

# Hibiscus Petroleum (HIBI MK)

## 1HFY6/22: Above expectation

### Maintain BUY and MYR1.70 TP

1HFY22 core earnings (4.1x YoY) made up 58% of our FY forecast (ex-Repsol), on a much improved QoQ performance (production & opex at Anasuria & North Sabah ops) in 2QFY22. We have raised FY22-24 net profit by 28%-36%, largely led by a higher crude oil price outlook (+USD5/boe). We see upside to our TP, which is pegged to USD10/ boe of EV/ 2P reserves valuation. Extension to Repsol's PSC beyond 2032, asset monetisation deals on its 2C resources or additional 2P reserves upside would add to upside.

### An improved 2QFY22 & 1HFY22

Net profit of MYR49m (+17% QoQ) in 2QFY6/22 took 1HFY6/22 earnings to MYR90m (+311% YoY). The QoQ strength was driven mainly by Anasuria's much improved (+40%) ops. It reported higher: (i) average uptime (+6-ppts), (ii) daily oil/gas production (+9-10%) and (iii) gas prices (2-4x) while realising lower opex (-13%). Its North Sabah ops too reported similar sequential improvement. Hibiscus realised oil price of USD72/ bbl (Anasuria) and USD75/ bbl (North Sabah) in 2Q22.

### Delivering Repsol in 2H would lift earnings

Hibiscus will consolidate Repsol's earnings from 3QFY22 (completed on 24 Jan 2022). We are positive on this transaction. The deal: (i) is undemanding (USD6.16/ boe @ 2P reserves), (ii) instantly 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 (vs. 2% gas previously); a crucial aspect, in its ESG and energy transition quest.

### Turning more bullish on oil price, estimates raised

Oil is nearing USD100. The demand-supply mismatch in the oil's market is prevalent, strained by prolonged under-investment since 2014. The adverse situation will extend over the next 2-3 years, resulting in oil price sustained at elevated levels. We raised our FY22-24E: (i) oil price assumption by USD5/boe to USD75-80 (generating strong FCFs during these periods) and (ii) earnings by 36%/ 35%/ 28% This will be partially offset by revisions to its Anasuria & North Sabah ops (production & opex).

| FYE Jun (MYR m)              | FY20A    | FY21A    | FY22E    | FY23E    | FY24E    |
|------------------------------|----------|----------|----------|----------|----------|
| Revenue                      | 647      | 805      | 1,650    | 2,191    | 2,086    |
| EBITDA                       | 335      | 382      | 951      | 1,251    | 1,167    |
| Core net profit              | 72       | 104      | 296      | 469      | 476      |
| Core EPS (sen)               | 4.2      | 6.0      | 14.7     | 23.3     | 23.7     |
| Core EPS growth (%)          | (68.5)   | 43.1     | 145.4    | 58.5     | 1.6      |
| Net DPS (sen)                | 0.0      | 1.5      | 0.0      | 0.0      | 0.0      |
| Core P/E (x)                 | 14.7     | 11.4     | 7.8      | 4.9      | 4.8      |
| P/BV (x)                     | 0.9      | 0.8      | 1.3      | 0.7      | 0.5      |
| Net dividend yield (%)       | 0.0      | 2.2      | 0.0      | 0.0      | 0.0      |
| ROAE (%)                     | (4.0)    | 7.7      | 18.4     | 19.3     | 13.0     |
| ROAA (%)                     | 3.0      | 4.0      | 7.9      | 8.8      | 7.2      |
| EV/EBITDA (x)                | 3.2      | 2.7      | 2.2      | 1.4      | 1.3      |
| Net gearing (%) (incl perps) | net cash | net cash | net cash | net cash | net cash |
| Consensus net profit         | -        | -        | 246      | 409      | 382      |
| MKE vs. Consensus (%)        | -        | -        | 20.0     | 14.5     | 24.7     |

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# BUY

|                       |                 |
|-----------------------|-----------------|
| Share Price           | MYR 1.14        |
| 12m Price Target      | MYR 1.70 (+49%) |
| Previous Price Target | MYR 1.70        |

### 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)     | 1.15/0.61 |
| 3m avg turnover (USDm) | 5.0       |
| Free float (%)         | 70.5      |
| Issued shares (m)      | 2,012     |
| Market capitalisation  | MYR2.3B   |
|                        | USD548M   |

### Major shareholders:

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

### Price Performance



— Hibiscus Petroleum - (LHS, MYR)  
— Hibiscus Petroleum / Kuala Lumpur Composite Index - (RHS, %)

|                       | -1M | -3M | -12M |
|-----------------------|-----|-----|------|
| Absolute (%)          | 32  | 38  | 63   |
| Relative to index (%) | 27  | 31  | 62   |

Source: FactSet

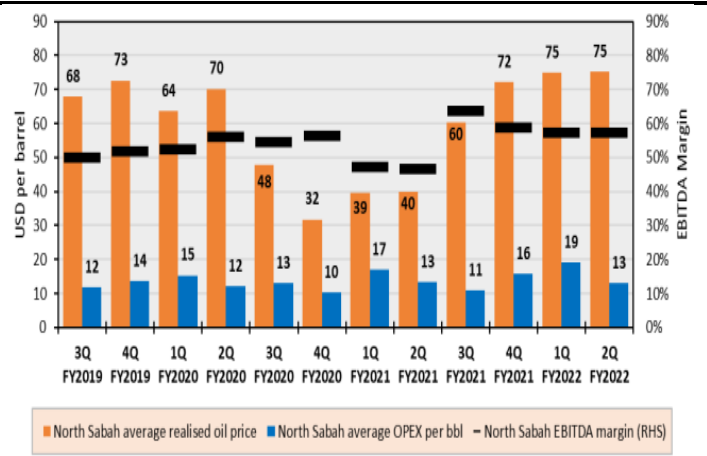
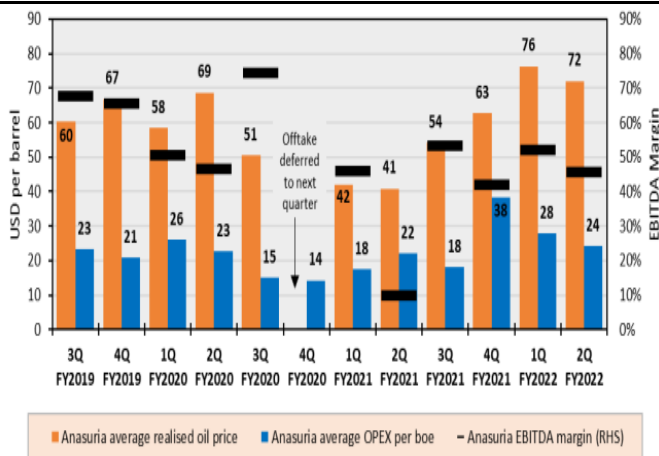
## Summary Results Table

| FY Jun (RM m)                      | Quarterly results |              |                |              |              | Cumulative   |              |                |
|------------------------------------|-------------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|
|                                    | 2Q22              | 2Q21         | % YoY          | 1Q22         | % QoQ        | 6M22         | 6M21         | % YoY          |
| <b>Turnover</b>                    | <b>284.4</b>      | <b>190.3</b> | <b>49.5</b>    | <b>246.7</b> | <b>15.3</b>  | <b>531.1</b> | <b>335.8</b> | <b>58.2</b>    |
| EBITDA                             | 140.0             | 63.3         | >100           | 123.7        | 13.1         | 263.7        | 129.3        | >100           |
| Int. expense                       | (10.6)            | (11.1)       | (4.3)          | (9.8)        | 8.5          | (20.4)       | (19.8)       | 2.9            |
| Associates                         | (0.1)             | (0.1)        | (16.7)         | (0.1)        | (18.2)       | (0.2)        | (0.9)        | (76.7)         |
| Exceptional items                  | 0.0               | (2.2)        | NM             | 0.0          | NM           | 0.0          | 0.2          | NM             |
| <b>Pre-tax profits</b>             | <b>88.7</b>       | <b>7.9</b>   | <b>&gt;100</b> | <b>74.8</b>  | <b>18.6</b>  | <b>163.4</b> | <b>24.7</b>  | <b>&gt;100</b> |
| Tax                                | (40.2)            | 4.1          | NM             | (33.2)       | 20.9         | (73.4)       | (2.6)        | NM             |
| Minority interest                  | 0.0               | 0.0          | NM             | 0.0          | NM           | 0.0          | 0.0          | NM             |
| Net profit                         | 48.5              | 12.0         | >100           | 41.5         | 16.8         | 90.0         | 22.0         | >100           |
| <b>Net profit Ex EI</b>            | <b>48.5</b>       | <b>14.2</b>  | <b>&gt;100</b> | <b>41.5</b>  | <b>16.8</b>  | <b>90.0</b>  | <b>21.9</b>  | <b>&lt;100</b> |
| <i>EBITDA margin (%)</i>           | <i>49.2</i>       | <i>33.3</i>  | <i>16.0</i>    | <i>50.2</i>  | <i>(0.9)</i> | <i>49.7</i>  | <i>38.5</i>  | <i>11.1</i>    |
| <i>Tax rate (%)</i>                | <i>45.3</i>       | <i>-51.8</i> | <i>97.2</i>    | <i>44.5</i>  | <i>0.8</i>   | <i>44.9</i>  | <i>10.7</i>  | <i>34.3</i>    |
| <b>Segmental breakdown</b>         |                   |              |                |              |              |              |              |                |
| <b>Sales</b>                       | <b>284.4</b>      | <b>190.3</b> | <b>49.5</b>    | <b>246.7</b> | <b>15.3</b>  | <b>531.1</b> | <b>335.8</b> | <b>58.2</b>    |
| - Anasuria                         | 98.6              | 46.2         | >100           | 67.4         | 46.2         | 166.0        | 92.8         | 78.8           |
| - North Sabah PSC                  | 184.4             | 142.7        | 29.3           | 177.7        | 3.8          | 362.1        | 240.6        | 50.5           |
| - 3D Oil, Vic/ L31 & VIC P57       | 0.0               | 0.0          | NM             | 0.0          | >100         | 0.0          | 0.0          | NM             |
| - Inv. holdings & group activities | 1.4               | 1.4          | (1.3)          | 1.6          | (13.5)       | 3.0          | 2.3          | 26.5           |
| <b>EBITDA</b>                      | <b>140.0</b>      | <b>63.3</b>  | <b>&gt;100</b> | <b>123.7</b> | <b>13.1</b>  | <b>263.7</b> | <b>129.3</b> | <b>103.9</b>   |
| - Anasuria                         | 45.0              | 4.6          | >100           | 35.1         | 27.9         | 80.1         | 25.9         | >100           |
| - North Sabah PSC                  | 105.4             | 66.4         | 58.8           | 101.9        | 3.4          | 207.4        | 112.5        | 84.2           |
| - 3D Oil, Vic/ L31 & VIC P57       | 0.1               | 2.3          | (93.8)         | -1.6         | NM           | -1.4         | 2.6          | NM             |
| - Inv. holdings & group activities | -10.5             | -9.9         | 6.0            | -11.7        | (10.4)       | -22.3        | -11.8        | 88.6           |
| <b>Net Profit</b>                  | <b>48.5</b>       | <b>12.0</b>  | <b>&gt;100</b> | <b>41.5</b>  | <b>16.8</b>  | <b>90.0</b>  | <b>22.0</b>  | <b>&gt;100</b> |
| - Anasuria                         | 16.9              | -4.9         | NM             | 12.1         | 39.5         | 29.1         | (4.3)        | NM             |
| - North Sabah PSC                  | 43.6              | 26.4         | 65.2           | 43.2         | 0.9          | 86.8         | 38.4         | >100           |
| - 3D Oil, Vic/ L31 & VIC P57       | 0.1               | 2.3          | (93.8)         | -1.6         | NM           | -1.4         | 2.6          | NM             |
| - Inv. holdings & group activities | -12.2             | -11.7        | 3.7            | -12.2        | (0.6)        | -24.4        | (14.7)       | 66.1           |
| <b>EBITDA margin (%)</b>           | <b>49.2</b>       | <b>33.3</b>  | <b>16.0</b>    | <b>50.2</b>  | <b>(0.9)</b> | <b>49.7</b>  | <b>38.5</b>  | <b>11.1</b>    |
| - Anasuria                         | 45.6              | 9.9          | 35.7           | 52.1         | (6.5)        | 48.2         | 27.9         | 20.3           |
| - North Sabah PSC                  | 57.2              | 46.5         | 10.6           | 57.4         | (0.2)        | 57.3         | 46.8         | 10.5           |
| <b>Net profit margin (%)</b>       | <b>17.0</b>       | <b>6.3</b>   | <b>10.7</b>    | <b>16.8</b>  | <b>0.2</b>   | <b>16.9</b>  | <b>6.6</b>   | <b>10.4</b>    |
| - Anasuria                         | 17.2              | (10.6)       | 27.7           | 18.0         | (0.8)        | 17.5         | (4.6)        | 22.2           |
| - North Sabah PSC                  | 23.6              | 18.5         | 5.1            | 24.3         | (0.7)        | 24.0         | 16.0         | 8.0            |

Source: Company, Maybank IBG Research

**Anasuria: Historical operating performance vs. oil price**

**North Sabah: Historical operating performance vs. oil price**



Source: Company, Maybank IBG Research

Source: Company, Maybank IBG Research

**North Sabah: Quarterly operating performance**

| FY Jun (m)                                     | 1Q20    | 2Q20    | 3Q20    | 4Q20    | 1Q21    | 2Q21    | 3Q21    | 4Q21    | 1Q22    | 2Q22    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Avg. uptime (%)                                | 85      | 93      | 89      | 94      | 86      | 92      | 95      | 95      | 81      | 92      |
| Avg. daily gross oil production rate (bbl/day) | 14,234  | 17,076  | 17,395  | 18,780  | 16,895  | 17,700  | 17,796  | 17,281  | 14,355  | 16,305  |
| Avg. daily net oil production rate (bbl/day)   | 5,194   | 6,318   | 6,436   | 6,949   | 6,251   | 6,549   | 6,585   | 6,394   | 5,185   | 5,937   |
| Cargoes sold                                   | 1       | 2       | 2       | 1       | 2       | 3       | 2       | 2       | 2       | 2       |
| Total oil sold (bbl)                           | 334,613 | 671,452 | 611,367 | 249,387 | 592,453 | 870,874 | 599,948 | 608,006 | 565,292 | 587,374 |
| Average realised oil price (USD/bbl)           | 63.63   | 70.19   | 47.72   | 31.79   | 39.46   | 39.91   | 60.46   | 72.07   | 75.01   | 75.15   |
| Average opex per boe (USD/ boe)                | 15.33   | 12.23   | 13.05   | 10.27   | 17.08   | 13.29   | 10.91   | 15.67   | 19.14   | 13.06   |

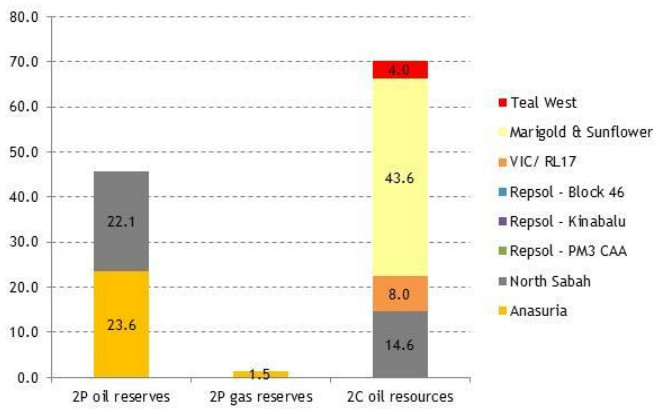
Source: Company, Maybank IBG Research

**Anasuria: Quarterly operating performance**

| FY Jun (m)                                     | 1Q20    | 2Q20    | 3Q20    | 4Q20  | 1Q21    | 2Q21    | 3Q21    | 4Q21    | 1Q22    | 2Q22    |
|--|---------|---------|---------|-------|---------|---------|---------|---------|---------|---------|
| Avg. uptime (%)                                | 77      | 85      | 89      | 85    | 94      | 95      | 91      | 53      | 69      | 75      |
| 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   | 2,087   |
| Avg. daily gas export rate (boe/day)           | 204     | 288     | 375     | 322   | 330     | 383     | 354     | 240     | 301     | 310     |
| Avg. daily oil equivalent prod. rate (boe/day) | 2,590   | 2,968   | 3,177   | 2,861 | 3,083   | 3,109   | 2,817   | 1,642   | 2,205   | 2,397   |
| 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 | 256,224 |
| Total gas exported sold (mmscf)                | 112     | 159     | 205     | 176   | 182     | 212     | 191     | 131     | 166     | 171     |
| Average realised oil price (USD/bbl)           | 58.41   | 68.67   | 50.59   | -     | 41.99   | 40.85   | 54.04   | 62.67   | 76.31   | 72.02   |
| <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    | 20.11   |
| - 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   | 23.69   |
| Average opex per boe (USD/ boe)                | 26.04   | 22.64   | 13.29   | 14.29 | 17.50   | 22.00   | 18.15   | 38.22   | 27.94   | 24.31   |

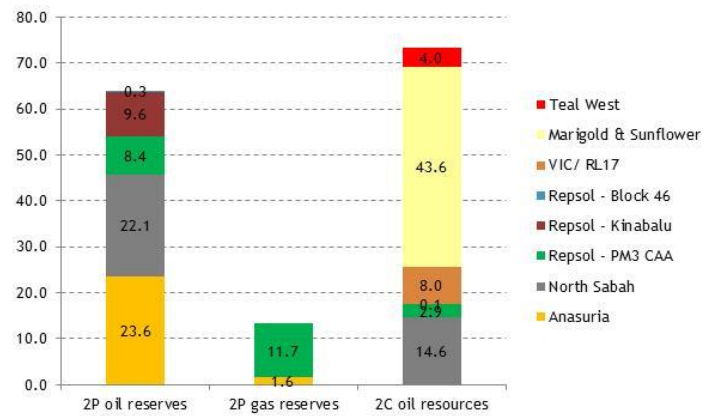
Source: Company, Maybank IBG Research

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



Source: Company, Maybank IBG Research

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



Source: Company, Maybank IBG Research

### 1-year forward PBV



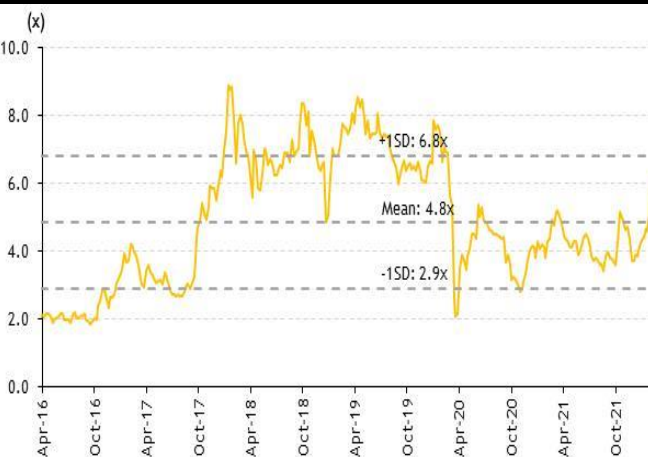
Source: Company, Maybank IBG Research

### 1-year forward EV/ EBITDA



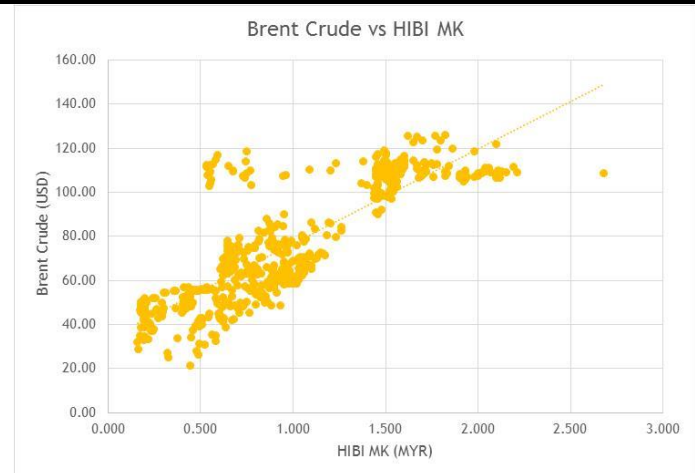
Source: Company, Maybank IBG Research

### 1-year forward EV/ 2P reserves



Source: Company, Maybank IBG Research

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



Source: Company, Maybank IBG Research

## SEA's recent transactions of PSC deals

|        | Assets name                                      | Acquirer        | Seller        | Price<br>(USD'm) | 2P reserves<br>(m boe) | Price<br>(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

## Peer comparison - valuations

| Stock                 | BBG Code | Country | Mkt Cap.<br>(USD m) | Price<br>(LCY) | PER (x)     |            | EV/EBITDA (x) |            | PBV<br>(x) | ROE<br>(%)   | Yield<br>(%) |
|-----------------------|----------|---------|---------------------|----------------|-------------|------------|---------------|------------|------------|--------------|--------------|
|                       |          |         |                     |                | FY22E       | FY23E      | FY22E         | FY23E      |            |              |              |
| Aker BP ASA           | AKRBP NO | Norway  | 11,526.2            | 281.70         | 10.3        | 10.8       | 2.3           | 2.2        | 4.3        | 54.2%        | 5.7%         |
| Lundin Energy AB      | LUNE SS  | Sweden  | 10,705.6            | 341.00         | 10.0        | 9.0        | 2.0           | 1.9        | nm         | nm           | 5.7%         |
| Harbour Energy        | HBR LN   | UK      | 4,534.0             | 3.61           | 5.3         | 6.7        | 2.6           | 3.1        | 1.7        | 33.1%        | 4.3%         |
| Capricorn Energy*     | CNE LN   | UK      | 1,361.7             | 2.03           | 59.8        | 28.3       | 6.2           | 7.8        | 1.3        | 3.9%         | 15.4%        |
| Serica Energy         | SQZ LN   | UK      | 917.8               | 2.52           | 2.8         | 6.0        | 1.5           | 2.4        | nm         | 29.0%        | 1.9%         |
| Jadestone Energy      | JSE LN   | UK      | 634.5               | 1.01           | 5.9         | 6.6        | 2.0           | 2.0        | nm         | nm           | 1.5%         |
| EnQuest               | ENQ LN   | UK      | 526.0               | 0.21           | 1.6         | 1.8        | 2.6           | 3.1        | 1.7        | 88.1%        | nm           |
| Hurricane Energy      | HUR LN   | UK      | 134.1               | 0.05           | 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

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

| Stock             | Jurisdiction | 2P<br>reserves<br>(m boe) | 2C<br>reserves<br>(m boe) | Type of field        | Location of field      | EV<br>(USD'm) | EV/2P<br>(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               |

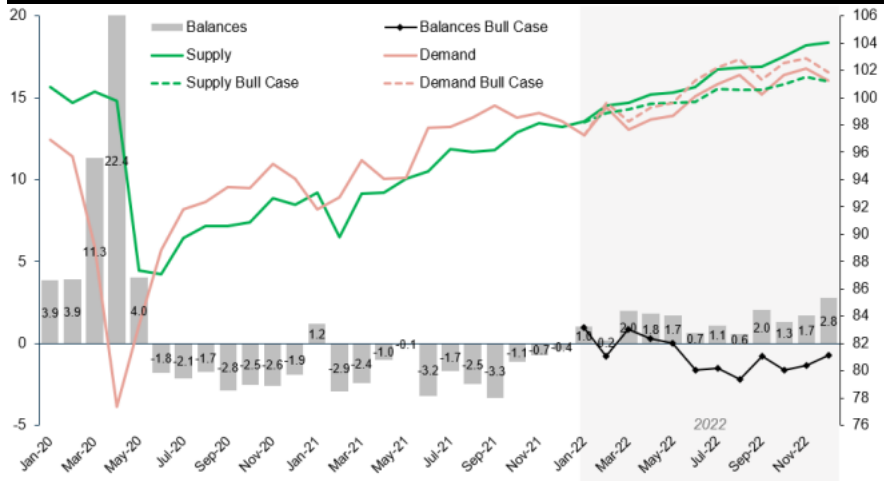
Source: FactSet, Bloomberg, Company Data (as of 09 Feb), \* formerly known as Cairn Energy PLC

## 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>25,494</b> | <b>24,711</b> | <b>22,837</b> |
| - Anasuria                        | 3,462        | 2,898        | 2,665        | 2,344         | 2,728         | 2,983         |
| - North Sabah                     | 4,894        | 6,222        | 6,442        | 5,755         | 5,827         | 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        | 21.20         | 21.20         | 21.20         |
| - Repsol                          | -            | -            | -            | 23.47         | 21.65         | 22.50         |
| <b>Crude oil price (USD/ boe)</b> |              |              |              |               |               |               |
| - Anasuria                        | 67.00        | 59.00        | 49.89        | 80.00         | 75.00         | 75.00         |
| - North Sabah                     | 72.81        | 56.52        | 51.75        | 80.00         | 75.00         | 75.00         |
| - Repsol                          | -            | -            | -            | 80.00         | 75.00         | 75.00         |

Source: Maybank IBG Research

### Global liquids supply and demand balances



Source: Rystad Energy

### Brent oil historical prices, futures curves and Rystad's estimates (USD/ bbl)



Source: Rystad Energy



| FYE 30 Jun             | FY20A | FY21A | FY22E | FY23E | FY24E |
|------------------------|-------|-------|-------|-------|-------|
| <b>Key Metrics</b>     |       |       |       |       |       |
| P/E (reported) (x)     | nm    | 10.1  | 7.8   | 4.9   | 4.8   |
| Core P/E (x)           | 14.7  | 11.4  | 7.8   | 4.9   | 4.8   |
| P/BV (x)               | 0.9   | 0.8   | 1.3   | 0.7   | 0.5   |
| P/NTA (x)              | (7.4) | 12.1  | 6.2   | 1.3   | 0.8   |
| Net dividend yield (%) | 0.0   | 2.2   | 0.0   | 0.0   | 0.0   |
| FCF yield (%)          | nm    | 16.3  | 24.0  | 13.4  | 12.7  |
| EV/EBITDA (x)          | 3.2   | 2.7   | 2.2   | 1.4   | 1.3   |
| EV/EBIT (x)            | 5.6   | 4.9   | 3.6   | 2.4   | 1.9   |

**INCOME STATEMENT (MYR m)**

|                             |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|
| Revenue                     | 646.5   | 804.8   | 1,649.8 | 2,191.4 | 2,085.9 |
| EBITDA                      | 335.3   | 381.8   | 950.7   | 1,251.0 | 1,166.9 |
| Depreciation                | (145.0) | (171.0) | (360.4) | (497.8) | (384.3) |
| Amortisation                | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| EBIT                        | 190.3   | 210.7   | 590.4   | 753.1   | 782.6   |
| 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   | 533.1   | 737.1   | 765.8   |
| Income tax                  | (74.5)  | (63.9)  | (237.4) | (268.2) | (289.5) |
| 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   | 295.7   | 468.8   | 476.3   |
| Core net profit             | 72.4    | 103.6   | 295.7   | 468.8   | 476.3   |

**BALANCE SHEET (MYR m)**

|                                     |                |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash & Short Term Investments       | 81.0           | 177.7          | 263.7          | 567.5          | 856.8          |
| Accounts receivable                 | 11.4           | 112.9          | 165.0          | 219.1          | 208.6          |
| Inventory                           | 68.1           | 49.5           | 101.4          | 199.2          | 189.6          |
| Reinsurance assets                  | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Property, Plant & Equip (net)       | 587.4          | 604.8          | 2,010.4        | 2,928.3        | 3,732.6        |
| 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>4,665.9</b> | <b>6,038.6</b> | <b>7,111.1</b> |
| ST interest bearing debt            | 59.9           | 15.5           | 15.5           | 15.5           | 15.5           |
| Accounts payable                    | 4.8            | 9.6            | 19.8           | 26.2           | 25.0           |
| 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        | 2,834.0        | 2,834.0        |
| <b>Total Liabilities</b>            | <b>1,204.8</b> | <b>1,314.1</b> | <b>2,922.2</b> | <b>2,926.0</b> | <b>2,922.2</b> |
| Shareholders Equity                 | 1,221.3        | 1,473.9        | 1,743.7        | 3,112.5        | 4,188.8        |
| 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>1,743.7</b> | <b>3,112.5</b> | <b>4,188.8</b> |
| <b>Total liabilities and equity</b> | <b>2,426.2</b> | <b>2,788.0</b> | <b>4,665.9</b> | <b>6,038.6</b> | <b>7,111.1</b> |

**CASH FLOW (MYR m)**

|                                  |                |             |             |              |              |
|----------------------------------|----------------|-------------|-------------|--------------|--------------|
| Pretax profit                    | 25.3           | 167.6       | 533.1       | 737.1        | 765.8        |
| Depreciation & amortisation      | 145.0          | 171.0       | 360.4       | 497.8        | 384.3        |
| Adj net interest (income)/exp    | 0.0            | 0.0         | 0.0         | 0.0          | 0.0          |
| Change in working capital        | (85.9)         | (80.7)      | 859.1       | (145.5)      | 18.9         |
| Cash taxes paid                  | (74.5)         | (63.9)      | (237.4)     | (268.2)      | (289.5)      |
| Other operating cash flow        | 402.5          | 445.1       | 801.0       | 901.0        | 601.0        |
| Cash flow from operations        | 122.3          | 297.0       | 1,595.5     | 726.5        | 711.8        |
| Capex                            | (252.9)        | (104.4)     | (1,045.2)   | (420.0)      | (420.0)      |
| Free cash flow                   | (130.6)        | 192.6       | 550.2       | 306.5        | 291.8        |
| 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>86.0</b> | <b>303.9</b> | <b>289.3</b> |

| FYE 30 Jun                             | FY20A    | FY21A    | FY22E    | FY23E    | FY24E    |
|--|----------|----------|----------|----------|----------|
| <b>Key Ratios</b>                      |          |          |          |          |          |
| <b>Growth ratios (%)</b>               |          |          |          |          |          |
| Revenue growth                         | (34.6)   | 24.5     | 105.0    | 32.8     | (4.8)    |
| EBITDA growth                          | (39.0)   | 13.9     | 149.0    | 31.6     | (6.7)    |
| EBIT growth                            | (56.2)   | 10.7     | 180.1    | 27.6     | 3.9      |
| Pretax growth                          | (93.5)   | 562.8    | 218.1    | 38.3     | 3.9      |
| Reported net profit growth             | nm       | nm       | 185.2    | 58.5     | 1.6      |
| Core net profit growth                 | (68.5)   | 43.1     | 185.5    | 58.5     | 1.6      |
| <b>Profitability ratios (%)</b>        |          |          |          |          |          |
| EBITDA margin                          | 51.9     | 47.4     | 57.6     | 57.1     | 55.9     |
| EBIT margin                            | 29.4     | 26.2     | 35.8     | 34.4     | 37.5     |
| Pretax profit margin                   | 3.9      | 20.8     | 32.3     | 33.6     | 36.7     |
| Payout ratio                           | 0.0      | 25.0     | 0.0      | 0.0      | 0.0      |
| <b>DuPont analysis</b>                 |          |          |          |          |          |
| Net profit margin (%)                  | nm       | 12.9     | 17.9     | 21.4     | 22.8     |
| Revenue/Assets (x)                     | 0.3      | 0.3      | 0.4      | 0.4      | 0.3      |
| Assets/Equity (x)                      | 2.0      | 1.9      | 2.7      | 1.9      | 1.7      |
| ROAE (%)                               | (4.0)    | 7.7      | 18.4     | 19.3     | 13.0     |
| ROAA (%)                               | 3.0      | 4.0      | 7.9      | 8.8      | 7.2      |
| <b>Liquidity &amp; Efficiency</b>      |          |          |          |          |          |
| Cash conversion cycle                  | nm       | nm       | nm       | nm       | nm       |
| Days receivable outstanding            | 21.2     | 27.8     | 30.3     | 31.6     | 36.9     |
| 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      | 0.5      | 0.7      | 0.9      |
| <b>Leverage &amp; Expense Analysis</b> |          |          |          |          |          |
| Asset/Liability (x)                    | 2.0      | 2.1      | 1.6      | 2.1      | 2.4      |
| 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      | 10.5     | 50.0     | 49.5     |
| Debt/EBITDA (x)                        | 0.2      | 0.1      | 0.1      | 0.1      | 0.1      |
| Capex/revenue (%)                      | 39.1     | 13.0     | 63.4     | 19.2     | 20.1     |
| Net debt/ (net cash)                   | (6.7)    | (150.9)  | (195.2)  | (501.7)  | (793.5)  |

Source: Company; Maybank



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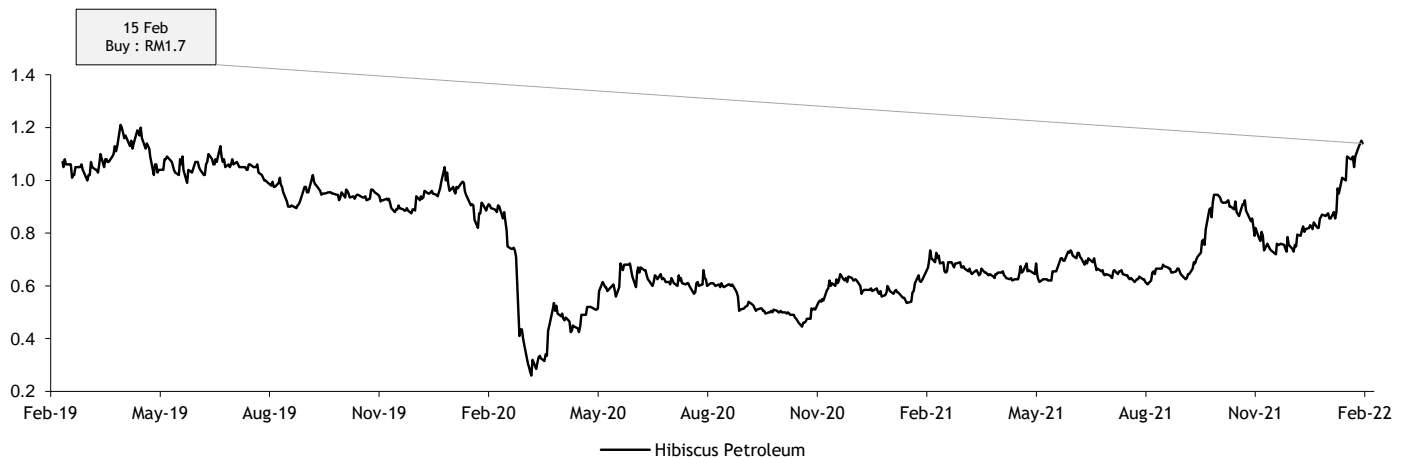
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## Historical recommendations and target price: Hibiscus Petroleum (HIBI MK)



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