

Hibiscus Petroleum Berhad – Results Note

We recently attended Hibiscus Petroleum Bhd’s 1QFY24 results briefing and came away with a positive impression.

Business Overview

Hibiscus Petroleum Berhad (Hibiscus Petroleum) is Malaysia’s first listed independent oil and gas exploration and production company. Its key activities are focused on monetising producing oilfields and growing its portfolio of development and producing assets in the United Kingdom, Malaysia, Australia, and Vietnam.

Financial Performance 1QFY24

RM'000	Q1 FY2024	Q4 FY2023
Revenue	746,624	503,600
Gross Profit	472,642	326,666
<i>Gross Profit Margin</i>	63.3%	64.9%
EBITDA	392,971	326,481
<i>EBITDA Margin</i>	52.6%	64.8%
PBT	259,170	167,823
<i>PBT Margin</i>	34.7%	33.3%
Tax	(104,872)	(44,547)
PAT	154,298	123,276
<i>PAT Margin</i>	20.7%	24.5%

The higher revenue in Q1 FY2024 was mainly due to higher volume of crude oil sold and higher average oil prices attained:

- Crude oil and condensate: Q1 FY2024 – RM634.0 million (1,411,102 bbls @ USD96.94/bbl) vs Q4 FY2023 – RM389.4 million (1,028,102 bbls @ USD81.73/bbl).
- Gas: Q1 FY2024 - RM107.3 million (3,723 MMscf) vs RM110.1 million (4,420 MMscf).

For FY2024, the Group estimates to sell approximately 7.5 to 7.8 MMboe of oil, condensate and gas.

Segmental review

RM'000	Malaysia – Kinabalu and others		CAA	Vietnam	Subtotal (PHSB Group)	Malaysia – North Sabah	United Kingdom	Others ⁽¹⁾	Total (HPB Group)
	Kinabalu	Others							
Revenue	137,260	2,649	256,561	-	396,470	246,411	98,356	5,387	746,624
Gross Profit	88,235	2,023	160,395	-	250,653	142,308	74,294	5,387	472,642
EBITDA/(LBITDA)	73,965	6,276	153,367	(23)	233,585	102,596	66,279	(9,489)	392,971
PBT/(LBT)	57,531	6,170	93,645	(838)	156,508	81,612	41,432	(20,382)	259,170
Tax	(23,143)	(245)	(36,533)	187	(59,734)	(32,979)	(10,615)	(1,544)	(104,872)
PAT/(LAT)	34,388	5,925	57,112	(651)	96,774	48,633	30,817	(21,926)	154,298

	Malaysia – Kinabalu and Others		CAA	Vietnam	PHSB Group	Malaysia – North Sabah	United Kingdom
	Kinabalu	Others					
Gross Profit Margin	64.3%	76.4%	62.5%	-	63.2%	57.8%	75.5%
EBITDA Margin	53.9%	236.9%	59.8%	-	58.9%	41.6%	67.4%
PAT Margin	25.1%	223.7%	22.3%	-	24.4%	19.7%	31.3%

All segments performed well in terms of topline and bottom line except for Vietnam. Strong EBITDA margin of 52.6%.

Balance Sheet

RM	As at 30 Sep 2023	As at 30 June 2023	As at 31 Mar 2022	As at 31 Dec 2022	As at 30 Sep 2022
Total assets	6,474.0m	6,198.5m	5,489.2m	5,592.1m	5,690.8m
Shareholders' funds	2,852.1m	2,689.8m	2,443.4m	2,385.3m	2,448.1m
Cash and bank balances	1,202.9m	1,178.7m	864.8m	702.7m	898.8m
Unrestricted cash	947.2m	925.7m	668.3m	532.0m	727.7m
Restricted cash *	255.7m	253.0m	196.5m	170.7m	171.1m
Total debt	437.4m	456.8m	194.1m	98.7m	94.4m
Net debt	(509.8m)	(468.9m)	(474.2m)	(433.3m)	(633.3m)
Debt to Equity ratio	0.15	0.17	0.08	0.04	0.04
Net current assets/(liabilities)	705.7m	687.7m	296.4m	197.5m	(28.3m)
Net assets per share	1.42	1.34	1.21	1.19	1.22

Debt to equity ratio rose to 0.17x in 30 June 2023 from 0.08x due to the full draw down of a term loan. The ratio improved slightly to 0.15x as at 30 September 2023 due to partial repayment coupled with higher shareholders' funds. Despite the loan drawdown, liquidity remains strong with net cash of RM509.8m.

Hibiscus declared a first interim single-tier dividend of 2.0 sen per ordinary share for FY2024. The Group is aiming to declare a minimum total dividend per share of 7.5 sen over the course of FY2024, which translates into a yield of 2.8%.

Our Thoughts

Overall, we are positive about the outlook of Hibiscus due to stable oil prices and its cost control over production.

Technical Chart



Share price remains in the uptrend channel despite the recent downward correction. Immediate support at RM2.58 where the EMA120 is positioned.

- S1 – RM2.58
- S2 – RM2.30
- R1 – RM2.87
- R2 – RM3.08