

Quarterly Results

**Highlights of the Third Quarter Results for the period
ended 31 March 2020**

Briefing for Analysts and Fund Managers

20 May 2020

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- Strong EBITDA Margins Despite Varying Oil Prices
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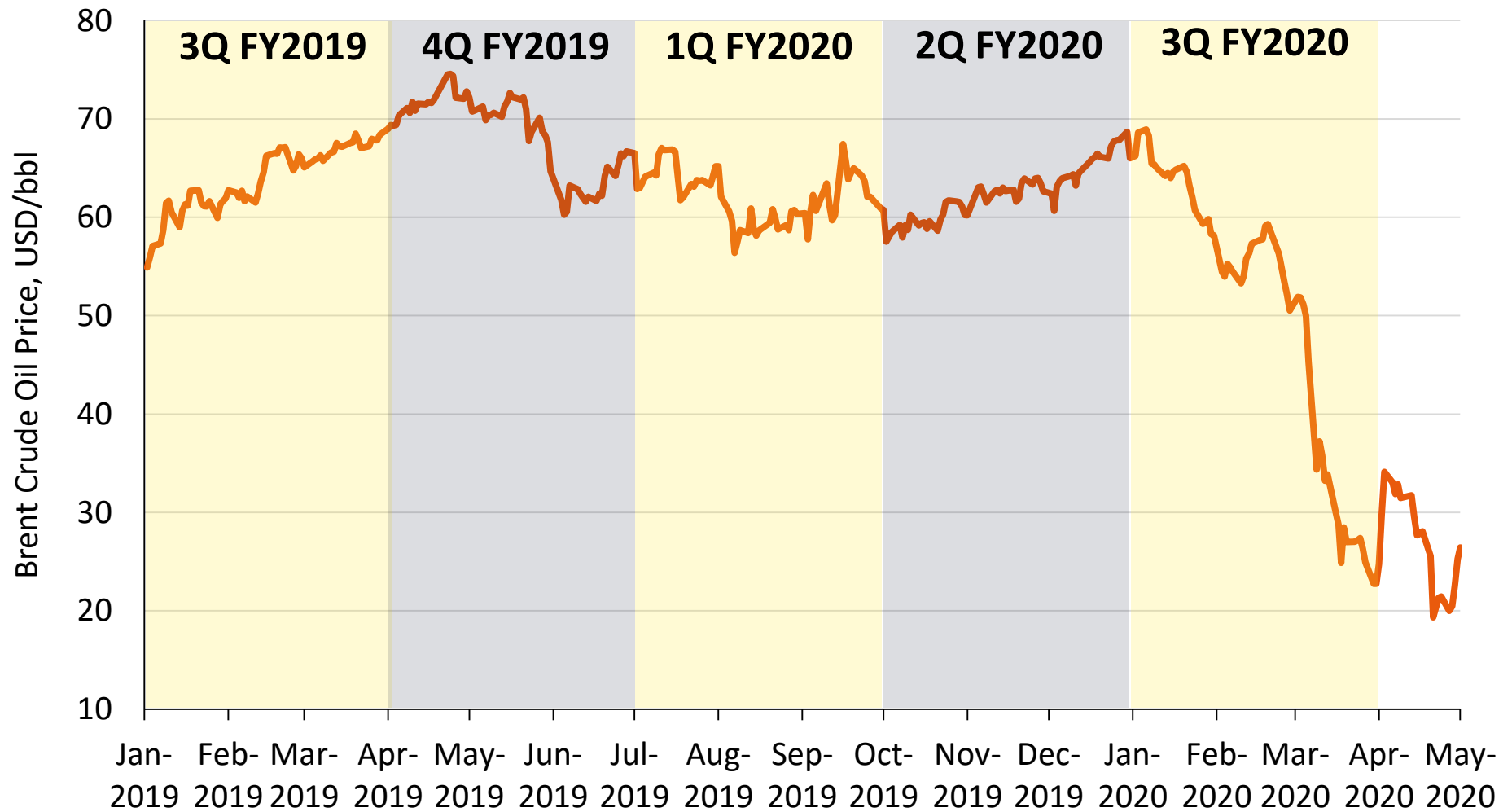
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Part 1

Oil Market Outlook

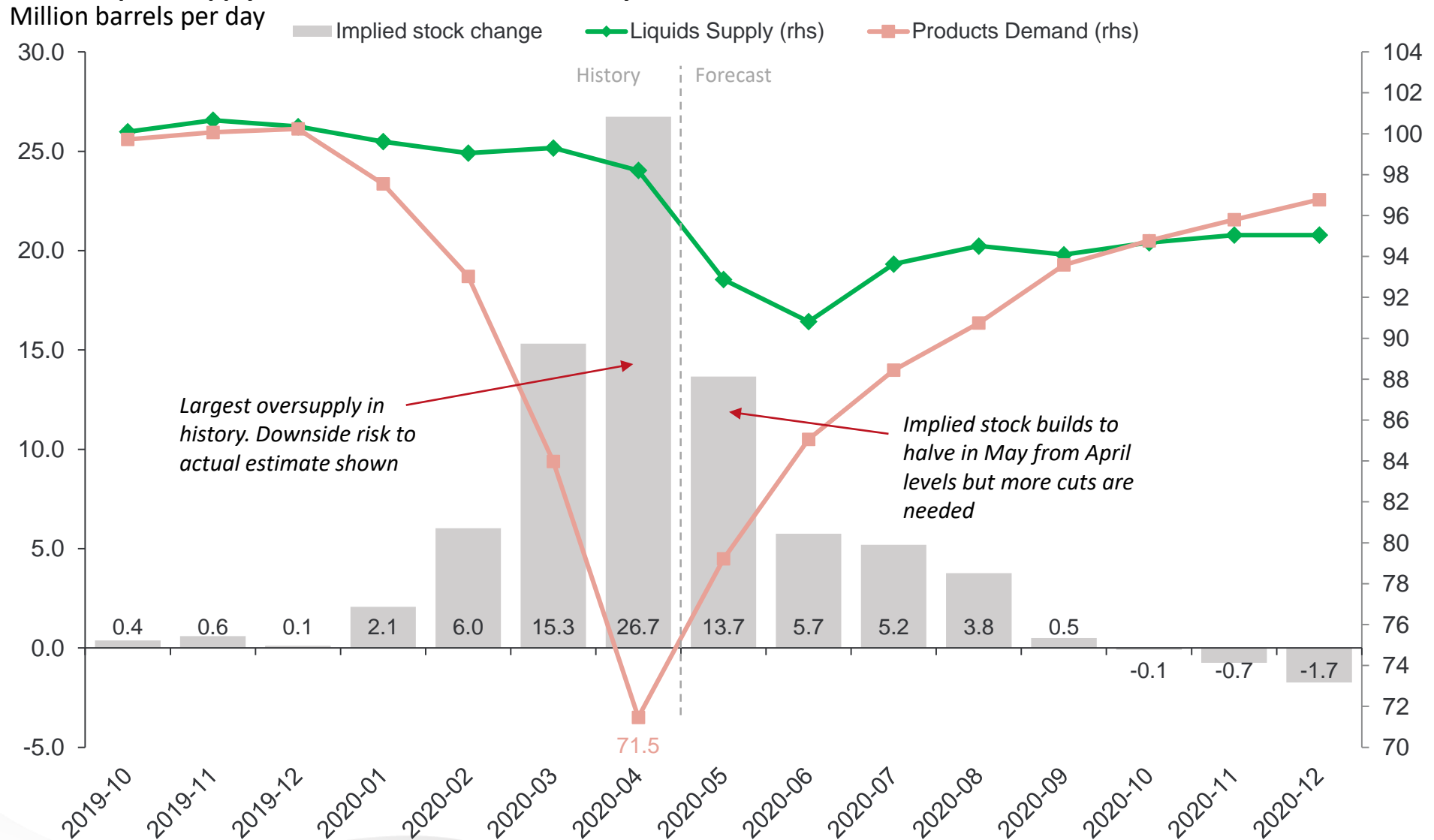
Historical Brent Crude Oil Price



Oil Market Outlook

Crude oil supply continues to outstrip demand, despite curtailment measures taken by OPEC+ and shut ins of production wells in the USA curtailing supply

Global Liquids Supply and Demand Balances, Monthly



Part 2

3Q FY2020 Group Financials Snapshot

3Q FY2020 Group Financials (vs. Previous Quarter)

3Q FY2020

RM'000	N. Sabah	Anasuria	Others ¹	Group
Cargoes sold	2	1	-	3
Revenue	120,129	54,752	983	175,864
Gross Profit	71,314	39,646	983	111,943
EBITDA/(LBITDA)	65,322	40,774	(11,370)	94,726
PBT/(LBT)	42,923	19,262	(12,480)	49,705
Tax	(18,314)	(2,926)	-	(21,240)
PAT/(LAT)	24,609	16,336	(12,480)	28,465

2Q FY2020

RM'000	N. Sabah	Anasuria	Others ¹	Group
Cargoes sold	2	1	-	3
Revenue	195,922	74,971	953	271,846
Gross Profit	123,195	48,568	953	172,716
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

Revenue	3Q FY2020	2Q FY2020
North Sabah	611,367 bbls x USD47.72/bbl	671,452 bbls x USD70.19/bbl
Anasuria	238,605 bbls x USD50.59/bbl	249,704 bbls x USD68.67/bbl

Gross Profit Margin	3Q FY2020	2Q FY2020
North Sabah	59.4%	62.9%
Anasuria	72.4%	64.8%

EBITDA Margin	3Q FY2020	2Q FY2020
North Sabah	54.4%	56.1%
Anasuria	74.5%	46.5%

Effective Tax Rate (over PBT)	3Q FY2020	2Q FY2020
North Sabah	42.7%	43.8%
Anasuria	15.2%	33.9%

¹ Others include Group, Investment Holding and Australian activities | USD/MYR average rate: 3Q FY2020: 4.1788, 2Q FY2020: 4.1635

Part 3

**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 in the Current Quarter**

Operating Performance Metrics

	Unit	Jan – Mar 2020 ²	Oct – Dec 2019	Jul – Sep 2019	Apr – Jun 2019
Average uptime	%	89	93	85	94
→ Average gross oil production	bbl/day	17,395	17,076	14,234	14,873
→ Average net oil production	bbl/day	6,436	6,318	5,194	5,020
Cargoes sold	-	2	2	1	2
Total oil sold	bbls	611,367	671,452	334,613	490,753
Average realised oil price ¹	USD/bbl	47.72	70.19	63.63	72.59
→ Average OPEX per bbl (unit production cost)	USD/bbl	13.16	12.23	15.33	13.60

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

² Figures for the period January 2020 to March 2020 are provisional and may change subject to the PSC Statement audit and Petroliam Nasional Berhad (“PETRONAS”)’s approval.

Key Factors Affecting North Sabah's 3Q FY2020 Financial Results

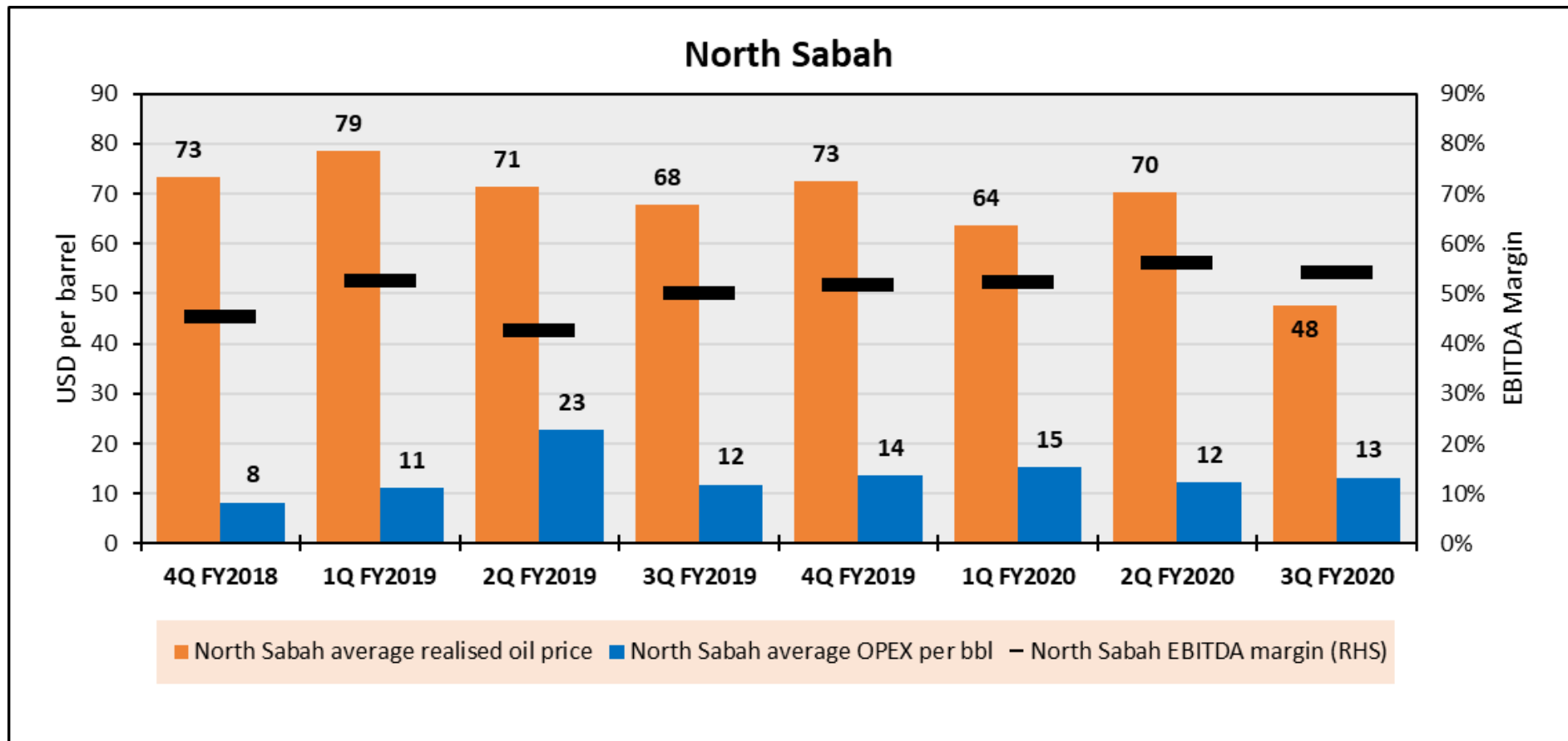
Financials	RM'000
Revenue	120,129
Gross Profit	71,314
<i>Gross Profit Margin</i>	<i>59.4%</i>
EBITDA	65,322
<i>EBITDA Margin</i>	<i>54.4%</i>
PBT	42,923
<i>PBT Margin</i>	<i>35.7%</i>
PAT	24,609
<i>PAT Margin</i>	<i>20.5%</i>

Taxation Breakdown	RM'000
Total Taxation	(18,314)
Deferred Taxation (non-cash)	(2,174)
- Recognition	3,002
- Reversal	(5,176)
Income Taxation	(16,140)

Key factors:

- 2 offtakes – 611,367 bbls @ USD47.72/bbl average realised price.
- Despite relatively low average selling price, achieved reasonably high gross profit margin and EBITDA margin.
- Average uptime was 89%, slightly lower than 93% in 2Q FY2020. This was mainly attributed to the repair work on the South Furious risers which took place early in the quarter.
- Average gross oil production was 17,395 bbl/day (vs 17,076 bbl/day in 2Q FY2020) and average OPEX/bbl was USD13.16 (vs USD12.23 in 2Q FY2020). Marginal increase in average OPEX/bbl primarily due to the commencement of commissioning activities of leased equipment related to the South Furious 30 Water Flood Phase 1 project.
- 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%.)*
 - Effective tax rate over PBT of 42.7% was slightly higher than PITA in the quarter. It was mainly due to a permanent tax adjusting item (i.e. adding back to PBT to arrive at taxable income) arising from the unwinding of finance costs for deferred consideration and other non-current payables.

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
SF30 Water Flood Phase 1	<ul style="list-style-type: none">Drilling and completion of 1 infill water injection well intended for reservoir re-pressurisation.	<ul style="list-style-type: none">RM55.0 million	Ongoing – water injection scheduled to commence in May

SF30 Infill Drilling and Water Flood Phase 1 Projects Status Update

- Successfully completed drilling and completion of the SF30 water injection well. Topsides facilities modifications efforts were completed in the Current Quarter.
- The commissioning of a leased Portable Water Injection Module leading to First Water Injection is expected in the following quarter.
- Of the RM55.0 million total for the SF30 Water Flood Phase 1, RM53.6 million was spent as of 31 March 2020, with the remaining RM1.4 million to be spent in the financial quarter ending 30 June 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 in the Current Quarter

2020 PETRONAS Focused Recognition Awards



Most Effective Well Planning for 2019 – Drilled and completed SF30-6ST and SJ-105C wells with a variance of only 0.09% on cost and 0.39% on schedule compared to planned figures. This was able to maximise long term value to the asset and meet production demand at an effective cost.



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.



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.



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 4

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	Jan – Mar 2020	Oct – Dec 2019	Jul – Sep 2019	Apr – Jun 2019
Average uptime	%	90	85	77	87
→ Average net oil production rate	bbl/day	2,802	2,680	2,386	2,662
Average net gas export rate ¹	boe/day	375	288	204	390
→ Average net oil equivalent production rate	boe/day	3,177	2,968	2,589	3,053
Cargoes sold	-	1	1	1	1
Total oil sold	bbl	238,605	249,704	272,345	302,139
Total gas exported (sold)	mmscf	205	159	112	213
Average realised oil price	USD/bbl	50.59	68.67	58.41	66.84
Average gas price	USD/mmbtu	1.09 ² / 2.80 ³	1.62 ² / 4.02 ³	1.04 ² / 2.52 ³	1.42 ² / 3.39 ³
→ Average OPEX per boe	USD/boe	14.92	22.64	26.11	20.93

All figures are net to Hibiscus.

Prices are quoted in United States Dollars.

¹ Conversion rate of 6,000scf/boe.

² For Cook Field.

³ 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 3Q FY2020 Financial Results

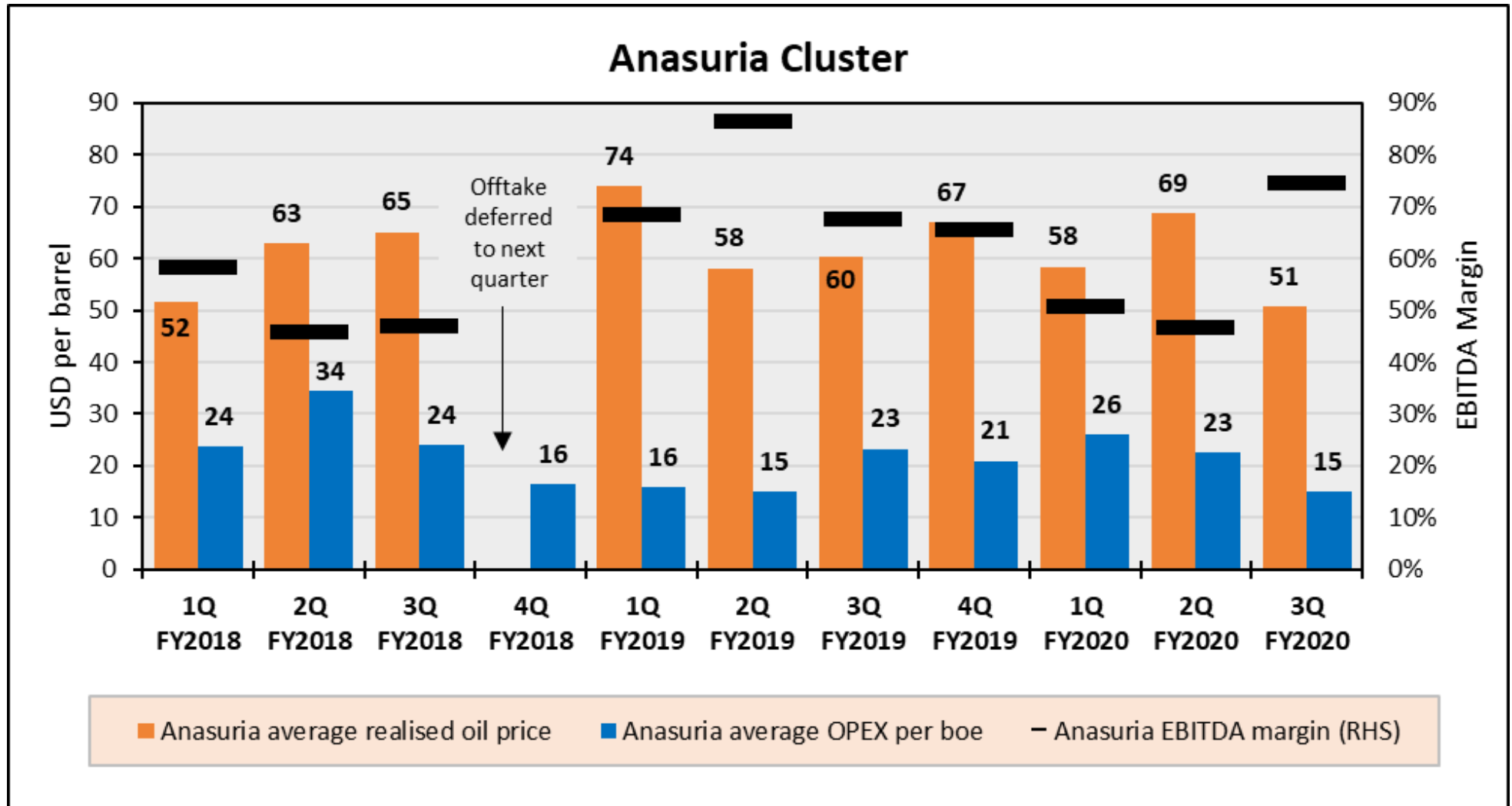
Financials	RM'000
Revenue	54,752
Gross Profit	39,646
<i>Gross Profit Margin</i>	<i>72.4%</i>
EBITDA	40,774
<i>EBITDA Margin</i>	<i>74.5%</i>
PBT	19,262
<i>PBT Margin</i>	<i>35.2%</i>
PAT	16,336
<i>PAT Margin</i>	<i>29.8%</i>

Taxation Breakdown	RM'000
Total Taxation	(2,926)
Deferred Taxation (non-cash)	(6,968)
- Recognition	(2,670)
- Reversal	(4,298)
Income Taxation	4,042

Key factors:

- 1 offtake – 238,605 bbls @ USD50.59/bbl average realised price.
- Achieved high gross profit margin and EBITDA margin, despite relatively low average selling price.
- Average uptime and average OPEX/boe were 90% and USD14.92 respectively (vs 85% and USD22.64 respectively in 2Q FY2020).
- The much improved OPEX/boe was driven by both an increase in production due to higher uptime and lower OPEX incurred. The lower OPEX was driven by a combination of reduction in costs due to the lower oil price environment, deferral of activities to mitigate COVID-19 risks as well as the optimisation in timing of maintenance activities in calendar year 2020. In addition to that, in 2Q FY2020, a diving campaign to conduct well inspections, maintenance and activities to install a gas lift jumper to the recently drilled GUA-P1 ST well was successfully executed. During that campaign, production in 2Q FY2020 was partially impacted.
- In addition, there were higher net unrealised foreign exchange gain between 3Q FY2020 and 2Q FY2020 of RM16.1million. This was due to the depreciation of the GBP as at 31 March 2020, which had a favourable effect when Anasuria Hibiscus UK performed the periodic revaluation of the carrying value of the provision for decommissioning costs which is denominated in GBP.
- 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 15.2% effective tax rate in 3Q FY2020 was low, mainly to adjust overprovisions in 2Q and 1Q FY2020.
 - The estimated effective tax rate for full year FY2020 was updated to 26.0% during the quarter, based on latest information available (revenue, cost of sales, production and CAPEX), compared to 33.0% computed as at 2Q FY2020. The effective tax rate was lower than the statutory rates, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the supplementary charge tax regime.

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
Subsea Debottlenecking*	Installation of a new pipeline from the Guillemot field to increase liquid production capacity.	Work in Progress	2021
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

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

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.
- The total estimated CAPEX net to AHUK is RM58.8 million.
- Approximately 30,000 bbl of water per day was being injected into the reservoir until a failure of a subsea component in December 2019 stopped the water injection. Reinstatement of the water injection is expected to complete by the first quarter of calendar year 2021 with the incremental cost to Anasuria Hibiscus UK estimated to be RM2.5 million.
- Production from the Cook field is not impacted as the pre-existing CO-P1 well is continuing to produce as normal.
- This project is anticipated to unlock 2.8 MMbbls of net 2P oil reserves.

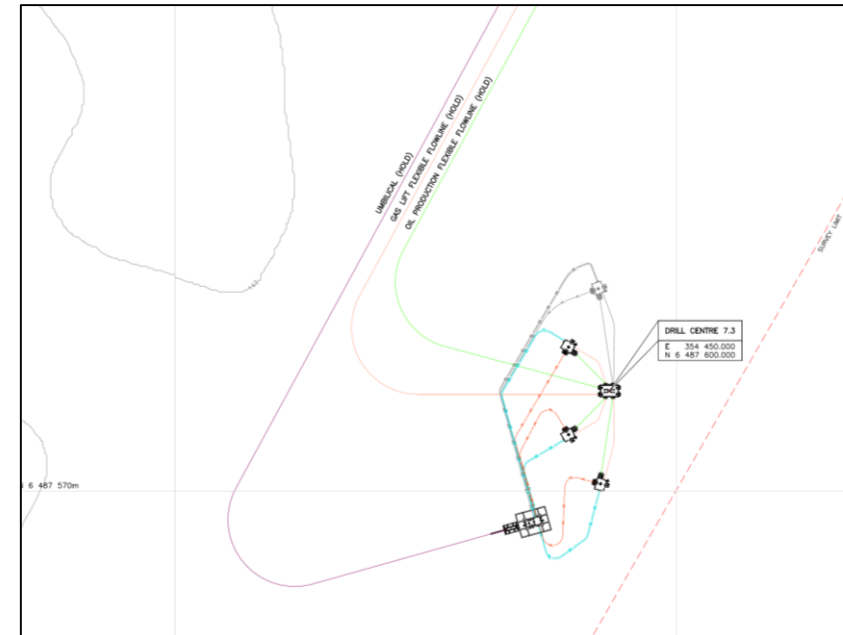
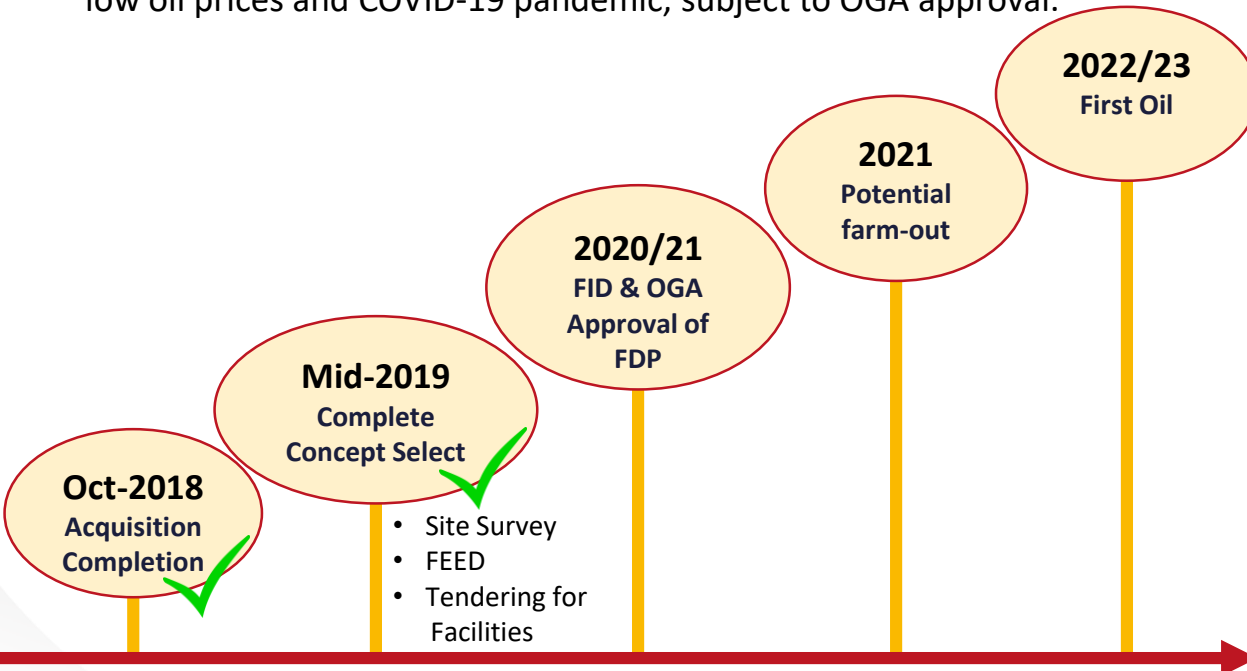
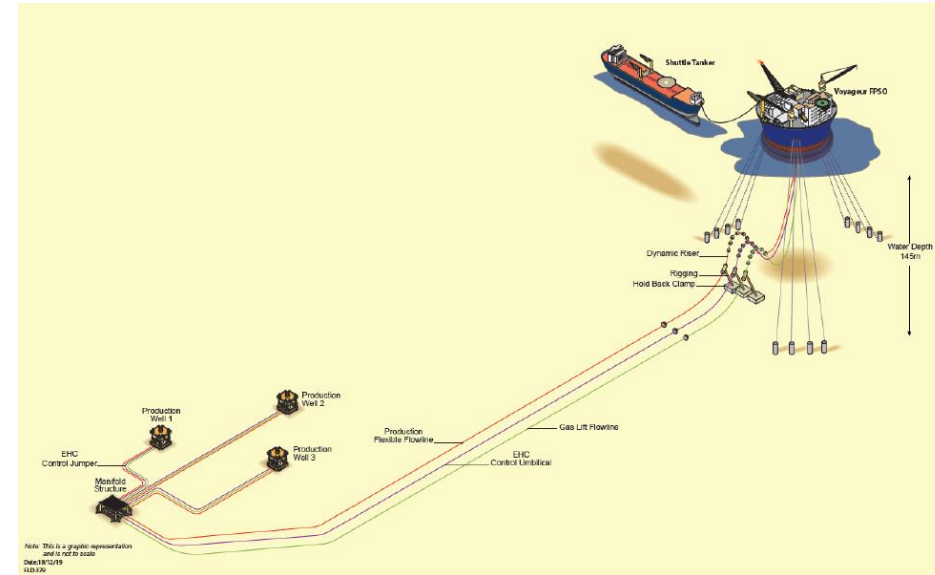
Part 5

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 are 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.
- Final Investment Decision likely to be pushed back to 2021 due to current low oil prices and COVID-19 pandemic, subject to OGA approval.



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

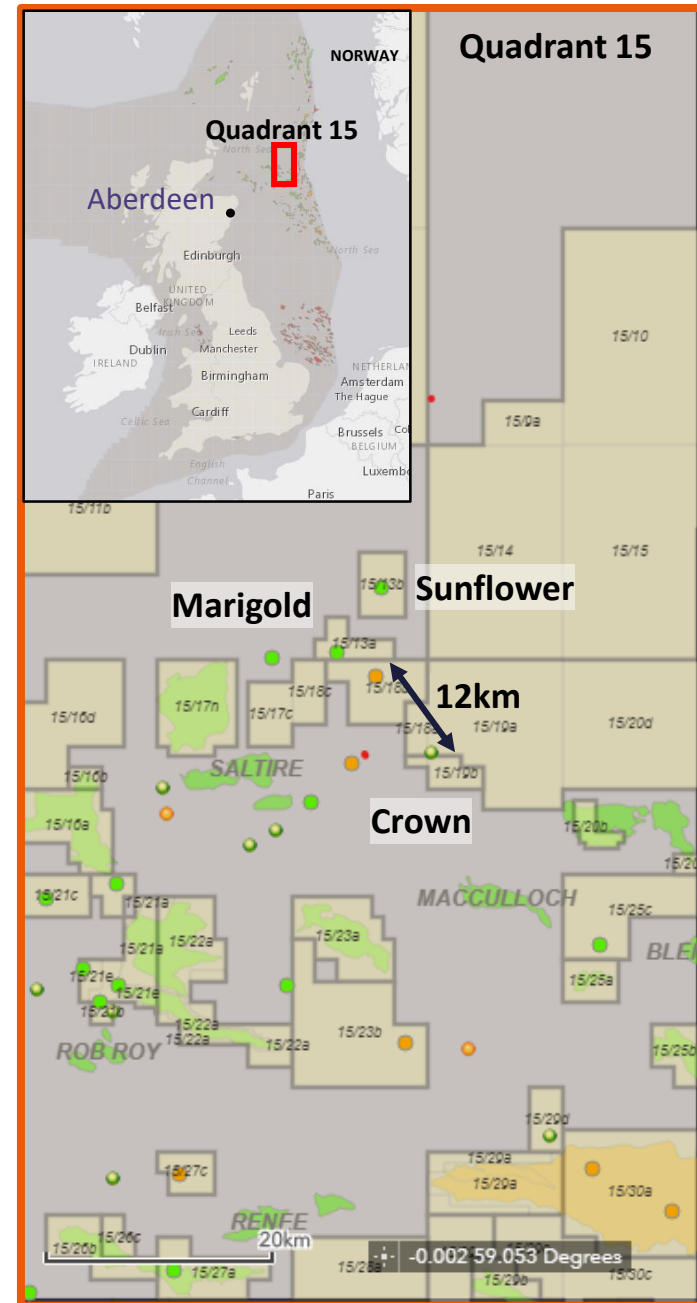
Marigold – Further Opportunities

United Oil & Gas/Swift Exploration Transaction

- On 12th 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 Mar 2020 (RM)	As at 31 Dec 2019 (RM)	As at 30 Sep 2019 (RM)	As at 30 Jun 2019 (RM)	As at 31 Mar 2019 (RM)
Total assets	2,619.2m	2,567.8m	2,553.2m	2,393.1m	2,222.6m
Shareholders' funds	1,366.0m	1,290.1m	1,261.6m	1,237.5m	1,201.4m
Cash and bank balances	151.0m	175.7m	253.1m	273.5m	221.2m
Unrestricted cash	57.1m	87.2m	179.5m	206.7m	160.1m
Restricted cash *	93.9m	88.5m	73.6m	66.8m	61.1m
Total debt	(48.7m)	Nil	Nil	Nil	Nil
Net current (liabilities)/assets	(41.5m)	(53.5m)	(103.9m)	14.0m	90.7m
Net assets per share	0.86	0.81	0.79	0.78	0.76

* For more information, please refer to page 6 of the Unaudited Quarterly Financial Report for the quarter ended 31 March 2020.

- Shareholders' funds as at 31 March 2020 increased by RM128.5m when compared to 30 June 2019. Included in Shareholders' funds as at 31 March 2020 are Retained earnings of RM503.3m.
- 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 RM40m proceeds from the North Sabah March 2020 offtake (which was received in early May 2020).)
- In January 2020, the Group drew down a short-term term loan for working capital requirements.
- A deed of supply and collaboration was signed with Trafigura Pte Ltd in April 2020, covering several areas of commercial cooperation, including potential crude oil offtakes by Trafigura and potential funding for project and asset acquisitions. The agreements with Trafigura form part of an overall plan to ensure that all planned projects across the Group are fully funded over the CY2020/2021 period.
- We will continue to engage with financial institutions and industry players to explore funding options and capital raising initiatives which run in tandem with our growth plans.

Part 6

Key Messages

Key Messages

- Hibiscus Petroleum, as part of business continuity, has enacted various measures to mitigate the spread and impact of COVID-19 within our organisation as the health and safety of our personnel remains of utmost importance.
- We have delivered approximately 2.4 million barrels of oil in the first three quarters of FY2020, with our FY2020 target to produce 3.2 million barrels of oil safely and efficiently.
- North Sabah – CY2020 production enhancement drilling programme to continue with targeted optimisation of both operating and development expenditure to USD 15 per bbl and USD 10.5 per bbl respectively. We have also locked in future sales of 750,000 bbls at an average price of USD35/bbl.
- Anasuria Cluster – Significant reduction in OPEX per boe in the Current Quarter to USD14.9 per boe together with ongoing initiatives targeted to reduce overall OPEX per boe over CY2020 to USD 18.5 per boe.
- Marigold Cluster – Final Investment Decision likely to be pushed back to 2021 due to current low oil prices and COVID-19 pandemic, subject to OGA approval.
- Offtake schedule for fourth quarter of FY2020 and first quarter of FY2021 likely revised to capitalise on higher price outlook in later quarters.
- Prudent view on crude oil prices to be used as inputs to test impairment of assets. Process has been initiated and technical work is ongoing.

Thank You

For more information please contact:

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