

Taking charge to remain resilient

Despite coal prices falling to a low due to the pandemic, Indonesian coal mining producer and services provider Geo Energy Group optimised its business model to ensure profitability. Chief executive officer and executive director Tung Kum Hon shares how it did it

By Rachel Ng

Our compound annual growth rate was 154 per cent from 2015 to 2018. However, weak coal prices affected our performance in 2019. When the pandemic hit, coal prices were further weakened. It was a difficult time for the coal mining industry.

To make our business model more resilient and reduce our costs, we negotiated with our service providers for a revised cost structure that reduced our average production cost by 34 per cent compared with 2019.

The pandemic also created an opportunity for the Group to optimise its capital structure by repurchasing US\$240.8 million of its US dollar bonds from December 2019 to September

2020, which resulted in a capital gain of US\$112 million.

2020 turned out to be one of the best performing years for us. We achieved huge sales and net earnings of about S\$125 million for January to September, and expect to post record net earnings for the full year.

What was the biggest takeaway for Geo Energy in 2020?

Our biggest lesson was to not lose sight of sustainability when chasing profits. We believe in creating a conducive environment for employees to work and grow, and also prioritise the safety, health and well-being of our employees. So far, we have not had any fatalities or work-related injuries.

Some of our community efforts include providing bursary scholarships through partnership with Singapore Institute of Technology and sponsoring Singapore Cancer Society's annual Run for Hope.

We're also committed to post-mining reclamation to preserve the environment.

What are some strategies to take Geo Energy forward in the years ahead?

Our five-year business plan to



Sound business optimisation and a conducive work environment has helped chief executive officer and executive director Tung Kum Hon maintain Geo Energy Group's profitability.

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diversify includes going into renewable energy to ensure sustainability for the next 10 to 20 years.

Our aim is to be a US\$500 million-revenue and market capitalisation company in three years with a diversified business portfolio, and create sustainable value through good environmental, social and governance practices and corporate governance.

