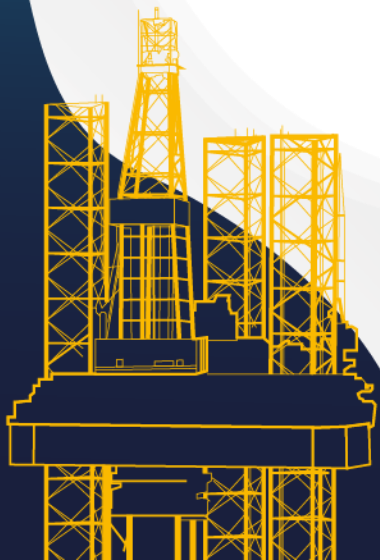


# Quarterly Results

**Highlights of the Second Quarter Results for the period ended 31 December 2019**



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- Operating Performance Metrics & Analysis
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- Strong EBITDA Margins Despite Varying Oil Prices
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**Part 1**

# **2Q FY2020 Group Financials Snapshot**

# 2Q FY2020 Group Financials (vs. Previous Quarter)

## 2Q FY2020

RM'000	N. Sabah	Anasuria	Others <sup>1</sup>	Group
Cargoes sold	2	1	-	3
Revenue	195,922	74,971	953	271,846
Gross Profit	123,195	48,567	953	172,715
EBITDA/(LBITDA)	109,858	34,881	(2,421)	142,318
PBT/(LBT)	79,696	15,002	(3,447)	91,251
Tax	(34,923)	(5,080)	-	(40,003)
PAT/(LAT)	44,773	9,922	(3,447)	51,248

## 1Q FY2020

RM'000	N. Sabah	Anasuria	Others <sup>1</sup>	Group
Cargoes sold	1	1	-	2
Revenue	88,943	69,275	1,081	159,299
Gross Profit	58,278	35,501	1,081	94,860
EBITDA/(LBITDA)	46,546	35,080	(4,576)	77,050
PBT/(LBT)	26,303	17,904	(5,563)	38,644
Tax	(17,959)	(4,457)	-	(22,416)
PAT/(LAT)	8,344	13,447	(5,563)	16,228

Revenue	2Q FY2020	1Q FY2020
North Sabah	671,452 bbls x USD70.19/bbl	334,613 bbls x USD63.63/bbl
Anasuria	249,704 bbls x USD68.67/bbl	272,345 bbls x USD58.41/bbl

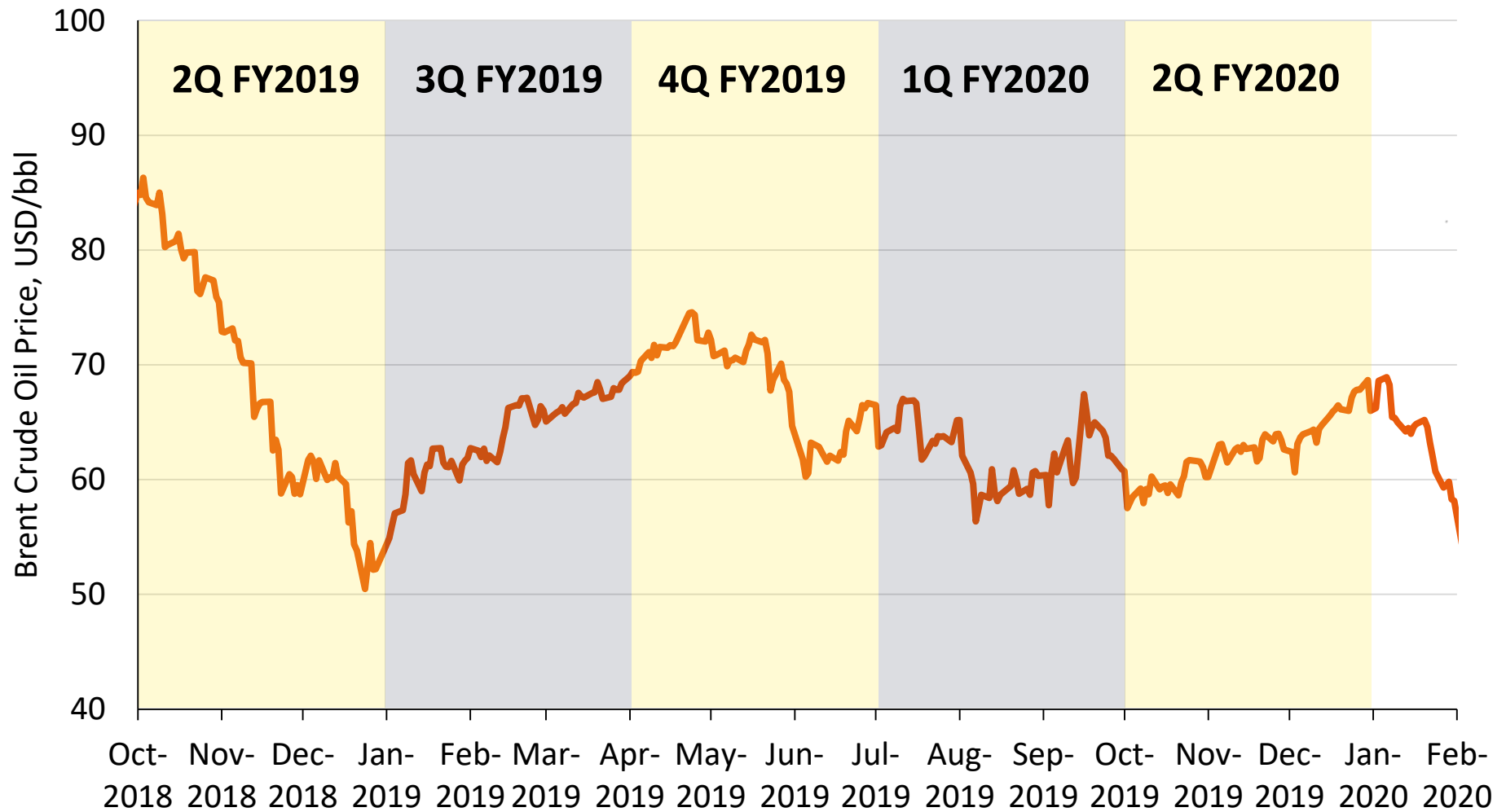
Gross Profit Margin	2Q FY2020	1Q FY2020
North Sabah	62.9%	65.5%
Anasuria	64.8%	51.2%

EBITDA Margin	2Q FY2020	1Q FY2020
North Sabah	56.1%	52.3%
Anasuria	46.5%	50.6%

Effective Tax Rate (over PBT)	2Q FY2020	1Q FY2020
North Sabah	43.8%	68.3%
Anasuria	33.9%	24.9%

<sup>1</sup> Others include Group, Investment Holding and Australian activities | USD/MYR average rate: 2Q FY2020: 4.150, 1Q FY2020: 4.177

# Historical Brent Crude Oil Price



**Part 2**

**Malaysia –  
2011 North Sabah Enhanced Oil  
Recovery Production Sharing Contract**

- **Operating Performance Metrics**
- **Key Factors Affecting Quarterly Results**
- **Consistent EBITDA Margins Despite Varying Oil Prices**
- **Production Enhancement Projects**
- **Awards Won**

# Operating Performance Metrics

	Unit	Oct – Dec 2019 <sup>2</sup>	Jul – Sep 2019	Apr – Jun 2019	Jan – Mar 2019
Average uptime	%	93	85	94	95
→ Average gross oil production	bbl/day	17,076	14,234	14,873	14,651
→ Average net oil production	bbl/day	6,318	5,194	5,057	4,801
Cargoes sold	-	2	1	2	2
Total oil sold	bbls	671,452	334,613	490,753	578,487
Average realized oil price <sup>1</sup>	USD/bbl	70.19	63.63	72.59	67.87
→ Average OPEX per bbl (unit production cost)	USD/bbl	12.23	15.33	13.60	11.77

<sup>1</sup> The average realised oil price represents the weighted average price of all Labuan crude sales from SEA Hibiscus.

<sup>2</sup> Figures for the period October 2019 to December 2019 are provisional and may change subject to the PSC Statement audit and Petroliaam Nasional Berhad (“PETRONAS”)’s approval.

## Factors contributing to operational performance in 2Q FY2020:

- Production enhancement projects – new oil production from St Joseph infill and SF30 infill projects.
- Resumption of normal operations following planned shutdowns for maintenance activities in the previous quarter.



# Key Factors Affecting North Sabah's 2Q FY2020 Financial Results

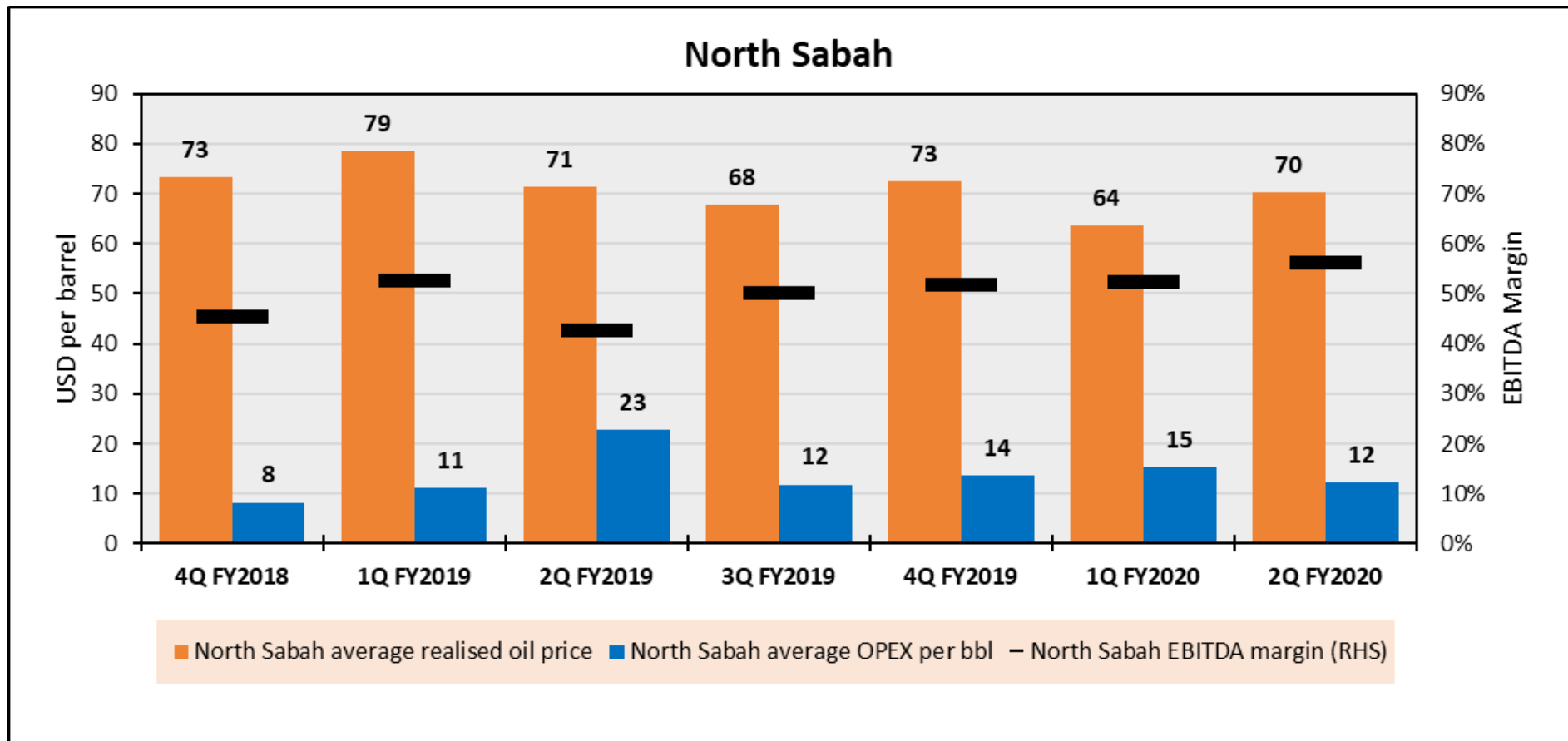
## Key factors:

Financials	RM'000
Revenue	195,922
Gross Profit	123,195
<i>Gross Profit Margin</i>	<i>62.9%</i>
EBITDA	109,858
<i>EBITDA Margin</i>	<i>56.1%</i>
PBT	79,696
<i>PBT Margin</i>	<i>40.7%</i>
PAT	44,773
<i>PAT Margin</i>	<i>22.9%</i>

Taxation Breakdown	RM'000
Total Taxation	(34,923)
Deferred Taxation (non-cash)	(26,947)
- Recognition	(4,870)
- Reversal	(22,077)
Income Taxation	(7,976)

- 2 offtakes – 671,452 bbls @ USD70.19/bbl average realised price.
- Healthy average uptime of 93% due to the resumption of normal operations following the shutdown for planned maintenance activities and infill drilling activities in the previous quarter. There was no unplanned interruption in this quarter.
- Average gross oil production was 17,076 bbl/day (vs 14,234 bbl/day in 1Q FY2020) and average OPEX/bbl was USD12.23 (vs USD15.33 in 1Q FY2020).
- Achieved reasonably high Gross Profit margin and EBITDA margin.
- Taxation
  - (The tax regime under which Malaysian oil and gas activities are governed is the Petroleum (Income Tax) Act 1967 (“PITA”). The provisions of PITA are applied to net taxable petroleum income at the rate of 38%.)*
  - Higher effective tax rate over PBT of 43.8% in the quarter. It was mainly caused by recognition of tax liabilities to partially adjust certain tax-related estimates originally advised by the previous operator of the North Sabah asset upon completion of the acquisition of the asset on 31 March 2018. Adjustments to such estimates were confirmed by the sellers to SEA Hibiscus in 1Q FY2020, upon them finalising their annual statutory tax submissions. Such adjustments will not recur after this quarter.

# Consistent EBITDA Margins Despite Varying Oil Prices



- North Sabah's EBITDA margins have maintained within a consistent range since acquisition despite fluctuations in oil prices.

# Production Enhancement Projects

Production enhancement projects will help arrest natural decline and increase gross oil production

Project	Project Description	Total Gross CAPEX	Status
<b>St Joseph Infill Drilling</b>	<ul style="list-style-type: none"> <li>• Drill 3 infill oil producing wells.</li> </ul>	<ul style="list-style-type: none"> <li>• RM142.6 million</li> </ul>	Completed
<b>SF30 Infill Drilling</b>	<ul style="list-style-type: none"> <li>• Drill 3 infill oil producing wells.</li> </ul>	<ul style="list-style-type: none"> <li>• RM129.2 million</li> </ul>	Completed
<b>SF30 Water Flood Phase 1</b>	<ul style="list-style-type: none"> <li>• Drilling and completion of 1 infill water injection well intended for reservoir re-pressurisation.</li> </ul>	<ul style="list-style-type: none"> <li>• RM55.0 million</li> </ul>	Ongoing – water injection scheduled to commence in February 2020

## SF30 Infill Drilling and Water Flood Phase 1 Projects Status Update

- Drilling commenced in August 2019 after the PVD-1 jack-up rig completed the St Joseph Infill Drilling Project.
- Successfully completed infill wells campaign with no incidents, including drilling of a side track to improve production deliverability of the 3<sup>rd</sup> infill well. The SF30-2 and SF30-4 wells were tested at initial rates of approximately 1,100 bbl/day and 500 bbl/day respectively. The final well, SF30-6ST1 was drilled in November, following the drilling of the SF30 Water Flood Phase 1 infill water injector.
- Successfully completed drilling and completion of the SF30 water injection well. Topsides facilities modifications efforts are progressing smoothly, with first water injection expected in February via a Portable Water Injection Module.
- Of the RM55.0 million total for the SF30 Water Flood Phase 1, RM44.0 million was spent as of 31 December 2019, with the remaining RM11.0 million to be spent in the financial quarter ending 31 March 2020.

### Notes:

- Figures are based on 100% interest in the North Sabah PSC
- CAPEX is to be shared equally with our joint venture partner, PETRONAS Carigali

# Awards Won

## 2020 PETRONAS Focused Recognition Awards

**FOCUSED RECOGNITION**

I want to recognize SEA Hibiscus Sdn. Bhd for demonstrating

Results Matter     Own it!     Focused Execution  
 Nurture Trust     Tell Me     Shared Success

In the following manner :

Successfully designed, planned and safely completed 7 wells campaign in North Sabah fields with the highest completion uptime of 99.7%.

By doing this, the team have positively impacted the following key result(s):

Cost avoidance of USD 2 million

En. Aidil Shabudin, Head of MPM RDM    14<sup>th</sup> January 2020  
 Given by    Date

PETRONAS Cultural Beliefs

**Highest Completion Uptime** – Successfully designed, planned and safely completed seven-well campaign with an uptime of 99.7%, resulting in cost avoidance of USD2 million

**FOCUSED RECOGNITION**

I want to recognize SEA Hibiscus Sdn. Bhd for demonstrating

Results Matter     Own it!     Focused Execution  
 Nurture Trust     Tell Me     Shared Success

In the following manner :

Successfully designed, planned and replicated the Autonomous Inflow Control Device (AICD) in the 3 wells St. Joseph campaign. This replication contributed immensely towards reviving the production level in this field by enabling production commingling of multiple sands through the lowering of GOR from 6000 to 800.

By doing this, the team have positively impacted the following key result(s):

Prudent reservoir management that leads to maximizing values from the reservoir

En. Aidil Shabudin, Head of MPM RDM    14<sup>th</sup> January 2020  
 Given by    Date

PETRONAS Cultural Beliefs

**Completion Technology Replication** – Successfully designed, planned and replicated the Autonomous Inflow Control Device (AICD) in the three-well St Joseph campaign. This replication contributed immensely towards reviving the production level in this field by enabling production commingling of multiple sands through the lowering of GOR from 6000 to 800.

**FOCUSED RECOGNITION**

I want to recognize SEA Hibiscus Sdn. Bhd. for demonstrating

Results Matter     Own it!     Focused Execution  
 Nurture Trust     Tell Me     Shared Success

In the following manner :

Successfully designed, planned and safely implemented the following new technologies and process optimization in wells for North Sabah fields:

- AICD
- Petroguard Advanced Mesh Screen
- Change in completion design approach from CHGP to OHSAS

By doing this, the team have positively impacted the following key result(s):

Improving life of well through AICD, Advanced Mesh Screen and OHSAS .

En. Aidil Shabudin, Head of MPM RDM    14<sup>th</sup> January 2020  
 Given by    Date

PETRONAS Cultural Beliefs

**Completion Optimisation for Value Creation** – Successfully designed, planned and safely implemented new technologies and process optimisation in wells for North Sabah fields resulting in improved life of well

**Part 3**

# **United Kingdom – The Anasuria Cluster**

- **Operating Performance Metrics**
- **Key Factors Affecting Quarterly Results**
- **Strong EBITDA Margins Despite Varying Oil Prices**
- **Production Enhancement Projects**

# Operating Performance Metrics

	Units	Oct – Dec 2019	Jul – Sep 2019	Apr – Jun 2019	Jan – Mar 2019
Average uptime	%	85	77	87	71
→ Average daily oil production rate	bbl/day	2,680	2,386	2,662	2,504
Average daily gas export rate <sup>1</sup>	boe/day	288	204	390	274
→ Average daily oil equivalent production rate	boe/day	2,968	2,589	3,053	2,778
Cargoes sold	-	1	1	1	1
Total oil sold	bbl	249,704	272,345	302,139	249,116
Total gas exported (sold)	mmscf	159	112	213	148
Average realised oil price	USD/bbl	68.67	58.41	66.84	60.39
Average gas price	USD/mmbtu	1.62 <sup>2</sup> / 4.02 <sup>3</sup>	1.04 <sup>2</sup> / 2.52 <sup>3</sup>	1.42 <sup>2</sup> / 3.39 <sup>3</sup>	2.63 <sup>2</sup> / 5.98 <sup>3</sup>
→ Average OPEX per boe	USD/boe	22.64	26.04	20.93	23.27

**All figures are net to Hibiscus.**

Prices are quoted in United States Dollars.

<sup>1</sup> Conversion rate of 6,000scf/boe.

<sup>2</sup> For Cook Field.

<sup>3</sup> For Guillemot A Field, Teal Field and Teal South Field.

bbl  
boe  
mmscf  
mmbtu

barrels  
barrels of oil equivalent  
million standard cubic feet  
million British thermal units

# Key Factors Affecting Anasuria's 2Q FY2020 Financial Results

Financials	RM'000
Revenue	74,971
Gross Profit	48,567
<i>Gross Profit Margin</i>	<i>64.8%</i>
EBITDA	34,881
<i>EBITDA Margin</i>	<i>46.5%</i>
PBT	15,002
<i>PBT Margin</i>	<i>20.0%</i>
PAT	9,922
<i>PAT Margin</i>	<i>13.2%</i>

Taxation Breakdown	RM'000
Total Taxation	(5,080)
Deferred Taxation (non-cash)	(249)
- Recognition	(5,479)
- Reversal	5,230
Income Taxation	(4,831)

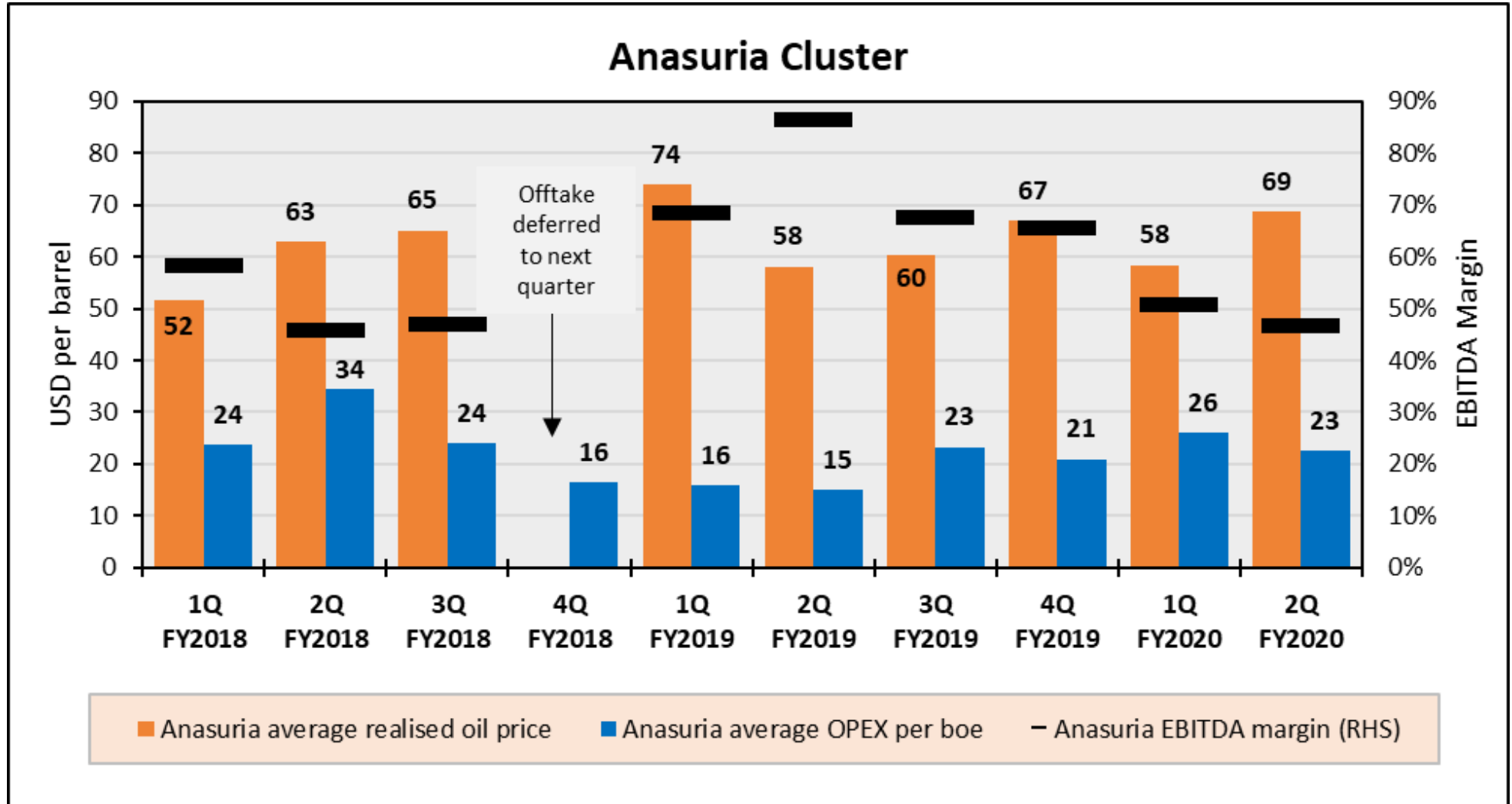
## Key factors:

- 1 offtake – 249,704 bbls @ USD68.67/bbl average realised price.
- Average uptime and average OPEX/boe were 85% and USD22.64 respectively (vs 77% and USD26.04 respectively in 1Q FY2020). In 1Q FY2020, the asset completed the planned 2019 Offshore Turnaround in Jul '19, where the FPSO facilities were completely shut down.
- Consequently, average daily oil equivalent production rate improved to 2,968 boe/day (vs 2,589 boe/day in 1Q FY2020).
- Achieved reasonably high Gross Profit margin and EBITDA margin.
- Taxation

*(The tax regime which applies to exploration for, and production of, oil and gas in the UK currently comprises of ring fence corporation tax and a supplementary charge at 30% and 10% respectively.)*

- The effective tax rate over PBT in the quarter was 33.9%. It was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the supplementary charge tax regime.
- Tax normalisation treatment effective 1Q FY2020.

# Strong EBITDA Margins Despite Varying Oil Prices





# Status of Production Enhancement Projects

Project	Project Description	Status	Completion (Calendar Year)
Cook Water Injector	To increase reservoir pressure and extract additional reserves from the Cook field.	Completed	October 2019
GUA-P1 Side Track	Opportunity to re-enter this producing well and drain additional volumes by side-tracking the existing well.	Completed	August 2019
Infill Wells*	Opportunity to drill 1 infill well in the Guillemot or Teal fields, either as a sidetrack or new-drill well.	Work in Progress	2021
Subsea Debottlenecking*	Installation of a new pipeline from the Guillemot field to increase liquid production capacity.	Work in Progress	2021

\* Subject to approval by all co-venturers of the licence.

- Production enhancement projects will help arrest natural decline and increase Anasuria oil production to 5,000 bopd by calendar year 2021 (Net to Hibiscus).
- Each of these identified opportunities will require a significant investment.
- Working closely with our JV partners to ensure the phasing and scheduling of these projects will dovetail with the expected timing of our access to both internal and external funding sources.

## Cook Water Injector Project Status Update

- Project execution commenced on 25 March 2019.
- On 2 May 2019, the well was drilled to a total depth of 13,045-ft MD (-12,248-ft TVDSS) and completed on 25 May 2019.
- Oil water contact is deeper than originally anticipated.
- The implication of a deeper oil water contact is positive and is anticipated to increase our net 2P Reserves in Cook field.
- Installation of a subsea pipeline to link the well to the Anasuria FPSO was completed and injection of water into the Cook field commenced in October 2019.
- In December 2019, the injection of water ceased due to a failure in a subsea component. Ithaca, the operator of this field, is currently undertaking an investigation into the root cause of the failure.
- This project is anticipated to unlock 2.8 MMbbls of net 2P oil reserves.
- The total estimated CAPEX net to AHUK is RM52.0 million.

## GUA-P1 Side Track Project Status Update

- Project commenced execution on 17 May 2019.
- On 28 July 2019, the well reached a total depth of 11,615-ft MD and encountered approximately 445-ft TVDSS of oil-bearing sands.
- Stabilised net production flow rate of approximately 900 bbl/day after perforation of hydrocarbon-bearing zones and flowing of hydrocarbons to the surface.
- Successfully completed installation of a gas lift jumper, with gas lifting having commenced recently.
- Targeted to unlock 1.7 MMbbls of net 2P oil reserves, with a total estimated CAPEX net to AHUK of RM97.1 million.

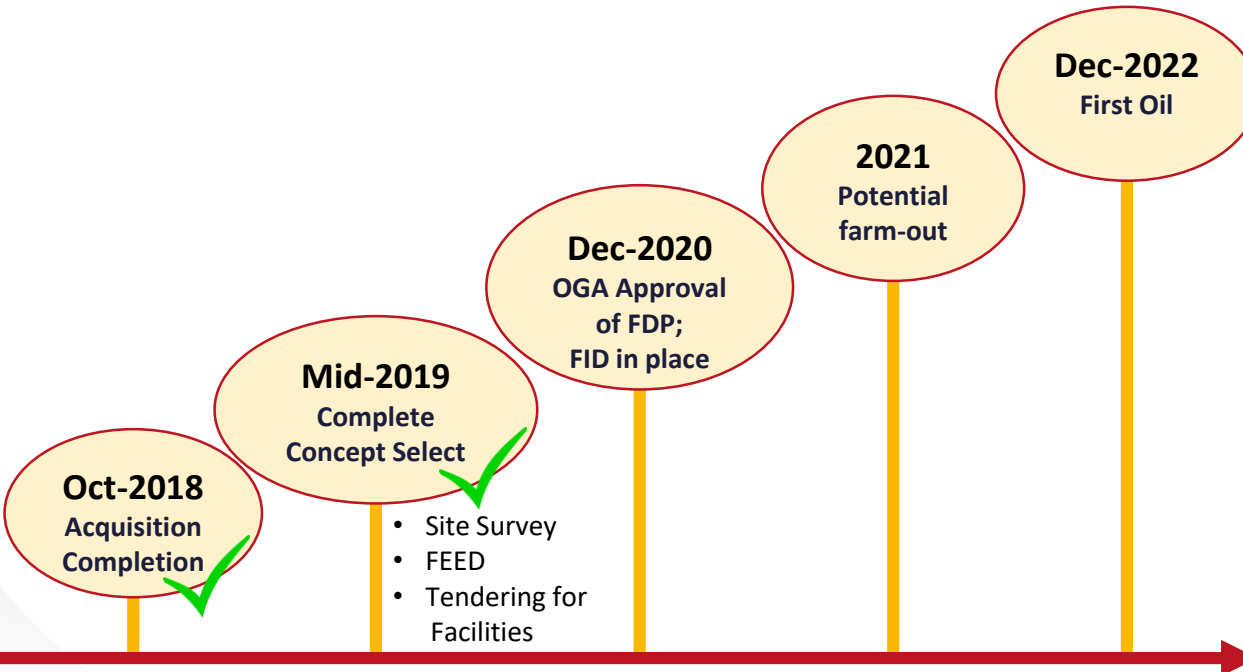
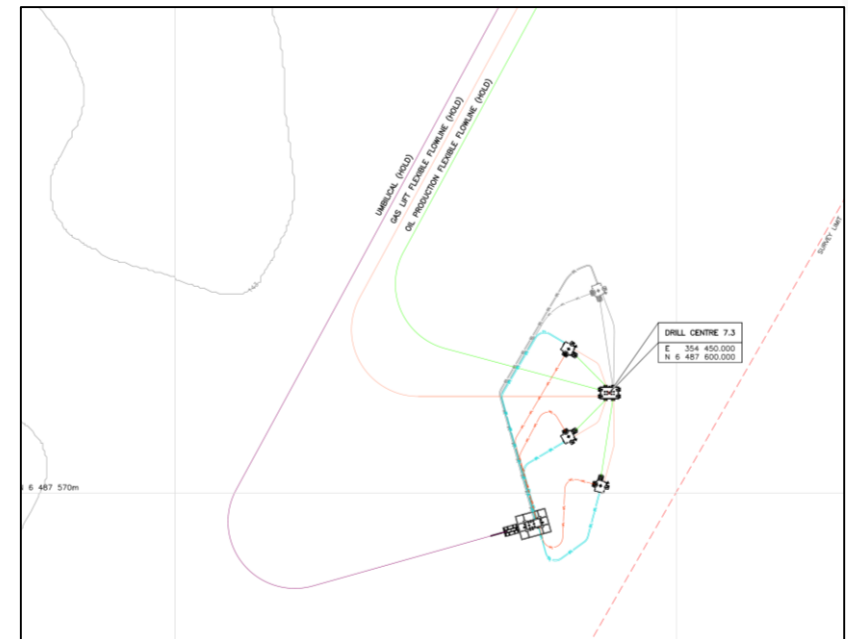
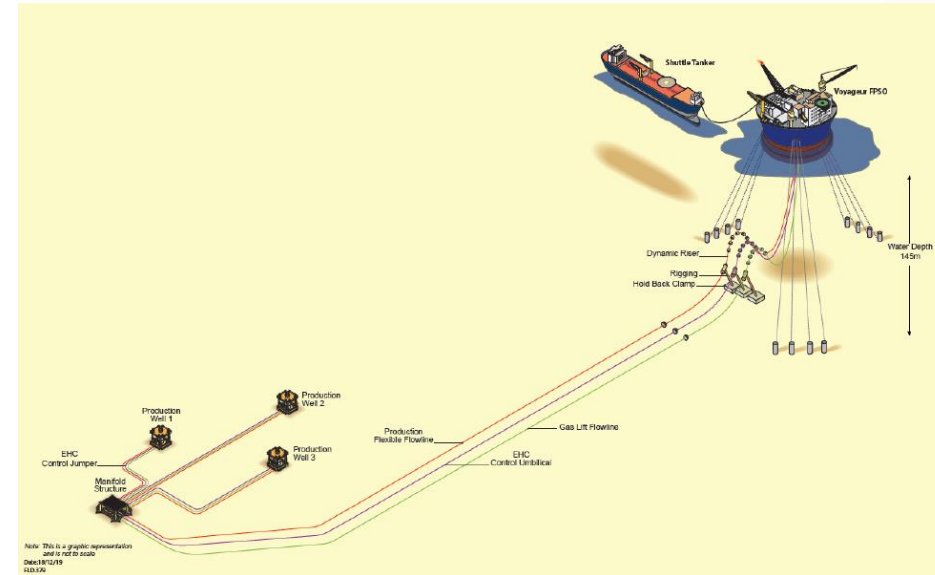
**Part 4**

# **United Kingdom – Marigold & Sunflower**

- **Marigold – Update on Opportunities**

# Target Development Milestones

- Development Concept to drill and complete subsea wells and tieback to an FPSO via pipelines has been selected as this concept provides the highest project value with the lowest execution and commercial risk.
  - The project is expected to proceed in two phases to optimise capital expenditure.
  - In phase 1 of the development, three Marigold wells is anticipated to be drilled, completed and tied back to the FPSO via a production manifold.
  - Additional wells in Marigold along with wells in Sunflower and the recently acquired Crown discovered field could be developed in a second project phase.
- A concept select report for the development of Marigold and Sunflower fields was submitted to the OGA. A letter of no objection to the selected concept was issued by the OGA.



Notes:  
Target milestones are based on Company's internal targets.

OGA: Oil & Gas Authority  
FDP: Field Development Plan

FID: Final Investment Decision  
FEED: Front-End Engineering Design

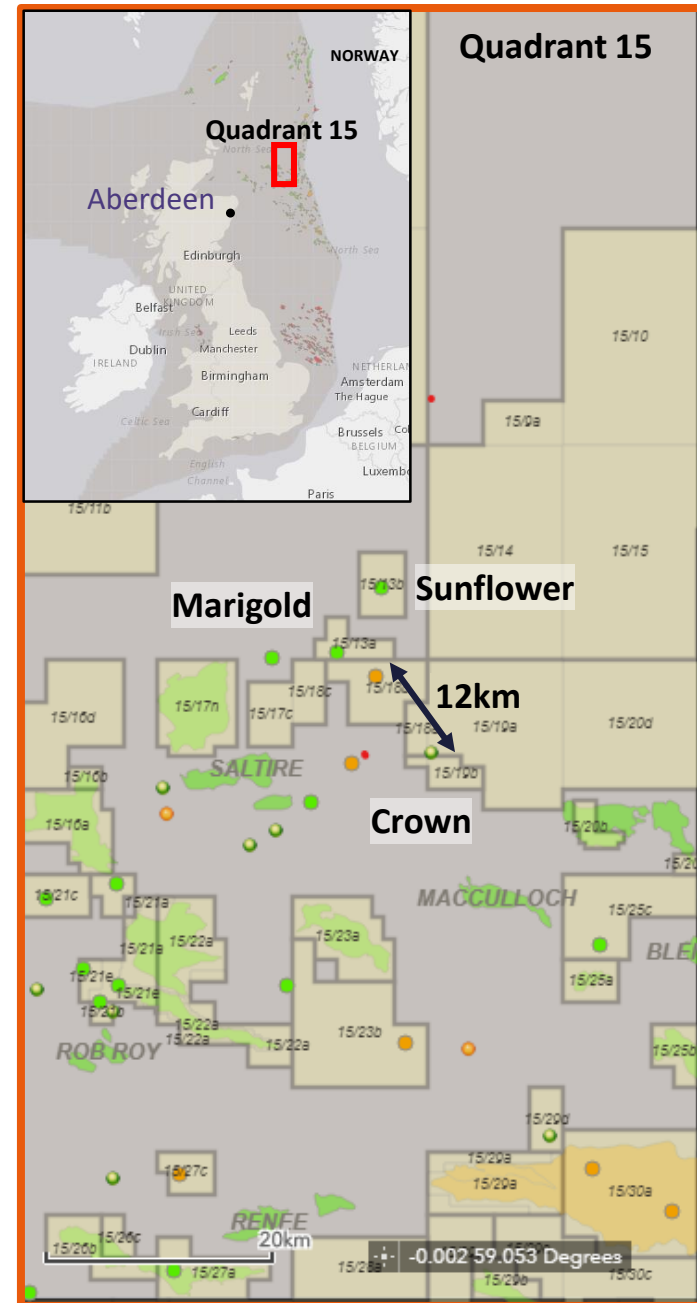
# Marigold – Further Opportunities

## United Oil & Gas/Swift Exploration Transaction

- On 12<sup>th</sup> December 2019, AHUK completed the acquisition of 100% interest in Licence P2366, Blocks 15/18d and 15/19b, which include the Crown discovery, from United Oil & Gas Plc and Swift Exploration Limited for a total cash consideration of up to USD5 million, to be paid based on a combination of a series of milestones and an overriding royalty when the Crown field goes into production.

## Transaction Rationale

- Opportunity to aggregate 2C resources (from the Crown discovery) at a competitive unit cost per barrel and integrate these reserves as part of the Marigold area-wide development with the objective of reducing overall unit development and production costs.



Source: Oil and Gas Authority

# Highlights from the Group's Balance Sheet

## A strengthening Balance Sheet

	As at 31 Dec 2019 (RM)	As at 30 Sep 2019 (RM)	As at 30 Jun 2019 (RM)	As at 31 Mar 2019 (RM)	As at 31 Dec 2018 (RM)
Total assets	2,567.8m	2,553.2m	2,393.1m	2,222.6m	2,189.4m
Shareholders' funds	1,290.1m	1,261.6m	1,237.5m	1,201.4m	1,158.0m
Cash and bank balances	175.7m	253.1m	273.5m	221.2m	203.8m
Unrestricted cash	87.2m	179.5m	206.7m	160.1m	176.3m
Restricted cash *	88.5m	73.6m	66.8m	61.1m	27.5m
Total debt	Nil	Nil	Nil	Nil	Nil
Net current (liabilities)/assets	(53.5m)	(103.9m)	14.0m	90.7m	66.5m
Net assets per share	0.81	0.79	0.78	0.76	0.73

\* For more information, please refer to page 6 of the Unaudited Quarterly Financial Report for the quarter ended 31 December 2019.

- Shareholders' funds as at 31 December 2019 increased by RM52.6m when compared to 30 June 2019. Included in Shareholders' funds as at 31 December 2019 are Retained earnings of RM474.8m.
- The Group's total cash and bank balances and total assets were at reasonably healthy levels. (Note: Total cash and bank balances do not include approximately RM105m proceeds from the North Sabah December 2019 offtake (which was received in January 2020).)
- Over the course of the next 12 months, we anticipate that we shall undertake certain fundraising activities to ensure that projects and opportunities that we have in hand, which are expected to enhance production and create value, may be executed smoothly. The Group currently has no debt and we are in a position to gear up to a conservative level as the need arises. We shall make the relevant disclosures as our plans mature.

**Part 5**

# **Closing Remarks**

# Closing Remarks

- Hibiscus Petroleum is positioning for further acquisitions of producing assets with a focus on adding to our existing portfolio in our areas of geographic focus
- We have delivered approximately 1.5 million barrels of oil in the first two quarters of FY2020, with our FY2020 target to deliver between 3.3 million and 3.5 million barrels of oil safely and efficiently (up to 12 cargo offtakes)
- We are maintaining our 2021 target of 20,000 barrels of oil per day comprising:
  - 7,000 barrels per day from the North Sabah asset
  - 5,000 barrels per day from the Anasuria asset
  - 8,000 barrels per day (minimum) from new producing assets
- The final investment decision and regulatory approvals for the Marigold development are on track to be in place by the end of CY2020
- We continue to build our technical capability and track record as a capable operator, having recently received awards and recognitions for operational, safety and business performances in Malaysia and the United Kingdom
- We aim to deliver consistent and strong EBITDA margins through the management of our unit production costs
- We had no debt as of 31 December 2019, and are in a position to gear up to a conservative level as the need arises

# Thank You

For more information please contact:

**Investor Relations Team**

[faq@hibiscuspetroleum.com](mailto:faq@hibiscuspetroleum.com)