



## **Golden Energy Mines – Public Expose**

Jakarta, 10 April 2018

Ruang Danamas, Sinar Mas Land Plaza, Menara II, lantai 39

Jl. MH Thamrin No. 51 – Jakarta Pusat

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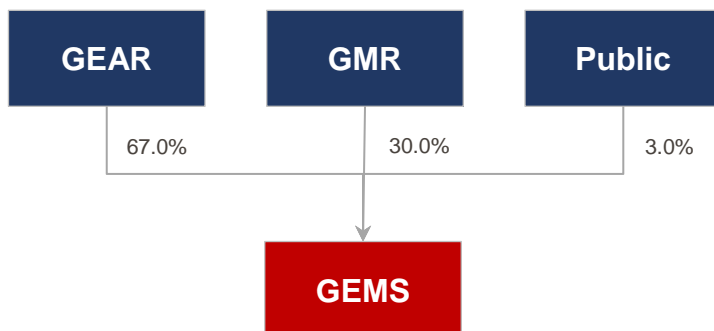
## Company Overview

# Introduction to GEMS

## Company Background

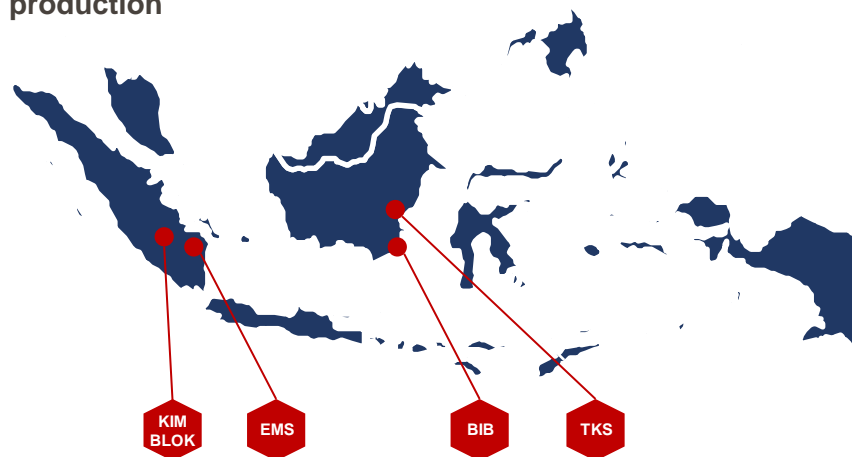
- PT Golden Energy Mines Tbk (“GEMS” or the “Company”) is principally engaged in the coal mining and coal trading
  - Has a total concession area of 42,904 Ha in South and Central Kalimantan, Jambi, and Musi Banyuasin with 833m tonnes of coal reserves and more than 2.5bn tonnes of coal resources
  - Produced 15.6m tonnes and sold 17.1m tonnes of thermal coal in 2017
- GEMS was listed on the Indonesia Stock Exchange in 2011 with Golden Energy Resources Limited (“GEAR”) acquiring a 67% shares of the Company held by DSS through RTO in 2015.
- On 31 December 2017, the Company’s capitalization value was Rp. 16,176,470,750,000,- (Rp 2,750/share).
- The Company’s shares trading on the Indonesia Stock Exchange has been suspended since January 31st, 2018. The Indonesia Stock Exchange through a letter dated February 7<sup>th</sup>, 2018, has confirmed that the suspension of the Company’s shares trading on regular and cash markets is due to the fact that the Company has yet to meet the minimum 7.5% free float requirement and not related to the Company’s operational or financial activities.

## Shareholding Structure



## Key Coal Mining Concessions

### Abundant coal reserves to support >50 years of coal production



#### BIB

- Permit: CCoW Gen 2 (2006-2036)
- Size: 24,100 Ha
- Location: South Kalimantan
- Coal Quality: 3,866 – 6,528 kcal/kg
- Sulfur Content: 0.22%
- Reserves: 681.3 m tonnes
- Resources<sup>(2)</sup>: 1,834m tonnes

#### KIM Block

- Permit: IUP (2009-2029)
- Size: 2,610 Ha
- Location: Jambi
- Coal Quality: 4,741 – 4,980 kcal/kg
- Sulfur Content: 1.32%
- Reserves: 64.5m tonnes
- Resources<sup>(2)</sup>: 265m tonnes

#### EMS (Acquired in Sep 2016)

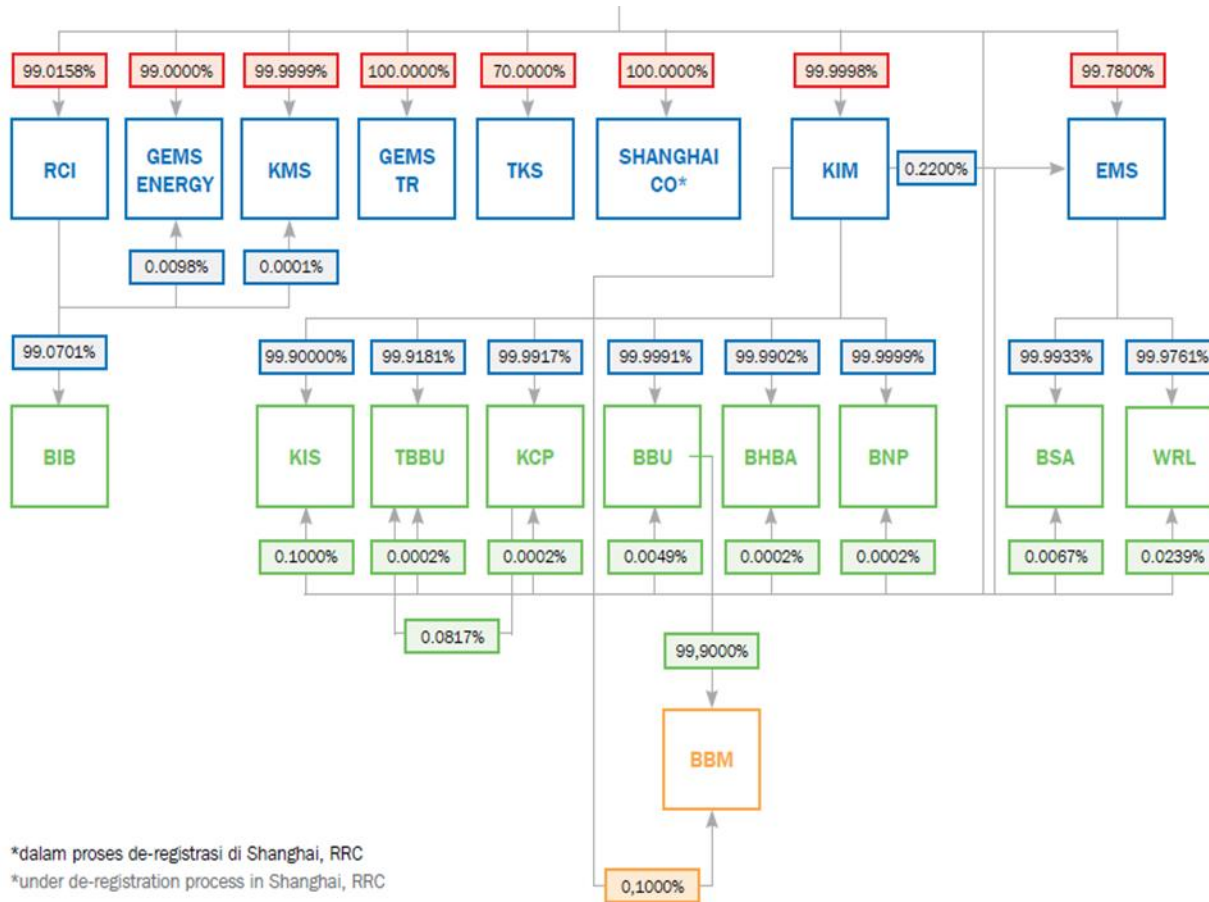
- Permit: IUP (2008-2027)
- Size: 4,739 Ha
- Location: Musi Banyuasin
- Coal Quality: 2,835 – 2,939 kcal/kg
- Sulfur Content: 0.20%
- Reserves: 87.2m tonnes
- Resources<sup>(2)</sup>: 316m tonnes

#### TKS

- Permit: IUP (2009-2028)
- Size: 11,455 Ha
- Location: Central Kalimantan
- Coal Quality: 5,714 -5,726 kcal/kg
- Sulfur Content: 2.0%
- Reserves: N/A
- Resources<sup>(2)</sup>: 75m tonnes

# Introduction to GEMS

## PT. Golden Energy Mines Tbk



RCI	: PT Roundhill Capital Indonesia
BIB	: PT Borneo Indobara
TKS	: PT Trisula Kencana Sakti
KIM	: PT Kuasing Inti Makmur
GEMSTR	: GEMS Trading Resources Pte.Ltd
Shanghai Co	: Shanghai Jingguang Energy Co. Ltd
KMS	: PT Karya Mining Solutions
TBBU	: PT Tanjung Belit Bara Utama
KCP	: PT Karya Cemerlang Persada
BBU	: PT Bungo Bara Utama

BHBA	: PT Bara Harmonis Batang Asam
BNP	: PT Berkat Nusantara Permai
KIS	: PT Kuasing Inti Sejahtera
BBM	: Bungo Bara Makmur
GEMS Energy	: PT GEMS Energy Indonesia
EMS	: PT Era Mitra Selaras
WRL	: PT Wahana Rimba Lestari
BSA	: PT Berkat Satria Abadi

\*dalam proses de-registrasi di Shanghai, RRC

\*under de-registration process in Shanghai, RRC

# Introduction to GEMS (Cont'd)



## Corporate Timeline

**1997:**

- Incorporated in Indonesia under the name PT Bumi Kencana Eka Sakti
- The company is primarily engaged in coal mining and coal trading

**2009:**

- Became a wholly-owned subsidiary of PT Dian Swastatika Sentosa Tbk ("DSS")
- Obtained second concession, PT Kuansing Inti Makmur ("KIM") in Jambi

**2011:**

- GEMS was listed on the Indonesia Stock Exchange in Nov 2011
- GMR became a strategic shareholder and signed a 25-year coal off-take agreement

**2016:**

- Acquired PT Era Mitra Selaras ("EMS") group of companies through GEMS on 20 Sep 2016

**2006:**

- Obtained first coal concession, PT Borneo Indobara ("BIB") in South Kalimantan

**2010:**

- The company was renamed as PT Golden Energy Mines Tbk in Nov 2010
- Obtained its third concession, PT Trisula Kencana Sakti ("TKS") in Central Kalimantan

**2015:**

- UFS acquired 66.9% of GEMS in Apr 2015
- UFS renamed as Golden Energy and Resources Limited ("GEAR") in Apr 2015 following completion of the RTO of UFS

**2017:**

The establishment of subsidiaries, i.e. PT Kuansing Inti Sejahtera and PT Bungo Bara Makmur, domiciled in Muara Bungo, Jambi

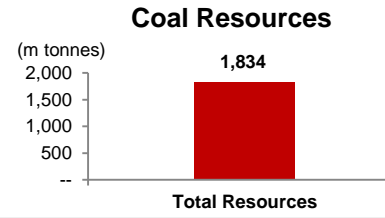
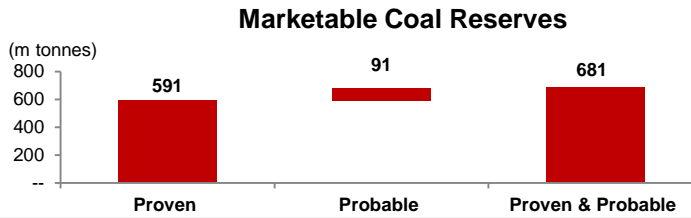
# Golden Energy Mines Company Highlights



High Quality, Long Life Coal Resources and Reserves with an Average Calorific Value Range of Between 2,800 to 6,600 kcal/kg (arb)

- Borneo Indobara's coal has established itself as a well-regarded brand in the market
  - ❖ Highly sought-after by power plants in Indonesia, India, China and other Southeast Asia countries given the versatility of the coal grade
  - ❖ Suitable for major export markets, such as China and India, as well as for domestic power producers in Indonesia
  - ❖ Low sulphur specifications allow for blending with higher sulphur coal

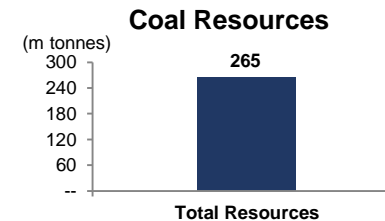
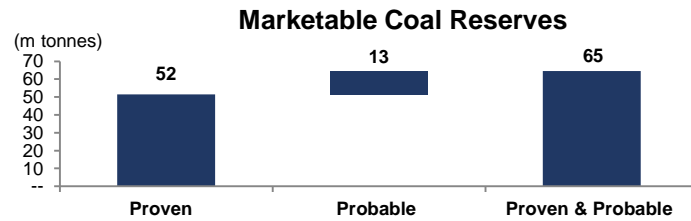
## BIB



**Coal Quality Characteristics**

Calorific Value	3,866 – 6,528 kcal/kg (arb)
Sulphur Content	0.22% (adb)

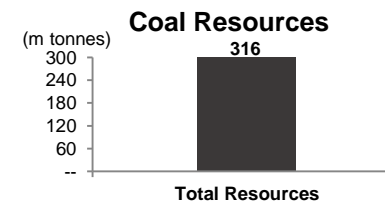
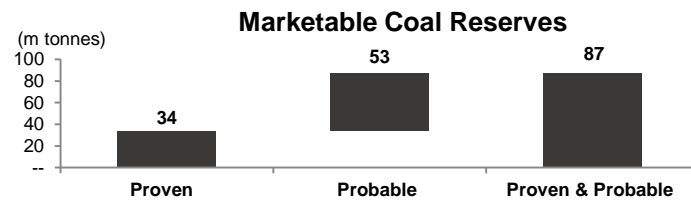
## KIM



**Coal Quality Characteristics**

Calorific Value	4,781 – 4,980 kcal/kg (arb)
Sulphur Content	1.17% (adb)

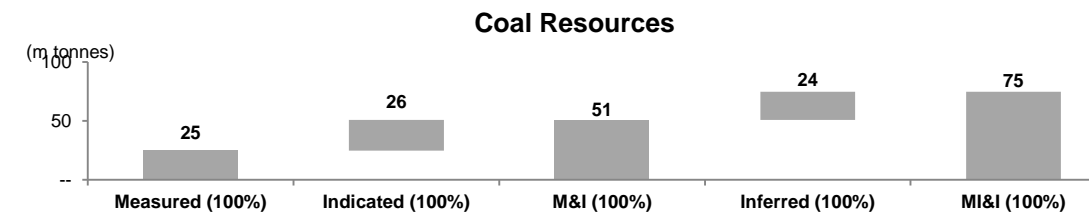
## EMS



**Coal Quality Characteristics**

Calorific Value	2,835 – 2,939 kcal/kg (arb)
Sulphur Content	0.21% (adb)

## TKS

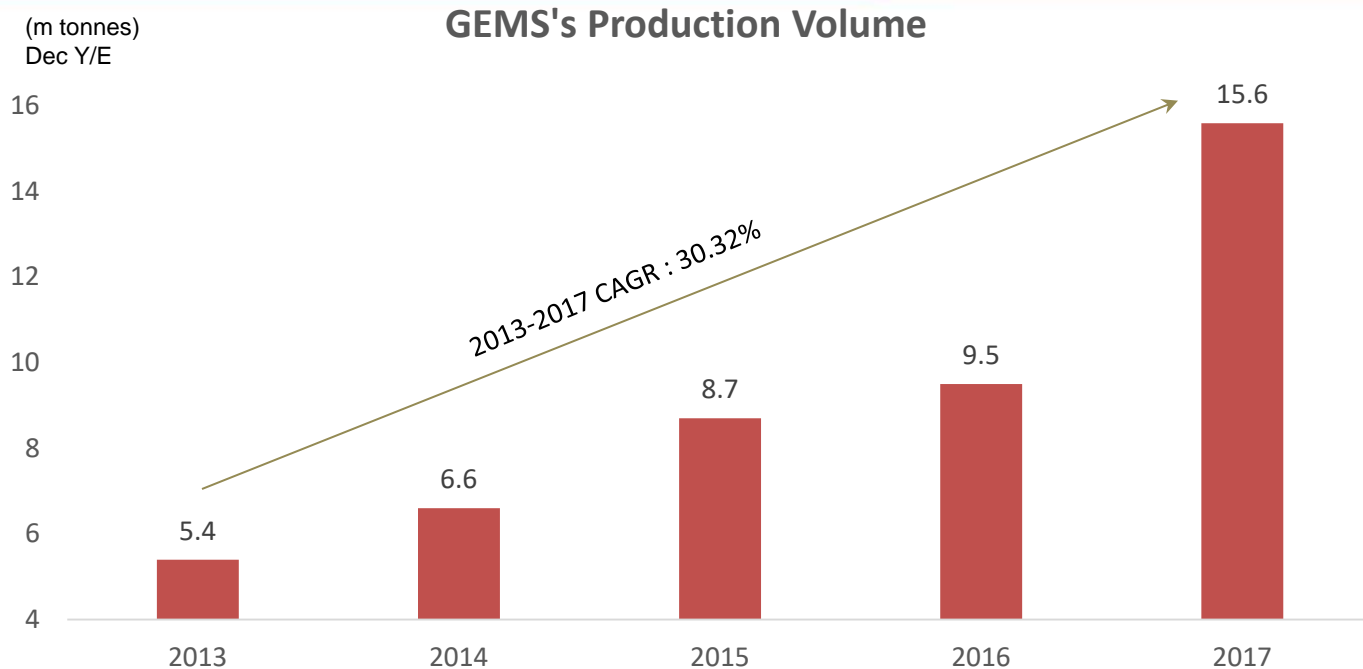


**Coal Quality Characteristics**

Calorific Value	5,714 – 5,726 kcal/kg (adb)
Sulphur Content	2.0% (adb)

# Track Record of Operational Excellence

- Top 10 Indonesian coal company by production volume
- On track to achieving its target coal production volume of 21.8m tonnes for FY2018
- Indonesian government approval to produce output in BIB concession 17.2 m tonnes in 2018
- Strategically located near main customers or end users in Asia
- Product is more affordable than Australian coal, which is impacted by a higher price premium and freight costs
- Proximity to port facilities and transport infrastructure supportive of production growth
  - ❖ Highly cost-effective and efficient logistics supply chain



## Positioned For Growth

**1 Production Ramp-Up**

- 136% increase in 2017 production volume to 15.6 m tonnes from 2014 level of 6.6m tonnes
- Expects to produce 21.8 m tonnes in 2018

**2 Operational Enhancement**

- Increase portfolio diversification through enhanced revenue contributions across business lines
- Strong profitability growth with record net profit of US\$120m in FY2017

**3 Strong Balance Sheet**

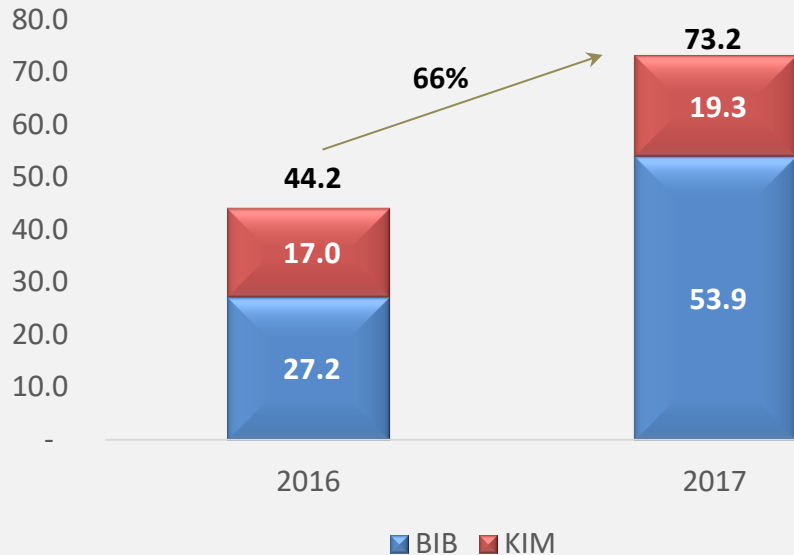
- Debt/EBITDA of 0.2x
- Robust cash balance of US\$175m



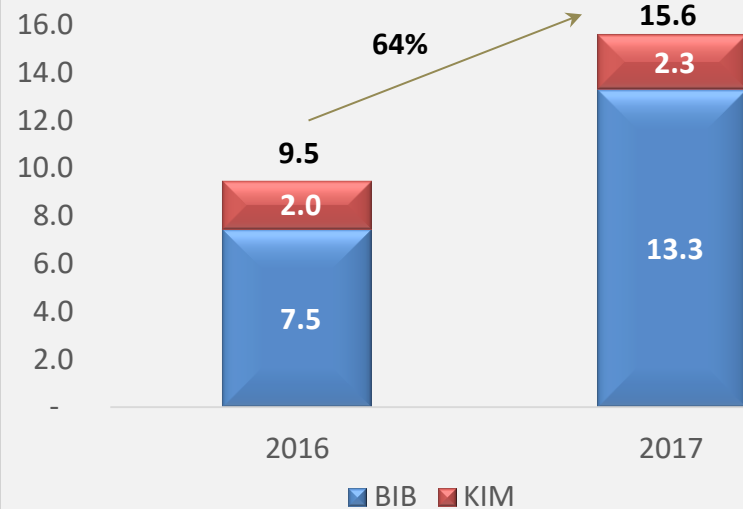
# Volumes 2017

Mine	OB Removal (m bcm)	Coal Getting (mmt)	Stripping Ratio
BIB	53.9	13.3	4.06
KIM	19.3	2.3	8.38
Total	73.2	15.6	4.70

## OB Removal (m bcm)



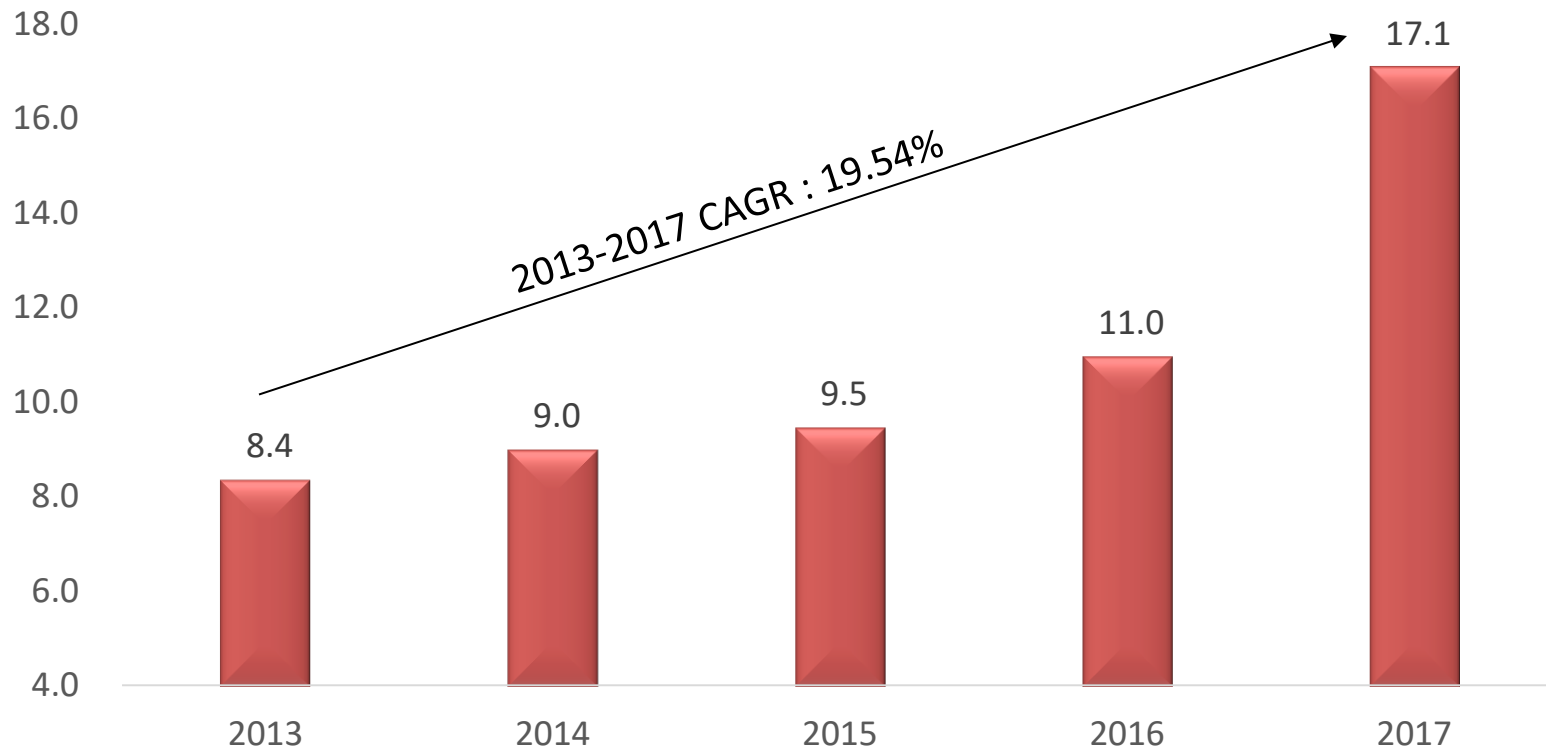
## Coal Getting (mmt)



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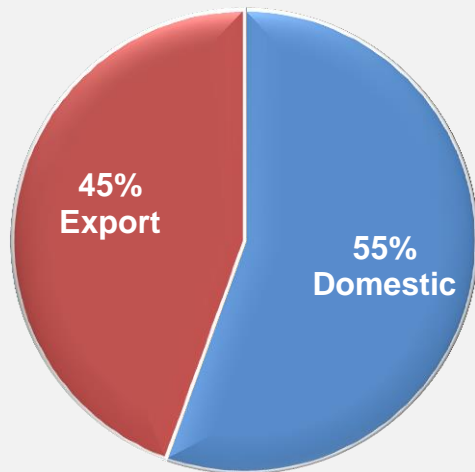
Marketing

# Sales Performance (in mmt)



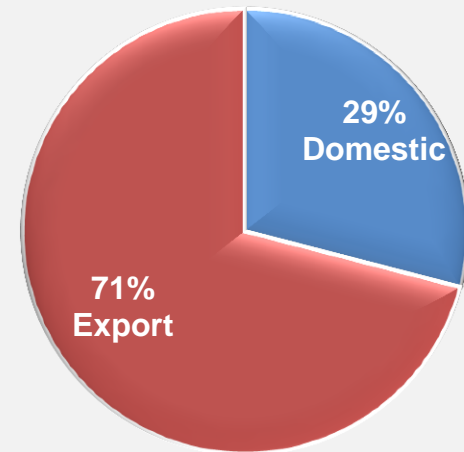
# Market Mix

2016



■ Domestic ■ Export

2017



■ Domestic ■ Export

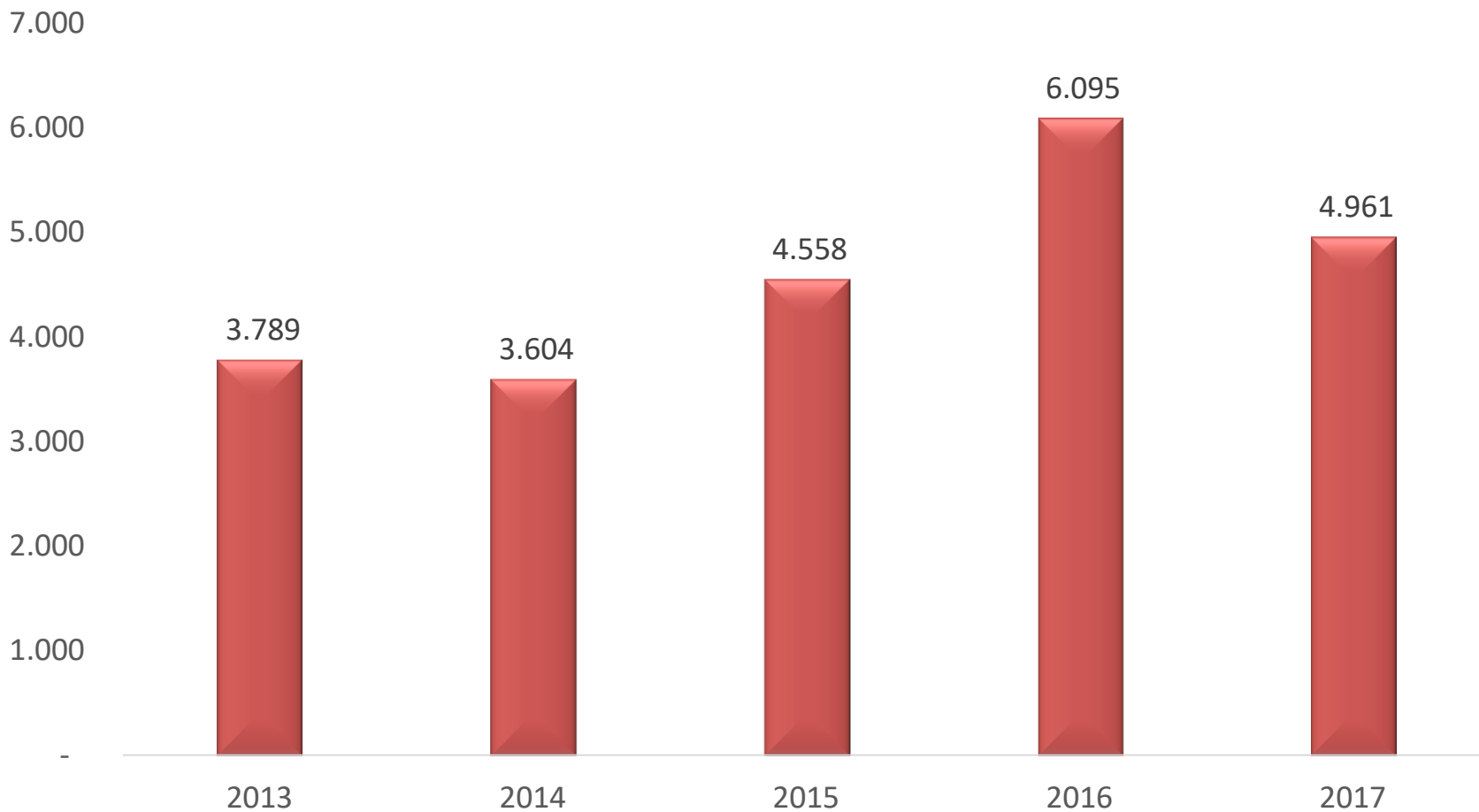
Export market increased 26% YoY

# Country Mix



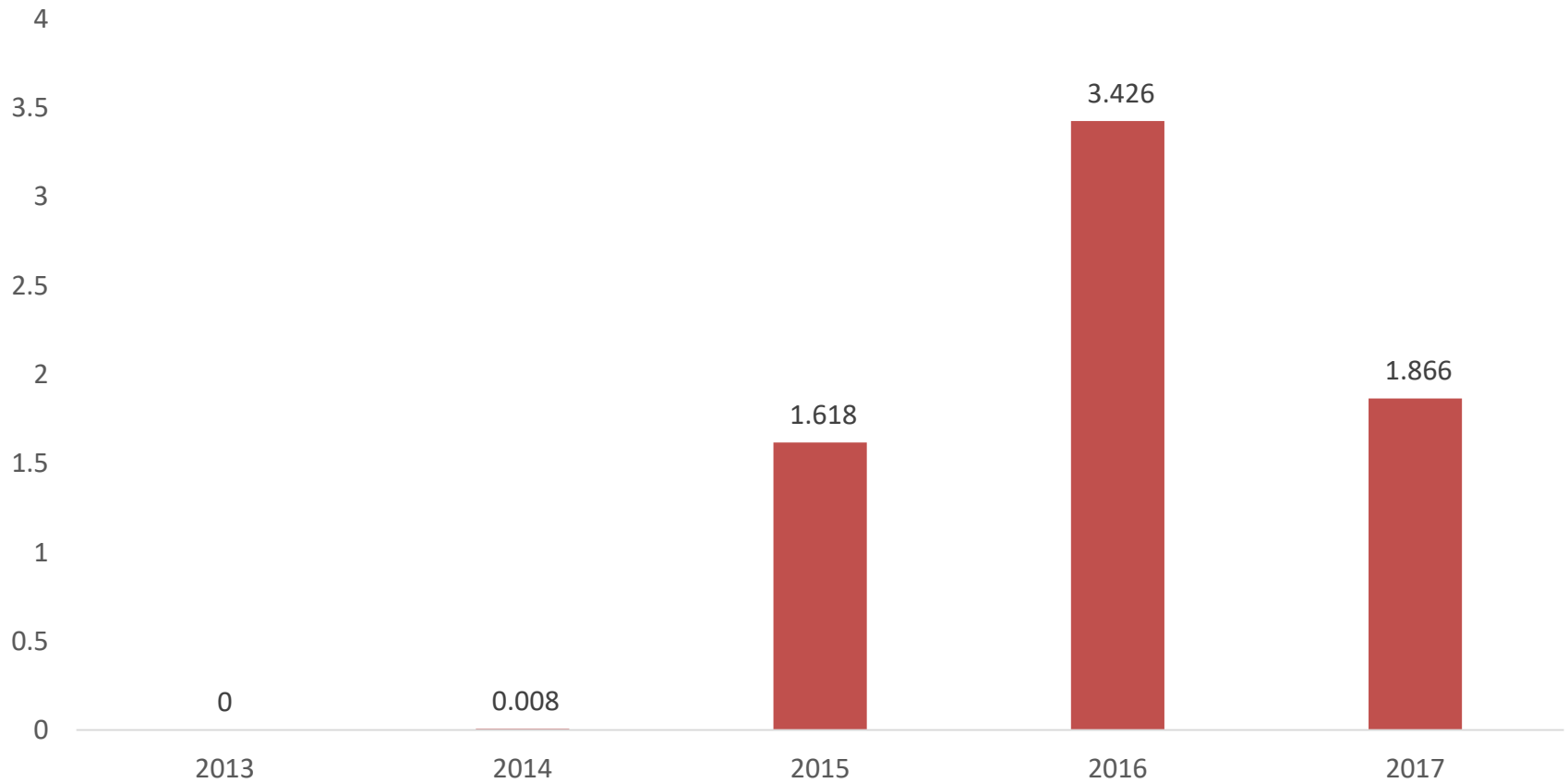
In mmt	2016	2017
China	2.661	7.033
Indonesia	6.095	4.961
India	1.743	3.336
Korea	0.209	1.273
Spain	0.056	0.324
Taiwan	0.033	0.128
Phillipines	-	0.031
Malaysia	-	0.009
Thailand	0.115	-
Vietnam	0.069	-
<b>Total</b>	<b>10.981</b>	<b>17.095</b>

# Domestic Sales



In mmt

# PLN Business



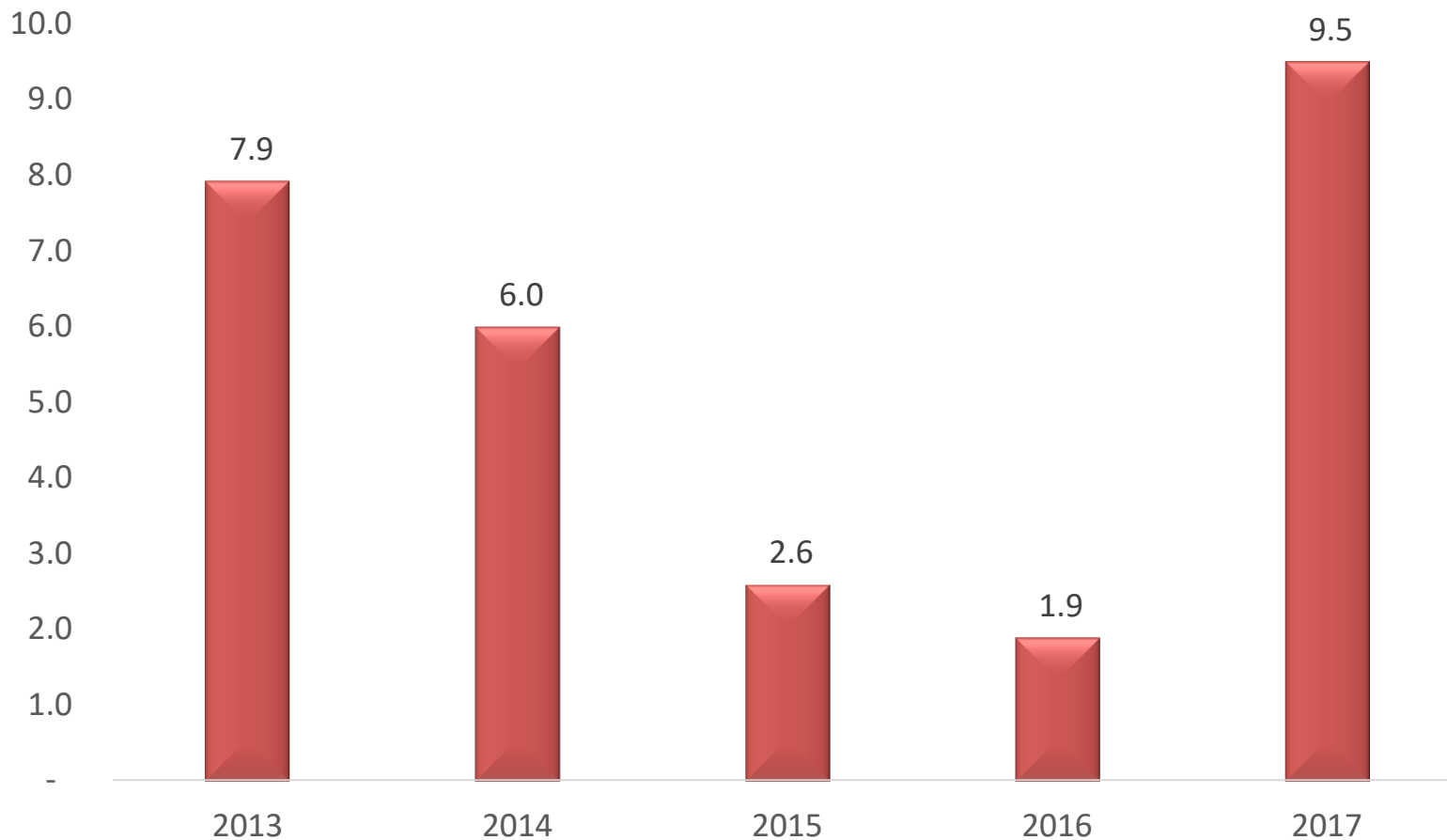
In mmt

3

## Capital Expenditure



# Capex Spending Trend



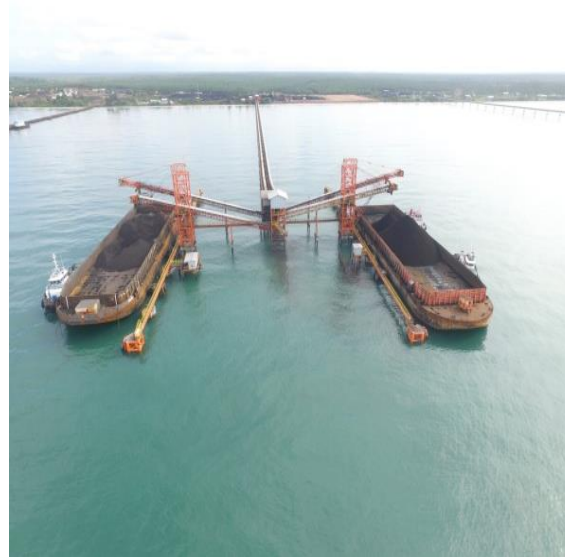
In m usd

# Capex Program 2018

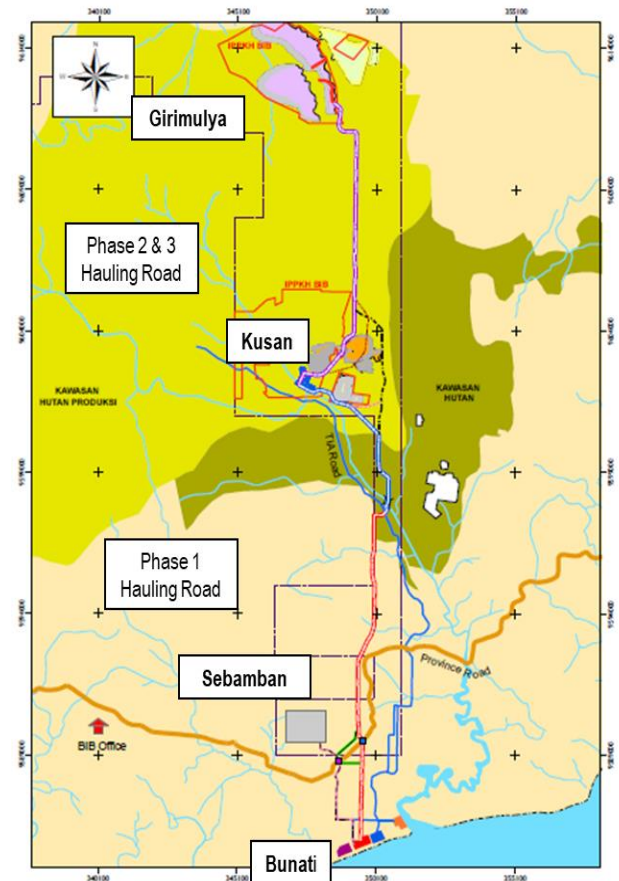
## Expansion of Port Bunati



Optimize throughput existing barge loading conveyor from 3,000 tph (1,000 + 2,000) to 5,500 tph (2,000 + 3,500) to getting cargo 30 MTPA.



Hauling road from Girmulya to Kusan – Bunati needs to be upgraded to accommodate Single/double trailer, more productive, lower road maintenance cost and safe operation



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## Financial Highlights

# Financial Highlights



M usd	2016	2017	YoY Growth
Revenue	384	759	98%
EBITDA	81	176	117%
EBT	49	167	241%
PAT	35	120	243%

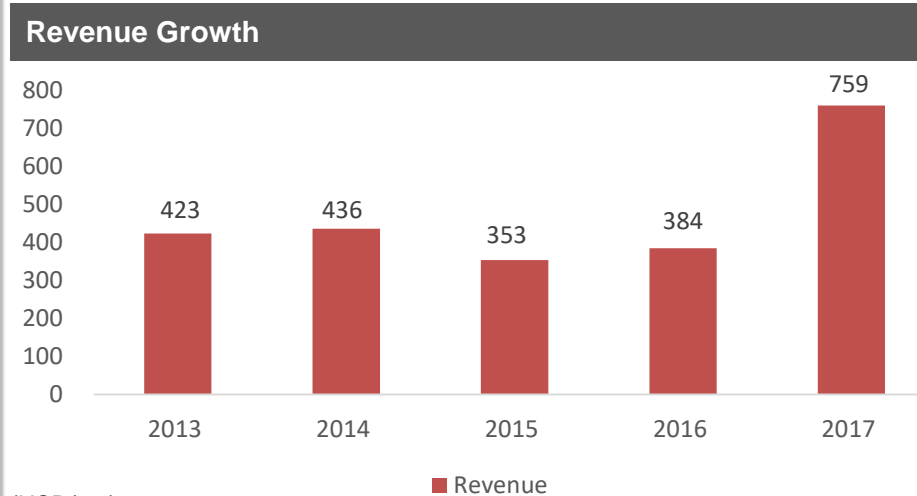
# Income Statement

Income Statement (US\$ m)	2016A	2017A
Revenue	384	759
<i>% growth</i>	8.80%	97.66%
COGS	(246)	(445)
<b>Gross profit</b>	<b>138</b>	<b>314</b>
<i>% margin</i>	35.99%	41.37%
SG&A (exc. D&A)	(54)	(132)
Other operating expenses	(1)	(6)
<b>EBITDA</b>	<b>81</b>	<b>176</b>
<i>% margin</i>	21.09%	23.19%
D&A	(29)	(13)
<b>EBIT</b>	<b>52</b>	<b>163</b>
<i>% margin</i>	13.54%	21.48%
Interest income	6	7
Interest expenses	(10)	(4)
Other Income	0	1
<b>Income before tax</b>	<b>49</b>	<b>167</b>
Income tax	(14)	(47)
<b>Net profit</b>	<b>35</b>	<b>120</b>
<i>% margin</i>	9.11%	15.81%
Minority interest	(1)	(2)
Net profit attributable to shareholders	34	118

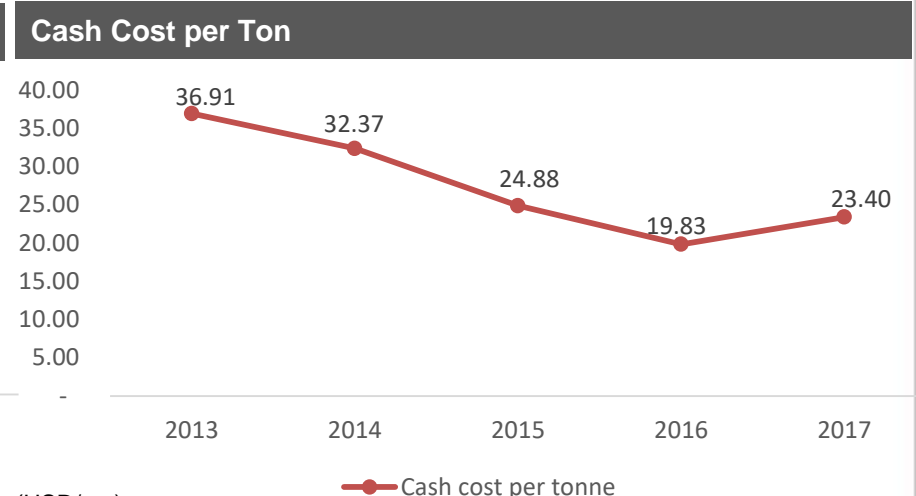
# Financial Overview



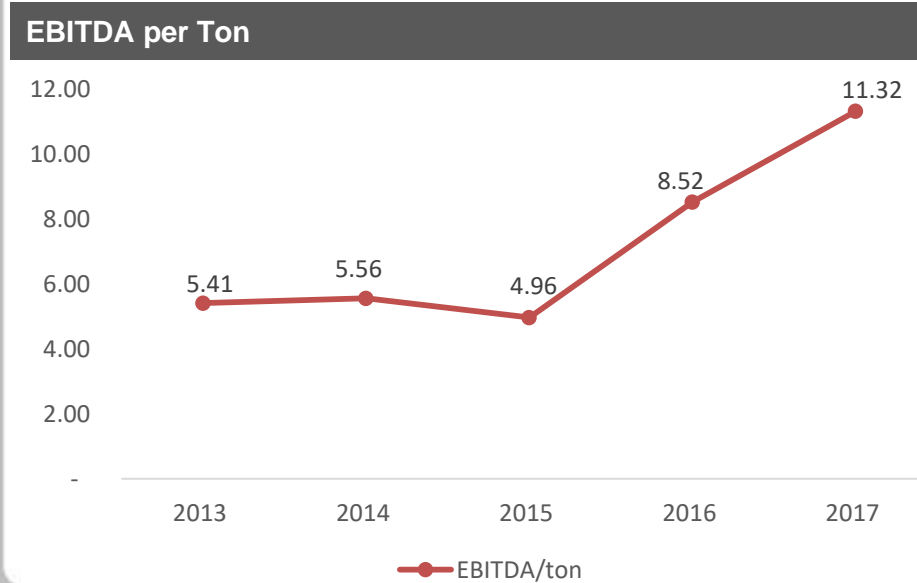
(US\$ m)



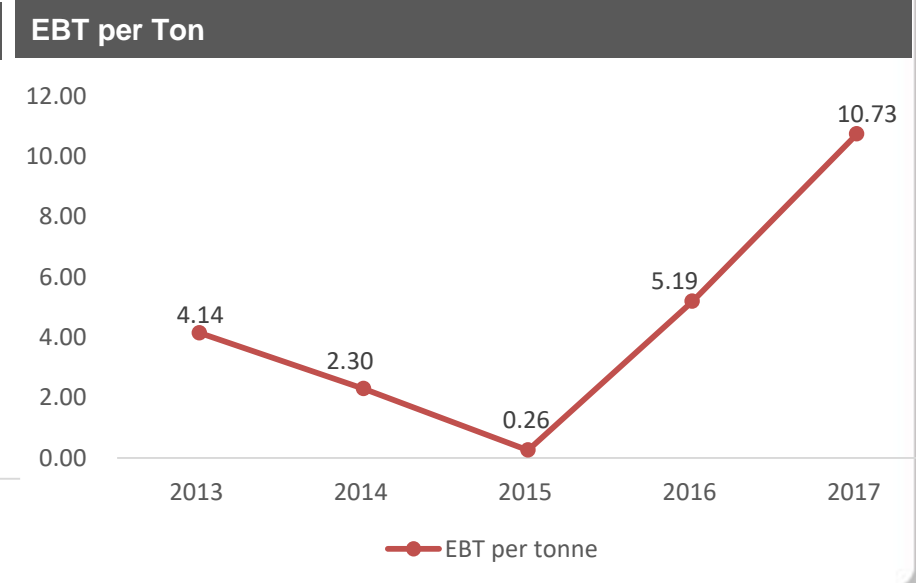
(USD/ton)



(USD/ton)



(USD/ton)



# Balance Sheet



Balance Sheet (US\$ m)	2016A	2017A
Cash & equivalents	58	175
Receivables	78	132
Inventory	9	16
Prepaid expenses	1	1
Other current assets	58	91
<b>Total current assets</b>	<b>203</b>	<b>415</b>
Property, plant and equipment	50	55
Exploration and evaluation assets	0	-
Mine properties	84	81
Other long-term assets	40	39
<b>Total non-current assets</b>	<b>174</b>	<b>175</b>
<b>Total assets</b>	<b>378</b>	<b>590</b>
Accounts payable	35	108
Short-term borrowings	1	21
Current portion of long term debt	1	5
Other current liabilities	17	112
<b>Total current liabilities</b>	<b>54</b>	<b>246</b>
Deferred tax liabilities	8	8
Long-term debt	47	40
Other non-current liabilities	4	4
<b>Total non-current Liabilities</b>	<b>59</b>	<b>52</b>
Common stock	65	65
Additional paid-in capital	229	229
Retained earnings	45	72
Comprehensive income and others	(75)	(75)
Minority interest	1	1
<b>Total equity</b>	<b>265</b>	<b>292</b>
<b>Total liabilities and equity</b>	<b>378</b>	<b>590</b>

# Cash Flow



Cash Flow Statement (US\$ m)	2016A	2017A
Net income	34	120
Depreciation & amortization	29	13
Other operating activities	(13)	25
<b>Cash flow from operating activities</b>	<b>50</b>	<b>158</b>
Capital expenditure	(2)	(10)
Acquisition of concession	(37)	(8)
Other investing activities	19	(6)
<b>Cash flow from investing activities</b>	<b>(20)</b>	<b>(24)</b>
Debt issued	18	119
Debt repaid	(21)	(104)
Dividend paid	(16)	(32)
<b>Cash flow from financing activity</b>	<b>(19)</b>	<b>(17)</b>
Foreign exchange rate adjustment	3	0
<b>Net change in cash &amp; cash equivalents</b>	<b>14</b>	<b>117</b>
Cash & cash equivalents at the beginning	43	58
Cash & cash equivalents at the end	58	175



# Cash Management



Description	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Des 2017
Cash Balance– In m usd	64	63	43	58	175
Borrowings Balance– In m usd	-	-	48	49	65
Debt Equity Ratio (X)	-	-	0.20	0.19	0.22

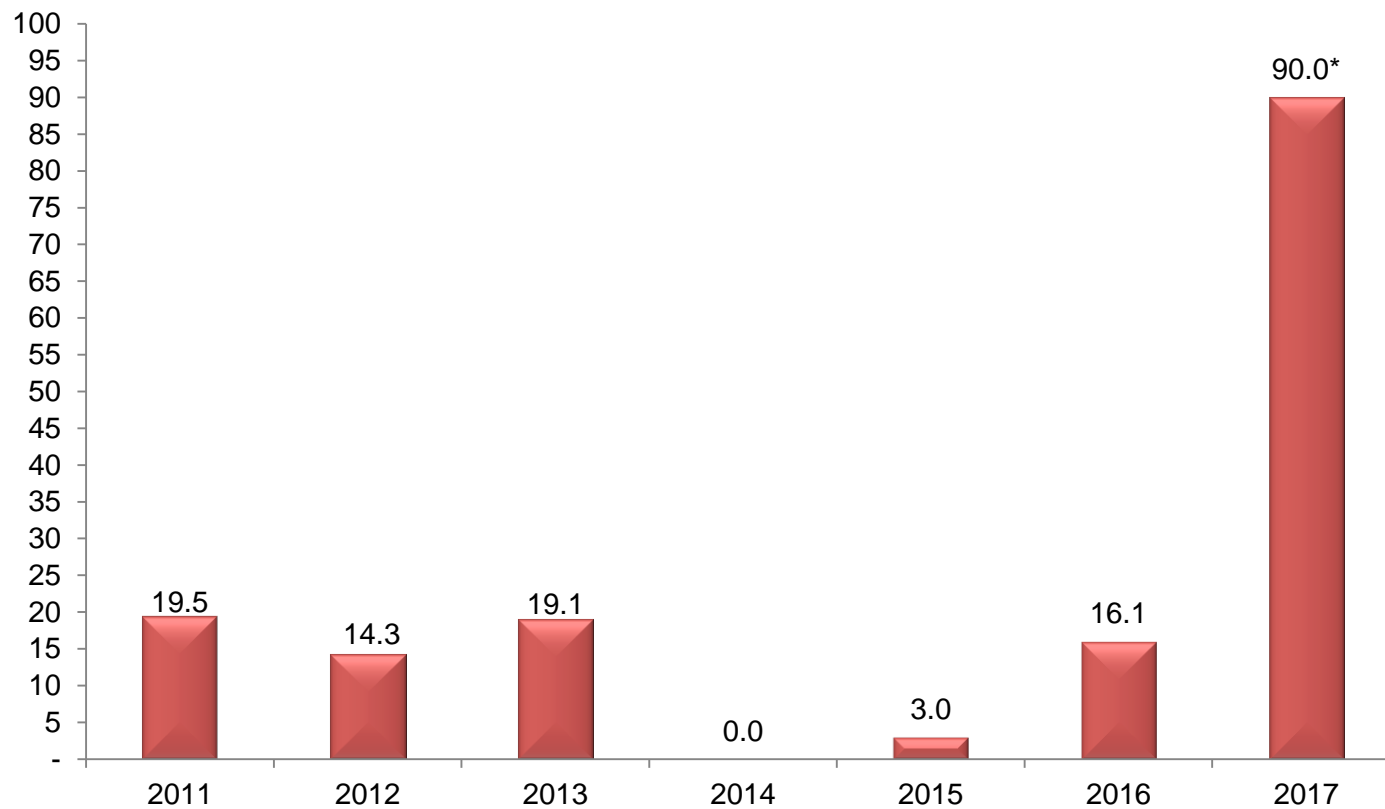
# Key Ratio

FINANCIAL RATIO	2016	2017
Return on Asset Ratio (%)	9.1%	19.9%
Return on Equity Ratio (%)	13.0%	40.5%
Net Income to Net Sales Ratio (%)	9.1%	15.8%
Current Ratio (X)	3.77	1.68
Liabilities to Equity Ratio (X)	0.43	1.03
Liabilities to Assets Ratio (X)	0.30	0.51

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Dividend

# Dividend Trend



In m usd

\* usd 60 m paid out in Jan 2018

6

Prices

# Newcastle Coal Price Trend



7

**Key Action Since the Last PE**

# CSPA signed to acquire Stake in PT BSL



The Company will acquire BSL, holds a mining concession in South Sumatra; it has estimated coal resources of 393 million tonnes and reserves of 194.6 million tonnes in one of its two blocks. The coal concession area was valued at US\$258.5 million as at April 1, 2017, based on independent qualified persons reports. GEMS entered into a conditional sales-and-purchase agreement with GMR Energy (Netherlands) BV and GMR Infrastructure (Overseas) Ltd on 12 May 2017 to acquire sale shares in four companies for US\$59.3 million, and mandatory convertible bonds for another US\$6.4 million. The sale shares comprise varying stakes in PT Barasentosa Lestari (BSL), PT Unsoco (UNS) and PT Duta Sarana Intermusa (DSI) and PT Dwikarya Sejati Utama (DSU). The completion of this acquisition targeted to be done before end of June 2018.

Below is the table for the Coal Resources and Reserve for BSL

## Coal Resources as at 1 April 2017

Resource Classification	Mass (Mt)	TM (adb) (%)	IM (adb) (%)	Ash (adb) (%)	Volatile Matter (adb) %	Total Sulphur (adb) %	GCV (adb) kcal/kg	Relative Density (adb)
Measured	175	35.3	19.8	5	38.7	0.3	5,055	1.37
Indicated	144	33.3	18.8	4.9	38.9	0.3	5,236	1.37
Inferred	74	34.9	18.1	6.8	38.5	0.4	5,112	1.4
<b>Total</b>	<b>393</b>	<b>34.5</b>	<b>19.1</b>	<b>5.3</b>	<b>38.7</b>	<b>0.3</b>	<b>5,132</b>	<b>1.38</b>

(Note: individual totals may differ due to rounding)

## Coal Reserves as at 1 April 2017

Concession	Coal Reserve (Mt)			RD, adb t/m <sup>3</sup>	TM, arb %	IM adb %	Ash, adb %	CV, arb Kcal/kg	TS, adb %
	Proved	Probable	Total						
Muara Lakitan	109.8	31.3	141.1	1.38	36.8	20.9	5.0	3,977	0.30
Batukucing	1.7	11.5	13.1	1.42	33.6	9.9	5.4	4,369	0.45
Belani	18.8	21.6	40.4	1.33	28.2	19.5	4.8	4,596	0.29
<b>Total</b>	<b>130.3</b>	<b>64.4</b>	<b>194.6</b>	<b>1.37</b>	<b>34.8</b>	<b>19.9</b>	<b>5.0</b>	<b>4,132</b>	<b>0.31</b>

(Note: individual totals may differ due to rounding)

Salva Report Apr 2017

CV	EV (in m usd)	EV/Reserves (in usd/mt)
4,132	144	0.74



- Fitch has assigned
  - Domestic Rating : A
  - International Rating : B+

This credit rating given due to the successful track record in ramping up production, healthy coal reserves, and conservative financial profile.



In June and August 2017, the company signed of facilities agreement with Mandiri Bank for :

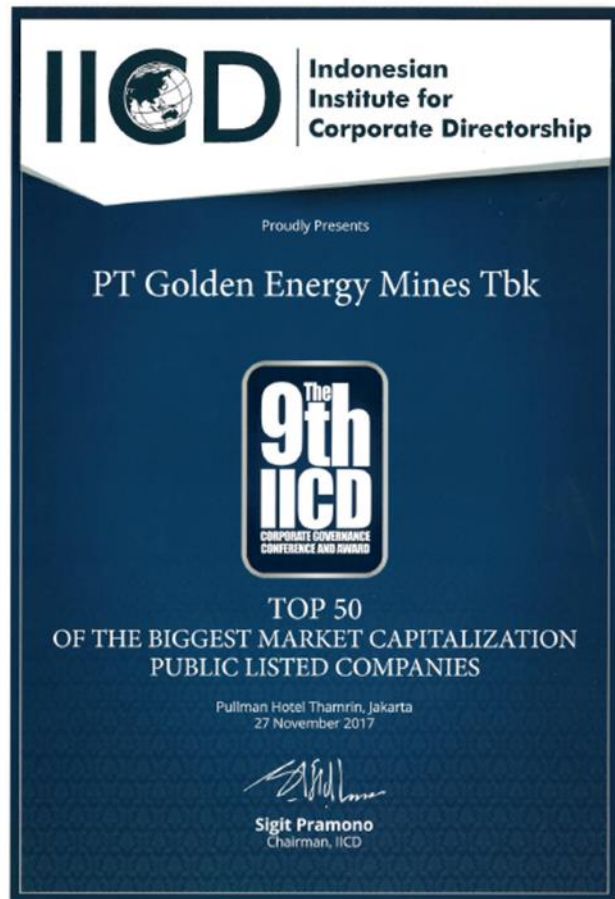
- Working capital facility : USD 35 m
- Term loan refinance facility :USD 50 m
- Term loan facility : USD 65 m (for future capex program)

The existing loan with Mega Bank was paid off during the year.

# Facilities from Bank ICICI



The signing of Trust Receipt and Short Term Loan Facility amounted to USD15,000,000 between GEMS Trading Resources Pte. Ltd. as Borrower, the Company as Co-Borrower, and ICICI Bank Limited, Singapore Branch.



On 27 November 2017, at Hotel Pullman, Jakarta, the Company continued to successfully maintain its performance through the recognition as “One of 50 Largest Companies by Market Capitalization with the Best GCG” by the IICD for the past 5 years, i.e. since 2013 – 2017.



The Company was also named as one of “100 Fastest Growing Companies” by *Infobank Magazine* for its ability to maintain sustainability and rapid growth during 2012 and 2016. This award was announced on January 25<sup>th</sup>, 2018, at the Indonesia Stock Exchange’s Main Hall.

**8** **Guidance 2018**

- Volumes
- Capex
- Price outlook
- Market focus – domestic PLN and export emerging market

**Thank You**