

# Analyst Briefing

North Sabah and Corporate Updates

2<sup>nd</sup> June 2017



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# Objectives

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- To illustrate the potential contribution of the 2011 North Sabah EOR PSC to Hibiscus Petroleum Bhd
  - Creation of a significant Malaysian Independent Operator
- To provide an Operations/Performance Update for Anasuria post completion to 31 March 2016
  - Anasuria has been the platform of our business turnaround
- Review of 3<sup>rd</sup> Quarter Results ended 31<sup>st</sup> March 2017
  - 5 consecutive quarters of profit and positive cashflow
- Corporate update
  - Shariah compliance

An offshore oil rig is shown at sunset, with the sun low on the horizon over the ocean. The rig's structure is illuminated by warm lights, and the sky transitions from orange near the sun to a deep blue. The rig features a tall derrick, various pipes, and platforms.

# Acquisition of Shell's Interest in 2011 North Sabah EOR PSC

## Transaction Details

### Section 1

# The 2011 North Sabah EOR PSC: Background

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- On 12 October 2016, SEA Hibiscus Sdn Bhd, a wholly owned subsidiary of Hibiscus Petroleum Berhad had entered into a conditional sale and purchase agreement with Shell to acquire Shell's entire fifty percent participating interests in:
  - The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC); and,
  - The Joint Operating Agreement between Shell and Petronas Carigali in relation to the PSC.
- On 29 May 2017, Hibiscus Petroleum announced that:
  - Petronas Carigali Sdn Bhd had waived their pre-emption rights under the JOA
  - PETRONAS had provided its approval to Shell for the assignment of the Interest pursuant to the PSC in favour of SEA Hibiscus. The PETRONAS approval is subject to certain conditions which are currently being reviewed by the Sellers in conjunction with SEA Hibiscus.
- This acquisition represents Hibiscus Petroleum's first asset in Malaysia.
- Operatorship of four producing oil fields offshore Sabah, the Labuan Crude Oil Terminal and all other facilities and assets related to the PSC to be transferred to SEA Hibiscus.

# Overview of the North Sabah EOR PSC

**Assets:** 50% interests in the 2011 North Sabah EOR PSC for:

- St Joseph Producing Field
- South Furious Producing Field
- SF 30 Producing Field
- Barton Producing Field
- All associated facilities and assets related to the PSC including the Labuan Crude Oil Terminal

**Location:** Offshore Sabah, Malaysia

**SPA Date:** 12 October 2016

**Effective Date:** 1 January 2017

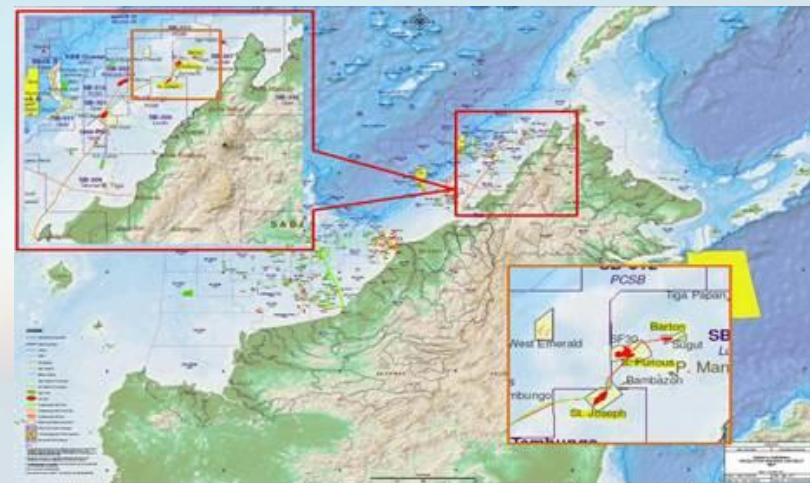
**Operator (post- completion)** SEA Hibiscus Sdn Bhd (subject to conditions)

**Sellers:** Sabah Shell Petroleum Company Limited; and Shell Sabah Selatan Sdn Bhd

**Production Life:** Producing since 1979 with production rights up to 2040.

**Future Prospects:** Once resources are channelled towards identified future development opportunities, subject to capex and oil price, the incremental 2C resources may be exploited.

**Approvals Obtained:** PETRONAS and Petronas Carigali Sdn Bhd



	Units	Total
<b>Average Daily Production 2015<sup>1</sup></b>	kstb/d <sup>3</sup>	18
<b>Remaining Reserves (2P)<sup>2</sup></b>	MMstb <sup>4</sup>	62
<b>Contingent Resources (2C)<sup>2</sup></b>	MMstb	79
<b>Platforms/Structures<sup>1</sup></b>		19
<b>Wells</b>		135
<b>Opex Cost / bbl<sup>1</sup></b>	RM/bbl	55.10

<sup>1</sup> Actuals. Source: Sellers' Information

<sup>2</sup> Figures derived by independent technical valuer, RISC Operations Pty Ltd, based on 100% interest in the PSC, as of 1 January 2016

<sup>3</sup> Thousand stock tank barrels per day

<sup>4</sup> Million stock tank barrels

# What does this mean for Hibiscus ?

- In line with **growth strategy to invest in development and producing business operations** in core business areas (UK, Malaysia, Australia). The Proposed Acquisition represents Hibiscus Petroleum's first asset in Malaysia.
- Presents an opportunity to operate an asset with Petronas Carigali as a joint venture partner with production rights till 2040.
- Immediate **access to proven and probable oil & gas reserves** and future potential upside
- Identified future development opportunities are expected to add incremental 2P/2C resources and generate significant value.
- Most importantly, this transaction adds significant scale and capability to the company.
- **Second positive cash flow stream** for Hibiscus Petroleum (after Anasuria).





# Commercial Details

**Total Purchase Consideration:  
USD 25m**

**Initial Consideration  
USD 15m**

**Deferred Consideration  
USD 10m**

12 October 2016	SPA Signing Date	<b>USD 2.5 m</b> (paid in cash)
2017	Completion Date	<b>USD 12.5 m</b>

First tranche	12 months after Completion	<b>USD 5 m</b>
Second tranche	24 months after Completion	<b>USD 5 m</b>

Note: The Purchase Consideration was arrived at on a willing-buyer, willing-seller basis and after taking into account, amongst others, the expected economic benefit to be derived from the Effective Date (1 January 2017).

An offshore oil rig is shown at sunset. The sun is low on the horizon, casting a warm orange and yellow glow over the scene. The rig's structure, including a tall derrick and various platforms, is silhouetted against the bright sky. The ocean is dark blue, and the overall atmosphere is serene and industrial.

# Performance Update

## Anasuria Cluster

### Section 2

# Production in the North Sea: Anasuria Cluster

**Asset Name:** Anasuria Cluster, comprising:

- Cook (19.3%) Producing Field
- Teal (50%) Producing Field
- Teal South (50%) Producing Field
- Guillemot A (50%) Producing Field
- Anasuria FPSO (50%) FPSO

**Location:** ~ 175 km east of Aberdeen, UK North Sea

**Water depth:** ~ 94 m

**Acquisition Completion Date:** 10<sup>th</sup> March 2016

**Operator:** Anasuria Operating Company Limited  
(JOC<sup>1</sup> between Hibiscus (50%) and Ping (50%))

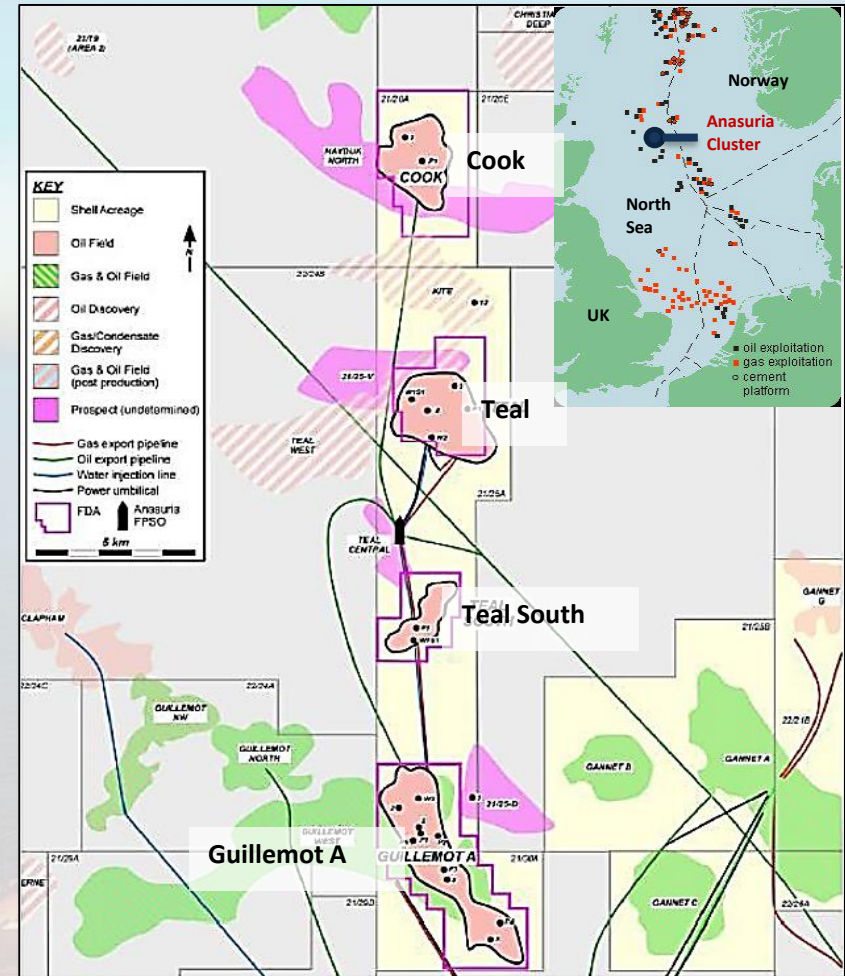
**Sellers:** Shell UK Limited, Shell EP Offshore Ventures Limited and  
Esso (Exxon) Exploration and Production UK Limited (100%)

**Production life:** Producing since 1996. Potential to extend production life<sup>2</sup>

**2P Oil Reserves<sup>3</sup>:** 19.2 mmbbls

**2C Oil Resources<sup>3</sup>:** 5.2 mmbbls

**Competitive Advantage:** Innovative structure to manage abandonment liabilities

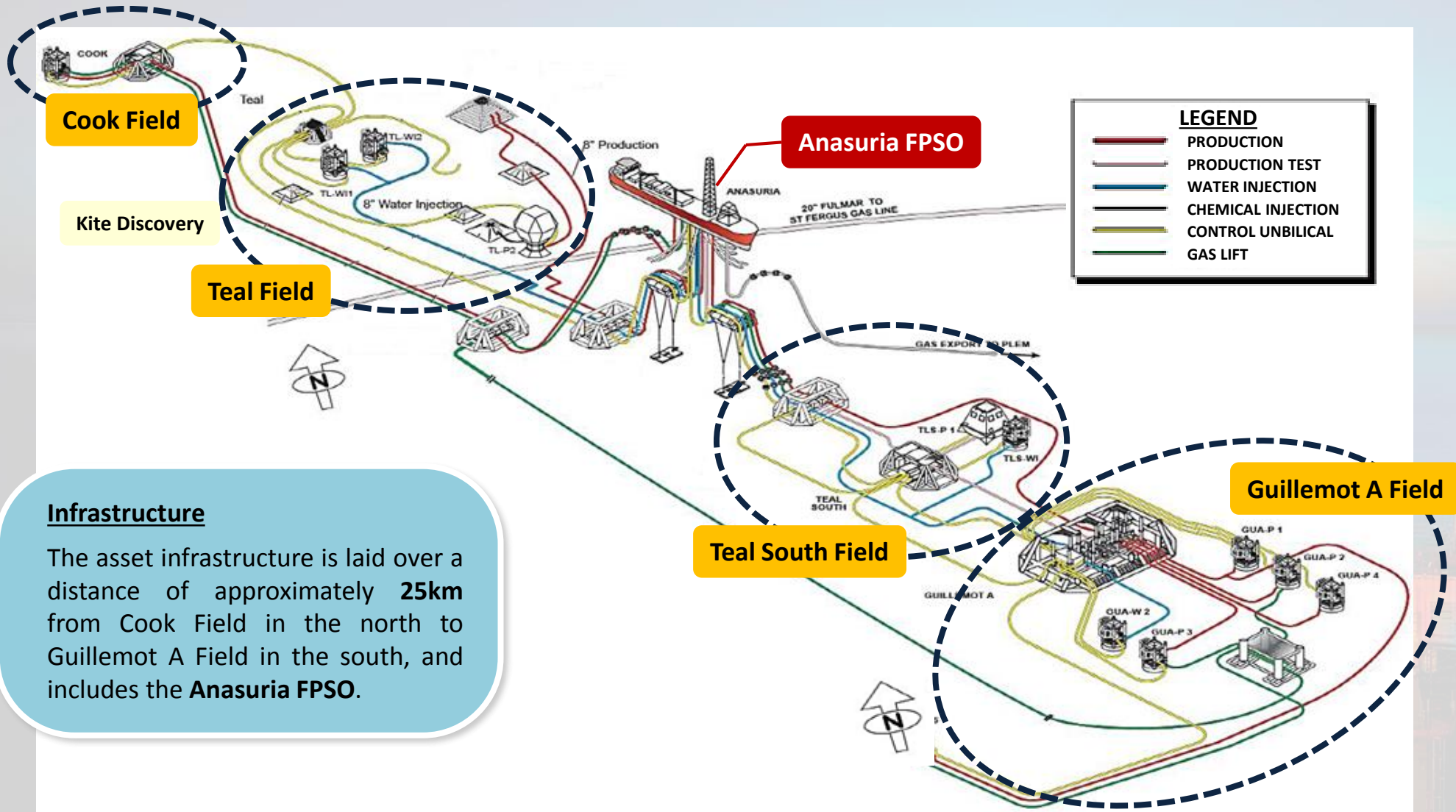


<sup>1</sup> Joint Operating Company ("JOC")

<sup>2</sup> Subject to investment, OPEX, oil price and 2P reserves

<sup>3</sup> As of 1 Jan 2017.

# Schematic of Field Layout and Infrastructure



## Infrastructure

The asset infrastructure is laid over a distance of approximately **25km** from Cook Field in the north to Guillemot A Field in the south, and includes the **Anasuria FPSO**.

# Operational Performance

## Recent Operational Performance

	Units	Mar - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan – Mar 2017
Avg daily oil production rate	bbl/day	2,971	3,032	3,934	2,617
Avg daily gas export rate <sup>1</sup>	boe/day	236	374	474	257
Avg daily oil equivalent production rate	boe/day	3,206	3,406	4,408	2,873
Total oil sold	bbl	460,000 <sup>^</sup>	271,576	298,909	273,419
Total gas exported (sold)	mmscf	172	206	262	138
Avg realised oil price	USD/bbl	40.1	45.2	41.7	52.95
Avg gas price	USD/mmbtu	1.2 <sup>2</sup> / 3.1 <sup>3</sup>	1.3 <sup>2</sup> / 3.3 <sup>3</sup>	1.7 <sup>2</sup> / 4.2 <sup>3</sup>	2.1 <sup>2</sup> /4.9 <sup>3</sup>
Avg OPEX per boe	USD/boe	23.1	18.4	13.0	15.1
Avg uptime/ availability of Anasuria facilities	%	88	82	98	76

1. Recorded lower average daily oil production rate and uptime compared to previous quarter due to:
  - i. Planned and unplanned shutdown of the facilities, and
  - ii. Increased gas-oil ratio readings of one of the wells.
2. Both these issues have been resolved towards the end of the quarter ended 31 March 2017.

Source: Anasuria Operating Company Limited.

**All figures are net to Hibiscus.**

<sup>^</sup> Two offtakes in the period Mar – Jun 2016.

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

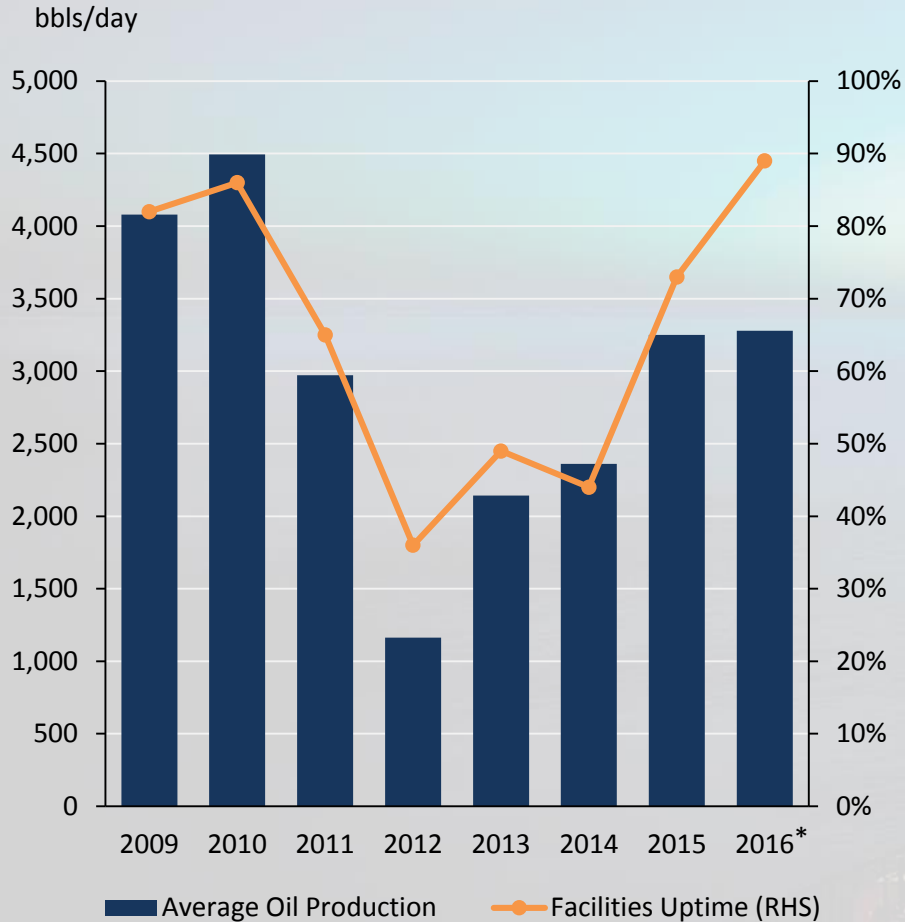
barrels of oil equivalent

million standard cubic feet

million British thermal units

# Operational Performance

## Historical Performance Of Anasuria



- **Anasuria has maintained a good track record**
- **Hibiscus is working towards maintaining good uptime performance to maximise productivity of the asset and its facilities**
- **Building production resilience** with projects that are of low technical complexity and business risk exposure:
  - **Re-start production from Guillemot P1 well, and**
  - **Introduce gas lift to Guillemot P5 well.**

Source: Anasuria Operating Company Limited.

**All figures are net to Hibiscus.**

\* Hibiscus took over joint operatorship from March 2016.

^ Two offtakes in the period Mar – Jun 2016.

Prices are quoted in United States Dollars.

bbl	barrels
boe	barrels of oil equivalent
mmscf	million standard cubic feet
mmbtu	million British thermal units

A photograph of an offshore oil rig at sunset. The sun is low on the horizon, casting a warm orange and yellow glow over the dark blue sea. The rig's complex structure, including a tall derrick and various platforms, is silhouetted against the bright sky. The overall scene is serene and industrial.

# Financial Review

## 3<sup>rd</sup> Quarter Results

### Section 3

# Highlights of the Third Quarter ended 31 Mar 2017

## Operating Segment Summary 3Q FYE 2017 (Jan – Mar 2017)

RM'000	Anasuria	Others <sup>3</sup>	Group
Revenue	68,052	1,190	69,242
EBITDA <sup>1</sup>	★ 40,016	(1,560)	38,456
PBT	★ 22,004	(5,213)	16,791
Tax	(10,270)	(36)	(10,306)
PAT	11,734	(5,249)	6,485

## Operating Segment Summary 2Q FYE 2017 (Oct-Dec 2016)

RM'000	Anasuria	Others <sup>3</sup>	Group
Revenue	61,788	1,033	62,821
EBITDA <sup>1</sup>	38,090	(314)	37,776
PBT	14,489	(4,457)	10,032
Tax	721	(78)	643
PAT	15,210	(4,535)	10,675

## Operating Segment Summary 1Q FYE 2017 (Jul-Sep 2016)

RM'000	Anasuria	Others <sup>3</sup>	Group
Revenue	53,694	1,051	54,745
EBITDA	27,117	4,114	31,231
PBT	8,345	(864)	7,481
Tax <sup>2</sup>	75,844	(3,042)	72,802
PAT	84,189	(3,906)	80,283

<sup>1</sup> The EBITDA margin achieved for Anasuria Cluster in 3Q 2017 was 59% (2Q 2017: 62%; 1Q 2017 : 51%)

<sup>2</sup> The 1Q 2017 tax amount saw the impact of a one-off significant tax credit of RM78.4m recognized from the reduction in the rate of the Supplementary Charge on the deferred tax liabilities relating to fair value of the identifiable assets and liabilities of the Anasuria Cluster.

<sup>3</sup> Others include Investment Holding, Group and Australian activities.



# Other Financial Highlights from the Group Balance Sheet

	As at 30 Jun 2016 (RM)	As at 30 Sep 2016 (RM)	As at 31 Dec 2016 (RM)	As at 31 Mar 2017 (RM)
Total assets	1,269.2	1,337.7m	1,415.4m	<b>1,345.1m</b>
Shareholders' Funds	584.3m	698.4m	745.8m	<b>753.1m</b>
Cash and bank balances	28.7m	17.1m	60.7m	<b>23.1m</b>
Total debt	Nil	Nil	Nil	<b>Nil</b>
Net assets per share	0.45	0.50	0.52	<b>0.52</b>

1. **Group Balance Sheet has been strengthening over the past few quarters.**
2. **Group continues to remain in a debt free position.**

- As part of the transaction to acquire the Anasuria Cluster asset, **Hibiscus Petroleum fulfilled its payment obligation of USD 15m on 10 Mar 2017**, a component of the deferred consideration of USD 22.5m.
- The final tranche of the deferred consideration of USD 7.5m will be due on 10 Sep 2017.

An offshore oil rig is shown at sunset, with the sun low on the horizon over the ocean. The rig's structure is illuminated by warm lights, and the sky transitions from orange near the sun to a deep blue. The rig features a tall derrick, various platforms, and piping.

# Corporate Development

## Shariah Compliance

### Section 4

# Shariah Compliance

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- The Shariah Advisory Council of the Securities Commission has approved an updated list of securities classified as **Shariah-compliant securities** (“List”).
- Hibiscus has been recently included in the List which has taken effect from 26 May 2017.
- This development enables Hibiscus to **access a wider investor pool; Islamic institutions, funds, investors** (and potentially **Government-linked institutions**) may now consider investing in Hibiscus.

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# Investment Thesis and Outlook

## Why Invest In Hibiscus?

### Section 5

# Why Invest In Hibiscus?

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- An **experienced and knowledgeable management team.**
- Five consecutive quarters of profits.
  - Results of the third quarter 31 March 2017 shows **improvements to EBITDA, PBT and Balance Sheet**, and financial improvement driven by Anasuria performance.
- A joint operator and owner of a **significant cash and profit generating business** in the UK North Sea.
- The inherent value of the **Anasuria Cluster has yet to be fully recognised** in the valuation of the company's shares.
- Approval to acquire the North Sabah assets will transform the company with an increase in:
  - **Proven and Probable Oil Entitlements**
  - **Contingent Resources**
  - **Production**
- Assets are all located in **secure jurisdictions.**
- Company has **no debt.**

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**Thank You**

