



HIBISCUS PETROLEUM BERHAD

Outperform

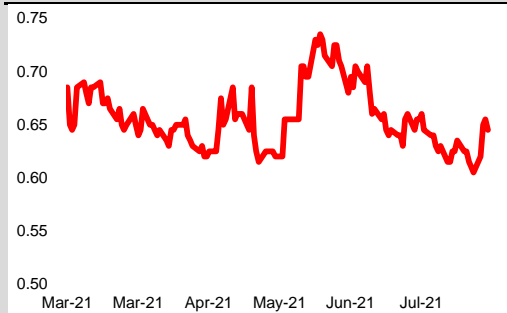
DESCRIPTION

An oil and gas production and development company, currently producing average 3,500bbls/day. Hibiscus has two producing fields currently namely Anasuria Cluster in UK and North Sabah in Malaysia.

12-Month Target Price RM1.05
Current Price RM0.645
Expected Return 62.8%

Market Main
Sector Oil & Gas
Bursa Code 5199
Bloomberg Ticker HIBI MK
Shariah-compliant Yes

SHARE PRICE CHART



52 Week Range (RM) 0.44 – 0.79
 3-Month Average Vol ('000) 14,465.4

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-0.8	4.8	-7.7
Relative Returns	-4.6	2.7	-6.3

KEY STOCK DATA

Market Capitalisation (RMm) 1,294.4
 No. of Shares (m) 2,006.8

MAJOR SHAREHOLDERS

	%
Polo Investments Limited	6.9
Hibiscus Upstream Sdn Bhd	5.4
CIMB Principal Asset	2.9

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Upbeat Outlook

Hibiscus Petroleum (Hibiscus) reported core net profit of RM52.7m in 4QFY21 as compared to a core net loss of RM35.3m in 4QFY20. Cumulatively, the Group reported core net profit of RM116.2m in FY21, growing from RM71.1m in FY20. This is in line with higher revenue and EBITDA growth of 24.5% and 78.5% respectively, thanks to higher realised oil prices and offtakes, and lower OPEX/bbl for both of its key assets. Overall, 13 offtakes with oil totalling 3.7 mbbbls had been sold during the period. The results are above our and consensus expectation by 40% and 20% respectively. Given the stability in oil prices at above USD60/bbl coupled with the earnings consolidation from Repsol assets from 2HFY22, we believe the Group will register encouraging performances in the coming years. Earnings are expected to grow further by >100%. Our **Outperform** call for Hibiscus is affirmed with an unchanged target price of RM1.05.

- § **Oil price drives performance.** The Group reported core net profit of RM52.7m (+52.6% QoQ) in 4QFY21 on the back of RM253m (+17.1% QoQ) revenue. The improvement is due to higher realised oil price during the quarter at USD62.67/bbl (3Q: USD54.04/bbl) reported for Anasuria for its 254,945 bbls oil sold, and USD72.07/bbl (3Q: USD60.46/bbl) for 608,006 bbls oil sold in North Sabah. Three offtakes with oil totalling 862,951 bbls have been sold. OPEX/bbl for Anasuria was high at USD38.22/bbl mainly due to the 2021 offshore turnaround carried out in the quarter, affecting the performance of the asset with the average uptime only at 53% while the average production rate was 1,642 boe/ day.
- § **Offtakes hit target.** Overall, the Group sold 3.7 mbbbls of oil via 13 cargoes (nine in North Sabah and four in Anasuria), meeting management's revised target versus initial guidance of 3.4 mbbbls via 12 offtakes.
- § **Earnings on the uptrend.** Given the stability in oil price at above USD60/bbl coupled with the earnings consolidation from Repsol assets from 2HFY22, we believe the Group will register encouraging performances in the coming years. Earnings are expected to grow further by >100%. Further opportunities beyond 2023 would come from new infill wells i.e. Teal West, Eagle Tieback and Marigold. While Marigold may only achieve first oil in late 2023, the Teal West and Eagle discoveries will be a key focus for management as potential tieback candidates to the Anasuria FPSO in the near term. Teal West contains approximately 7.1 mbbbls of oil net to Anasuria, with implementation targeted in 2H2023.

KEY FORECAST TABLE

FYE Jun (RM m)	2020A	2021A	2022F	2023F	2024F	CAGR
Revenue	646.5	804.8	1,030.8	1,416.0	1,341.3	27.5%
Gross Profit	397.7	500.8	715.4	1,054.5	996.7	35.8%
Pre-tax Profit	25.3	167.6	345.1	560.7	526.8	175.1%
Net Profit	-49.3	103.7	247.0	394.6	343.7	n.m.
Core Net Profit	71.1	116.2	247.0	394.6	343.7	69.1%
EPS (Sen)	-3.1	5.9	10.5	16.8	14.6	n.m
P/E (x)	n.m	10.9	6.2	3.9	4.5	
DPS (Sen)	0.0	0.0	0.0	0.0	0.0	
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	

Source: Company, PublicInvest Research estimates

Table 1: Results Summary

<u>FYE Jun</u> <u>(RM m)</u>	<u>4Q</u> <u>FY21</u>	<u>4Q</u> <u>FY20</u>	<u>3Q</u> <u>FY21</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>chg</u> <u>(%)</u>	<u>FY21</u>	<u>FY20</u>	<u>YTD</u> <u>chg</u> <u>(%)</u>	<u>Comments</u>
Revenue	253.0	39.5	216.0	540.6	17.1	804.8	646.5	24.5	Mainly attributed to higher oil price
Gross Profit	171.5	18.2	149.9	843.6	14.4	500.8	397.7	25.9	
Other Income	1.1	14.0	7.2	-92.5	-85.3	14.6	17.0	-14.1	
Expenses	-84.3	-173.7	-79.9	-51.5	5.5	-304.5	-346.1	-12.0	
Finance costs	-10.2	-12.7	-12.1	-19.4	-15.6	-42.2	-43.0	-1.9	
Pretax Profit	78.0	-154.3	65.0	-150.5	20.0	167.6	25.3	562.8	
Taxation	-28.4	9.1	-32.9	-411.1	-13.9	-63.9	-74.5	-14.2	
Net Profit	49.6	-145.2	32.0	-134.2	54.9	103.7	-49.3	-310.5	Stripping-off the exceptional items
Core Net Profit	52.7	-35.3	34.5	-249.2	52.6	116.2	71.1	63.5	
EPS (sen)	2.5	-9.1	1.6	-127.2	56.6	5.4	-3.1	-273.5	
Margins (%):									
Gross Profit	67.8	46.0	69.4			62.2	61.5		
Pre-tax Profit	30.8	-390.7	30.1			20.8	3.9		
Core Net Profit	20.8	-89.4	16.0			14.4	11.0		

Source: Company

Table 2: Performance Indicators For Anasuria Cluster

<u>Achieved For</u>	<u>4QFY20</u>	<u>1QFY21</u>	<u>2QFY21</u>	<u>3QFY21</u>	<u>4QFY21</u>
Average Daily Oil Production Rate (bbl/day)	2,539	2,753	2,726	2,463	1,402
Average Daily Gas Export Rate (boe/day) (conversion rate of 6,000 scf/boe)	322	330	383	354	240
Average Oil Equivalent Production Rate (boe/day)	2,861	3,084	3,109	2,816	1,642
Total Oil Sold (bbl)	0	250,337	252,289	274,996	254,945
Total Gas Exported (mmscf)	176	182	212	191	131
Average Realised Oil Price (USD/bbl)	-	41.99	40.85	54.04	62.67
Average Gas Price (USD/mmbtu)	0.39*/1.17~	0.44*/1.45~	1.48*/3.87~	2.30*/5.36~	2.60*/5.80~
OPEX (USD/boe)	14.29	17.53	22.00	18.15	38.22
Average Uptime / Availability Of Anasuria Facilities (%)	85	94	95	91	53

Source: Company Note: * Cook field, -Guillemot A, Teal and Teal South Fields

Table 3: Performance Indicators For North Sabah

<u>Achieved For</u>	<u>4QFY20</u>	<u>1QFY21</u>	<u>2QFY21</u>	<u>3QFY21</u>	<u>4QFY21</u>
Average Gross Oil Production (bbl/day)	18,780	16,895	17,700	17,796	17,255
Average Net Oil Production (bbl/day)	6,949	6,251	6,549	6,585	6,384
Total Oil Sold (bbls)	249,387	592,453	870,874	599,948	608,006
Average Realised Oil Price (USD/bbl)	31.79	39.46	39.91	60.46	72.07
OPEX (USD/bbl)	10.27	17.08	13.29	10.91	15.69
Average Uptime (%)	94	86	92	95	95

Source: Company

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Jun (RM m)	2020A	2021A	2022F	2023F	2024F
Revenue	646.5	804.8	1,030.8	1,416.0	1,341.3
Cost of sales	-248.8	-304.0	-315.4	-361.5	-344.7
Operating Profit	213.7	393.7	591.7	884.5	835.7
Other Expenses	-145.0	-182.8	-206.6	-283.8	-268.9
Finance Costs	-43.0	-42.2	-40.0	-40.0	-40.0
Pre-tax Profit	25.3	167.6	345.1	560.7	526.8
Net Profit	-49.3	103.7	247.0	394.6	343.7
Growth					
Revenue (%)	-34.6	24.5	28.1	37.4	-5.3
Pre-tax Profit (%)	-93.5	>100.0	>100.0	49.5	-5.5
Net Profit (%)	>-100.0	>100.0	>100.0	59.8	-12.9

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Jun (RM m)	2020A	2021A	2022F	2023F	2024F
Equipment	587.4	604.8	1,010.8	1,107.6	1,219.3
Cash and Cash Equivalents	176.8	303.2	124.2	432.4	660.4
Receivables, deposits and prepayment	175.2	182.8	189.9	260.9	247.2
Other Assets	1,486.7	1,697.2	1,027.8	1,029.8	1,029.1
Total Assets	2,426.1	2,788.0	2,352.8	2,830.7	3,156.0
Payables	4.8	9.6	179.9	217.7	207.1
Borrowings	74.3	26.8	0.0	0.0	0.0
Deferred Tax Liabilities	485.8	472.0	289.3	334.8	325.0
Other Liabilities	639.9	805.7	193.1	193.1	193.1
Total Liabilities	1,204.8	1,314.1	662.3	745.6	725.3
Shareholders' Equity	1,221.3	1,473.9	1,690.5	2,085.0	2,430.7
Total Equity and Liabilities	2,426.1	2,788.0	2,352.8	2,830.7	3,156.0

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Jun	2020A	2021A	2022F	2023F	2024F
Book Value Per Share	0.6	0.7	0.9	1.1	1.28
NTA Per Share	0.5	0.7	0.4	0.6	0.75
EPS (Sen)	-3.1	5.9	10.5	16.8	14.6
DPS (Sen)	0.0	0.0	0.0	0.0	0.0
Payout Ratio (%)	0.0	0.0	0	0	0%
ROA (%)	-2.0	3.7	10.5	13.9	10.9
ROE (%)	-4.0	7.0	14.6	18.9	14.1

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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