

# Hibiscus Petroleum (HIBI MK)

## Energy beast

# BUY

Share Price MYR 1.13  
12m Price Target MYR 1.70 (+50%)

### Initiate with BUY. MYR1.70 TP

Hibiscus is the best play for a cyclical, rising energy price market. It is fundamentally sound (low P&L break-even oil price; sub-USD40+/ boe), financially resilient, well-run and offers compelling growth (3-year NP CAGR of 53%) with undemanding valuations. Our TP is conservatively pegged to USD10/ boe of EV/ 2P valuation (@ 10x FY23 PER), a 45% discount to its peer average of USD19/ boe. Accretive M&As, asset monetisation deals or additional 2P reserves upside would add to upside.

### A direct proxy to oil price play; proven to deliver

Hibiscus, a pure upstream O&G operator is the most leveraged O&G play to capitalise on the strong energy push. FY22-24 earnings will grow by 35%-54% for every USD10/bbl rise in oil price. It has a relatively low lifting cost (P&L break-even oil price of sub-USD40/boe). A remarkable feature of Hibiscus is its impeccable M&A track record. It has been proven able to: (i) discover (Anasuria, North Sabah & Repsol deals), (ii) develop (grow 2P reserves, 2C resources & production) and (iii) deliver (earnings growth, cashflows) while (iv) maintaining a strict capital discipline, testament to its cost-focused & bottomline-driven philosophy.

### Latest Repsol M&A brings many positives

We are positive on this Repsol M&A. The deal, transacted at USD212.5m: (i) is undemanding; equates to USD6.16/ boe 2P reserves, a 25% discount to RPS Energy's valuation, (ii) lifts its production/ 2P reserves/ 2C resources by almost 3x/ 2x/ 2x, (iii) offers Hibiscus the prospect to diversify its assets portfolio to 17% gas: 83% oil (vs. 2% gas: 98% oil previously); a crucial aspect, in its ESG and energy transition quest.

### Deeply undervalued with compelling upside

Our TP, based on USD10/ boe of EV/ 2P reserves, is undemanding vis-à-vis its peers that trade at higher multiples (USD12-31/boe). We prefer this valuation method over others for it captures the cyclical nature of its operations and takes into account its balance sheet and cashflows aspects. We see further upside should it succeed in converting some of its sizeable 2C resources (73.2m bbls) to 2P reserves and/ or monetise some of its development fields (i.e. Marigold, Australia) along the way.

FYE Jun (MYR m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	647	805	1,635	2,106	1,960
EBITDA	335	382	887	1,118	1,036
Core net profit	72	104	218	336	368
Core EPS (sen)	4.2	6.0	10.8	16.7	18.3
Core EPS growth (%)	(68.5)	43.1	81.0	54.0	9.6
Net DPS (sen)	0.0	1.5	0.0	0.0	0.0
Core P/E (x)	14.7	11.4	10.4	6.8	6.2
P/BV (x)	0.9	0.8	1.4	0.8	0.6
Net dividend yield (%)	0.0	2.2	0.0	0.0	0.0
ROAE (%)	(4.0)	7.7	13.9	14.7	10.9
ROAA (%)	3.0	4.0	5.9	6.4	5.8
EV/EBITDA (x)	3.2	2.7	2.4	1.8	1.8
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	247	424	396
MKE vs. Consensus (%)	-	-	(11.7)	(20.8)	(7.0)

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### Company Description

Hibiscus is an independent upstream O&G player with portfolio of assets in Malaysia, North Sea and Oceania.

### Statistics

52w high/low (MYR)	1.13/0.61
3m avg turnover (USDm)	4.1
Free float (%)	70.5
Issued shares (m)	2,012
Market capitalisation	MYR2.3B USD543M

### Major shareholders:

PEREIRA KENNETH GERARD	8.9%
Polo Resources Ltd.	6.9%
Principal Asset Management Bhd.	6.7%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	30	29	82
Relative to index (%)	28	25	85

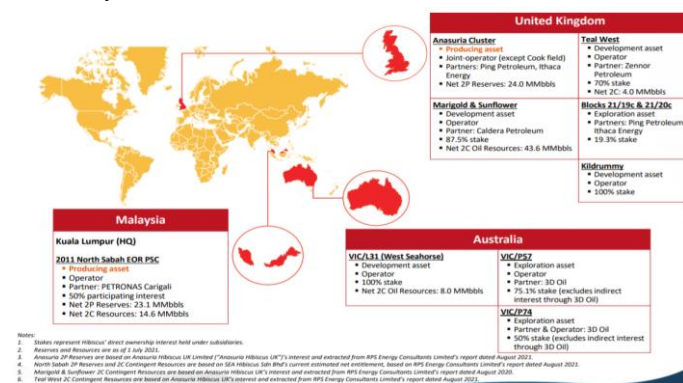
Source: FactSet

ESG@MAYBANK IBG  
Tear Sheet Insert

## Value Proposition

- The 1<sup>st</sup> SPAC listed in SEA on 25 Jul 2011. Malaysia's first listed independent O&G Exploration & Production Company.
- Has operating interests in the UK, Australia and Malaysia, with net 2P/ 2C reserves of 47.2m bbls/ 70.2m bbls and net daily production of 9,107 boe (pre-Repsol).
- Recently concluded the acquisition of Repsol's offshore assets in VN & MY. This will lift its 2P reserves to 77.3m boe (as at Jan 2022).
- Has an experienced, focused management team with strong execution capabilities - proven track record in consistently delivering and creating values to projects.

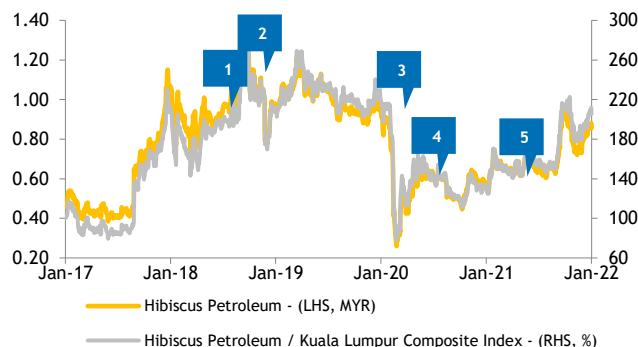
### Current portfolio of assets



Source: Company

## Price Drivers

### Historical share price trend



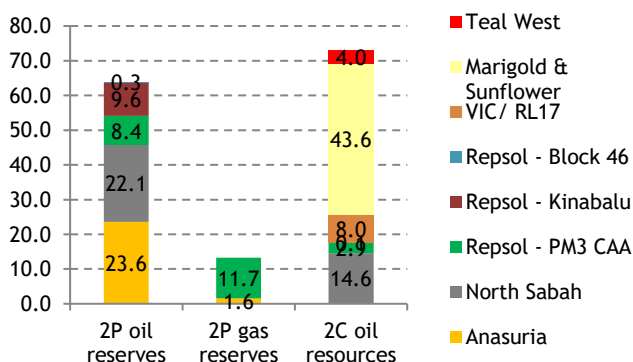
Source: Company, Maybank IBG Research

1. Acquired 50% of North Sabah OER PSC for USD25m; its 2<sup>nd</sup> producing asset, on 31 Mar 2016.
2. Completed the acquisition of Marigold & Sunflower, its 1<sup>st</sup> UK development asset, on 16 Oct 2018.
3. OPEC+ alliance breaks up in Mar 2020; oil price war.
4. Raised MYR203.6m in Islamic CRPS equity.
5. Signed conditional SPA on 1 Jun 2021, to acquire Repsol's MY and VN's Offshore assets for USD212.5m.

## Financial Metrics

- Key earnings drivers are average realised crude oil/ gas price, average uptime, production rate, cargoes sold, opex and taxes. Variations in any of these parameters will impact profitability.
- At low oil prices, cost management and capital discipline are key emphases in this cycle.
- Despite its heavy capex, net gearing has been manageable, reflective of prudent financial management and cashflow generation from its operations.

### 2P reserves and 2C resources (as at 1 Jan 2022; boe)



Source: Company

## Swing Factors

### Upside

- Rebound in crude oil price will be the most dominant near-term share price driver.
- Higher daily production level and 2P reserves disclosures.
- M&A is not entirely ruled out, as value-enhancing deals are favoured positively.

### Downside

- Further weakness in oil price will affect share price performance.
- Poor execution capabilities and/or inferior cost management would have a detrimental effect on earnings and market perception.

Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup> (Updated: NA)	na

## Business Model & Industry Issues

- A constituent of the FTSE4Good Bursa Malaysia Index and a Green Lane Policy Qualified Company.
- Climate goals: (i) Mission objective: Aspires to be a net zero emissions producer by 2050, (ii) Portfolio resilience: To increase natural gas in its portfolio of hydrocarbon assets, (iii) Decarbonisation: To reduce flaring/ venting, fuel switching to renewables, optimise operational energy efficiency and (iv) Green investments: Explore green opportunities.
- A fairly decent ESG roadmap, especially its 'E' initiatives; in terms of natural capitals disclosures/ reporting.
- We expect further refinement over the next 12 months. Setting up: (i) a baseline, (ii) carbon emission reduction targets, (iii) green energy pursuits, and (iv) short-/mid-/long-term sustainability frameworks would be well-received.
- We are positive on Hibiscus, given its improving record across ESG parameters and compliance with international standards.

## Material E issues

- Its emissions in FY21 for: (i) GHG Scope 1 & 2: 553,878 tonnes CO<sub>2</sub>e (-6% YoY), (ii) flaring: 243,511 tonnes CO<sub>2</sub>e (+4% YoY), (iii) CO<sub>2</sub>: 493,246 tonnes (+1% YoY), (iv) methane (CH<sub>4</sub>): 2,700 tonnes (-42% YoY) and (v) nitrous oxide (N<sub>2</sub>O): 17 tonnes (unchanged YoY). Aggregate emission intensity: 57.5 tonne CO<sub>2</sub>e/ kboe (-18% YoY).
- Environmental performances in FY21: (i) oil spills: 26.8kg (zero in FY20), (ii) water (effluent) discharge: 5.5m m<sup>3</sup> (-4% YoY), (iii) hazardous waste: 67.4 tonnes (+72% YoY), (iv) non-recycled waste: 47.5 tonnes (unch YoY), (v) recycled: 78.4 tonnes (+8% YoY) & (vi) zero fines and penalties.
- Decarbonisation initiatives: (i) continuous improvement on efficiency, equipment reliability, reduction in venting activities and (ii) ongoing fuel switching program; from diesel generator sets to a hybrid solution of solar photovoltaic and mini wind turbine systems.
- The only O&G organisation in Malaysia with a license to operate a sludge farm in its facility, for the treatment of hazardous waste.
- Biodiversity: Plans to carry out a Macrobenthos Study in FY22 covering the area surrounding its crude oil terminal.

## Material S issues

- Has a diversified workforce. Have 401 employees with an average age of 42 years, spanning 5 nationalities. Female employees make up 24% of the Group's workforce in FY21.
- Provided 6,359 hours of training in FY21, averaging: (i) 15.86 hours and (ii) 1.98 days; per employee. Attrition rate in FY21 was 6.4% (FY20: 9.8%).
- An advocate of hiring suitably qualified local workforce at places it operates.
- Continued to maintain a good safety record in all its operated assets, across all locations, with: (i) zero Loss-Time Injury Frequency (LTIF), (ii) zero fatality, (iii) zero Total Recordable Injury Rates (TRIR) and (iv) 1.46 Total Recordable Case Frequency (TRCF) in FY21.

## Key G metrics and issues

- Adopts these policies: (i) Whistle Blower, (ii) Anti-Corruption & Anti-Bribery (ACAB), (iii) Anti-Modern Slavery and (iv) Sustainability, to name a few.
- Its board comprises 5 directors - 1 Senior Independent Non-Executive Director (SINED), 2 Independent Non-Executive Directors (INEDs), 1 Non-Independent Non-Executive Director (NINED) and 1 Managing Director (MD). Tenures of INEDs are limited to 9 years.
- A very experienced and gender-diversified board - 60% are above 60 years old and above 8 years in tenure.
- 20% are female represented. Aspires to achieve at least 30% female representation.
- Dr Kenneth Gerard Pereira; MD/ management team hold a 8.9% stake in Hibiscus.
- The directors' total remuneration package (MYR6.7m) accounted for 4% of the Group's pretax profit in FY21.
- Hibiscus is audited by PWC, the world's 2<sup>nd</sup> largest network of professional firms since 2012.
- Its Audit and Risk Committee is made up of 1 SINED (chairman), 1 NINED and 1 INED.
- Its Nominating Committee is made up of 2 INEDs, 1 SINED and 1 NINED.
- Its Remuneration Committee is made up of 1 SINED, 1 NINED and 1 INED.
- It has nominal (0.2% of revenue in FY21) recurring related party transactions (RPTs), which comprises advances and interest expense on advances from Anasuria Hibiscus.
- Completed the acquisition of: (i) 50% of Anasuria for USD52.5m, 1<sup>st</sup> producing asset on 10 Mar 2016, (ii) 50% of North Sabah OER PSC for USD25m; 2<sup>nd</sup> producing asset on 31 Mar 2018 and (iii) Marigold & Sunflower, 1<sup>st</sup> UK development asset on 16 Oct 2018.
- Raised MYR203.6m in Islamic CRPS equity and signed conditional SPA to acquire 100% of Repsol's assets in Malaysia and Vietnam for USD212.5m on 1 Jun 2021. Moody's Investors Service assigned a provisional (P)B1 corporate family rating (CFR) on Hibiscus, reflecting the Company's credit profile.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range from 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Corporate information

### An overview of its asset portfolio

Hibiscus Petroleum Berhad (Hibiscus), listed on 25 July 2011 as the 1<sup>st</sup> SPAC in Southeast Asia (SEA), is Malaysia's 1<sup>st</sup> listed independent oil & gas (O&G) Exploration and Production (E&P) Company.

Hibiscus holds operating interests in several concessions in the United Kingdom (UK) and Australia and Production Sharing Contracts (PSCs) in Malaysia and Vietnam. Its portfolio consists of oil & gas assets at the various stages of production, development and exploration.

Its key activities are focused on monetising its producing O&G fields and growing its portfolio of development & producing assets in areas of its geographical focus - United Kingdom, Malaysia, Australia and Vietnam.

### 1. United Kingdom

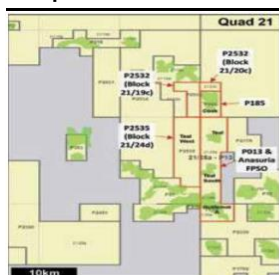
- 1.1 **Anasuria.** The Anasuria cluster in the UK shelf is home to its first producing asset, acquired on 10 Mar 2016 for USD52.5m, at USD2.60 per 2P boe, based on 2P oil reserves of 20.2m boe then.

Hibiscus is currently a joint operator (via Anasuria Operating Company Limited) and owner of these producing fields (Ping Petroleum and Ithaca Energy are its other partners), which are a significant cash and profit generating business for the Company.

The Anasuria cluster fields hold: (i) 23.6m boe of oil and 1.6m boe of gas 2P reserves (as at 1 Jan 2022), (ii) with production rates of 2,655 boe/day and (iv) net average unit production cost of USD28/boe (as at Sep 2021).

- 1.2 **Teal West tieback.** Hibiscus was awarded the interest in Block 21/24d (aka Teal West) and holds a 70% interest in this field (Neo Energy: 30% interest). Teal West is a key focus area as a potential tieback candidate to the Anasuria FPSO in the near term. Based on RPS Energy's report, Teal West contains about 4m boe of oil net to Hibiscus.

#### Snapshot of the Anasuria field



**Asset Name:**  
Anasuria Cluster

**Licences:**  
P013, P185, P2535, P2532

**Asset Location:**  
United Kingdom Central North Sea,  
~175km east of Aberdeen

**Water Depth:**  
~94m

**Acquisition/Award Date:**  
Anasuria: 10 March 2016  
P2535 and P2532: 1 December 2020

**Office Locations:**  
Kuala Lumpur, Aberdeen

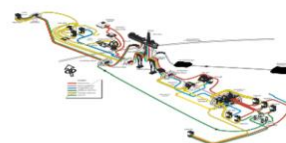
**Safety Award:**  
The Anasuria FPSO received the Order of Distinction from ROSPA, UK for 22 consecutive annual GOLD awards.

- 1) **P013 & Anasuria FPSO**  
**Hibiscus Petroleum's Interest:**  
50%  
**Operator:**  
Anasuria Operating Company Limited, jointly owned by Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK Limited  
**Non-operating Partner:**  
Ping Petroleum UK Limited  
**Field Life Cycle:**  
Production  
**Producing Fields:**  
Teal, Teal South, Guillemot A  
**Development Type:**  
Subsea tieback to Anasuria FPSO

- 2) **P185**  
**Hibiscus Petroleum's Interest:**  
19.3%  
**Operator:**  
Ithaca Energy (UK) Limited (Ithaca Energy)  
**Field Life Cycle:**  
Production  
**Producing Field:**  
Cook  
**Development Type:**  
Subsea tieback to Anasuria FPSO

- 3) **P2535 (Block 21/24d)**  
**Hibiscus Petroleum's Interest:**  
70%  
**Operator:**  
Anasuria Hibiscus  
**Non-operating Partner:**  
NEO Energy (ZPL) Limited  
**Field Life Cycle:**  
Development  
**Discovered Field:**  
Teal West

- 4) **P2532 (Blocks 21/19c and 21/20c)**  
**Hibiscus Petroleum's Interest:**  
19.3%  
**Operator:**  
Ithaca Energy  
**Field Life Cycle:**  
Exploration  
**Prospects:**  
Cook West, Cook North as potential extensions to the existing Cook Field



Asset infrastructure (as at October 2021) is laid over a distance of approximately 25km.


Source: Company

1.3 **Marigold & Sunflower.** Hibiscus expanded its North Sea footprint by acquiring the discovered oilfields called Marigold & Sunflower on 16 Oct 2018.

These assets are currently at the development stage and hold substantial 2C oil resources (43.6m boe). This shallow-water development will deliver a step-up to its 2P reserves, production volumes and revenue generating capacity by FY24 (if it goes ahead).

In line with its effort to aggregate 2C oil resources. Hibiscus applied and were awarded the Kildrummy discovery (as part of the UK 32<sup>nd</sup> Licensing Round), which lies in close proximity to the Marigold & Sunflower fields.

### Snapshot of the Marigold & Sunflower field

	<b>Asset Names:</b> Marigold and Sunflower	<b>1) P198 (Blocks 15/13a, 15/13b)</b> <b>Hibiscus Petroleum's Interest:</b> 87.5% <b>Operator:</b> Anasuria Hibiscus <b>Non-operating Partner:</b> Caldera Petroleum (UK) Ltd <b>Field Life Cycle:</b> Development <b>Discovered Fields:</b> Marigold and Sunflower <b>Target Development Milestones:</b> <ul style="list-style-type: none"> <li>• 2021: FID &amp; OGA Approval of FDP</li> <li>• 2023: First Oil</li> </ul>
	<b>Licences:</b> P198, Blocks 15/13a & 15/13b P2518, Block 15/17a  <b>Asset Location:</b> UK Central North Sea, ~250km northeast of Aberdeen  <b>Water Depth:</b> ~140m  <b>Office Locations:</b> Kuala Lumpur, Aberdeen	<b>2) P2518 (Block 15/17a)</b> <b>Hibiscus Petroleum's Interest:</b> 100% <b>Operator:</b> Anasuria Hibiscus <b>Field Life Cycle:</b> Development <b>Discovered Field:</b> Kildrummy

Source: Company

## 2. Malaysia

2.1. **North Sabah PSC.** Hibiscus acquired a 50% operating stake for USD25m (which translates to just USD1.22 per 2P boe) from Shell on 31 Mar 2018 and successfully assumed the role of operator of the field. It is responsible for the day-to-day operations, maintenance and conduct of production enhancement activities carried out on the asset.

The North Sabah PSC is its 2<sup>nd</sup> producing asset, and is arguably its largest earnings contributor to-date. This field has been producing since 1979 with production rights up to 2040.

The North Sabah PSC holds: (i) 23.6m boe of 2P oil reserves, (ii) 14.6m boe of 2C oil resources, (iii) with an average net daily production rate of 6,442 boe/ day (FY21) and (iv) low daily production costs of USD14.20/boe. It recorded high average uptime of 92% in FY21.

### Snapshot of the North Sabah PSC field



**Asset Name:**  
North Sabah PSC

**Licence:**  
2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

**Hibiscus Petroleum's Interest:**  
50%

**Operator:**  
SEA Hibiscus

**Non-operating Partner:**  
PETRONAS Carigali Sdn Bhd

**Asset Location:**  
33km from Kota Kinabalu, Malaysia

**Water Depth:**  
18 – 60m

**Field Life Cycle:**  
Production

**Producing Fields:**  
St Joseph, South Furious, SF30, Barton

**Development Type:**  
Fixed platforms with dry trees, inter-field pipelines and a trunk line to Labuan Crude Oil Terminal

**Acquisition Date:**  
31 March 2018

**Office Locations:**  
Kuala Lumpur, Kota Kinabalu, Labuan

**Awards:**  
**Safety**  
Winner of the MSOSH<sup>1</sup> OSH GOLD Class 1 Award for 2018 and 2017 under the category of Petroleum, Gas, Petrochemical & Allied Sectors for the St Joseph Platform by the Malaysian Society for Occupational Safety and Health.

**Production**  
Received three awards at Petroliam Nasional Berhad (PETRONAS)' inaugural Malaysia Upstream Awards 2020:

- i. Best Emerging Petroleum Arrangement Contractor
- ii. Wells Excellence Category – GOLD Award
- iii. Drilling Excellence Category – BRONZE Award

**Other Award**  
Recipient of PETRONAS' Focused Recognition Award in April 2021 for successfully initiating the 1<sup>st</sup> Integrated CTU Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day.

**NOTE:**  
The MSOSH OSH Award is an annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. Identified companies are subjected to stringent document and site verification audits by the MSOSH panel of qualified and dedicated auditors which comprise, amongst others, representatives from the Department of Occupational Safety & Health (DOSH) and National Institute of Occupational Safety & Health (NIOSH) prior to being considered by the MSOSH Technical Committee for the respective awards.

Source: Company

### Snapshot of the North Sabah PSC's offshore and onshore facilities



Source: Company

In addition, Hibiscus operates the Labuan Crude Oil Terminal (LCOT), a storage and offloading facility for crude oil produced from this asset as well as from three neighbouring PSCs.

LCOT processes 50,000 barrels of oil a day. While it produces oil daily, it sells oil in cargoes of about 300,000 barrels from LCOT. Hibiscus has entered into an offtake agreement for the sale of its entitlement of crude oil with Trafigura Pte. Ltd.

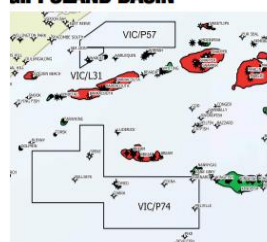
### 3. Australia

Hibiscus holds interests in three licenses located in the prolific O&G producing provinces of the Bass Strait of Australia that offer: (i) 8m boe of 2C oil resources, (ii) 177bcf of Pointer prospect best estimate prospective gas resources and (iii) 12m boe of Felix prospect best estimate prospective oil resources.

It also has an 11.7% interest in 3D Oil Limited (3D Oil; TDO AX; Not Rated), a PLC on the Australian Stock Exchange. Through 3D Oil, it has indirect exposure to two additional exploration licenses.

#### Snapshot of the assets in Australia

##### GIPPSLAND BASIN



##### 1) VIC/L31

**Hibiscus Petroleum's Interest:**  
100%

**Operator:**  
Carnarvon Hibiscus

**Field Life Cycle:**  
Development

**Discovered Field:**  
West Seahorse

**Status:**  
Retention Lease application submitted on 4 December 2018. Discussions ongoing with NOPATA on whether to maintain the existing Production Licence or continue the Retention Lease application. Decision will be dependent on the outcome of upcoming discussions with nearby infrastructure owners on the potential to tieback the West Seahorse field.

##### 2) VIC/P57

**Hibiscus Petroleum's Interest:**  
75.1%

**Operator:**  
Carnarvon Hibiscus

**Field Life Cycle:**  
Exploration

##### Exploration Acreage:

246km<sup>2</sup>

##### Prospects:

Felix, Pointer

##### Minimum Guaranteed Work Programme (compulsory):

Years 1-3 (March 2018 – March 2022)<sup>1</sup>

- Geological and geophysical studies including petroleum systems analysis/modelling.
- Reprocessing of 230km<sup>2</sup> of the Northern Fields 3D seismic data
- Seismic interpretation and depth conversion.

##### Secondary Work Programme (optional):

Year 4 (April 2022 – March 2023)

- One exploration well

Year 5 (April 2023 – March 2024)

- Geological and geophysical studies

##### Status:

Minimum Guaranteed Work Programme completed two years ahead of schedule. Encouraging results from subsurface evaluation work. 12-month extension granted by NOPATA to the permit term, with expiry on 6 March 2024.

##### Note:

<sup>1</sup> On 17 May 2021, NOPATA granted a 12-month suspension of the VIC/P57 permit conditions with a corresponding 12-month extension to the VIC/P57 permit term.

##### 3) VIC/P74

**Hibiscus Petroleum's Interest:**  
50%

**Operator:**  
3D Oil

**Field Life Cycle:**  
Exploration

**Exploration Acreage:**  
1,006km<sup>2</sup>

**Prospect:**  
BigFin

##### Work Programme:

Phase 1: Prospect Generation Phase

- Purchase reprocessed 3D seismic data to progress geological and geophysical studies in order to refine resource assessments and enable prospect ranking.

Phase 2: Well Drilling Phase (Optional)

- Drill exploration well(s).
- If it is required that a well or wells be drilled after the primary first three years of the prospect generation phase, Carnarvon Hibiscus shall be the operator of the permit, whereas 3D Oil shall continue to be the operator of geological & geophysical operations.
- However, if there is a farm-in for substantial interest in the Permit the will require drilling a well or wells be the farmee, the farmee will become the operator instead for all operations.

##### 4) Investments:

3D Oil, a company listed on the Australia Stock Exchange is an associate company of Hibiscus Petroleum. As at 1 October 2021, Hibiscus Petroleum holds 11.68% indirect interest in 3D Oil. 3D Oil hold interests in four offshore exploration licences:

##### A. VIC/P57

24.9%

##### B. VIC/P74

50%

##### C. T/49P

20%

##### Location:

Otway Basin adjacent to the Thylacine Gas Field.

##### D. WA-527-P

100%

##### Location:

Bedout sub-basin, adjacent to the recent significant oil discovery at Dorado.

Source: Company

### 4. Vietnam, via the purchase of Repsol's assets in SEA

Hibiscus recently completed the acquisition of Repsol Exploracion S.A.'s O&G assets in SEA for USD212.5m, at equates to USD6.16/ boe 2P reserves. They comprise four assets (PM314, PM305, 2012 Kinabalu Oil and PM3 CAA) in Malaysia and one in Vietnam (Block 46 PSC Cai Nuoc).

This deal will immediately: (i) triple its O&G production, from 9,107 boe/ day to 26,471 boe/ day and (ii) almost double its 2P reserves to 77.3m boe (from 47.2 mboe).

### Snapshot of Repsol’s assets

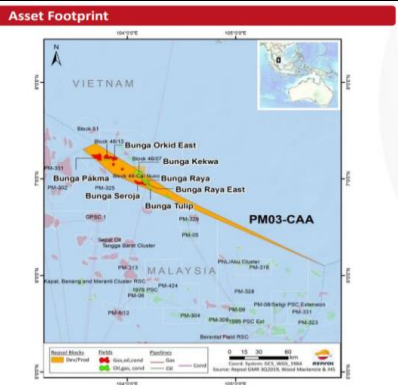
PSC	Field	Asset type	Status	Working interest (%)	PSC expiry
PM3 CAA	Bunga Orkid	Oil, gas & condensate	Producing	*Hibiscus 35%, PCSB 35%, PVEP 30%	31-Dec-27
	Bunga Pakma		Producing		
	Bunga Raya		Producing		
	Bunga Seroja		Producing		
	Bunga Kekwa		Producing		
	Bunga Tulip		Producing		
	Greater Central Area		Exploration		
Greater Silver Area	Exploration				
Block 46	Cai Nuoc	Oil & condensate	Producing	*Hibiscus 70%, PVEP 30%	31-Dec-27
PM 305 & PM 314	Murai/ Angsi Southern Channel Unit	Oil & condensate	Producing	*Hibiscus 60%, PCSB 40%	26-Nov-29 (PM 305), 30-Mar-33 (PM 314)
2012 Kinabalu Oil	Kinabalu Main	Oil & condensate	Producing	*Hibiscus 60%, PCSB 40%	25-Dec-32
	Kinabalu East		Producing		
	Kinabalu Far East		Producing		

Source: Company; Note: \* Operator

### Snapshot of the PM3 CAA PSC

Asset Description	
Location	Malay Basin, CAA between Malaysia and Vietnam
Project area	1,995km <sup>2</sup>
Participants	Peninsula Hibiscus* (35%), PETRONAS Carigali (35%), PVEP (30%)
Production start-date	1997
Net 2P Reserves	Oil & Condensate: 8.4 MMbbl Gas: 70.1 Bscf
PSC expiry	2027

Note: \* Denotes operator



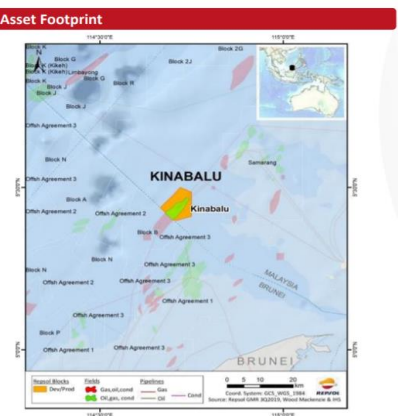
- ✓ Well-understood reservoir with long production history
- ✓ Low cost producing asset with material future developments
- ✓ Low risk asset in benign shallow water environment
- ✓ Critical to energy / gas supply in South Vietnam
- ✓ Alignment since offtake provider is also partner in asset

Source: Company

### Snapshot of the 2012 Kinabalu Oil PSC

Asset Description	
Location	Sabah, offshore Malaysia
Project area	71km <sup>2</sup>
Participants	Peninsula Hibiscus* (60%), PETRONAS Carigali (40%)
Production start-date	1997
Net 2P Reserves	Oil: 9.6 MMstb
PSC expiry	2032

Note: \* Denotes operator



- ✓ Proximity to North Sabah PSC; synergies potential
- ✓ Favorable fiscal terms (PVB)
- ✓ Low risk asset in benign shallow water environment
- ✓ Low cost liquids producing asset
- ✓ Ongoing redevelopment projects

Source: Company



## Proven to drive, discover, develop, deliver & be disciplined

Hibiscus has proven over time to have the tenacity and drive to discover assets (i.e. Anasuria, North Sabah, Repsol) at undemanding valuations, while unlocking and enhancing the value of these assets (by raising its 2P reserves and 2C resources). It has also demonstrated the ability to deliver on its financial expectation (e.g. by reducing opex while ensuring earnings growth) while maintaining capital discipline at the same time. Hibiscus has a consistent track record of improving its operational metrics post acquisitions.

### 1. Anasuria

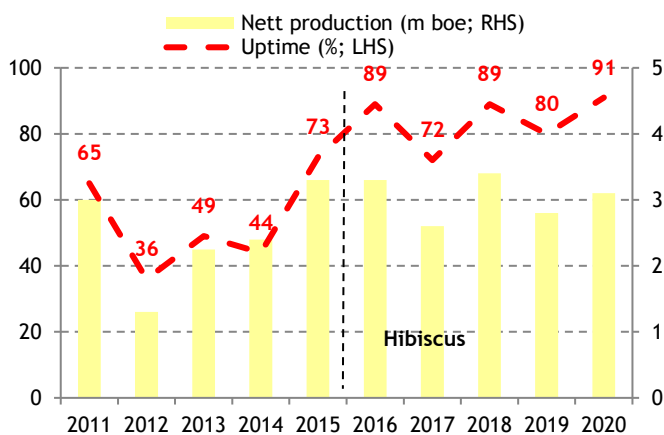
**Drive and discover.** The purchase consideration for the Anasuria cluster was USD52.5m. For that, Hibiscus secured a 50% ownership of the asset, with net 2P reserves of 20.2m boe and daily production of ~3k bpd. It recognised a negative goodwill of USD88.4m from this transaction.

**Develop and deliver.** It has successfully increased its operating uptime (by dedicating timely capital to various projects (i.e. equipment replacement, enhancing logistics) and production after taking over as operator of the field.

- ✓ *Prior to Hibiscus, Anasuria's uptime fluctuated drastically, between 36% and 73% in 2011-15. The field's uptime rose to 72%-91% once Hibiscus took over as operator of the field from 2016.*
- ✓ *Hibiscus also managed to raise its net production level, averaging 3.0k boe/ day post take-over vs. 2.2k boe/ day pre-takeover.*
- ✓ *It has also consistently managed to maintain steady 2P oil reserves of 24mmbbls since its acquisition, a positive. This has been made possible through selective low-risk development activities on its existing portfolio,*

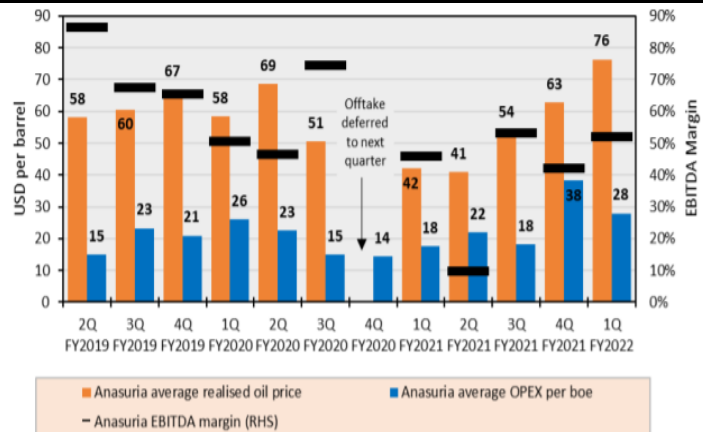
**Disciplined.** All the capex for this asset is internally funded. The opex/bbl for this field is relatively low, at USD18.20-23.46/bbl in FY18-21. For this, Hibiscus has been consistently prudent in its cost management efforts to maintain low opex and deliver production enhancement projects. Anasuria is Hibiscus's 2<sup>nd</sup> largest asset generator (after North Sabah) and has been a constant profit generator the acquisition.

Anasuria: Enhancement post operatorship



Source: Company, Maybank IBG Research

Anasuria: Historical operating performance vs. oil price



Source: Company, Maybank IBG Research

## 2. North Sabah PSC

**Drive and discover.** Identified this asset during the low oil price environment and completed the acquisition of this asset in 31 Mar 2018 for USD25m (MYR105m).

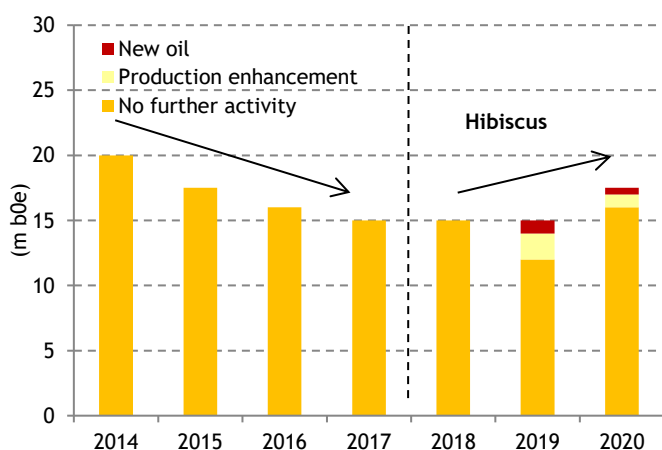
- ✓ It recognised USD53.4m in negative goodwill.
- ✓ The purchase consideration, paid entirely via internal funds was extremely cheap in our opinion, arguably a steal, for it equates to just USD1.22/bbl, based on its 2P reserves interest of 20.5m boe then.
- ✓ The payback period was instant, within half a year, with North Sabah generating net profit of MYR222m for the Group in FY18.

The ability to purchase this asset at a low was a calculated risk, for the PSC was at its late production life and may not be commercially viable at low oil price environment (crude oil averaged USD42.50/bbl in the beginning of 2016 until the conditional SPA was signed in Oct 2016). This was also aided by Shell’s decision to divest its non-core assets as part of its global portfolio optimisation.

**Develop with discipline.** Post-acquisition, Hibiscus has demonstrated its capability to enhance the asset’s performance by: (i) steadily increasing its daily production levels (from 4.8k bpd then to 5.3k bpd now) and 2P reserves (from 20.5m bbls then to 23.1m bbls to now), (ii) enhancing reliability and uptime, and (iii) reducing unplanned downtime and implemented smart allocation of capital towards economically viable production optimisation and development projects.

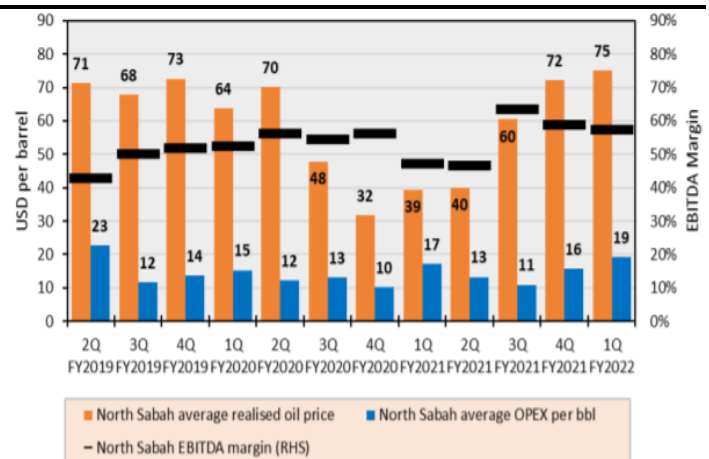
**Deliver.** The North Sabah asset has been a profitable entity for Hibiscus, from its acquisition period till now, with a total cost / bbl range of USD10.83-26.73/bbl p.a. in FY18-21. This is Hibiscus’ key earnings and cashflows generator, delivering net profit of MYR117m-MYR222m p.a. in FY18-21. Hibiscus’ key focus on this asset has been to consistently delivering strong and sustainable EBITDA levels.

North Sabah: Enhancement post operatorship



Source: Company, Maybank IBG Research

North Sabah: Historical operating performance vs. oil price



Source: Company, Maybank IBG Research

### 3. Marigold & Sunflower

**Drive, discover, develop.** Hibiscus owns an 87.5% interest, licence and 2C resources of 43.6m boe in these fields. It acquired Marigold & Sunflower in Oct 2018, then with 30m boe of 2C resources but has raised it to 43.6m bbls now.

It has concluded the technical and commercial works (site survey, FEED, tendering for facilities) and is expected to reach the Final Investment Decision (FID) and Oil & Gas Authority (OGA) approvals for its field development plan by 2023.

**Further opportunities.** On 19 Jan 2021, Hibiscus executed the License Agreement for a 100% interest in Block 15/17A, which contains the Kildrummy discovery. The Block is located 8km from Marigold and is hoped that the Kildrummy discovery will be a potential tieback candidate that would further raise its 2C resources here (integrating with Marigold) and lower the overall development and product costs (unit cost/ bbl).

These 2C resources will turn into valuable 2P reserves once production commences in these fields. We do not rule out monetising part of its Marigold’s stake in a rising oil price market.

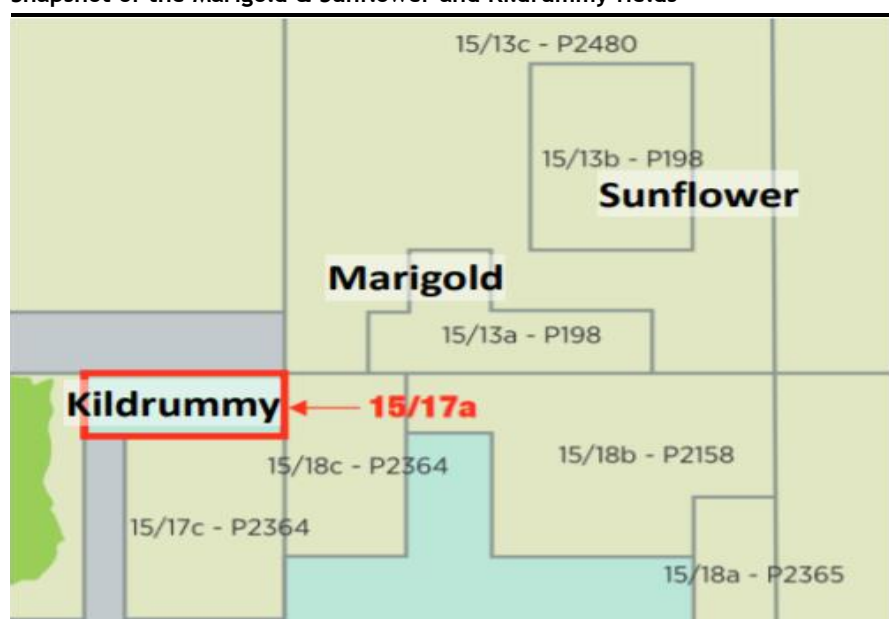
Hypothetically-speaking, selling a 20% interest in Marigold at a USD5-10/ boe 2C resources/ 2P reserves valuation could net Hibiscus USD44m-87m (8-16% of its market cap), a decent amount to part fund its capex program.

#### Snapshot of Marigold & Sunflower’s assets

Field	2C resources (m boe)	
	Gross	Net
Marigold	44.0	38.5
Sunflower	5.8	5.1
<b>Total</b>	<b>49.8</b>	<b>43.6</b>

Sources: Company

#### Snapshot of the Marigold & Sunflower and Kildrummy fields



Sources: Company

## Repsol's deal offers many positives to Hibiscus

The recent acquisition of the Repsol assets (completed in Jan 2022) reinforces the quality of Hibiscus's management of identifying and acquiring undemanding quality assets with much upside. We see many positives from this deal:

**Acquisition price of USD6.16/ boe.** The deal, transacted at USD212.5m, values the assets at USD6.16/ boe (based on 2P reserves of 34.5m boe). This deal represents a 25% discount to RPS Energy's 2P reserves DCF valuations for the assets (USD285m), which translates into USD8.26/ boe.

**Undemanding valuations.** The valuations are based on: (i) 10% WACC, (ii) projected FCFs up to end of PSC term (2021-2032; no extension assumed), (iii) PITA of 38%, (iv) average crude oil price of USD66/bbl, (v) aggregated capex of USD138m (2021-32) and (vi) aggregated opex of USD857m (2021-32). RPS has a relative fair value range of USD255m-368m @ USD7.39-10.67/ boe for this deal.

**Greater stability in a PSC model and operator-leadership.** Repsol's PSC offers greater margin/ earnings stability (vis-à-vis concession's model like Anasuria). Also, Hibiscus will be the operator of the field, in terms of field's management (cost, capex), a crucial aspect when identifying this M&A. With Repsol's assets, Hibiscus's production mix will be about 85% PSC: 15% concession, a positive.

### RPS Energy's valuation breakdown on Repsol's PSC assets @ 10% WACC & 2P reserves net entitlement by fields

Assets name	Value (USD'm)	Net entitlement reserves		
		1P MM boe	2P MM boe	3P MM boe
Kinabalu	150	6.4	10.8	14.1
PM3 CAA	142	13.7	23.3	30.1
PM 305 & PM 304	(10)	0.0	0.0	0.0
Block 46	3	0.0	0.4	0.6
<b>Total</b>	<b>285</b>	<b>20.1</b>	<b>34.5</b>	<b>44.8</b>

Source: Company, RPS

### Repsol's 2C resources net entitlement by fields

Assets name	Net entitlement reserves		
	1C MM boe	2C MM boe	3C MM boe
PM3 CAA			
- Raya post seismic	1.7	2.9	3.2
- NW BR Infill	0.3	0.6	0.6
- Production efficiency	0.2	0.3	0.4
2012 Kinabalu Oil	0.1	0.1	0.2
<b>Total</b>	<b>2.3</b>	<b>3.9</b>	<b>4.4</b>

Source: Company, RPS

### Snapshot of Repsol's annual net production volume

FY Dec	2018		2019		2020	
	Crude oil	Gas	Crude oil	Gas	Crude oil	Gas
Assets name	(boe)		(boe)		(boe)	
PM3 CAA	1,263,517	4,397,302	1,703,882	3,183,133	1,360,801	3,190,994
Block 46	64,992	-	110,117	-	86,504	-
PM 305	272,252	-	194,743	-	149,634	-
& PM 314	28,289	-	25,787	-	5,420	-
Kinabalu	2,142,893	-	1,653,669	-	2,452,702	-
<b>Total</b>	<b>3,771,943</b>	<b>4,397,302</b>	<b>3,688,198</b>	<b>3,183,133</b>	<b>4,055,061</b>	<b>3,190,994</b>

Source: Company, RPS

**Transacted at below regional valuations.** At USD6.16/ boe, this deal is priced relatively lower than the previous transactions in SEA (Malaysia & Indonesia PSC deals; in 2018-19), which ranged between USD7.40/ boe and USD17.30/ boe.

#### SEA's recent transactions of PSC deals

	Assets name	Acquirer	Seller	Price (USD'm)	2P reserves (m boe)	Price (USD/ boe)
Jan-22	Acquisition of Repsol's SEA assets	Hibiscus	Repsol	213	34.5	6.2
May-19	Acquisition of Ophir Energy	PT Medco Energi	Ophir Energy	517	70.1	7.4
Mar-19	Murphy Oil's interests in Malaysia	PTTEP Ltd	Murphy Oil	2,127	169.3	12.6
Jan-19	50% interest in SEB	OMV E&P	Sapura Energy	800	46.1	17.3
Sep-18	Acquisition of Santos' SEA's production licences	Ophir Energy	Santos Ltd	205	23.3	8.8

Source: Company, RPS

**Substantial increase in its 2P resources and production.** This deal instantaneously raises Hibiscus':

- (i) 2P resources by 1.6x; from 47.2m boe to 77.3m boe,
- (ii) Daily production by 2.9x to 26.5k boe.

**Diversification into gas.** This deal offers Hibiscus the prospect to diversify its assets portfolio from 98% oil/ 2% gas then to 83% oil/ 17% gas now; a crucial aspect, in light of the ESG and energy transition drives. Natural gas is viewed as more environmentally-friendly for it produces fewer undesirable by-products/ unit energy (i.e. carbon).

**Key opportunities for cost savings.** We see opportunities for Hibiscus to lower its opex (USD26/boe) for this asset (i.e. lower corporate overheads, higher uptime, stronger financial control, integration benefits with LCOT).

**A significant contributor to Group's earnings.** Hibiscus will report maiden contribution from Repsol's deal in FY22 (5-mth impact). We expect Repsol's assets to account for 40%-47% to the Group's earnings in FY22-24, based on crude oil price assumption of USD70-75/boe.

**Stable partners with established track records.** The other stakeholders in the PSC are NOCs PCSB (MY) and PVEP (VN).

#### Snapshot of Repsol's selected operational & financials statistics

FY Dec (USD'm)	2018	2019	2020
Avg. uptime (%)	96	92	91
Daily production (boe/ day)	10,334	10,105	11,110
Avg. realised crude oil price (USD/bbl)	49	49	32
OPEX (USD/ boe)	(8.2)	(14.6)	(12.6)
<b>Revenue</b>	<b>316</b>	<b>253</b>	<b>192</b>
EBITDA	172	141	87
EI	2	0	(101)
<b>Pretax profit</b>	<b>71</b>	<b>68</b>	<b>(87)</b>
Tax	13	(45)	(35)
Net profit	84	24	(121)
<b>Core net profit</b>	<b>82</b>	<b>24</b>	<b>(20)</b>
Shareholders' funds	304	327	206
Opex. CF	223	101	41
Capex	(48)	(54)	(53)
FCF	175	47	(12)
Inv. CF	(63)	(89)	(54)
Fin. CF	(84)	(24)	(8)

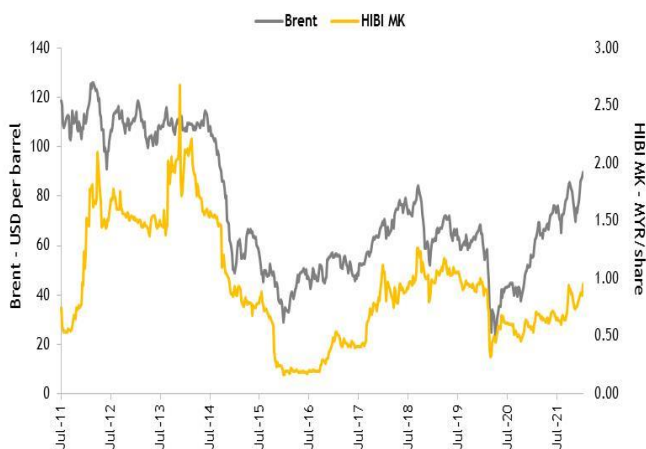
Source: Company

## Financial analysis and forecasts

The best proxy play to oil price trends. Hibiscus, a pure upstream O&G operator is the most leveraged O&G play to capitalise on the strong energy push.

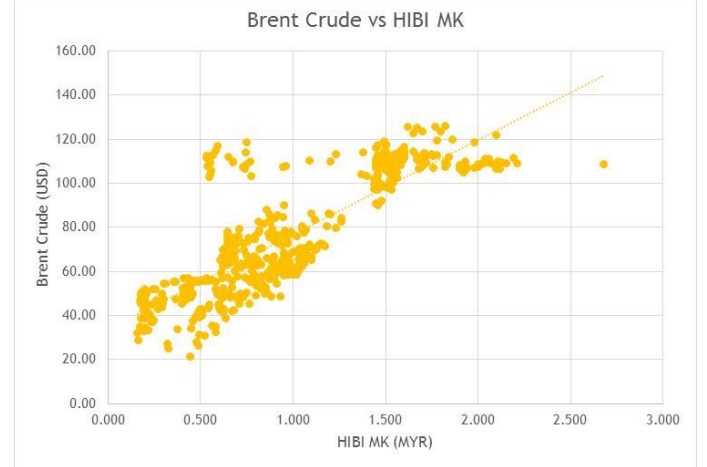
- ✓ Based on our analysis, Hibiscus has a high 83% correlation level relative to oil price.
- ✓ Our sensitivity analysis suggests that for every US10/bbl rise in oil price, our estimated FY22-24 earnings will increase by 35-54%.
- ✓ Our crude oil price assumptions are at USD75/bbl in FY22 and USD70/bbl in FY23-24.

### Crude oil price & share price performance



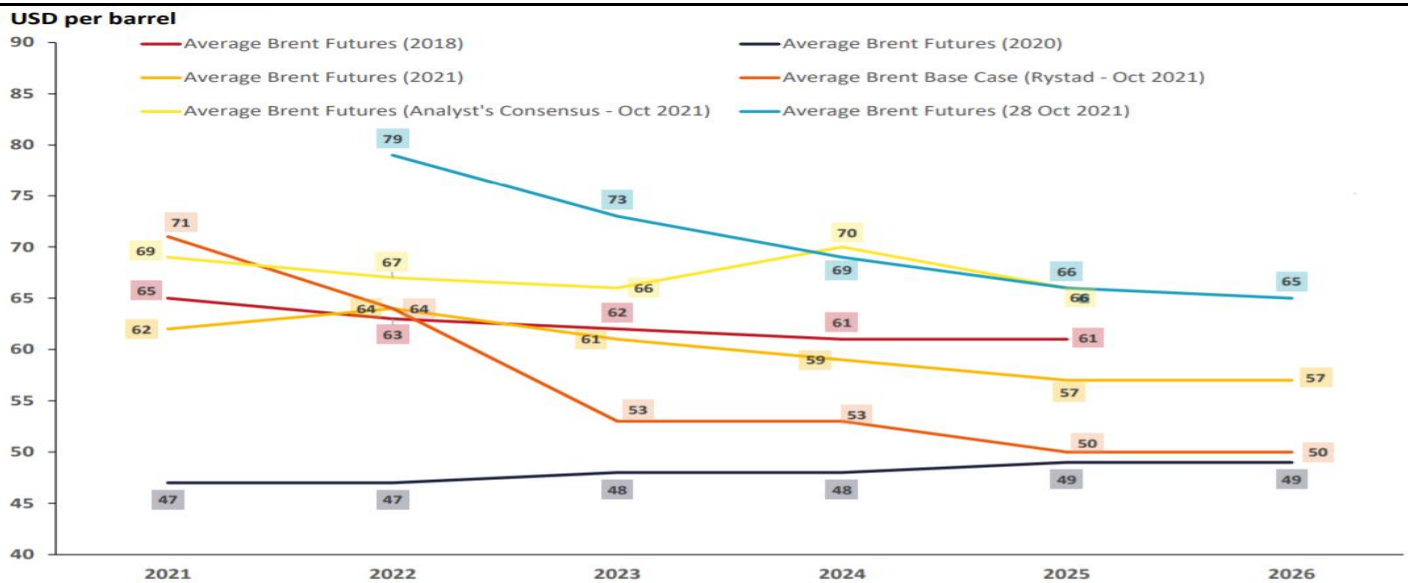
Source: Bloomberg, Maybank IBG Research

### Correlation: Crude oil price (Brent) vs. Hibiscus



Source: Company, Maybank IBG Research

### Bent oil price outlook



Sources: Company

**3-year net profit CAGR of 53%.** We expect Hibiscus to register a 3-year net profit CAGR of 53% (FY22-24F), a realistic target in our view. The growth is driven mainly by the contributions from its Repsol assets (from Jan 2022), which have emerged as the 2<sup>nd</sup> largest earnings contributor to the Group, after North Sabah.

**Net profit to grow 2x-3x in FY22-24, post Repsol deal.** We estimate Repsol to double-triple the Group's production and net profit over the next 3 years (vs. FY21).

**We see further upside to our earnings,** for we assume: (i) zero opex/bbl savings, (ii) flat production levels (i.e. zero asset enhancement performance; i.e. 2P reserves/ 2C resources) and (iii) no PSC extension, post the Repsol acquisition for now. Securing an extension for the Repsol PSC will further elevate its 2P reserves and 2C resources, in our view.

#### Hibiscus: Segmental financial breakdown

FY Jun	FY19	FY20	FY21	FY22F	FY23F	FY24F
<b>Revenue</b>	<b>988.3</b>	<b>646.5</b>	<b>804.8</b>	<b>1,634.9</b>	<b>2,106.0</b>	<b>1,959.8</b>
- Anasuria	396.3	200.8	229.0	213.5	214.9	275.2
- North Sabah	586.8	441.7	569.9	747.4	696.5	711.3
- 3D Oil, Vic/ L31 & VIC P57	-	-	-	-	-	-
- Repsol	-	-	-	669.1	1,189.6	968.4
- Inv. Holdings & group activities	5.2	4.0	5.9	5.0	5.0	5.0
<b>EBITDA</b>	<b>549.7</b>	<b>335.3</b>	<b>381.8</b>	<b>887.1</b>	<b>1,118.5</b>	<b>1,035.6</b>
- Anasuria	281.3	104.8	90.5	136.2	132.0	169.0
- North Sabah	294.6	320.6	313.2	488.8	438.3	447.7
- 3D Oil, Vic/ L31 & VIC P57	(1.3)	(185.2)	1.6	-	-	-
- Repsol	-	-	-	382.1	644.3	505.1
- Inv. Holdings & group activities	(24.9)	95.1	(23.5)	(120.0)	(96.2)	(86.2)
<b>Net profit</b>	<b>230.0</b>	<b>(49.3)</b>	<b>103.7</b>	<b>218.2</b>	<b>335.9</b>	<b>368.0</b>
- Anasuria	131.9	18.8	14.3	60.9	57.7	85.5
- North Sabah	128.1	147.9	116.8	173.9	185.1	184.2
- 3D Oil, Vic/ L31 & VIC P57	(1.3)	(185.2)	1.6	-	-	-
- Repsol	-	-	-	103.4	153.0	148.3
- Inv. Holdings & group activities	(28.8)	(30.8)	(29.0)	(120.0)	(60.0)	(50.0)

Source: Maybank IBG

Our earnings estimates are based on the following assumptions:

#### Hibiscus: Operating metrics

FY Jun	FY19	FY20	FY21	FY22F	FY23F	FY24F
<b>Production (boe/ day)</b>	<b>8,356</b>	<b>9,120</b>	<b>9,107</b>	<b>26,198</b>	<b>25,133</b>	<b>22,837</b>
- Anasuria	3,462	2,898	2,665	2,144	2,328	2,983
- North Sabah	4,894	6,222	6,442	6,659	6,649	6,790
- Repsol	-	-	-	17,395	16,156	13,064
<b>OPEX (USD/ boe)</b>						
- Anasuria	18.20	19.30	22.20	28.00	28.00	28.00
- North Sabah	14.60	12.60	14.20	14.20	14.20	14.20
- Repsol	-	-	-	20.47	20.35	22.02
<b>Crude oil price (USD/ boe)</b>						
- Anasuria	67.00	59.00	49.89	75.00	70.00	70.00
- North Sabah	72.81	56.52	51.75	75.00	70.00	70.00
- Repsol	-	-	-	75.00	70.00	70.00

Source: Maybank IBG

## Balance sheet & cashflow

Hibiscus has consistently demonstrated its capital discipline and fiscal prudence/ resilience in its day-to-day operations, especially over the past two down-cycles (2014 & 2020).

Has a steady and nimble balance sheet. We are impressed by its ability to generate cash, preserve capital and maintain a net cash company all these years (ex-Repsol). It consistently generates strong operating cashflows and is arguably one of the few that has been consistently delivering positive FCFs. All in, its resilient balance sheet is commendable, atypical when compared against its peers in the Malaysian O&G sector.

Consistently generates cashflows. All of its asset’s capex are internally funded and it remained cashflow positive even when crude oil prices (dated Brent) were at low USD20-30/bbl levels in Apr 2020.

This is testament to its solid field management, and its ability to reduce opex and deferring discretionary capex without compromising on the safety and health of its employees and without layoffs or salary cuts of its employees.

At the current elevated oil price, we estimate Hibiscus to generate strong operating cashflows and positive net cashflows.

## Energy transition & green investment agenda

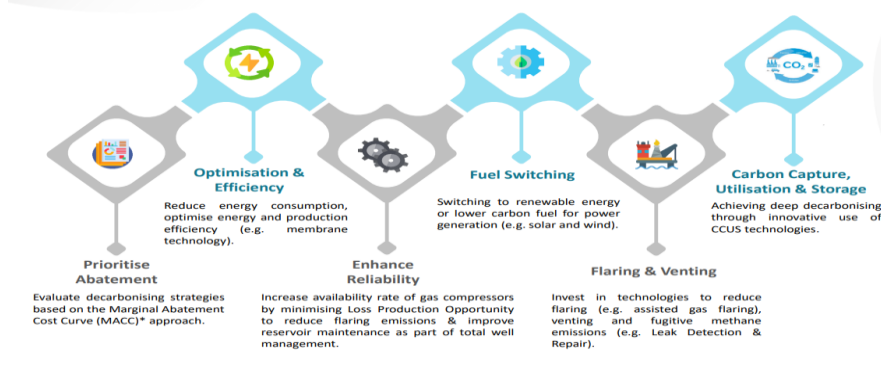
Net zero carbon emissions target by 2050. Hibiscus has underlined its commitment to be a net zero emissions producer by 2050, in line with majority of the energy players worldwide.

It aims to increase natural gas in its portfolio of hydrocarbon assets, as part of its strategy to build a more resilient portfolio. The Repsol M&A was a case in point, which altered its production mix from 98:2 oil:gas to 83:17 oil:gas.

Decarbonisation roadmap. Will collaborate and develop decarbonising plans with key stakeholders (i.e. regulators, industry partners and technology providers). Its initiatives include: (i) *optimising operational energy efficiency*, (ii) *fuel switching to renewables*, (iii) *reduce flaring & venting* and (iv) *deploy carbon capture, utilisation and storage (CCS) technologies*.

Green investments. Hibiscus will explore green opportunities in a progressive and disciplined measure while ensuring that shareholder values are preserved.

### Decarbonising assets



Sources: Company

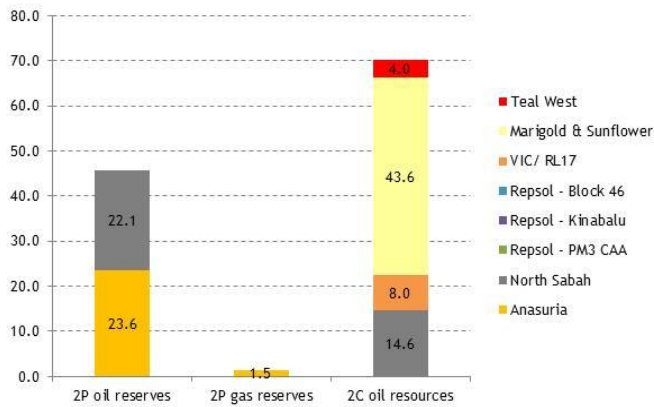


## Vision and mission

Production and reserves targets. Hibiscus targets to:

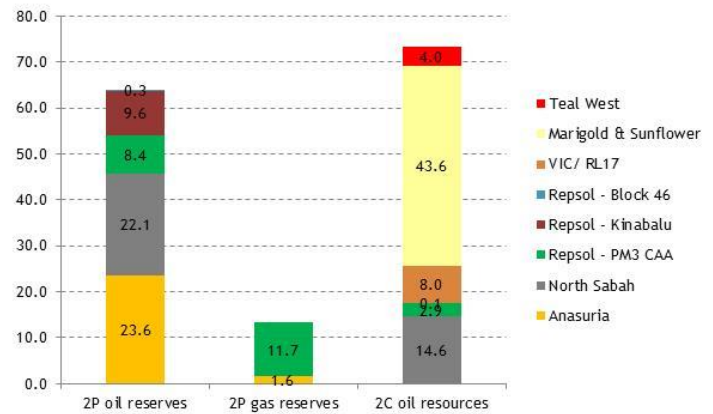
- i. expand production to within a band of 35,000-50,000 boe/ day (post-Repsol: e.26,198 boe) and
- ii. increase 2P reserves to 100m boe by 2026 (current: 77.3m boe @ 1 Jan 2022), with gas becoming an increasingly important component of its 2C resources.

Hibiscus: 2P reserves and 2C resources (pre-Repsol)



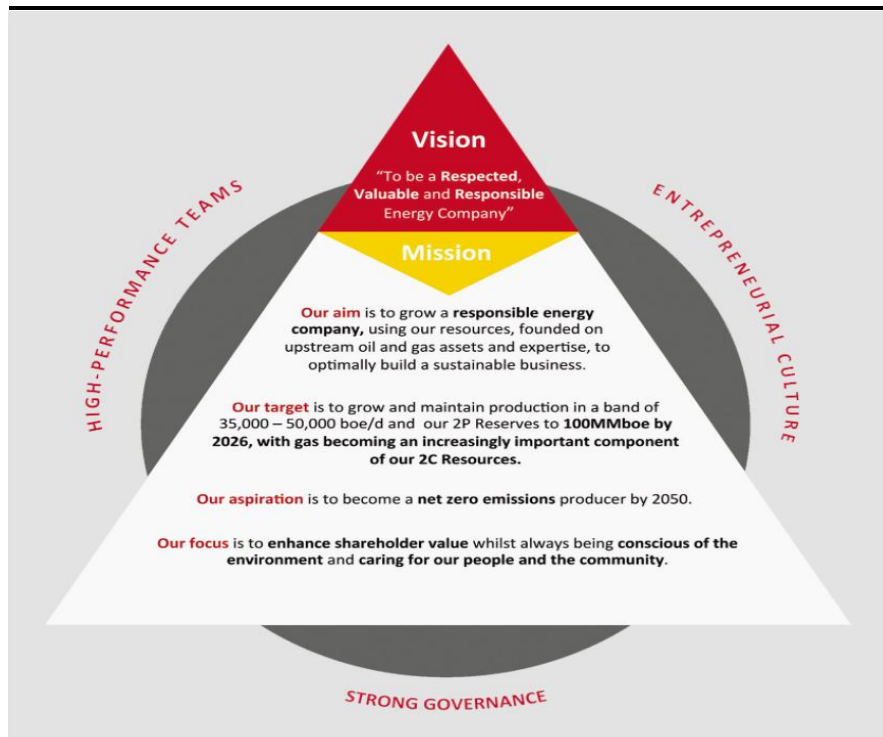
Source: Company, Maybank IBG Research

Hibiscus: 2P reserves and 2C resources (post-Repsol)



Source: Company, Maybank IBG Research

## Hibiscus: Vision & mission



Source: Company

## Valuations

We initiate coverage on Hibiscus with a BUY and MYR1.70 TP. Our valuation is pegged to EV/ 2P oil reserves of USD10/ boe, which implies 3x EV/ EBITDA, 10x FY23 PER and 1.2x PBV for FY23 respectively.

**Valuation method preference - USD10 per boe 2P oil reserves.** We prefer this valuation method over others (i.e. NPVs, EV/ EBITDA, P/BV) for its captures the cyclical nature of Hibiscus' 2P resources, operations (successful conversion of its 2C resources into 2P reserves) and takes into account its balance sheet and cashflow strength.

**Undemanding relative to peer valuations.** Our attached valuation of USD10/boe is undemanding vis-à-vis its peers, which trade at relatively higher average multiples of USD19/ boe 2P reserves, 3.1x EV/EBITDA, 9.3x CY23 PER and 2.3x CY23 PBV respectively.

**The steep discount is unwarranted,** in our view, considering the operating and financial strength as well as management's acumen, which Hibiscus has successfully displayed since acquiring the Anasuria and North Sabah's assets.

**EnQuest offers the closest match to Hibiscus.** Among its peers, Hibiscus' business model relates most to EnQuest, in terms of geography of its operations and structures/ types of contracts (i.e. PSC and/ or concession model).

**Rationale behind the USD10 per boe EV/ 2P reserves multiple ratings** The notably difference between Hibiscus and EnQuest is the relative size of the 2P reserves and 2C resources, of which the latter is larger by 2.4x and 3.8x respectively. Hence, the relatively lower valuation accorded (USD10/ boe) to Hibiscus vs. EnQuest's USD12/ boe. That said, Hibiscus is net cash while EnQuest is highly leveraged; with net gearing level of 481%.

### Peer comparison - valuations

Stock	BBG Code	Country	Rec.	Mkt Cap. (USD m)	Price (LCY)	TP (LCY)	PER (x)		EV/EBITDA (x)		PBV (x) FY22E	ROE (%) FY22E	Yield (%) FY22E
							FY22E	FY23E	FY22E	FY23E			
Hibiscus	HIBI MK	Malaysia	BUY	543.0	1.13	1.70	10.4	6.8	2.4	1.8	1.4	13.9%	nm
Aker BP ASA	AKRBP NO	Norway	N/R	11,526.2	281.70	N/R	10.3	10.8	2.3	2.2	4.3	54.2%	5.7%
Lundin Energy AB	LUNE SS	Sweden	N/R	10,705.6	341.00	N/R	10.0	9.0	2.0	1.9	nm	nm	5.7%
Harbour Energy	HBR LN	UK	N/R	4,534.0	3.61	N/R	5.3	6.7	2.6	3.1	1.7	33.1%	4.3%
Capricorn Energy*	CNE LN	UK	N/R	1,361.7	2.03	N/R	59.8	28.3	6.2	7.8	1.3	3.9%	15.4%
Serica Energy	SQZ LN	UK	N/R	917.8	2.52	N/R	2.8	6.0	1.5	2.4	nm	29.0%	1.9%
Jadestone Energy	JSE LN	UK	N/R	634.5	1.01	N/R	5.9	6.6	2.0	2.0	nm	nm	1.5%
EnQuest	ENQ LN	UK	N/R	526.0	0.21	N/R	1.6	1.8	2.6	3.1	1.7	88.1%	nm
Hurricane Energy	HUR LN	UK	N/R	134.1	0.05	N/R	2.3	4.8	1.5	3.4	nm	nm	nm
<b>Simple Average</b>							<b>11.8</b>	<b>9.3</b>	<b>2.6</b>	<b>3.1</b>	<b>2.3</b>	<b>37.5%</b>	<b>5.0%</b>

Source: FactSet, Bloomberg, Company (as of 14 Feb); \* formerly known as Cairn Energy PLC

N/R = Not Rated

### Peer comparison (2P, 2C resources and EV/ 2P valuations)

Stock	Jurisdiction	2P reserves (m boe)	2C reserves (m boe)	Type of field	Location of field	EV (USD'm)	EV/2P (USD/boe)
Hibiscus	Malaysia	77.3	73.2	PSC, Concession (UK)	Malaysia, Australia/UK	795.5	6.7
Aker BP ASA	Norway	842.0	895.0	PSC	Norway	13,800.1	16.4
Lundin Energy AB	Norway	671.0	275.0	Concession	Norway	10,520.3	15.7
Harbour Energy	UK	569.0	417.0		United Kingdom	7,744.1	13.6
Capricorn Energy*	UK	32.9	1.2		United Kingdom	1,021.6	31.1
Serica Energy	UK	61.0	-		United Kingdom	919.0	15.1
Jadestone Energy	UK	37.1	15.2	PSC	Australia, Malaysia	608.1	16.4
EnQuest	UK	189.0	279.0		United Kingdom	2,298.1	12.2
Hurricane Energy	UK	7.1	125.7		United Kingdom	213.4	30.1

Source: FactSet, Bloomberg, Company Data (as of 09 Feb), \* formerly known as Cairn Energy PLC

## North Sabah: Quarterly operating performance

FY Jun (m)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Avg. uptime (%)	85	93	89	94	86	92	95	95	85
Avg. daily gross oil production rate (bbl/day)	14,234	17,076	17,395	18,780	16,895	17,700	17,796	17,281	14,234
Avg. daily net oil production rate (bbl/day)	5,194	6,318	6,436	6,949	6,251	6,549	6,585	6,394	5,194
Cargoes sold	1	2	2	1	2	3	2	2	1
Total oil sold (bbl)	334,613	671,452	611,367	249,387	592,453	870,874	599,948	608,006	334,613
Average realised oil price (USD/bbl)	63.63	70.19	47.72	31.79	39.46	39.91	60.46	72.07	63.63
Average opex per boe (USD/ boe)	15.33	12.23	13.05	10.27	17.08	13.29	10.91	15.67	15.33

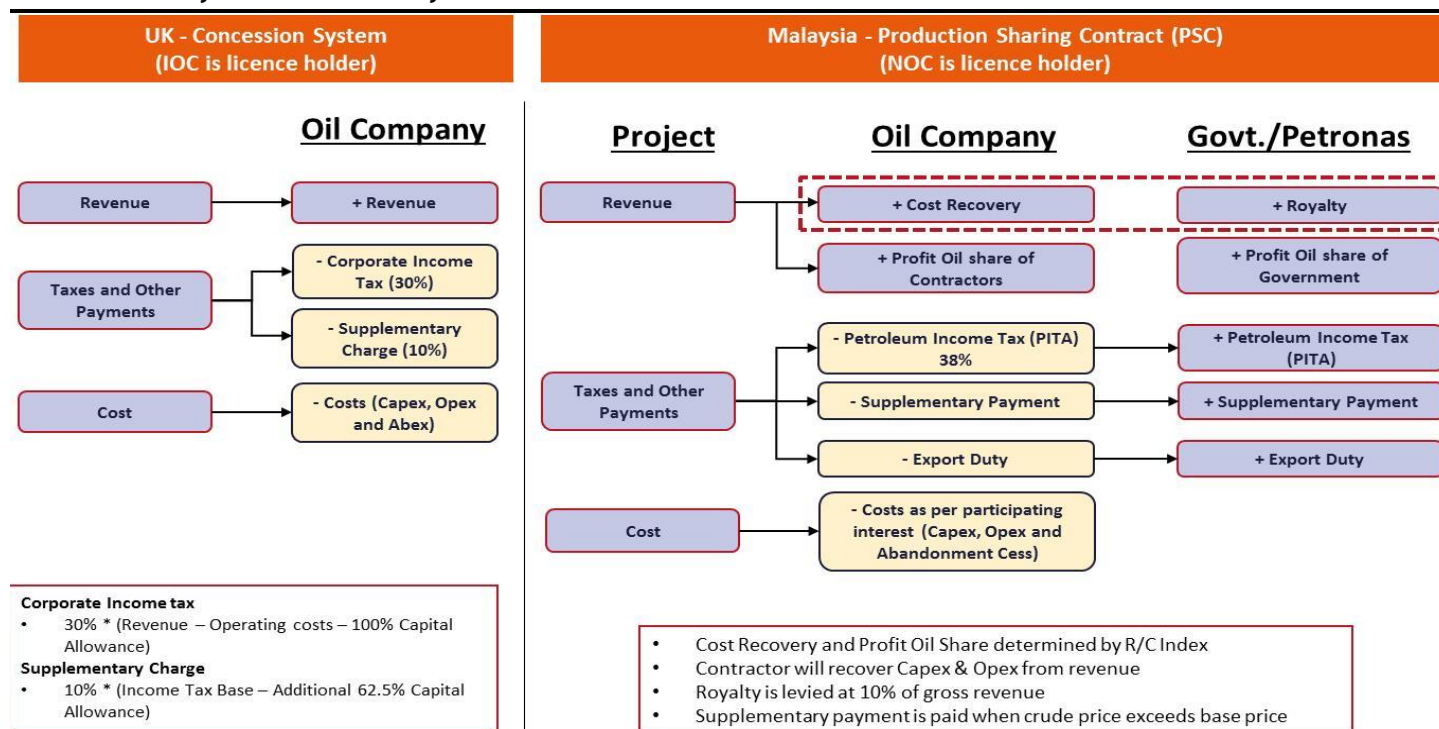
Source: Company, Maybank IBG

## Anasuria: Quarterly operating performance

FY Jun (m)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Avg. uptime (%)	77	85	89	85	94	95	91	53	69
Avg. daily gross oil production rate (bbl/day)	2,386	2,680	2,802	2,539	2,753	2,726	2,463	1,402	1,904
Avg. daily gas export rate (boe/day)	204	288	375	322	330	383	354	240	301
Avg. daily oil equivalent production rate (boe/day)	2,590	2,968	3,177	2,861	3,083	3,109	2,817	1,642	2,205
Cargoes sold	1	1	1	-	1	1	1	1	2
Total oil sold (bbl)	272,345	249,704	238,605	-	250,337	252,289	274,996	254,945	191,770
Total gas exported sold (mmscf)	112	159	205	176	182	212	191	131	166
Average realised oil price (USD/bbl)	58.41	68.67	50.59	-	41.99	40.85	54.04	62.67	76.31
<b>Average realised gas price (USD/mmBtu)</b>									
- Cook field	1.04	1.62	1.09	0.39	0.44	1.48	2.30	2.60	4.56
- Guillemot A, teal and teal South fields	2.52	4.02	2.80	1.17	1.45	3.87	5.36	5.80	10.44
Average opex per boe (USD/ boe)	26.04	22.64	13.29	14.29	17.50	22.00	18.15	38.22	27.94

Source: Company, Maybank IBG

## Hibiscus: Fiscal systems - UK vs. Malaysia



Source: Company

## Quarterly financial performance

FY Jun (m)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
<b>Sales</b>	<b>360.0</b>	<b>165.2</b>	<b>226.1</b>	<b>237.1</b>	<b>159.3</b>	<b>271.8</b>	<b>175.9</b>	<b>39.5</b>	<b>145.5</b>	<b>190.3</b>	<b>216.0</b>	<b>253.0</b>	<b>246.7</b>
- Anasuria	166.8	75.4	66.2	87.9	69.3	75.0	54.8	1.8	46.6	46.2	65.8	70.4	67.4
- North Sabah	192.0	88.1	158.7	148.0	88.9	195.9	120.1	36.7	98.0	142.7	148.4	180.9	177.7
- 3D Oil, Vic	-	-	-	-	-	-	-	-	-	-	-	-	-
- Repsol	-	-	-	-	-	-	-	-	-	-	-	-	-
- Inv. hldgs	1.2	1.6	1.2	1.1	1.1	1.0	1.0	1.0	0.9	1.4	1.8	1.8	1.6
<b>EBITDA</b>	<b>208.9</b>	<b>100.1</b>	<b>114.7</b>	<b>125.9</b>	<b>77.1</b>	<b>142.4</b>	<b>95.6</b>	<b>20.1</b>	<b>66.0</b>	<b>63.3</b>	<b>122.5</b>	<b>129.9</b>	<b>123.7</b>
- Anasuria	114.1	65.1	44.7	57.5	35.1	34.9	40.8	(6.0)	21.4	4.6	35.0	29.6	35.1
- North Sabah	100.8	37.6	79.4	76.8	46.5	109.9	65.3	98.9	46.2	66.4	94.4	106.3	101.9
- 3D Oil, Vic	0.3	(0.9)	(0.0)	(0.6)	(1.5)	0.9	(5.6)	(179.0)	0.4	2.3	(0.5)	(0.5)	(1.6)
- Repsol	-	-	-	-	-	-	-	-	-	-	-	-	-
- Inv. hldgs	(6.3)	(1.6)	(9.3)	(7.8)	(3.0)	(3.3)	(4.9)	106.2	(1.9)	(9.9)	(6.3)	(5.4)	(11.7)
<b>Pretax profit</b>	<b>165.2</b>	<b>51.9</b>	<b>82.0</b>	<b>92.4</b>	<b>38.6</b>	<b>91.3</b>	<b>49.7</b>	<b>(154.3)</b>	<b>16.8</b>	<b>7.9</b>	<b>65.0</b>	<b>78.0</b>	<b>74.8</b>
- Anasuria	95.6	40.9	28.2	39.4	17.9	15.0	19.3	(27.0)	(0.1)	(15.7)	14.9	16.2	18.6
- North Sabah	76.0	16.8	63.9	60.7	26.3	79.7	42.9	67.2	19.4	33.2	59.2	68.2	70.0
- 3D Oil, Vic	0.3	(0.9)	(0.0)	(0.6)	(1.5)	0.9	(5.6)	(179.0)	0.4	2.3	(0.5)	(0.5)	-
- Repsol	-	-	-	-	-	-	-	-	-	-	-	-	-
- Inv. hldgs	(6.8)	(4.8)	(10.1)	(7.1)	(4.0)	(4.4)	(6.9)	(15.5)	(3.0)	(11.9)	(8.5)	(5.9)	(13.8)
<b>Net profit</b>	<b>100.0</b>	<b>50.1</b>	<b>55.2</b>	<b>24.7</b>	<b>16.2</b>	<b>51.2</b>	<b>28.5</b>	<b>(145.2)</b>	<b>10.0</b>	<b>12.0</b>	<b>32.0</b>	<b>49.6</b>	<b>41.5</b>
- Anasuria	61.5	43.0	27.0	0.4	13.4	9.9	16.3	(20.9)	0.6	(4.9)	4.2	14.4	12.1
- North Sabah	45.0	12.8	38.3	32.0	8.3	44.8	24.6	70.2	12.0	26.4	36.7	41.6	43.2
- 3D Oil, Vic	0.3	(0.9)	(0.0)	(0.6)	(1.5)	0.9	(5.6)	(178.0)	0.4	2.3	(0.5)	(0.5)	-
- Repsol	-	-	-	-	-	-	-	-	-	-	-	-	-
- Inv. hldgs	(6.8)	(4.8)	(10.1)	(7.1)	(4.0)	(4.4)	(6.9)	(16.5)	(3.0)	(11.7)	(8.4)	230.4	(13.8)

Source: Company, Maybank IBG

## Key risk factors

**Potential fluctuation in earnings due to changes in O&G prices.** O&G upstream investment plans are dependent on the oil price assumptions, which can be affected by low and/ or volatile oil price level.

**Exposure to development and production risks.** We have seen O&G field explorations/ developments when oil price fell drastically in 2008/ 2014/ 2020 and there is no certainty this will not recur.

**Access to financing.** Oil exploration is a capital intensive activity and the ongoing viability of operations is dependent on the Company's ability to secure financing for its projects.

**Execution.** Poor execution capabilities and/or inferior cost management would have a detrimental effect on earnings and market perception.

**Risks of changes in legislation and taxation laws.** Given that Hibiscus has operations in different countries; it is subject to the risk of changes to legislation in the different jurisdictions. It is also subject to the risk of political and economic volatility in the various countries in which it operates.

**ESG risk.** Operating in the O&G sector, Hibiscus is subject to the risk of negative investor sentiment towards companies that are deemed to have environmental issues.

## Board of Directors

Name	Designation	Profile
Zainul Rahim Bin Mohd Zain (age: 68 years)	Non-Independent Non-Executive Chair	Zainul Rahim Bin Mohd Zain holds a Bachelor of Engineering degree majoring in Mechanical Engineering from University of Western Australia. He has 43 years of experience in the oil & gas exploration and production [E&P] industry and has took up many past directorships and appointments. He worked at various companies such as Shell Egypt, redT Energy Plc, Petronas Cargali Sdn Bhd, UKM Holdings Sdn Bhd. He initially joined Shell Companies in Egypt as chairman in October 2005 left in June 2008 taking up a role as an adviser in Sime Darby Energy & Utilities Division. 2 years later on 14 <sup>th</sup> December 2010, he was appointed as Non-Independent Non-Executive Chair for Hibiscus Petroleum.
Dr Kenneth Gerard Pereira (age: 63 years)	Managing Director	Dr Kenneth Gerard Pereira is a graduate from Bath University, United Kingdom with an Honours degree in Engineering. He obtained an MBA in Cranfield University, United Kingdom before pursuing a Doctorate degree in Business Administration at the University of South Australia. Before he was appointed as a managing director for Hibiscus Petroleum in 13 <sup>th</sup> September 2010, he was a Managing Director at Interlink Petroleum Ltd from January 2008 to October 2011. and previously worked for Schlumberger Overseas as a Field Engineer in North Africa, Asia and Europe.
YBHG Dato' Sri Roushan Arumugam (age: 49 years)	Independent Non-Executive Director	YBHG Dato' Sri Roushan Arumugam holds a bachelor's degree in English Language and Literature at Oxford University, United Kingdom. He pursued an MBA in Imperial College, London in 1998 as well as a master's degree in Law at the University of Bristol in 2003. He has 22 years of experience in the financial services industry and has worked in various companies. He was an analyst for Caspian Securities Ltd, London and an investment banker in both Nomura Advisory Services, Malaysia, and Deutsche Bank, London. He has many present directorships in various companies such as Pneumacare Ltd, Littleton Holdings Pte Ltd and South Pickenham Estate Company Ltd. He was appointed to the board as an Independent Non-Executive Director for Hibiscus Petroleum on 25 <sup>th</sup> July 2011.
Thomas Michael Taylor (age: 65 years)	Senior Independent Non-Executive Director	Thomas Michael Taylor obtained a Master of Arts in Engineering at the University of Cambridge, United Kingdom in 1978. He is a qualified accountant a member of the Chartered Institute of Management Accountants. He initially joined Shell in 1984 and since has held board memberships in oil and gas companies, in all sectors of the industry in Malaysia, Brunei, Russia, Hungary, France. He was previously the Finance Director in 3 companies, from 2000 to 2004 in Sakhalin Energy Investment Company, 2004-2009 in Shell Malaysia and 2009 to 2012 in Brunei Shell Petroleum. He was appointed Senior Independent Non-Executive Director at Hibiscus Petroleum on 1 <sup>st</sup> August 2016.
YBHG Dato' Dr Zaha Rina Zahari (age: 59 years)	Independent Non-Executive Director	YBHG Dato' Dr Zaha Rina Zahari graduated from Leeds University, United Kingdom with an Honours in Accounting and Finance before obtaining an MBA and Doctorate in Business Administration at Hull University, United Kingdom. She is a chairperson of both Manulife Holdings Berhad. She currently sits on the boards of Hibiscus Petroleum Bhd., Pacific & Orient Berhad, IGB Berhad and Keck Seng (Malaysia) Berhad, besides holding directorships in several private limited companies.

Source: Company

## Leadership Team

Name	Designation	Profile
Yip Chee Yeong (age: 47 years)	Chief Financial Officer	Yip Chee Yeong holds an honours degree in Accounting and Finance at the Middlesex University, London, United Kingdom. He is a member of the Malaysian Institute of Accountants, Malaysia, and a Fellow member of the Association of Chartered Certified Accountants and has over 27 years of accounting and finance experience in various industries, namely, oil and gas, manufacturing, technology, services, risk consulting, audit and taxation. He was previously CFO at Microsoft Malaysia, responsible for company-wide financial management. Previously the Vice President of Finance and Group Controller, he was appointed as CFO of Hibiscus Petroleum Berhad on 1 <sup>st</sup> June 2019.
Dr Pascal Hos (age: 50 years)	Senior Vice President of New Ventures	Dr Pascal Hos is a graduate from Rice University, Texas, United States of America with a bachelor's degree in Engineering as well as a Doctorate in Mechanical Engineering. He previously worked at Schlumberger Sugar Land Technology Center, NASA Johnson Space Center, Shell International EP and Sarawak Shell Berhad. He joined Hibiscus Petroleum in February 2011 as Head of Petroleum Engineering and was redesignated as Chief Operating Officer (COO) of HiRex Petroleum Sdn Bhd in October 2014. He has over 21 years of experience in general management field development, reservoir engineering, production technology and rock mechanics in major local and foreign companies.
Mark John Paton (age: 62 years)	Chief Executive Officer	Mark John Paton holds a Bachelor of Science degree (honours) in Chemical Engineering at University of Leeds, United Kingdom and was a Fellow of the Institution of Chemical Engineers. He began his career with BP Exploration in 1980 as a Production and Commissioning Engineer. He was the founder of Upstream Petroleum and upon the company's acquisition by the AGR Group ASA of Norway, acted as Managing Director for the Asia Pacific region. He joined Hibiscus Petroleum in March 2013 and was appointed Chief Executive Officer of Anasuria Hibiscus UK Limited on 1 <sup>st</sup> February 2020.

## Leadership Team (continued)

Name	Designation	Profile
Kevin Robinson (age: 65 years)	Vice President of Project Assurance & Asset Oversight	Kevin Robinson graduated from Sheffield University, United Kingdom with Bachelors of Science (Honours) in Geology and pursued a Masters of Sciences in Geochemistry at Leeds University, United Kingdom. He started his career with Core Laboratories working at the wellsites and then built a successful Geoscience Lab Business in Southeast Asia, China and Australia. Not only did he discover and developed 2 oilfields in China for Newfield from 1997 to 2004, Kevin Robinson also expanded Sapura's E&P business outside Malaysia signing 9 exploration permits in Australia, New Zealand and Mexico. He was appointed as Vice President of Project Assurance & Asset Oversight on 1 <sup>st</sup> Sept 2020.
Chong Chee Seong (age: 44 years)	Chief Executive Officer	Chong Chee Seong holds both Master of Arts in Engineering and master's in mechanical engineering at Cambridge University, United Kingdom and has over 20 years of work experience in the oil and gas industry. He previously worked as a Business Planning Manager at Newfield Malaysia which was later acquired by Sapura Energy where he subsequently became the Oil Assets Manager. He joined Hibiscus Petroleum Group in December 2017 as COO for SEA Hibiscus before being appointed as CEO for SEA Hibiscus on 1 <sup>st</sup> March 2021.
Joyce Vasudevan (age: 53 years)	Head of Corporate Finance	Joyce Vasudevan graduated with a Bachelor of Economics, majoring in Accounting, at Latrobe University, Melbourne, Australia and is a member of the Australian Society of Certified Practising Accountants. She has more than 30 years of experience in audit, corporate finance, business planning etc. She began as an auditor with Ernst & Young and has been with companies such as the Malaysian International Merchant Bankers, RHB Sakura Merchant Bankers, Carlsberg Brewery Malaysia and SapuraCrest Petroleum. She was appointed Head of Corporate Finance on 2 <sup>nd</sup> September 2020.
Lim Kock Hooi (age: 64 years)	Group General Counsel	Lim Kock Hooi holds a Bachelor of Science degree in Applied Geology at University of Malaya, Malaysia as well as LLB at the University of London, United Kingdom. He was a fellow of the London-based Chartered Institute of Arbitrators and prior to joining Hibiscus Petroleum, he was a member of the management team of Caelus Energy Asia, as the Senior Vice President for Legal for the Asia-Pacific region. He was appointed on 7 <sup>th</sup> March 2017 as Group General Counsel of Hibiscus Petroleum.
Deepak Thakur, CFA (age: 38 years)	Vice President of Economics and Business Planning	Deepak Thakur, CFA graduated from Indian Institute of Technology (IIT), Dhanbad, India with a Bachelor of Technology degree in Petroleum Engineering and pursued MBA, with a major in Finance, at the Indian Institute of Management, Bangalore, India. Previously, he worked with Essar Group- Business Leadership Programme, Morgan Stanley and Prize Petroleum Ltd in India on multiple oil and gas opportunities based in SEA, UK, Australia, Africa and India. He joined Hibiscus Petroleum in March 2012 and was appointed Vice President of Economics and Business Planning on 1 <sup>st</sup> February 2020.
Dr Ambrose Gerard Corray (age: 64 years)	Vice President in Corporate Services	Dr Ambrose Gerard Corray holds a Bachelor of Science (Honours) in Mechanical Engineering at King's College London, United Kingdom as well as an MBA and Doctorate in Business at Southern Cross University, Australia. He started his career as a field engineer and went through to many senior management roles over a 20-year span with Schlumberger and founded Petrosearch Pte Ltd. From 2016 to 2018, he supported Hibiscus Petroleum's successful North Sabah asset acquisition from Shell. He was appointed Vice President of Corporate Services in Hibiscus Petroleum on 8 <sup>th</sup> January 2020.
Dr Wei-Nee Chen (age: 58 years)	Vice President of New Energy Ventures	Dr Wei-Nee Chen graduated from the University of Canterbury, New Zealand with a bachelor's degree in computer science. She took Master of Business Administration from Universiti Tun Abdul Razak, Malaysia before further pursuing Doctor of Business Administration at Universiti Kebangsaan Malaysia. She was previously the Technical Advisor of the Malaysia Building Integrated Photovoltaic (MBIPV) Project and also the CCO the Sustainable Energy Development Authority (SEDA) of Malaysia in 2011. Currently, she serves as a member of the Industry Advisory Panel to Malaysia Petroleum Resources Corporation (MPRC). She was appointed as Vice President of New Energy Ventures on 16 <sup>th</sup> Sept 2020.
Syarifah Aliza Syed Azauddin (age: 46 years)	Vice President of Corporate Governance	Syarifah Aliza Syed Azauddin is a graduate from Lancaster University, UK with Bachelor of Arts degree (Hons) in Accountancy and Finance and pursued an MBA at the International Islamic University, Malaysia. Her career commenced in the Renong Berhad Group of companies, in the Commercial & Marketing Department. With over 24 years of experience in various areas of corporate finance, asset management, private equity, corporate governance, audit and general management, she was previously the Deputy Head of the Alternative Investment Group at KFH Asset Management Sdn Bhd and also worked with the International Business Team of KFHMB. She is currently the Vice President of Corporate Governance, appointed on 1 <sup>st</sup> January 2019.
Nurzalina Jamaluddin (age: 44 years)	Chief Operating Officer, SEA Hibiscus	Nurzalina Jamaluddin holds a Bachelor of Science degree in Chemical Engineering at Cornell University, New York, United States of America. She spent majority of her career in ExxonMobil E&P Malaysia Inc, and later served as Vice President and founding member of Malaysia Petroleum Resources Corporation (MPRC). She has over 20 years of experience, mostly in oil and gas industry and is active in coaching and mentoring in the energy and women advocacy space. She joined Hibiscus Petroleum Group in April 2021 and was appointed COO for SEA Hibiscus in 5 <sup>th</sup> April 2021
Lily Ling Leong Shuang (age: 38 years)	Senior General Manager of Corporate Development	Lily Ling Leong Shuang graduated from University of Hertfordshire, UK with a Bachelor of Arts (Honours) degree in Accounting and is a fellow member of the Association of Chartered Certified Accountants, UK. She started her career at Ernst & Young. She was previously a Director in Corporate Finance at CIMB Investment Bank for 8 years. Prior to joining Hibiscus Petroleum in January 2020, she worked on corporate finance and investor relations at Sapura Energy Berhad. She was appointed Senior General Manager of Corporate Development on 6 <sup>th</sup> January 2020.

Source: Company

FYE 30 Jun	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	10.1	10.4	6.8	6.2
Core P/E (x)	14.7	11.4	10.4	6.8	6.2
P/BV (x)	0.9	0.8	1.4	0.8	0.6
P/NTA (x)	(7.4)	12.1	7.8	1.5	0.9
Net dividend yield (%)	0.0	2.2	0.0	0.0	0.0
FCF yield (%)	nm	16.3	20.9	6.2	7.1
EV/EBITDA (x)	3.2	2.7	2.4	1.8	1.8
EV/EBIT (x)	5.6	4.9	4.1	3.5	3.0
<b>INCOME STATEMENT (MYR m)</b>					
Revenue	646.5	804.8	1,634.9	2,106.0	1,959.8
EBITDA	335.3	381.8	887.1	1,118.5	1,035.6
Depreciation	(145.0)	(171.0)	(360.4)	(542.6)	(413.2)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	190.3	210.7	526.7	575.9	622.4
Net interest income / (exp)	(43.0)	(42.2)	(56.2)	(15.1)	(15.8)
Associates & JV	(0.4)	(1.1)	(1.0)	(1.0)	(1.0)
Exceptionals	(121.6)	0.1	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	25.3	167.6	469.5	559.8	605.6
Income tax	(74.5)	(63.9)	(251.4)	(223.9)	(237.5)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(49.3)	103.7	218.2	335.9	368.0
Core net profit	72.4	103.6	218.2	335.9	368.0
<b>BALANCE SHEET (MYR m)</b>					
Cash & Short Term Investments	81.0	177.7	188.3	327.5	487.0
Accounts receivable	11.4	112.9	163.5	210.6	196.0
Inventory	68.1	49.5	100.5	191.5	178.2
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	587.4	604.8	2,010.4	2,973.0	3,806.2
Intangible assets	1,364.6	1,375.8	1,375.8	1,375.8	1,375.8
Investment in Associates & JVs	5.4	4.4	3.4	2.4	1.4
Other assets	308.2	463.0	746.2	746.2	746.2
<b>Total assets</b>	<b>2,426.2</b>	<b>2,788.0</b>	<b>4,588.1</b>	<b>5,827.0</b>	<b>6,790.8</b>
ST interest bearing debt	59.9	15.5	15.5	15.5	15.5
Accounts payable	4.8	9.6	19.6	25.2	23.5
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	14.4	11.2	53.0	50.4	47.8
Other liabilities	1,126.0	1,278.0	2,834.0	2,835.0	2,835.0
<b>Total Liabilities</b>	<b>1,204.8</b>	<b>1,314.1</b>	<b>2,922.5</b>	<b>2,925.9</b>	<b>2,922.0</b>
Shareholders Equity	1,221.3	1,473.9	1,665.7	2,901.1	3,868.7
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>1,221.3</b>	<b>1,473.9</b>	<b>1,665.7</b>	<b>2,901.1</b>	<b>3,868.7</b>
<b>Total liabilities and equity</b>	<b>2,426.2</b>	<b>2,788.0</b>	<b>4,588.1</b>	<b>5,827.0</b>	<b>6,790.8</b>
<b>CASH FLOW (MYR m)</b>					
Pretax profit	25.3	167.6	469.5	559.8	605.6
Depreciation & amortisation	145.0	171.0	360.4	542.6	413.2
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(85.9)	(80.7)	861.3	(132.4)	26.2
Cash taxes paid	(74.5)	(63.9)	(251.4)	(223.9)	(237.5)
Other operating cash flow	402.5	445.1	801.0	901.0	601.0
Cash flow from operations	122.3	297.0	1,520.1	561.9	582.0
Capex	(252.9)	(104.4)	(1,045.2)	(420.0)	(420.0)
Free cash flow	(130.6)	192.6	474.9	141.9	162.0
Dividends paid	0.0	0.0	(25.9)	0.0	0.0
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	74.3	(47.5)	41.7	(2.7)	(2.5)
Other invest/financing cash flow	(136.2)	(48.4)	(480.0)	0.0	0.0
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>(192.5)</b>	<b>96.7</b>	<b>10.7</b>	<b>139.2</b>	<b>159.5</b>

FYE 30 Jun	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(34.6)	24.5	103.2	28.8	(6.9)
EBITDA growth	(39.0)	13.9	132.4	26.1	(7.4)
EBIT growth	(56.2)	10.7	149.9	9.3	8.1
Pretax growth	(93.5)	562.8	180.1	19.2	8.2
Reported net profit growth	nm	nm	110.4	54.0	9.6
Core net profit growth	(68.5)	43.1	110.6	54.0	9.6
<b>Profitability ratios (%)</b>					
EBITDA margin	51.9	47.4	54.3	53.1	52.8
EBIT margin	29.4	26.2	32.2	27.3	31.8
Pretax profit margin	3.9	20.8	28.7	26.6	30.9
Payout ratio	0.0	25.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	12.9	13.3	15.9	18.8
Revenue/Assets (x)	0.3	0.3	0.4	0.4	0.3
Assets/Equity (x)	2.0	1.9	2.8	2.0	1.8
ROAE (%)	(4.0)	7.7	13.9	14.7	10.9
ROAA (%)	3.0	4.0	5.9	6.4	5.8
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	21.2	27.8	30.4	32.0	37.3
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	nm	4.0	nm	nm	nm
Current ratio (x)	0.9	1.4	0.4	0.6	0.6
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.0	2.1	1.6	2.0	2.3
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	4.4	5.0	9.4	38.2	39.4
Debt/EBITDA (x)	0.2	0.1	0.1	0.1	0.1
Capex/revenue (%)	39.1	13.0	63.9	19.9	21.4
Net debt/ (net cash)	(6.7)	(150.9)	(119.8)	(261.7)	(423.7)

Source: Company; Maybank



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