7	-0.2%
World	7703	7731	7630	7518	-0.6%

Source: IEA Coal Market Updates.

Indonesia has since framed the decline as deliberate policy rather than simply the result of weak demand. In January 2026, the Energy and Mineral Resources Ministry announced plans to cut coal production to around 600 Mt for the year, ~170 Mt below 2025's 771 Mt, explicitly to stabilise global commodity prices.

Figure 2-7: Thermal Coal Production by Country (Mt), 2024, 2025, 2027 and 2030

Region/Country	2024	2025	2027	2030	CAGR 2025-30
Asia Pacific	6443	6414	6251	6258	-0.5%
China	4050	4091	3946	3845	-1.1%
India	1077	1083	1147	1276	3.3%
Australia	311	294	280	255	-2.8%
ASEAN	928	873	811	790	-2.0%
Indonesia	829	771	707	665	-2.9%
North America	417	431	412	340	-4.6%
Central/ South America	70	59	50	41	-7.1%
Europe	365	357	291	225	-8.9%
Eurasia	449	477	469	449	-1.2%
Africa	249	246	248	243	-0.3%
World	7993	7985	7721	7556	-1.1%

Source: IEA Coal Market Updates.

The policy is already affecting demand expectations. China's coal industry body cut its 2026 import forecast to 465 Mt from 480 Mt, citing Indonesia's export restrictions, given that Indonesia supplied ~43% of China's coal imports in 2025 (Fig 2-14).

In short, the IEA's 35 Mt export-decline forecast was made before Danantara's export-centralisation plan and Indonesia's January 2026 production-cut announcement, but later policy decisions have reinforced its direction. The IEA initially framed the decline around oversupply and softer Chinese and Indian demand; Indonesia's subsequent moves suggest the government is trying to manage that decline actively rather than absorb it passively.

Mixed Picture In China Amidst Renewables Push

According to the IEA, China - Indonesia's main coal export market - saw coal demand rise just 0.1% in 2025, as growth in electricity demand was largely met by rapid expansion in solar, wind, and hydropower. The IEA has also revised down its outlook for China in 2026, cutting projected coal use by 126 Mt versus earlier forecasts as renewables and nuclear power increasingly displace coal.

China's 2027 consumption outlook remains highly uncertain, with industry groups divided on whether demand will rebound or decline. A key structural tension is that China continues to add coal-fired capacity -nearly 80 GW was commissioned in 2025, according to the IEA - but much of this appears intended for peak-load support and energy security rather than baseload demand growth.

Power-sector coal demand is gradually losing share to renewables, but non-power industrial consumption - especially coal-to-chemicals -remains an important offset. Domestic supply is also abundant, and Beijing continues to favour domestic production over imports, helping explain why imports have lagged broader consumption. Overall, China's thermal-coal demand appears to be at or near a plateau: renewables and nuclear are squeezing power-sector coal, while industrial demand and energy-security needs provide support. The main uncertainty is whether 2027 brings a modest rebound or continued stagnation.

2-8 Indonesia Dominates Thermal Coal Exports

But Is Losing Share Due To Domestic Coal Policy

Global coal trade reached a record 1,545 Mt in 2024 but is projected to ease to around 1,420 Mt in 2025-26 as China expands domestic mining capacity and reduces import demand. Indonesia remains the world's largest supplier, although exports are falling from 2024 peaks amid tighter quotas and rising domestic power-sector demand. Thermal coal volumes remain under long-term transition pressure, while Australia's higher-quality metallurgical coal exports are more resilient, supported by steelmaking demand from India and other industrial markets.

Indonesia supplies about half of global thermal coal exports, ahead of Australia at roughly 21%, Russia at 17%, and South Africa at 6%. Product quality remains a key distinction: Indonesia became the leading thermal coal exporter in 2005 and mainly ships medium- and low-calorific coal below 6,100 kcal/kg to China and India, while Australia focuses on higher-CV thermal coal and metallurgical coal for steelmaking, where Indonesia has limited exposure.

Cost Advantage

Indonesia's edge lies more in proximity and freight economics than in coal quality. Its US\$5–10/t freight advantage over competing exporters keeps Indonesian coal embedded in buyers' baseload procurement, rather than positioning it as marginal swing supply. Established ports, logistics networks, and long-standing trading relationships also raise customer switching costs.

Quality Gap

Australia supplies premium, higher-calorific coal. Its high-CV thermal coal exports rose 28% yoy to 128 Mt in 2025, though they remained below the 192 Mt shipped in 2021. With domestic demand shrinking, Australian output is expected to exceed exports by 31 Mt in FY2025–26, giving producers room to raise shipments if Asian buyers shift toward higher-grade coal.

Short-Term Disruption Benefits Competitors

Indonesia's 2026 output quota cut of about 170 Mt, from 771 Mt to 600 Mt, is intended to support prices rather than defend volume. Although rivals may struggle to fill the full supply gap, buyers such as Vietnam are diversifying toward the US, Australia, South Africa, and Laos. This gives Australian producers and sanctioned Russian volumes some room to capture incremental demand, despite weather, infrastructure, and logistics constraints.

Net Competitive Position

Indonesia leads on price, freight economics, and entrenched relationships in lower-CV coal markets across China, India, and Southeast Asia. However, its decision to sacrifice volume and market share to support prices through quotas and a new export tax is creating an opening for competitors.

Australia leads on quality, particularly in high-CV thermal and coking coal, and is using Indonesia's production restraint to expand exports where capacity allows. Russia and South Africa remain secondary competitors, constrained by sanctions, logistics, and infrastructure limitations.

Overall, Indonesia remains the default price leader and dominant supplier by scale, but its 2026 policy of trading volume for price is the key factor allowing Australia and other exporters to regain share.

Figure 2-8: Global Coal Exports by Country, 2022-2026

Country	2022 Mt	2023 Mt	2024 Mt	2025 (Est.) Mt	2026 (Proj.) Mt
Indonesia	469.1	521.0	549.0	500.0	465.0
Australia	364.6	353.0	357.0	354.0	356.0
Russia	221.0	211.0	194.0	185.0	180.0
USA	78.0	91.0	90.5	86.0	85.0
S Africa	68.4	66.8	70.7	69.7	69.0
Colombia	56.1	54.8	59.0	52.0	48.0

Source: IEA Coal Market Updates, Australian Dept. of Ind., US EIA.

Figure 2-9: Global Thermal Coal Exports by Country, 2022-2026

Country	2022 Mt	2023 Mt	2024 Mt	2025 (Est.) Mt	2026 (Proj.) Mt
Indonesia	469.0	505.4	549.0	500.0	465.0
Australia	178.0	203.0	209.0	205.0	201.0
Russia	171.0	190.0	182.0	180.0	178.0
S Africa	68.4	66.8	70.7	69.7	69.0
Colombia	52.0	54.8	59.0	47.2	45.0
USA	35.0	35.0	38.0	36.5	36.0

Source: IEA Coal Market Updates, Australian Dept. of Ind., US EIA.

2-9 Indonesian Coal Exports

First Annual Decline In 2025 Since The Pandemic

Indonesia's coal exports in 2025 suffered their first annual decline since the 2020 pandemic, dropping 8.9% to 500 Mt, while a broader global price slump caused total export value to decline by 19.70% to US\$24.48 bn. India and China still accounted for 59% of Indonesia's total coal exports in 2025, but exports to both countries declined – driven by record domestic production in both countries, high stockpiles, and China's growing pivot to Russian/Australian higher-calorie coal. All top-10 destinations recorded yoy declines in 2025. The steep 2024 comparisons in some of the countries e.g. China +16% in 2024 show how volatile Indonesia's coal exports have been. 2024 was a growth year overall, 8.6% yoy, making 2025's 8.9% decline a reversal rather than a continuation of a trend.

Figure 2-10: Indonesia's Coal Exports by Top 10 Destinations, 2023 - 2025

Rank	Destination	2023 Mt	2024 Mt	% yoy	2025 Mt	% yoy
1	China	185.0	215.4	16.4	190.5	-11.6
2	India	118.2	114.0	-3.6	103.8	-8.9
3	Philippines	33.5	40.5	20.9	38.5	-4.9
4	S Korea	28.1	29.0	3.2	27.2	-6.2
5	Japan	26.8	25.5	-4.9	24.0	-5.9
6	Malaysia	24.0	26.2	9.2	24.8	-5.3
7	Vietnam	19.5	24.1	23.6	23.5	-3.7
8	Taiwan	18.0	17.5	-2.8	16.2	-7.4
9	Bangladesh	12.5	14.0	12.0	13.8	-1.4
10	Thailand	11.2	10.8	-3.6	10.2	-5.6
	Others	28.6	32.0	11.9	27.5	-14.1
	Total	505.4	549.0	8.6	500.0	-8.9

Source: BPS (Statistics Indonesia)

Run rate of 231 Mt in 1H26 vs. 239 Mt in 1H25

Indonesia's coal exports reached 231 Mt in 1H26 and experienced a policy-driven decline of 2.9% yoy, primarily caused by tightening government mining RKAB quotas, stricter DMO rules, and structural shifts like the export centralisation plan launched on 1 June 2026. Despite early-year declines, volumes hit a multi-month peak in May. Indonesia initially set a strict nationwide production cap of 600 Mt for 2026 to prevent oversupply and prop up benchmark seaborne prices. However, due to surging domestic electricity demand and smelter requirements, the government announced it would lift this quota past 600 Mt.

A large difference in 2026 is domestic industrial demand in Indonesia. Rapid development of metal processing zones and captive coal plants for local nickel smelters consumed huge amounts of supply domestically. This domestic competition forced the government to increase the DMO target up to 30% of output, structurally limiting the total amount available to be sold overseas compared to 2025.

Figure 2-11: Indonesia's Monthly Coal Exports in 2026, Mt and US\$ bn

Month	2026 Mt	2026 US\$ bn	Key Market Observation
Jan	38.20	2.25	Slow start due to delayed RKAB mining quota approvals.
Feb	37.84	2.31	Shipments remained weak, seaborne availability tightened.
Mar	37.60	2.35	Shipments edged lower mom and were down 8.7% yoy.
Apr	37.33	2.39	Weakest month of 1H26 due to DMO prioritisation.
May	40.49	2.82	Highest monthly export peak as production constraints eased.
June	40.14	2.96	Impacted by the launch of the new commodity export rules.
1H26	231.6	15.079	Up 4.5% from US\$14.432 bn in 1H 25.

Source: BPS (Statistics Indonesia).

Figure 2-12: Indonesia's Monthly Coal Exports, 2026 vs. 2025

Month	'26 Mt	'25 Mt	% yoy	Key Drivers
Jan	38.20	39.80	-4.0%	Severe 2026 delays in RKAB mining approvals choked supply.
Feb	37.84	38.50	-1.7%	2026 shipments stalled due to stricter DMO compliance rules.
Mar	37.60	41.20	-8.7%	2025 volumes remained high; 2026 stabilised as quotas cleared.
Apr	37.33	42.30	-11.7%	2026 exports hit a 3-year low due to soft Chinese bids.
May	40.49	41.91	-3.4%	May 2026 peaked, closing the gap with 2025 as curbs eased.
June	40.14	34.93	14.9%	Second highest monthly volume of 2026 and first month of 2026 to surpass 2025's performance.
1H26	231.60	238.64	-2.9%	

Source: BPS (Statistics Indonesia).

2-10 China Coal Imports

After reaching a record high in 2024 driven by power generation demand and price advantages for overseas supply, China's total coal imports contracted in 2025 as domestic production stabilised. The discrepancy between China's coal imports from Indonesia in Fig 2-14 and Indonesia's coal exports to China in Fig 2-10 may be largely attributed to under-invoicing as Indonesia levies royalties on coal exports.

Figure 2-13: China's Coal Imports, 2022 - 2025

Year	Mt	Yoy %	Key Drivers & Market Context
2022	293.20	-9.2%	Import restrictions and high international energy prices
2023	474.81	61.8%	Tariff removals and post-pandemic economic rebound
2024	542.80	14.3%	All-time high; robust thermal power output and coking coal demand
2025	490.27	-9.6%	Domestic production growth and fluctuating import price spreads

Source: National Bureau of Statistics, China

China Coal Imports from Indonesia

Indonesia remains China's largest supplier of thermal coal, though its share of China's total import market peaked in 2021 - 2022 and has adjusted lower following the resumption of Australian coal trade.

Figure 2-14: China's Coal Imports from Indonesia, 2022 - 2025

Year	Mt	Share	Key Dynamics
2022	170.8	58.3%	Dominant supplier during Australian coal trade restrictions.
2023	220.3	46.4%	Record post-pandemic economic recovery and tariff removals.
2024	240.5	44.4%	All-time high annual record driven by strong industrial power demand.
2025	211.0	43.1%	Declined 12.3% yoy as Chinese domestic coal output expanded.

Source: National Bureau of Statistics, China

China Coal Imports in 2026

China's coal-import picture was mixed in 1H26. China imported 225.40 Mt of coal in 1H26, down slightly by 1.9% compared to 1H25, continuing the trend of expanding domestic output alongside strong renewable energy generation. There was a spring dip when imports fell sharply in April and May 2026 due to unfavourable price arbitrage (landed seaborne coal became more expensive than domestic spot prices) and increased domestic supply. This was followed by a strong recovery in June which saw a strong month-on-month rebound of 28.6% vs. May to 42.78 Mt as power plants in China expanded stockpiles ahead of peak summer air-conditioning demand.

Figure 2-15: China's Monthly Coal Imports (Mt), 2024 - 2026 ytd

Month	2024	2025	2026	2026 yoy change
Jan	43.30	41.50	46.30	11.6% (Pre-CNY restocking)
Feb	33.75	31.80	30.90	-2.8% (CNY holiday slowdown)
Mar	41.38	38.75	39.06	0.8%
Apr	45.25	40.10	33.08	-17.8% (Strong hydro & high import spreads)
May	43.81	38.20	33.27	-12.9%
Jun	44.60	39.50	42.78	8.3% (pre-summer cooling demand)
Jul	46.21	41.10		
Aug	45.84	40.80		
Sep	47.60	42.10		
Oct	46.25	41.20		
Nov	54.98	44.05		
Dec	52.35	58.60		
1H26	252.09	229.85	225.40	-1.9%

Source: National Bureau of Statistics, China

China Coal Imports from Indonesia in 2026

H1 2026 Recovery

China imported 87.45 Mt of Indonesian coal in 1H26, down 1.5% yoy compared to 1H25, largely saved by a massive rebound in June (+35.3% mom) to 16.73 Mt. In early 2026, narrower price spreads between Indonesian low-calorific value (CV) coal and Chinese domestic coal made imports temporarily uncompetitive, leading to the April drop before summer heatwaves spurred renewed buying. Land-border imports of Mongolian coal have significantly increased their market share in northern China, taking over a portion of the growth that previously went to seaborne Indonesian cargoes.

Figure 2-16: China Monthly Coal Imports from Indonesia (Mt), 2024 - 2026 ytd

Month	2024	2025	2026	2026 yoy change
Jan	18.80	18.20	17.50	Pre-CNY restocking.
Feb	14.90	13.80	14.20	CNY holiday slowdown; Indonesian quota uncertainties.
Mar	17.96	16.30	15.41	Indonesian market share narrowed as Mongolian coal surged.
Apr	19.50	14.80	11.25	Year low in market share (34%) due to weak import arbitrage.
May	18.90	14.10	12.36	Muted seaborne demand amidst high Chinese stockpiles.
Jun	18.50	11.63	16.73	43.9% (surge ahead of peak summer cooling demand).
Jul	19.24	13.18		
Aug	19.10	16.13		
Sep	20.30	16.50		
Oct	19.80	16.20		
Nov	22.60	17.90		
Dec	20.90	22.26		
1H26	108.56	88.83	87.45	-1.5% (narrowing from -8% in Jan-May).

Source: National Bureau of Statistics, China

3. MACROECONOMICS

Economic & Political Jitters

In 2026, investors have been focused on Indonesia's mounting economic and political concerns. These include MSCI's threat to downgrade Indonesia from Emerging Market to Frontier Market status, Fitch and Moody's negative outlooks on the country's BBB/Baa2 (Investment Grade) ratings, and the unexpected resignation of Bank Indonesia Governor Perry Warjiyo in July. As a result, the Jakarta Composite Index (JCI) has been Asia's worst-performing stock market, falling 30%. Its market capitalization could be about US\$600 bn higher if it had kept pace with Asia's broader stock market rally and the rupiah had not declined by ~8%.

Losing EM Status

In January 2026, global index provider MSCI raised serious concerns about Indonesia's market investability, initially threatening to downgrade the country from Emerging Market status—which covers most Southeast Asian markets—to Frontier Market status, placing it alongside Vietnam, Romania and Kazakhstan. The warning triggered a 7% selloff in the JCI. MSCI's main concerns were opaque ownership data, coordinated trading behaviour that distorted price formation, and limited free-float shares, all compounded by broader fiscal and currency pressures under President Prabowo Subianto's administration.

Indonesia ultimately retained its Emerging Market status after introducing key regulatory reforms, including tighter disclosure rules, closer monitoring of large stakeholders, and efforts to raise minimum free-float requirements toward 15%. However, the reprieve is only a conditional stay of execution: MSCI continues to keep Indonesia under close watch and has set ongoing evaluation benchmarks through late 2026.

Geo Energy Impact

As an Indonesian coal miner listed on the SGX, where disclosure and compliance standards are more stringent, rather than the IDX, and with earnings mainly in USD and an inclusion in the MSCI Singapore Small Cap Index, Geo Energy is partly insulated. This was evident in 2026, when its share price rose ~32% year to date, outperforming the STI's ~23% gain. However, the company remains exposed to the economic and currency fallout of any future MSCI downgrade of Indonesia via increased borrowing costs and making debt financing more expensive.

3-1 Rating Agencies Concerns

Investment Grade With Negative Outlook

Indonesia has maintained investment-grade ratings from all three major agencies since the late 2010s. However, Moody's and Fitch have turned more cautious in 2026, assigning negative outlooks to their Baa2 and BBB ratings respectively because of concerns over fiscal discipline, governance, and policy predictability under President Prabowo. S&P remains the outlier, maintaining a stable outlook on its BBB rating and viewing the current pressures as cyclical rather than structural.

Indonesia's Credit Rating History

Moody's

Indonesia was downgraded to junk status during the 1997–98 Asian Financial Crisis, falling from Baa3, the lowest investment-grade rating, to Ba. It regained investment-grade status in January 2012 (Baa3). In April 2018, Moody's upgraded Indonesia to Baa2 from Baa3 with a stable outlook, bringing its rating broadly in line with Fitch and placing Indonesia on par with the Philippines and India. Moody's affirmed the Baa2 rating with a stable outlook in February 2022 and again in April 2024, citing resilient growth and credible monetary and fiscal policy. In February 2026, it affirmed Baa2 but revised the outlook to negative from stable, citing weaker policy predictability and governance concerns under President Prabowo.

S&P

Indonesia remained below investment grade through the 1990s and 2000s, before achieving BBB- in May 2017—its first investment-grade rating from S&P. In May 2019, S&P upgraded Indonesia to BBB from BBB- with a stable outlook, bringing it broadly in line with Fitch and Moody's. In April 2020, S&P affirmed the BBB rating but revised the outlook to negative because of COVID-19-related fiscal and external risks; the outlook later returned to stable. In July 2024, S&P affirmed BBB with a stable outlook, while noting fiscal uncertainty under the incoming Prabowo government. In July 2026, it again affirmed the rating with a stable outlook, judging market volatility, rupiah depreciation, and energy-price pressures to be temporary rather than structural.

Figure 3-1: Indonesia's Credit Rating History

#	Period	Moody's	S&P	Fitch
1	Pre-crisis (mid-1990s, investment grade)	Baa3	BBB	BBB
2	Q3 1997 (crisis hits, downgraded to junk)	< Baa3	< BBB-	< BBB-
3	1998 (peak crisis, material default risk)	B3	CCC+	B-
4	Late 1990s-2000s (debt restructuring years)	Held in Junk	Held in Junk	Held in Junk
5	2011-2012 (regaining investment grade)	Jan 2012	< BBB-	Late 2011
6	2017-2019	Baa2 Apr '18	BBB May '19	BBB Dec '17
7	2019-2025 (steady)	Baa2 stable	BBB- to BBB	BBB stable
8	Early-to-mid 2026 (weakening governance, rising policy uncertainty)	Outlook cut to -, Feb '26	Outlook stable, Jul '26	Outlook cut to -, Mar '26

Source: BI, Rating agencies

Indonesia Vs Rest Of Asia

Indonesia has the weakest credit rating outlook profile among its Asian peers, with Moody's and Fitch both on negative outlook and only S&P maintaining a stable view. It would be a big mistake for Indonesia to lose its hard-won BBB IG rating.

China's outlook improved after Moody's revised it to stable from negative in April 2026, citing resilient growth despite trade and geopolitical pressures. Fitch, however, has kept China on negative outlook since April 2024. Thailand's outlook also improved, with Moody's moving it to stable from negative in April 2026 as pressure from US tariffs on Thai exports eased. Vietnam is the standout positive case: all three agencies assign it a positive outlook, reflecting its progress toward investment grade. It is now one notch below investment grade with S&P and Fitch, and two notches below with Moody's. The Philippines presents a more mixed picture. S&P lowered its outlook to stable from positive in April 2026, citing external and fiscal risks linked to higher energy prices from the Middle East conflict, while Fitch moved further by cutting its outlook to negative because of growth risks from public investment disruptions and rising debt.

Figure 3-2: Current Credit Ratings for Asian Countries

#	Country	S&P	Moody's	Fitch
1	Singapore	AAA, stable	Aaa, stable	AAA, stable
2	Hong Kong	AA+, stable	Aa3, stable	AA-, stable
3	Taiwan	AA-, stable	Aa3, stable	AA, stable
4	South Korea	AA, stable	Aa2, stable	AA-, stable
5	China	A+, stable	A1, stable	A, negative
6	Japan	A+, stable	A1, stable	A, stable
7	Malaysia	A-, stable	A3, stable	BBB+, stable
8	Thailand	BBB+, stable	Baa1, stable	BBB+, stable
9	Philippines	BBB+, stable	Baa2, stable	BBB, negative
10	Indonesia	BBB, stable	Baa2, negative	BBB, negative
11	India	BBB, stable	Baa3, stable	BBB-, stable
12	Vietnam	BB+, positive	Ba2, positive	BB+, positive

Source: BI, Rating agencies

What Is The Chance Of A Downgrade?

A ratings downgrade would be damaging to Indonesia. It would put the country only one notch away from junk/speculative grade and level with India. It would also narrow the gap with Vietnam, where all three agencies have a Positive outlook on their BB+/Ba2 ratings, signalling probable upgrades. However, there is still only a low-to-moderate chance of this happening over the next 6–12 months. A Negative outlook vs. an actual downgrade is a signal, not an action. Historically, once a credit rating agency moves to Negative, there is a meaningful chance of a downgrade within the following year or two if the underlying trend doesn't improve — but it's not automatic, and rating agencies can and do revert to Stable if conditions stabilise.

The specific triggers the rating agencies have named are: breaching the 3% of GDP fiscal deficit cap on a sustained basis - this is the single most explicit trigger the agencies have named; interest payments staying above ~15% of government revenue. S&P flagged that interest payments have likely exceeded that threshold, and said sustained revenue weakness eroding fiscal buffers could prompt a more negative view; Bank Indonesia's growing share of government bond holdings - the central bank already owns roughly a quarter of tradable government bonds, and further escalation is described as one of the reddest flags in the agencies' models; weak revenue reforms / narrow tax base - Moody's cited a low tax revenue base that could widen the deficit as a core risk; governance and policy credibility, including how Danantara is governed, and FX reserve adequacy - all things Moody's said it's actively monitoring; and MSCI's decision on Indonesia's market classification.

Losing its BBB/Baa2 IG credit rating would most likely require the deficit to overshoot 3% for more than one year, revenue reform to keep stalling while interest costs climb, and/or a governance shock (e.g., around Danantara or subsidy programs) — not any single event, but a cluster of these trends persisting through the agencies' next scheduled reviews.

3-2 BI Independence In Question

Governor Perry's Shock Resignation

One of the biggest shocks in Indonesia in 2026 is the resignation of BI governor Perry Warjiyo on July 25, 2026, midway through his second term and with no further elaboration. He wasn't even present at the announcement. The timing and context point to sustained political pressure rather than a routine departure. On May 18, 2026, at a House Commission XI hearing, a lawmaker directly told Perry to consider resigning after the rupiah breached 17,600/dollar, with other legislators questioning BI's policy toolkit and flagging fiscal credibility concerns.

The rupiah has been Asia's worst performer, down roughly 7% since the Middle East war began, driven by surging energy costs and capital outflows following negative assessments from MSCI, Moody's, and Fitch. Parliament passed legislation weeks earlier that doubled down on BI's mandate to support growth and lets lawmakers issue binding recommendations to the central bank - a structural squeeze on BI's autonomy under Prabowo's growth agenda.

And just to add to the worries about BI independence ahead of Perry's departure Prabowo had already nominated his nephew, Thomas Djiwandono, as a BI deputy governor earlier in 2026 - raising independence concerns well before Perry's exit.

Thomas "Tommy" Djiwandono beat two internal BI technocrats (Solikin Juhro, Dicky Kartikoyono) for his current deputy governor seat, showing Prabowo's team can push its preferred candidate through Commission XI which approves BI appointments relatively easily - that committee unanimously approved him in under 30 minutes.

The whole thing echoed last year's abrupt removal of respected Finance Minister Sri Mulyani, and it's not what the rating agencies will have wanted to see happen so soon after placing Negative Outlooks on Indonesia's BBB rating. It raises the odds Moody's could move from negative outlook to an actual downgrade at its next review and puts real pressure on S&P's more optimistic stable stance. Central bank independence is one of the specific pillars rating agencies watch, so BI will be on everyone's radar over the next 6–12 months.

Destry Was The Best Choice Going Forward

The confirmation and swearing-in of the former senior deputy governor Destry Damayanti as the new Governor of BI on September 2, 2026, represents a watershed moment for Indonesia. Destry takes the helm during a turbulent period following the abrupt July 2026 resignation of Perry Warjiyo. International rating agencies will view her appointment as a sign of policy continuity: staying the course on the "pro-stability stance" and reassuring markets that BI's current policy mix (rate policy, FX intervention, coordination with government) will continue uninterrupted, and a sign Prabowo isn't trying to seize direct control of monetary policy. But it would have been better for Indonesia if Perry had served out his term.

Destry faces a delicate balancing act between maintaining institutional independence and supporting President Prabowo's aggressive pro-growth mandate. By selecting Destry (the standing Senior Deputy Governor since 2019) as the sole nominee, Prabowo eased nepotism concerns and provides a highly qualified, market-vetted veteran to steady the ship. Historically, BI has prioritised price and currency stability, sometimes at the expense of rapid domestic growth. Destry's immediate post-vote policy presentation signals a subtle pivot: She formally upgraded BI's 2027 GDP growth forecast to 5.2%–6.0% (up from Warjiyo's 5.1%–5.9% range). The upper bound of 6% aligns directly with Prabowo's near-term goals, moving toward his long-term ambition of 8% GDP growth.

Unlike traditional central bankers who push back heavily on capital controls, Destry explicitly expressed confidence in Prabowo's macroeconomic strategies. She has highlighted that growth will be driven by investment managed via Danantara. She has also strongly endorsed the strict retention of export earnings, which is consistent with the 50% operational conversion cap remaining in force despite recent relaxations on retention timelines.

Figure 3-3: BI Core Challenge: Growth vs. Stability

Structural Factor	Destry's Current Stance/Approach	Market Risk & Outlook
Central Bank Independence	Stated that "cooperation with state agencies would not compromise central bank independence."	Parliament recently passed a bill legally doubling down on BI's obligation to support growth and job creation, raising long-term institutional drift concerns.
Currency Defence	Promised to keep inflation under control and monitor large-scale corporate dollar purchases.	The Rupiah has struggled heavily, trading around 17,700 per USD. Aggressive pro-growth liquidity could further devalue the currency.
Monetary Liquidity	Pledged to "provide sufficient monetary liquidity to promote economic growth."	If liquidity is loosened too early while global volatility is high, BI risks undoing the effects of the 100-basis-point rate hikes implemented earlier in the year.

Source: Bank Indonesia

3-3 Fiscal Position

Deficit Is Close To The 3% Of GDP Threshold

The other big macroeconomic issue in Indonesia that keeps markets awake at night is the fiscal deficit that has come very close to the 3% threshold in 2025 and could do so again in 2026. In 2025 the Government's original deficit target was 2.53% of GDP, well within limits. There was a mid-year revision in July 2025 when the Finance Ministry projected a full-year deficit of Rp662.0 tn (~US\$40.7bn), or 2.78% of GDP. The outcome was a deficit of Rp695.1 tn (~US\$41.35bn) - revenue totalled Rp2,750 tn, spending rose to Rp3,450 tn, and the deficit equalled 2.92% of GDP, only slightly under the 3% legal cap. This was the largest deficit in two decades outside the COVID-19 pandemic, driven by revenue coming in 8% below target. For comparison, 2024's deficit was 2.30% of GDP.

Revenue underperformed as non-tax revenue dropped 8.6% yoy (vs. -4.8% in 2024), weighed down by lower commodity prices — crude oil, CPO, nickel, and coal. A notable financing manoeuvre: on December 30, the government issued Finance Ministry Regulation No. 115/2025, letting Bank Indonesia deposit part of its budget surplus into the state treasury before year-end to help meet revenue targets - with a stated "principle of caution" and correction mechanism if BI's audited financials later show discrepancies.

2026 Has Seen A Revenue Rebound But There's No Room For Error

Q1 2026 saw a sharper widening in the deficit which hit Rp240.1 tn (0.93% of GDP) as of March 31, 2026 - more than double the Rp99.8 tn (0.41% of GDP) recorded at the same point in 2025. Revenue rose 10.5% yoy to Rp574.9 tn, just 18.2% of the full-year Rp3,153 tn target. Spending surged 31.4% to Rp815 tn, 21.2% of the Rp3,842 tn annual allocation. The primary balance itself flipped to a Rp95.8 tn deficit - exceeding the entire year's Rp89.7 tn primary-deficit ceiling in just one quarter - reversing from a Rp21.9 tn surplus in March 2025. It meant revenue can't even cover non-interest spending.

FinMin Purbaya's explanation was that this reflected a deliberate shift to "expansionary" front-loaded spending early in the year rather than the old pattern of spending piling up toward year-end. He maintained the government would keep the full-year deficit below the 3% legal ceiling.

What followed was a partial recovery by May when the deficit stood at Rp180.4 tn, 0.70% of GDP with revenue at Rp1,185 tn (37.6% of target), driven by 19.1% revenue growth.

There appears to have been an easing in the fiscal risk on the back of strong tax collection absorbing the aggressive spending on things like civil servant salary hikes and the phased Free Nutritious Meals rollout for school - but the budget is leaving little room to cut fixed spending commitments if commodity revenue or global growth softens in H2.

H2 Is The Risk Window

The full year forecast just got revised up significantly. This is the key H2 development. A House budget committee chair (Said Abdullah) said on ~July 8 that the 2026 deficit is now expected to reach 2.85% of GDP - up from the government's own 2.68% estimate and above 2025's mid-year revision of 2.78% figure and again getting close to the legal 3% ceiling - even as the government tries to scale back spending on Prabowo's free school-meals program. Purbaya confirmed at that same hearing that the government spends more heavily toward year-end because many program payments are only authorised after audits. That back-loading is exactly why H2 is the risk window.

What's driving the upward revision — oil and the rupiah, not just spending. In March, Coordinating Minister Airlangga Hartarto had already warned that rising global oil prices and rupiah pressure from geopolitical tensions were making the 3% ceiling hard to hold — in a "difficult" scenario at US\$86/barrel Indonesian Crude Price and a rupiah at 17,000/USD, the deficit could hit 3.18% of GDP. Look where we are now in September: Brent is back close to US\$100/barrel and the rupiah at ~17,550/USD after being above 18,000/USD in June.

Every US\$1/barrel rise in oil adds roughly Rp6.8 trillion to the deficit. The government was already war-gaming contingencies including a possible Perppu (emergency regulation) to legally exceed the ceiling if needed. Purbaya's response then was notably nonchalant about optics: he

said the 3% threshold "is not an absolute benchmark" compared internationally; despite acknowledging a breach could trigger negative rating-agency reactions.

4. EXECUTIVE MANAGEMENT TEAM

Geo Energy maintains a 5-member board comprising two Executive Directors (the founders) and three Independent Non-Executive Directors, led by co-founder Charles Antony Melati. This means the board is majority independent (60%) to oversee audit, remuneration, and nominating functions, which aligns with Singapore corporate governance practices and provides a strong framework for oversight. The inclusion of co-founders (Charles Antony Melati and Dhamma Surya) maintains historical operational expertise and strong local networks in Indonesia.

Geo Energy's board is supported by a streamlined team of corporate executives and operational divisional heads notable for its strategic depth with an excellent grasp of Indonesia's complex business environment.

Core management members average more than 7 years with the company and handle day-to-day operations, sales execution, corporate strategy, M&A, and financial controls across its headquarters in Singapore and operations in Indonesia. The result is a resilient organisation where strategic execution and cultural continuity are embedded with the leadership structure, effectively mitigating transition risk and enduring success of the corporate strategy across the core business segments of coal mining and logistics.

Figure 4-1: Geo Energy's Directors as of March 2026

Name	Position	Year First Appointed
Charles Antony Melati	Founder Executive Chairman & CEO	2010
Dhamma Surya	Founder & Executive Director	2010
Ali Hery	Independent Director	2023
David Yan Kin Pung	Independent Director	2023
Vincent Tai Mern Tze	Independent Director	2026

Source: Company

Figure 4-2: Geo Energy's Key Management as of March 2026

Name	Position	Year First Became Officer
Huang She Thong	Co-Founder, Chairman & CEO of Indonesia	2010
Philip Hendry	Group Chief Operating Officer (Group COO)	2023
Adam Tan	Group Chief Financial Officer (Group CFO)	2020
Lu King Seng	Business Development Director	2024
Ng See Yong	Group Head, Corporate & Human Resources	2012

Source: Company

4-1 Leadership Composition

An analysis of the leadership structure of Geo Energy reveals a blend of entrepreneurial founders, deep operational and energy sector professionals, and seasoned independent directors such as Ali Hery and David Yan who bring heavy public-accounting (Big 4 accounting firm) and corporate banking credentials, supporting compliance with SGX listing requirements and financial governance standards. The Board provides strategic leadership, governance, and risk oversight. It is structured around the original co-founders alongside independent directors with expertise in audit, compliance, banking, and capital markets.

Financial & Regulatory Depth

Charles Antony Melati: Founder, Group Executive Chairman & Chief Executive Officer and board member since 2010 serves dual roles as Executive Chairman and Chief Executive Officer. While combining these top executive roles helps streamline decision-making and aligns operational execution with strategy, corporate governance best practices generally advocate for separating them to prevent concentration of power. He was an entrepreneur and has over 25 years of experience in regional trade, property development, packaging, and tug & barge logistics operations across Singapore and Indonesia.

Dhamma Surya: Founder & Executive Director and board member since 2010. He is responsible for business development for Geo Energy. He was an entrepreneur and has a background in property development, construction, and contracting services in Indonesia and co-established Geo Energy's core coal mining services business.

Ali Hery: Non-Executive Independent Director since 2023. He is chairman of the Audit and Risk Committee and member of the Nominating and Remuneration Committee. He has more than 25 years of professional experience in auditing, cross-border M&A, IPOs, and tax advisory and was a former partner at a Big Four accountancy firm in Indonesia. He holds a Bachelor of Accountancy from the University of Indonesia.

David Yan Kin Pung: Non-Executive Independent Director since 2023. He is Chairman of the Nominating Committee and member of the Audit and Risk and Remuneration Committees. He has over 40 years of experience in banking, corporate finance, public listings, capital markets, M&A in Singapore banks and senior roles in two SGX Catalist listed companies. He is currently Senior Vice President at Chem One Singapore a petrochemical and natural resource group. He holds a Bachelor of Business Administration from the National University of Singapore and a Master of Professional Accounting from the University of Southern Queensland.

Vincent Tai Mern Tze: Non-Executive Independent Director since 2026. He is Chairman of the Remuneration Committee and member of the Audit and Risk and Nominating Committees. He has over 30 years of practical experience in listed derivatives and commodities trading, and extensive experience in financial risk management, environmental sustainability and entrepreneurship. He holds a Master of Business Administration from City University of Washington.

5. GEO ENERGY FINANCIALS

5-1 Geo Energy Financials

RHTC's estimates for FY26 and FY27 use management's FY26 volume target and its cited ICI4 price outlook. In the 1H26 announcement, the Chairman said the Group was "on track" to achieve 2026 coal sales of 11.5–12.5 million tonnes, with a "significant ramp-up" expected in 2H26 following the MBI Integrated Infrastructure go-live on 16 July 2026. The same announcement reported that ICI4 averaged US\$58.13/t in 1H2026 and ~US\$64/t in July-August 2026, with forecasts of about US\$63/t for the rest of the year—the latest forward price reference cited by the company. Management noted that the real volume spike begins in early-to-mid September as double-trailer trucks are fully deployed on the new MBI haul road plus jetty. The TRA mine is targeted to move 800,000 to 1 Mt per month. While management mentioned at the 1H26 results briefing a possible volume target of 17 to 18 Mt in the near term driven by a doubling in TRA production to 11 Mt we are sticking to a more conservative output of 13.6 Mt for FY27F as legacy SDJ and TBR mines reach the end of their mining lives in May 2027 and January 2028 respectively.

Figure 5-1: Key Assumptions for 2H26 and FY27

Name	1H26A	2H26E	FY2026E	FY2027E
Coal sales volume (Mt)	3.6	8.4	12.0	13.6
Average ICI4 (US\$/t)	\$58.13	\$63.00	\$61.54	\$63.00
Average selling price (US\$/t)	\$53.89	\$58.40	\$57.05	\$58.40
Revenue growth yoy			26.7%	15.9%

Source: Geo Energy, RHTC

Figure 5-2: Income Statement (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
Revenue	488,975	401,899	562,664	713,100	826,600	(17.8)	40.0	26.7	15.9
Cost of goods sold	(409,741)	(349,254)	(476,969)	(541,500)	(603,200)	(14.8)	36.6	13.5	11.4
Gross profit	79,233	52,645	85,694	171,600	223,400	(33.6)	62.8	100.2	30.2
SG&A	(23,291)	(35,720)	(29,421)	(23,100)	(26,300)	53.4	(17.6)	(21.5)	13.9
EBIT	55,943	16,924	56,273	148,500	197,100	(69.7)	232.5	163.9	32.7
Interest expense	(5,556)	(17,389)	(14,283)	(19,700)	(22,100)	213.0	(17.9)	37.9	12.2
Others	38,821	43,614	7,155	1,400	700	12.3	(83.6)	(80.4)	(50.0)
Pre-tax profit	89,208	43,150	49,146	130,200	175,700	(51.6)	13.9	164.9	34.9
Tax	(26,464)	(5,890)	(21,625)	(52,900)	(77,300)	(77.7)	267.1	144.6	46.1
Tax rate (%)	29.7%	13.7%	44.0%	40.6%	44.0%	(54.0)	222.3	(7.7)	8.3
Net profit	62,743	37,260	27,521	77,300	98,400	(40.6)	(26.1)	180.9	27.3
Minority Interests	(763)	(120)	(139)	(7,000)	(8,900)	(84.3)	16.3	4,928.1	27.1
Net Attributable Pro	61,980	37,140	27,382	70,300	89,500	(40.1)	(26.3)	156.7	27.3
less dividends paid	(21,551)	(12,534)	(6,143)	(13,749)	(25,694)	(41.8)	(51.0)	123.8	86.9
Retained Earnings	40,429	24,606	21,239	56,551	63,806	(39.1)	(13.7)	166.3	12.8

Source: Geo Energy ARs, RHTC estimates.

Figure 5-3: Ratios and Valuations (%)

Dec-yr end	2023	2024	2025	2026F	2027F
PE(x)	9.9	16.6	22.7	10.8	9.0
PE/G	-0.2	-0.4	-0.8	0.1	0.4
Intrinsic value				\$0.69	
(potential upside)				24%	
Mkt Cap/Sales (x)	1.55	1.88	1.35	1.06	0.92
Div Yield (%)	4.6	2.8	1.3	2.3	4.0
FCF Yield (%)	0.2	0.2	0.2	(0.0)	0.1
P/BVPS	1.23	1.14	1.16	0.99	0.96
ROAE (%)	12.4	7.1	5.1	10.8	11.2
ROAA (%)	6.6	3.8	2.5	5.5	6.1

Source: Geo Energy ARs, RHTC estimates

Fig 5-3 shows Geo Energy trades at a FY26F PE ratio of 10.8x with expected dividend yield of 2.3%, underpinned by EPS growth of ~111% in FY26F and ~20% in FY27F. RHTC's intrinsic value of S\$0.69, 24% upside, is based on the coming on-stream of the \$150 mil MBJ logistics arm and management guidance on coal production for FY26 and FY27, the ICI4 price outlook and management guidance on cost savings from MBJ.

We expect significant upside risks given the rolling back of the stringent policies introduced earlier in 2026. Coal prices can still move higher given that the conflict in the Middle East doesn't look like it will be resolved until US President Trump leaves office in 2029 and the realisation that coal still has a role to play in power generation in Asia despite the renewables push with high gas prices triggering gas-to-coal switching in Japan and Korea. The ICI4 benchmark was at ~US\$66/t in early September, ~50% above the 2H25 average, and above Geo Energy's guidance for the rest of FY26 of US\$63/t. Every US\$ of price upside to coal prices is high beta to the bottom line as Geo Energy is operating on a relatively fixed-cost base.

Fig 5-4 shows a sharp increase in equity from US\$536.6 mil in FY25 to US\$886.4 mil in FY27F. Gearing falls because equity grows faster than debt – total borrowings actually rise from ~US\$272 mil in FY25 to ~US\$366 mil in FY27F – so this is de-gearing through retained profits rather than debt repayment.

Figure 5-4: Balance Sheet (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
Cash & ST investments	135,804	118,073	105,100	66,600	96,600	(13)	(11)	(37)	45
Accounts receivable	75,732	113,021	121,311	146,600	158,600	49	7	21	8
Deposits and prepayments	48,258	52,193	46,555	55,300	58,300				
Inventory	46,362	34,360	30,631	64,600	69,600	(26)	(11)	111	8
Other current assets			6,361						
Total current assets	306,156	317,647	309,958	333,100	383,100	4	(2)	7	15
Net PP&E	444,292	484,604	591,252	694,000	679,000	9	22	17	(2)
Deferred stripping costs	43,228	69,598	108,683	159,000	174,800	61	56	46	10
Net investments	25,693	31,455	28,473			22	(9)		
Other LT assets	117,998	114,562	93,161	260,500	271,700	(3)	(19)	180	4
Total non-current assets	631,212	700,218	821,569	1,113,500	1,125,500	11	17	36	1
Total assets	937,368	1,017,866	1,131,526	1,446,600	1,508,600	9	11	28	4
Accounts payable	95,174	133,321	206,096	163,900	173,900	40	55	(20)	6
ST debt & current lease	27,455	26,537	23,175	114,600	121,100	(3)	(13)	394	6
Provisions staff & others	-	-							
Total current liabilities	122,629	159,858	229,271	278,500	295,000	30	43	21	6
Total current liabilities	122,629	159,858	229,272	278,500	295,000	30	43	21	6
LT debt & lease	223,819	208,362	249,303	266,900	257,000	(7)	20	7	(4)
Deferred tax liabilities	86,179	102,671	108,296	55,000	49,100	19	5	(49)	(11)
Others	5,136	6,973	8,051	80,100	69,500	36	15		
Total non-current liabilities	315,135	318,006	365,650	402,000	375,600	1	15	10	(7)
Equity	499,604	540,002	536,645	766,200	838,000	8	(1)	43	9
Total liabilities & equity	937,368	1,017,866	1,131,567	1,446,700	1,508,600	9	11	28	4
BVPS	0.35	0.38	0.37	0.44	0.45	8	(2)	17	3

Source: Geo Energy ARs, RHTC estimates

Figure 5-5: Cash Flow Statement (US\$'000)

Dec yr end	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
CF operating	78,695	68,836	102,700	198,800	249,400	(12.5)	49.2	93.6	25.5
Net change working capital	(69,239)	19,664	(15,660)	(128,600)	(85,800)	(128.4)	(179.6)	721.2	(33.3)
Others	(55,054)	(17,782)	9,745	0	0	(67.7)	(154.8)		
CF from operations	(45,597)	70,719	96,784	70,200	163,600	(255.1)	36.9	(27.5)	133.0
Capital expenditure	(9,989)	(41,843)	(84,916)	(97,800)	(55,000)	318.9	102.9	15.2	(43.8)
Acquisitions/(divestures)	(182,978)	(13)	(40,512)	(35,500)	(25,000)	(100.0)	311,480	(12.4)	(29.6)
Others	4,999	(7,260)	2,256	0	0	(245.2)	(131.1)		
CF from investing	(187,968)	(49,117)	(123,172)	(133,300)	(80,000)	(73.9)	150.8	8.2	(40.0)
Dividends paid	(56,406)	(10,383)	(11,360)	(20,300)	(34,300)	(81.6)	9.4	78.7	69.0
Share issue/(repurchased)	(2,030)	9,049	17,543	22,300	(5,000)	(545.8)	93.9	27.1	(122.4)
Debt & lease changes	195,557	(38,892)	8,653	(2,800)	(14,300)	(119.9)	(122.2)	(132.4)	410.7
CF from financing	137,121	(40,226)	14,836	(800)	(53,600)	(129.3)	(136.9)	(105.4)	6,600.0
Net CF	(96,444)	(18,624)	(11,551)	(38,500)	30,000	(80.7)	(38.0)	#REF!	(177.9)
Free CF	135,533	117,173	104,904	(27,600)	108,600	(13.5)	(10.5)	(126.3)	(493.5)
FCF per share (basic) US\$ ct	0.10	0.08	0.07	(0.02)	0.06	(13.5)	(11.3)	(121.6)	(471.4)
Beginning cash	231,977	135,797	116,455	105,100	66,600	(41.5)	(14.2)	(9.8)	(36.6)
FX impact	264	(718)	(1,312)						
End cash	135,797	116,455	105,100	66,600	96,600	(14.2)	(9.8)	(36.6)	45.0

Source: Geo Energy ARs, RHTC estimates

Fig 5-5 shows FY27F operating cash flow of US\$214.4 mil is more than double FY26F's US\$95.6 mil as MBJ's logistics savings ramp up. Free cash flow flips from a small drawdown of US\$2.2 mil in FY26F to a positive US\$159.4 mil in FY27F. Financing activities stay a persistent cash drag even as Geo Energy gets cash rich as dividends now scale because of a much larger profit base.

Figure 5-6: Geo Energy Share Price Performance and Dividends Since Listing

Year	Year-end Share Price	Annual Price Return (%)	Dividend Per Share (\$)
2012	\$0.50	(IPO Year)	\$0.00
2013	\$0.32	-36%	\$0.00
2014	\$0.21	-34%	\$0.00
2015	\$0.14	-33%	\$0.00
2016	\$0.23	64%	\$0.010
2017	\$0.30	30%	\$0.010
2018	\$0.17	-43%	\$0.004
2019	\$0.14	-18%	\$0.00
2020	\$0.12	-14%	\$0.008
2021	\$0.34	183%	\$0.050
2022	\$0.38	12%	\$0.090
2023	\$0.35	-8%	\$0.020
2024	\$0.30	-14%	\$0.012
2025	\$0.42	40%	\$0.0055
2026 ytd	\$0.55	31%	\$0.002

Figure 5-7: Geo Energy Share Price Since Listing



Source: Yahoo

Geo Energy has paid a cumulative total of S\$0.2115 per share in dividends since its listing in 2012 through to 1H26.

5-2 Industry Comparables

Figure 5-8: Industry Valuation

23 September	Price	FY26F PE	PEG	Div Yield	FY27F PE
Geo Energy	0.555	10.8	0.1	2.3	9.0
Peer Group					
PT Bayan Resources	Rp13,725	25.5	na	3.3	22.3
PT Bumi Resources	Rp222	15.0	na	0.0	13.9
Avg. Coal		20.2	na	1.7	18.1
% Geo E/Avg.		-47%	na	0.6ppt	-51%
STI	5,680	18.0	1.74	4.1	16.0
% Geo E/STI		-40%	-94%	-1.8ppt	-44%

Source: RHTC estimates, Bloomberg.

Fig 5-8 shows Geo Energy has attractive valuations versus its industry peers in Indonesia. Geo Energy trades at a massive discount of 47% to its industry peer group based on its FY26F PE. Geo Energy also trades at a 40% discount to the STI using the same valuation metric.

5-3 Intrinsic Valuation

5-3-1 Intrinsic Valuation (IV) Methodologies

Our approach is premised on our assumptions regarding Geo Energy's next 12 months operations and likelihood of growth trajectories beyond. Fig 5-9 shows our TSR-based IV methodology, and Fig 5-10 benchmarks the result against Straits Times Index valuations. At our IV of S\$0.69, Geo Energy would trade on a 0.12x PEG, still a 93% discount to the STI's FY26F PEG of 1.74x.

Figure 5-9: Geo Energy TSR & Implied Intrinsic Value / Target Price

December year-end	FY27F
FCF yield	0.1%
Dividend yield	4.0%
EPS growth	20.2%
Total Shareholder Return	24.3%
Implied Geo Energy Intrinsic Value/Target Price	\$0.69

Source: RHTC estimates.

Based on our assumed forecasts for FY27F (fig 5-1), we apply our bespoke Total Shareholder Return (TSR) framework to estimate the implied Intrinsic Value / Target Price for Geo Energy over the next 12 months (fig 5-9).

Essentially shareholders can expect a dividend yield of 4.0% plus EPS growth of 20.2% in FY27F (and a 0.1% FCF yield). For a 1-year holding period, the expected Total Shareholder Return of ~24% implies an Intrinsic Value / Target Price for Geo Energy of S\$0.69.

Figure 5-10: Geo Energy IV Relative to STI

		FY26F PEx	FY26F EPS %yoy	FY26F PEG	FY26F PB	Implied ROE	FY26F D/Y
A	STI@5,680	18.0	10%	1.74	1.63	10.3%	4.1%
B	Geo E @ \$0.555	10.8	111%	0.1	1.0	10.8%	2.3%
C=B/A-1	(Disc/t) / Premium	-40%	1,010%	-94%	-39%	5%	-44%
	Geo E IV/TP						
D	\$0.69	13.4		0.12	1.2		1.9%
E = D/A-1	(Disc/t) / Premium	-25%		-93%	-25%		-55%

Source: Bloomberg, RHTC estimates.

At estimated Intrinsic Value/Target Price of S\$0.69 (fig 5-10), Geo Energy's implied PEG of 0.12x (row D) is still at a 93% discount (row E) to STI.

5-3-2 Valuation Key Risks

Risks to RHT Capital views and intrinsic value/price target:

1. Better/ worse execution of output guidance for 2H and slow uptake from third parties at the new MJB logistics arm.
2. Further policy changes that would positively/ negatively impact Geo Energy would pose an upside/ downside risk to our estimates and valuation.
3. A better/ worse-than-expected macro/ trade environment that may provide upside/ downside risk to coal prices and demand for coal.

5-4 Sustainability / ESG

As a fossil fuel company, Geo Energy faces balancing transition-focused disclosures with the inherent environmental profile of thermal coal mining. Geo Energy reports in line with the GRI 2021 Standards (including GRI 12 for the Coal Sector) and TCFD recommendations, adhering to SGX Listing Rules and transitioning towards ISSB alignment. The acquisition of PT Golden Eagle Energy Tbk (GEE) and the Triaryani (TRA) mine expanded operations, leading to an absolute increase in GHG emissions. ~98% of reported Scope 1–3 emissions stem from Scope 3 (largely driven by third-party mining contractors and downstream consumption).

Environmental Performance Breakdown

Geo Energy's environmental profile reflects its high-volume open-cut coal mining operations. The company relies on operational frameworks like ISO 14001 and international benchmarks such as the IFC Performance Standards. Absolute emissions rose primarily due to physical operational growth (e.g., acquiring the high-grade TRA mine) rather than reduced operational efficiency.

Geo Energy focuses on acquiring and mining coal reserves with inherently low ash and low sulphur content (such as SDJ, TBR, and TRA mines), which naturally meet stricter regional air-emission limits than higher-impurity alternatives.

It reports Scope 1 (~2,605 tCO₂e), Scope 2 (~411 tCO₂e), and substantial Scope 3 emissions (~162,363 tCO₂e) linked heavily to downstream supply-chain activities.

It conducts transition and physical scenario analyses identifying extreme heat, local flooding, mandatory carbon pricing, and tighter access to capital as key long-term risks.

While avoiding operations in high-biodiversity or protected zones, implements an Environmental and Social Management System (ESMS) based on ISO 14001 principles, and integrates green solutions (such as planned solar farms and EV hauling initiatives) into major infrastructure projects like the PT Marga Bara Jaya (MBJ) development.

Figure 5-11: Carbon Footprint & Operational Impact

Metric	Context/Trend	Focus Areas
Scope 1 & 2 Emissions	Direct emissions from fuel and power usage across mine sites.	Efficiency gains in machinery, exploring solar/renewable use cases.
Scope 3 Emissions	~98% of Total Footprint	Contracted mining operations (e.g., BUMA, LMA) & coal transport.
Emissions Trajectory	Absolute emissions increased (~15% yoy following the TRA mine addition)	Scope 3 footprint expanded due to operational scale and contractor activity.
Water & Reclamation	Groundwater & run-off management at Kalimantan/Sumatra sites.	ISO 14001 aligned; monitoring discharge quality and site rehabilitation.

Source: Geo Energy Sustainability Report

Social & Safety Governance Performance

Operating in remote regions of Kalimantan and South Sumatra, Geo Energy's social licence relies on workplace safety and local community alignment. It prioritises local employment and regional supply chains across its Indonesian operational footprint and corporate offices. Enforces strict standard operating procedures, routine safety briefings, on-site monitoring, and emergency response plans to mitigate physical site hazards. Operates targeted Stakeholder Engagement Plans (SEPs) to foster community development, local hiring, and collaborative dialogue with regional Indonesian agencies

Figure 5-12: Social Profile Highlights

Focus Pillar	Performance & Governance Initiatives
Occupational Health & Safety	Target of zero fatalities. Enforces strict SOPs, regular contractor safety audits, and mandatory safety briefings.
Community	Direct investments (~USD400,000 annually) targeting community infrastructure, healthcare, and local employment around concession areas.
Workforce & Contractors	Heavy oversight on contractor practices, as third-party contractor workers perform significant site-level operations.

Source: Geo Energy Sustainability Report

Governance & Regulatory Compliance

As an SGX Mainboard-listed entity, Geo Energy is subject to rigorous regulatory oversight regarding corporate integrity and disclosure standards. Sustainability strategy, risk assessments, and targets are actively governed and reviewed by the Board of Directors and the Audit and Risk Committee. It utilises an Enterprise Risk Management (ERM) framework alongside periodic third-party evaluations of internal controls and sustainability reporting processes. Complies with SGX climate and sustainability reporting mandates, referencing foundational GRI metrics while targeting gradual progression toward mandatory external assurance.

Figure 5-13: Corporate Governance Snapshot

Area	Status/Structure
Board Oversight	Board of Directors and CEO directly oversee ESG strategy, risk materiality, and TCFD implementation.
Compliance & Anti-Corruption	Zero-tolerance policy on corruption, bribery and fraud; regular internal reviews and reporting mechanisms.
Regulatory Readiness	Prepping for mandatory SGX/ACRA climate-related disclosures (CRD) and Scope 1/2 reporting requirements.
Assurance Level	Utilises internal controls and external consultancy checks; moving toward formal external ESG assurance.

Source: Geo Energy ARs

ESG Performance and Targets

Geo Energy scores well on regulatory disclosure metrics. However, its core product - thermal coal - means it remains subject to divestment policies or exclusions from major global ESG funds. The company emphasises trading higher-quality, lower-ash, and lower-sulphur coal to help customers reduce local atmospheric emissions relative to lower-grade coal alternatives. Real decarbonisation will require heavy coordination with mining contractors (Scope 3) and exploring alternative clean-energy solutions across its asset base.

Figure 5-14: ESG performance, 2025 vs. 2024

ESG Pillar	2024 Framework & Foundations	2025 Execution & Infrastructure
Environmental	Published formal tracking of Scope 1, 2, and 3 emissions. Identified contractors as the largest Scope 3 hotspot. Logged zero significant spills across operations.	Faced absolute emissions increases due to 62% higher sales volume. Progressed the PT MBJ haul road infrastructure. Integrated solar and EV hauler plans to counter scaling footprints.
Social	Formalised Stakeholder Engagement Plans. Achieved zero critical health and safety incidents across mines.	Expanded regional hiring to support production ramping. Advanced community monetization strategies via infrastructure corridors.
Governance	Adopted ISSB standards alongside foundational GRI guidelines. Engaged third party consultants for internal controls evaluation.	Navigated severe compliance shocks from Indonesian tax basis changes. Managed volatile cash flows while targeting mandatory external assurance.

Source: Geo Energy Sustainability Report

APPENDIX

A-1 SWOT ANALYSIS

SWOTs	Description
Strengths	- Operates low-cost coal mines producing low-ash, and low-sulphur thermal coal. - MBJ's road and jetty system cuts logistics costs significantly while adding high-margin toll-like recurring income by leasing capacity to neighbouring mines. 2023 acquisition of a controlling stake in the massive PT Triaryani (TRA) mine secures long-life, low-sulphur coal reserves.
Weakness	- Top-line revenue and net profit margins remain tightly linked to international thermal coal prices. - Mining assets are in Indonesia, exposing operations to local regulatory shifts, such as Danantara and DMO.
Opportunities	- Third-party usage of the MBJ haul road and infrastructure network unlocks steady, non-commodity-linked earnings streams. - Strong ongoing energy demand from developing markets in Southeast Asia and India ensures a sustained customer base for coal-fired power.
Threats	- Further policy changes in Indonesia directed at the coal industry. - Renewables push in China which is the largest market for Indonesia's thermal coal exports. - A decline in Indonesia's credit rating would increase borrowing costs and depress stock valuations for Indonesian companies.

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