

Hibiscus Petroleum Berhad

Version 2 | Bloomberg: HIBI MK | Reuters: HIBI.KL

Refer to important disclosures at the end of this report

DBS Group Research . Equity

10 Oct 2018

BUY

Last Traded Price (9 Oct 2018): RM1.30 (KLCI : 1,774.15)

Price Target 12-mth: RM1.75 (35% upside) (Prev RM1.46)

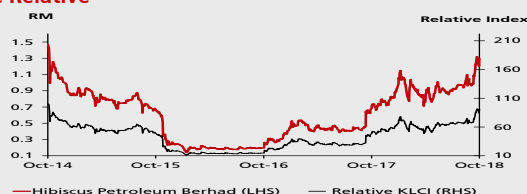
Analyst

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What's New

- Proposed acquisition of oilfield in North Sea with 30mmstb 2C reserves for USD37.5m cash
- Cash hoard is sufficient to fully fund purchase consideration
- No near-term earnings impact given long development gestation but potentially adds 32 sen to TP
- Reiterate BUY with higher TP of RM1.75 after imputing higher oil price

Price Relative



Forecasts and Valuation

FY Jun (RMm)	2018A	2019F	2020F	2021F
Revenue	394	1,149	1,173	1,451
EBITDA	173	752	785	1,078
Pre-tax Profit	244	612	645	952
Net Profit	204	377	399	582
Net Pft (Pre Ex.)	42.6	377	399	582
Net Pft Gth (Pre-ex) (%)	45.1	785.1	5.6	46.1
EPS (sen)	13.2	24.4	25.8	31.3
EPS Pre Ex. (sen)	2.76	24.4	25.8	31.3
EPS Gth Pre Ex (%)	33	785	6	21
Diluted EPS (sen)	2.61	22.6	24.1	34.2
Net DPS (sen)	0.0	0.0	0.0	0.0
BV Per Share (sen)	64.5	88.9	115	173
PE (X)	9.9	5.3	5.0	4.2
PE Pre Ex. (X)	47.1	5.3	5.0	4.2
P/Cash Flow (X)	19.7	2.9	3.9	3.3
EV/EBITDA (X)	10.2	1.7	1.4	0.7
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	2.0	1.5	1.1	0.8
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	23.4	31.9	25.3	26.2
Earnings Rev (%):		39	43	88
Consensus EPS (sen):		18.0	19.3	17.5
Other Broker Recs:		B: 2	S: 0	H: 1

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

Working wonders

Our top sector pick. We believe Hibiscus' earnings will be significantly stronger in FY19, supported by the completion of enhancement works on the Anasuria Cluster, the inclusion of North Sabah EOR PSC, and strong Brent crude oil price. We forecast a FD core EPS CAGR of 141% over FY18-21F. Hibiscus also announced that it had proposed to acquire a 50% interest in the North Sea Blocks which has discovered but undeveloped oilfields for USD37.5m (RM155.5m). The SPA is expected to be completed by 16 Oct 2018 and Hibiscus will assume the role of asset operator. We have not included the proposed North Sea Blocks in our forecast pending its Final Investment Decision (FID).

Where we differ. We believe the market has not fully priced in the potential enhancement works of the North Sabah EOR PSC and recent enhancement works on the Anasuria Cluster. We also believe the impending completion of the North Sea Blocks acquisition will act as a near-term share price catalyst. Assuming the 2C reserves are fully converted to 2P reserves, we will get a conservative DCF value of RM594m. This will translate to an additional 32 sen to our TP.

Further potential catalysts. Progresses on enhancement projects for North Sabah EOR PSC and developments on its Australia fields will support Hibiscus' growth momentum. Moreover, commencement of developments for its proposed North Sea Blocks acquisition will add to the group's production portfolio.

Valuation:

Our TP is raised to RM1.75 (previously RM1.46) following our earnings upgrade to impute higher oil price. It is derived using the DCF valuation method which only accounts for its active upstream production assets.

Key Risks to Our View:

Delay in completion of enhancement work. Any delay in the completion of the enhancement projects will affect the earnings growth momentum as we expect production in the Anasuria Cluster to reach 5,000bbl/day in FY21 and North Sabah to hit 7,400bbl/day in FY22.

At A Glance

Issued Capital (m shrs)	1,588
Mkt. Cap (RMm/US\$m)	2,065 / 497
Major Shareholders (%)	
Dr Kenneth Gerard Pereira	15.3%
Datuk Michael Tanq Vee Mun	10.2%
Mohd Zulkefli bin Mohd Abdah	6.3%
Free Float (%)	68%
3m Avg. Daily Val (US\$m)	9.4
ICB Industry : Oil & Gas / Oil Equipment, Services & Dist	

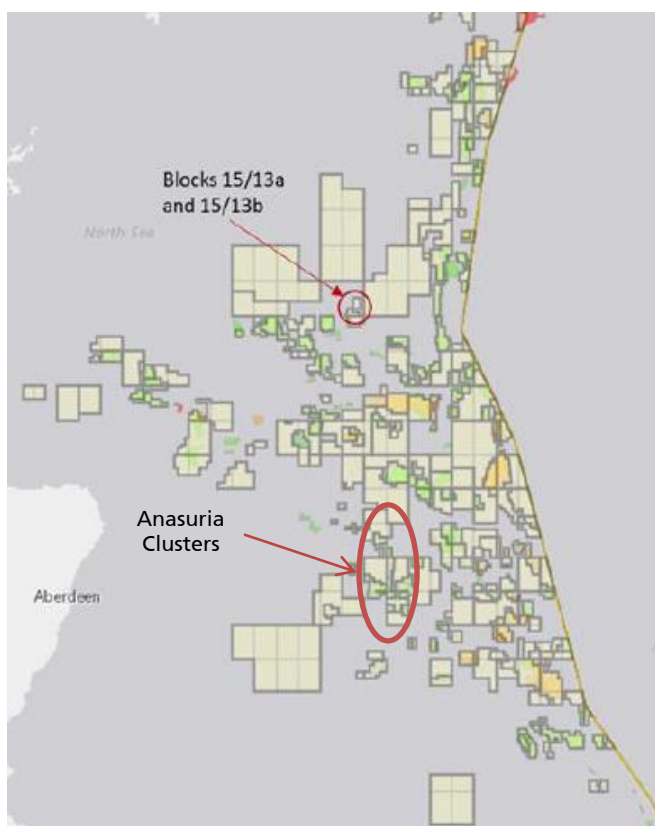
WHAT'S NEW

Growth to be continuous

Proposed acquisition to expand North Sea presence

Hibiscus Petroleum (Hibiscus) announced that it had entered into a conditional sale and purchase agreement (SPA) with Caldera Petroleum (UK) Ltd (Caldera) to acquire a 50% interest in the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in the UK Central North Sea (North Sea Blocks) for a total cash consideration of USD37.5m (RM155.5m). Hibiscus will assume the role of asset operator after the completion of the SPA. Subject to the fulfilment of certain conditions precedent including procuring the approval of the Oil & Gas Authority of the United Kingdom, the SPA is expected to be completed by 16 October 2018. The purchase consideration will be funded by internally generated cash.

North Sea Blocks Location



Source: Company

A discovery within Block 15/13a, has significant contingent oil resources. A smaller field, within Block 15/13b, lies northeast of Block 15/13a. Oil bearing layers were tested in Block 15/13a and Block 15/13b. In Block 15/13a, a 16-hour drill stem test resulted in a final flow rate of 1,937bbl/day on a 40/64" choke in a conventional vertical well. The gross

resources for Blocks 15/13a and 15/13b have been classified by AGR TRACS International Limited (AGR) in accordance with resource definitions presented in the Society of Petroleum Engineer (SPE)'s Petroleum Resources Management System. With no currently agreed plan and expenditure for the exploitation of Block's 15/13a and 15/13b, the recoverable hydrocarbon volumes are currently classified as Contingent Resources – Development on Hold. The range of contingent oil resources are as follow with the base case 2C reserves at 30mmstb.

North Sea Blocks net reserves (mmstb)

Project	1C	2C	3C
Block 15/13a	15.9	28.0	44.3
Block 15/13b	1.2	2.0	2.9
Total	17.1	30.0	47.2

Source: Company, AGR's report as of September 2018

Our view. According to Rystad Energy, average transaction value in 2016 for discovered but undeveloped UK oilfields is USD1.50/boe. We deemed the proposed acquisition price to be fair at USD1.25/bbl based on 30mmstb of 2C reserves. We believe Hibiscus will not require any equity cash call in the near term to fund the purchase consideration as it has sizeable cash hoard of RM136m as at Jun 2018. Furthermore, its operating cash flow will increase substantially in FY19 following the completion of acquisition of North Sabah EOR PSC in Mar 2018 while production volume in Anasuria Cluster will rebound significantly following completion of a recent enhancement project.

According to Rystad Energy, the unit development cost of 125-150 metre depth field is USD7.5/bbl. Based on the guided 2C reserve of 30mmstb and 140 metre of water depth, we estimate a development capex of USD225m (Hibiscus' net share). As the North Sea Blocks are located c.150km away from the existing Anasuria Cluster, they could not be developed together. Given the long process to procure all the necessary development plan, authorities' approval and most crucially funding for the huge capex, we believe it will take at least 3-4 years before first oil is achieved. As such, we are not imputing the earnings accretion of these new oilfields at this juncture until the announcement of the Final Investment Decision (FID).

Assuming the 2C reserves are fully converted to 2P reserves once development plan and capex budget have been firmed up, we estimate a conservative DCF value of RM594m. This will translate to an additional 32 sen to our TP.

Updates on North Sabah EOR PSC

Upon completion of the acquisition of North Sabah EOR PSC on 31 Mar 2018, Hibiscus reported the maiden earnings contribution from North Sabah EOR PSC in its 4QFY18 results. However, contribution to bottom-line was dragged by higher than expected opex. This was attributed to inherited oil inventory of 287,000 bbl on completion date with carrying value that was marked-to-market at an average oil price of USD73/bbl in 4QFY18 instead of actual production cost. This resulted in effective opex of USD32/bbl for North Sabah EOR PSC in 4QFY18. We understand that Hibiscus adopts the average cost method for its inventory instead of "first-in first-out". As such, we expect effective opex will only normalise progressively to its actual production opex of USD20/bbl by FY20.

Besides the one-off effect of higher oil inventory on completion date, we also understand that the group has to make a supplementary payment in 4QFY18 as windfall tax for its North Sabah EOR PSC. The supplementary payment is calculated based on a sharing ratio of the differential between the market oil price and base price. We gather that in the event that the base price exceeds the market price, there will not be any supplementary payment.

Updates on Anasuria Cluster

Hibiscus had announced that the GUA-P2 side-track (P2-ST) well-enhancement project was completed using the West Phoenix semi-submersible drilling rig. The well is located in the Guillemot A field of the Anasuria Cluster. During the clean-up and flowback phase of the P2-ST programme, the well achieved a stabilised gross production flow rate to the Anasuria FPSO of 4,750bbl/day (2,375bbl/day net to Hibiscus).

The flow rate was established during a 20-hour flow period through a 32% choke and with the application of gas lift at a rate of 1.7mmscf/day. The project to re-enter the GUA-P2 well and side-track commenced in early June 2018. The P2-ST is currently shut-in to allow the drilling rig to demobilise from its location before production commences once again in early September 2018.

We are sanguine about this development that reaffirms the group's efforts to increase its daily production. The total estimated cost of the project is RM95.9m, of which RM30m was incurred in 4QFY18. The additional 2P reserves from the project are 1.01mmbbls. The GUA-P2 well has been shut-in since 2013, prior to Hibiscus' acquisition of the asset. We understand that its net production of 2,375bbl/day is its initial flow rate. This production rate will stabilise over time and the group is currently working on to arrive at the well's optimum

production rate. We have conservatively forecast Anasuria Cluster to produce oil at a daily average of 3,500bbl in FY19 (FY18: 2,705bbl/day, 4QFY18: 3,375bbl/day).

Hibiscus had sanctioned the Cook Water Injection (Cook WI) project in May 2018. Ithaca Energy UK Limited is the operator of the Cook field. The additional 2P reserves from the project are 3.29mmbbls. The water injection well is targeted to be drilled in mid-CY2019 and a subsea pipeline is expected to be installed in 2HCY19. This subsea pipeline will link the water injection well to the Anasuria FPSO. The total capital commitment for this project stands at RM11.4m in FY18 and RM50.2m in FY2019.

Enhancement work on Anasuria Cluster

Project	Target completion	Estimated 2P Reserves (MMbbls)	Estimated CAPEX (USD'm)
GUA-P2 Sidetrack	Completed	1.01	24
Cook Water Injector	FY20	3.29	16
Infill Wells	FY20	1.90	30-45
Subsea Debottlenecking	FY20	-	16
HP Gas Compressor Upgrade	FY20	-	8

Source: Company

Earnings revision

We revise our earnings by +39%/+43%/+88% for FY19F/20F/21F, as we increase our Brent price assumptions from a flattish level of USD60/bbl to USD78/bbl in FY19 and FY20, USD73/bbl in FY21, USD68/bbl in FY22 and stabilise at USD65/bbl thereafter. Our TP rises to RM1.75 as a result.

Sum-of-parts valuation

Segment	RM m	Valuation
Anasuria Cluster	1,104	DCF
North Sabah EOR PSC	1,704	DCF
Net Cash	136	As at FY18
Proceeds from exercise of warrants	318	
Total	3,261	
Enlarged shares base (m)	1,862	
Target Price	1.75	

Source: AllianceDBS

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CRITICAL DATA POINTS TO WATCH

Critical Factors

Enhancement works on Anasuria Cluster to boost daily production.

In FY18, Hibiscus' net production came in at an average of c.2,945 boe/day (oil: c.2,705 bbl/day and gas: 240 boe/day). It aims to increase its net oil production to 3,500 bbl/day in FY19.

Management is now working on enhancement projects throughout 2018-2020 with a budgeted capex of USD109m; to be funded by internally generated funds and proceeds from its recent private placement. The estimated net oil production after completion of the enhancement projects is at 5,000 bbl/day. A 1% rise in total output for the Anasuria Cluster will boost profit by 0.4% in FY19.

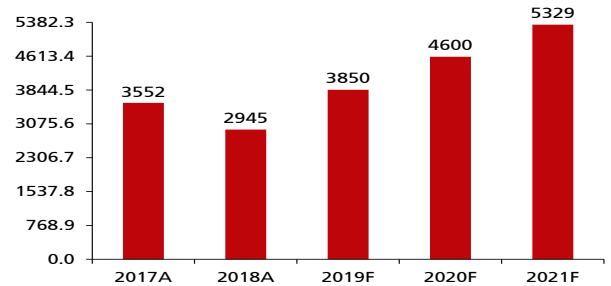
Earnings accretion from North Sabah EOR PSC to double profit from FY19. We expect PAT contributions from the North Sabah EOR PSC to grow at a 2-year CAGR of 31% from FY19-FY21. North Sabah EOR PSC's PAT contribution will grow from 36% in FY18 to c.48% in FY19. Similar to Anasuria, we believe Hibiscus will carry out enhancement projects on North Sabah EOR PSC in the future to increase its oil production rate, thus providing potential positive earnings surprises. Furthermore, a large 2C reserve of 79mmstb (29mmstb net) may be exploited in the future subject to capex and oil price. Overall, we are sanguine about the prospects of the North Sabah EOR PSC, which can provide the group with immediate access to proven and probable oil and gas reserves with future potential upside.

Managing opex levels. Core net margin rose to 10.8% in FY18 from -178% in FY16. But we expect margins to stabilise around the c.40% level after the inclusion of the North Sabah EOR PSC in FY19 and to improve gradually to 43% in FY21. Going forward, we forecast core net margins and opex to gradually improve from FY19 to FY21 for both Anasuria Cluster and North Sabah EOR PSC.

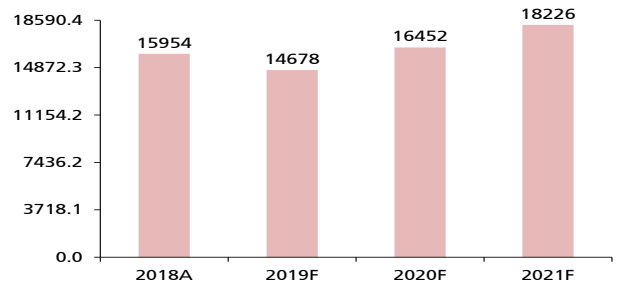
Upside from potential development in Australia. The group has a development licence in VIC/L31 field whereby a field development plan has been approved with the production licence obtained. Any development work has been halted since November 2014 due to the collapse in crude oil prices. Given the recent rebound in oil price above the USD80/bbl mark, we do not rule out that the development project at this field may be restarted. However, we believe this asset is not the group's priority at the moment as it focuses on other projects with higher potential and ROI. As such, we have conservatively excluded this asset in our valuation.

Positive lift from higher oil prices. We are optimistic on the direction of oil prices, and our average Brent crude oil price forecast for CY18 stands at US\$75/bbl. We assume an average Brent oil price of USD78/bbl in FY19/FY20 and thereafter will gradually decline to our long term price assumption of USD65/bbl. Any further upside to Brent crude oil price will positively correlate directly to Hibiscus' bottom-line as it is a pure exploration and production company.

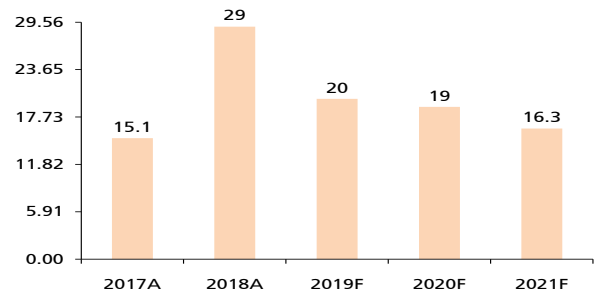
Anasuria total production (boe/day)



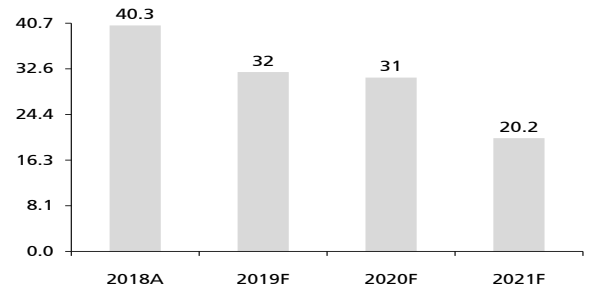
North Sabah total production (boe/day)



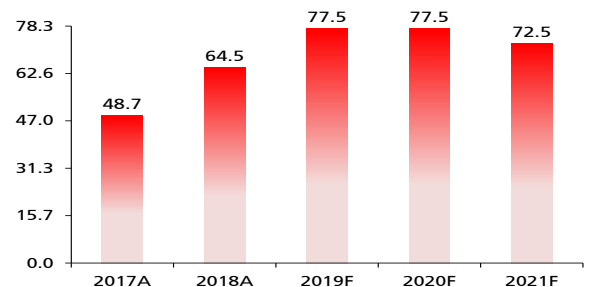
Anasuria opex (USD/boe)



North Sabah opex (USD/boe)

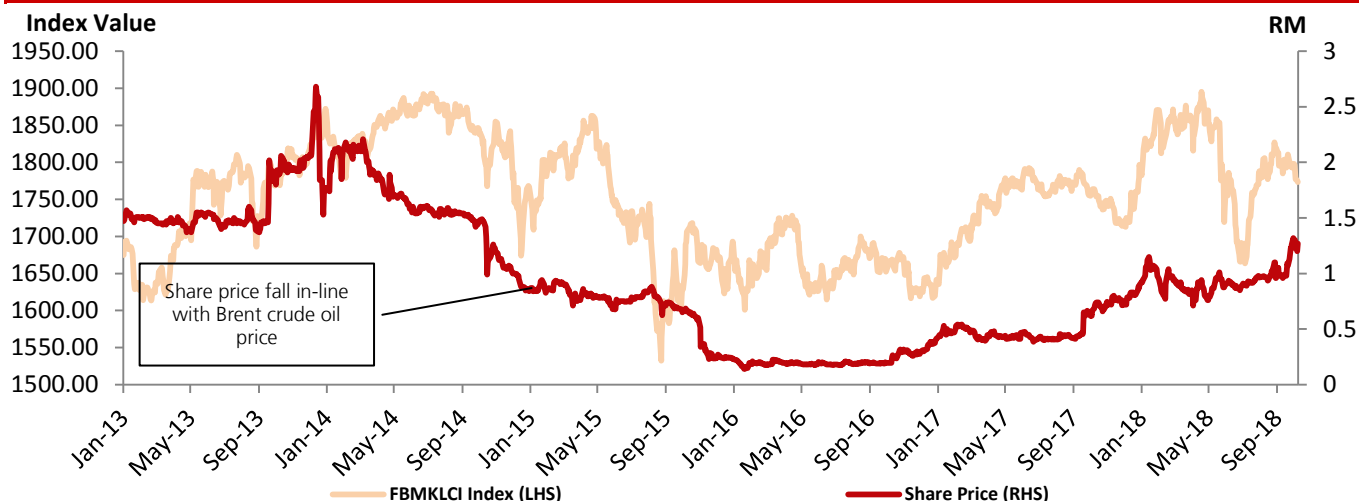


Brent crude oil price (USD/bbl)



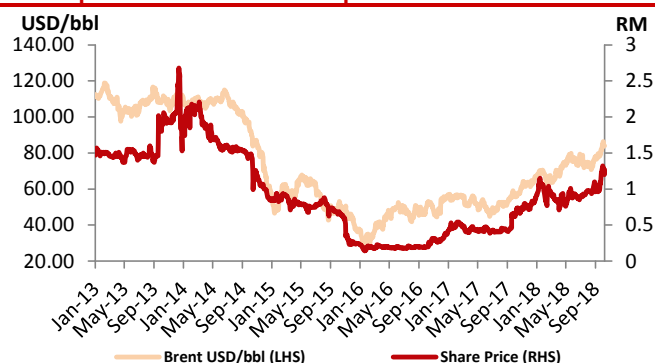
Source: Company, AllianceDBS

**Appendix 1:
Hibiscus' share price returns vs FBMKLCI Index**



Sources: AllianceDBS, Bloomberg Finance L.P

Hibiscus' share price vs Brent crude oil price

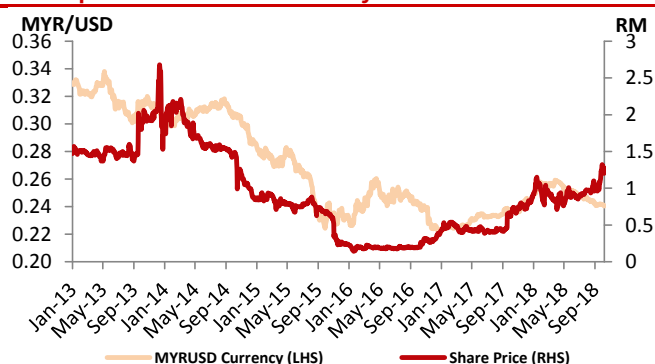


Source: Bloomberg Finance L.P, AllianceDBS

Remarks

We found a strong correlation of 0.95x between Hibiscus' share price and Brent crude oil price movements. Looking ahead, we expect Brent crude oil price to average between US\$60/bbl and US\$65/bbl for FY18.

Hibiscus' share price vs MYRUSD currency



Source: Bloomberg Finance L.P, AllianceDBS

Remarks

We found a strong correlation of 0.85x between Hibiscus' share price and MYRUSD fluctuations. Any further strengthening of MYR would negatively affect Hibiscus' earnings as the majority of its sales and expenses are denominated in USD. A 1% appreciation in MYR against USD would lead to a 1.2% decrease in our earnings estimate in FY19.

Hibiscus Petroleum Berhad

Balance Sheet:

Strong balance sheet. Hibiscus is in a net cash position and does not have any bank borrowings, as it has been funding its acquisitions and major capex by equity funding and internally generated cash flow. This was partly due to difficulty in securing bank borrowings following the oil price collapse in 2014. Hibiscus' unleveraged balance sheet coupled with strong operational cash flow generation from the Anasuria and North Sabah EOR PSC will allow the company to capitalise on future acquisition and/or enhancement opportunities which will enhance shareholders' return.

Share Price Drivers:

Best proxy to rising oil prices. As a full exploration and production company, its revenue is directly correlated with crude oil prices. Any further upside to Brent crude oil price will positively correlate directly to Hibiscus' bottom-line as it is a pure exploration and production company. A +/- 1% shift in Brent crude oil price will affect earnings by +/- 2% in FY19.

Completion of enhancement works in Anasuria Cluster and North Sabah EOR PSC. Given the significant earnings boost from these two projects, any positive development will re-rate the stock.

Development of new North Sea Blocks. The completion of the Final Investment Decision (FID) and positive guidance of the potential 2P reserve will re-rate the stock.

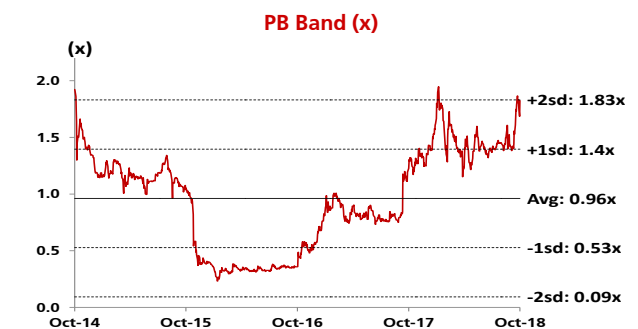
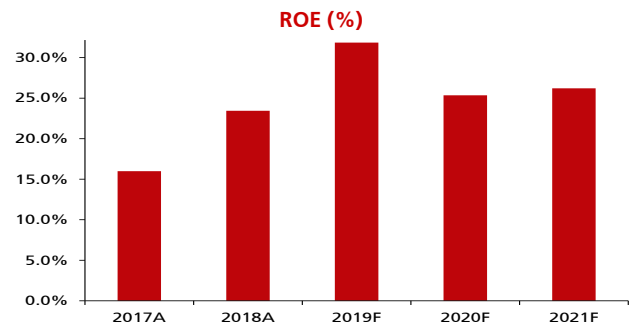
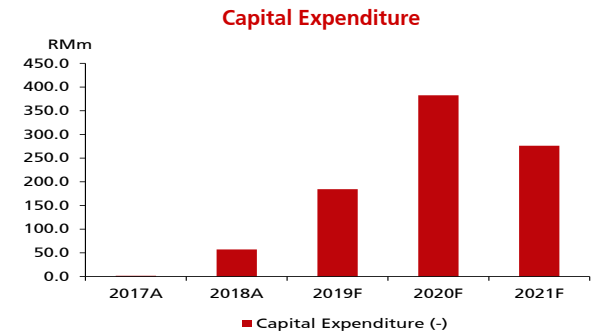
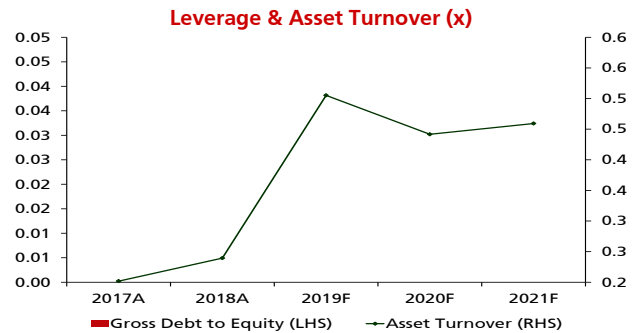
Key Risks:

Unplanned maintenance shutdown. Anasuria facilities had its major mandatory shutdown for performance of compliance and general maintenance turnaround in Oct 2017. The average uptime/availability of Anasuria facilities was at 76% in FY18, and management expects the average to improve going forward after the major mandatory shutdown. While we are confident that the average uptime will at least stay at 85% in FY19-20, any unexpected shutdown will negatively affect Hibiscus' production output and bottom-line. We note that the next major turnaround for Anasuria FPSO will be in late 2019.

Delay in completion of enhancement work. Any delay in the completion of the enhancement projects will affect the earnings growth momentum as we expect production in Anasuria Cluster to reach 5,000bbl/day in FY21 and North Sabah to hit 7,400bbl/day in FY22.

Company Background

Hibiscus Petroleum is Malaysia's first listed independent oil & gas exploration and production company. Its key activities are focused on growing its portfolio in the UK, Malaysia and Australia.



Source: Company, AllianceDBS

Key Assumptions

FY Jun	2017A	2018A	2019F	2020F	2021F
Anasuria total production (boe/day)	3,552	2,945	3,850	4,600	5,329
North Sabah total production (boe/day)	-	15,954	14,678	16,452	18,226
Anasuria opex (USD/boe)	15.1	29.0	20.0	19.0	16.3
North Sabah opex (USD/boe)	-	40.3	32.0	31.0	20.2
Brent crude oil price (USD/bbl)	48.7	64.5	77.5	77.5	72.5

Segmental Breakdown

FY Jun	2017A	2018A	2019F	2020F	2021F
Revenues (RMm)					
Investment holding	4.46	5.08	5.33	5.60	5.88
Anasuria Cluster	257	207	476	500	548
North Sabah EOR PSC	0.0	182	667	667	896
Total	261	394	1,149	1,173	1,451
Core PAT (RMm)					
Investment holding	4.06	(22.3)	(7.1)	(6.4)	(6.4)
Anasuria Cluster	50.7	34.5	187	203	235
North Sabah EOR PSC	0.0	15.3	207	212	364
Total	29.4	42.6	377	399	582
Core PAT Margins (%)					
Investment holding	91.1	(438.8)	(133.7)	(114.6)	(109.2)
Anasuria Cluster	19.7	16.6	39.4	40.6	42.8
North Sabah EOR PSC	N/A	8.4	31.0	31.7	40.6
Total	11.2	10.8	32.8	34.0	40.1

Income Statement (RMm)

FY Jun	2017A	2018A	2019F	2020F	2021F
Revenue	261	394	1,149	1,173	1,451
Cost of Goods Sold	(93.1)	(173)	(409)	(398)	(345)
Gross Profit	168	221	740	776	1,105
Other Opng (Exp)/Inc	(76.9)	(116)	(100)	(103)	(140)
Operating Profit	91.3	105	640	672	966
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(0.5)	(0.7)	0.0	0.0	0.0
Net Interest (Exp)/Inc	(22.0)	(21.0)	(27.5)	(27.5)	(14.2)
Exceptional Gain/(Loss)	76.7	161	0.0	0.0	0.0
Pre-tax Profit	146	244	612	645	952
Tax	(39.4)	(40.8)	(235)	(246)	(369)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	106	204	377	399	582
Net Profit before Except.	29.4	42.6	377	399	582
EBITDA	163	173	752	785	1,078
Growth					
Revenue Gth (%)	219.8	50.9	191.4	2.1	23.6
EBITDA Gth (%)	nm	6.0	334.6	4.3	37.4
Opg Profit Gth (%)	(239.0)	15.0	508.7	5.1	43.7
Net Profit Gth (Pre-ex) (%)	nm	45.1	785.1	5.6	46.1
Margins & Ratio					
Gross Margins (%)	64.4	56.1	64.4	66.1	76.2
Opg Profit Margin (%)	35.0	26.6	55.7	57.3	66.6
Net Profit Margin (%)	40.6	51.7	32.8	34.0	40.1
ROAE (%)	16.0	23.4	31.9	25.3	26.2
ROA (%)	8.2	12.4	16.6	15.0	18.4
ROCE (%)	0.6	1.5	18.4	17.3	21.8
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	4.1	5.0	23.2	24.4	68.0

Source: Company, AllianceDBS

Quarterly / Interim Income Statement (RMm)

FY Jun	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018
Revenue	74.5	58.2	76.1	75.4	185
Cost of Goods Sold	(28.7)	(19.0)	(37.7)	(30.4)	(86.2)
Gross Profit	45.7	39.2	38.4	45.1	98.4
Other Oper. (Exp)/Inc	(11.0)	(24.8)	(24.4)	(23.7)	(43.1)
Operating Profit	34.7	14.5	14.0	21.4	55.3
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(0.2)	(0.4)	(0.2)	(0.1)	0.04
Net Interest (Exp)/Inc	(3.2)	(5.3)	(3.4)	(3.5)	(8.8)
Exceptional Gain/(Loss)	(3.7)	0.98	2.73	63.8	93.6
Pre-tax Profit	27.7	9.72	13.1	81.6	140
Tax	(19.1)	1.06	(2.1)	1.57	(41.3)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	8.65	10.8	11.0	83.1	98.8
Net profit bef Except.	12.3	9.81	8.32	19.3	5.18
EBITDA	52.7	27.9	25.7	35.8	83.7

Growth

Revenue Gth (%)	7.5	(21.8)	30.6	(0.8)	144.8
EBITDA Gth (%)	34.3	(47.1)	(8.0)	39.7	133.5
Opg Profit Gth (%)	45.5	(58.4)	(3.4)	53.2	158.7
Net Profit Gth (Pre-ex) (%)	69.6	(20.4)	(15.2)	132.5	(73.2)

Margins

Gross Margins (%)	61.4	67.4	50.5	59.8	53.3
Opg Profit Margins (%)	46.6	24.8	18.3	28.3	29.9
Net Profit Margins (%)	11.6	18.5	14.5	110.2	53.5

Balance Sheet (RMm)

FY Jun	2017A	2018A	2019F	2020F	2021F
Net Fixed Assets	203	229	301	572	735
Invt in Associates & JVs	4.09	4.91	4.91	4.91	4.91
Other LT Assets	1,029	1,337	1,286	1,047	916
Cash & ST Invt	72.0	235	739	870	1,645
Inventory	4.00	57.9	73.1	71.1	61.7
Debtors	7.43	109	170	173	214
Other Current Assets	0.19	0.61	0.61	0.61	0.61
Total Assets	1,320	1,974	2,575	2,739	3,578
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	55.0	159	253	246	213
Other Current Liab	70.1	76.5	257	269	372
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	452	742	691	453	322
Shareholder's Equity	742	996	1,373	1,772	2,672
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	1,320	1,974	2,575	2,739	3,578
Non-Cash Wkg. Capital	(113)	(68.2)	(267)	(270)	(309)
Net Cash/(Debt)	72.0	235	739	870	1,645
Debtors Turn (avg days)	6.6	53.9	44.3	53.3	48.7
Creditors Turn (avg days)	1,272.2	373.8	253.6	319.3	360.3
Inventory Turn (avg days)	84.4	108.0	80.6	92.3	104.1
Asset Turnover (x)	0.2	0.2	0.5	0.4	0.5
Current Ratio (x)	0.7	1.7	1.9	2.2	3.3
Quick Ratio (x)	0.6	1.5	1.8	2.0	3.2
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A
Z-Score (X)	1.8	1.8	1.6	2.6	NA

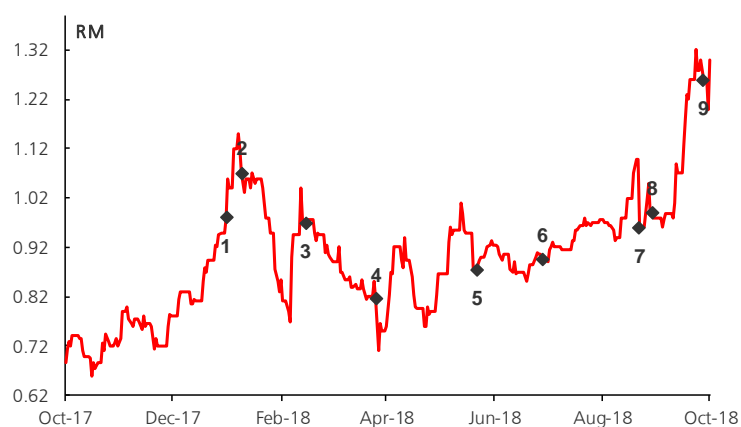
Source: Company, AllianceDBS

Cash Flow Statement (RMm)

FY Jun	2017A	2018A	2019F	2020F	2021F
Pre-Tax Profit	146	244	612	645	952
Dep. & Amort.	72.5	68.6	112	112	112
Tax Paid	(39.4)	(40.8)	(55.5)	(235)	(246)
Assoc. & JV Inc/(loss)	0.51	0.65	0.0	0.0	0.0
Chg in Wkg.Cap.	(44.2)	(15.7)	19.7	(8.6)	(84.6)
Other Operating CF	(49.7)	(155)	0.0	0.0	0.0
Net Operating CF	85.2	102	689	514	734
Capital Exp.(net)	(1.6)	(57.2)	(185)	(383)	(276)
Other Invt.(net)	(81.8)	(30.5)	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.02	0.06	0.0	0.0	0.0
Net Investing CF	(83.4)	(87.6)	(185)	(383)	(276)
Div Paid	0.0	0.0	0.0	0.0	0.0
Chg in Gross Debt	0.0	0.0	0.0	0.0	0.0
Capital Issues	27.8	89.7	0.0	0.0	318
Other Financing CF	14.2	(17.3)	0.0	0.0	0.0
Net Financing CF	42.0	72.3	0.0	0.0	318
Currency Adjustments	(18.1)	(5.4)	0.0	0.0	0.0
Chg in Cash	25.8	81.5	504	131	775
Opg CFPS (sen)	9.16	7.63	43.3	33.8	43.9
Free CFPS (sen)	5.92	2.91	32.7	8.49	24.6

Source: Company, AllianceDBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	08 Jan 18	0.98	1.48	BUY
2:	17 Jan 18	1.07	1.48	BUY
3:	22 Feb 18	0.97	1.48	BUY
4:	03 Apr 18	0.82	1.48	BUY
5:	30 May 18	0.88	1.46	BUY
6:	06 Jul 18	0.90	1.46	BUY
7:	30 Aug 18	0.96	1.46	BUY
8:	06 Sep 18	0.99	1.46	BUY
9:	05 Oct 18	1.26	1.46	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: AllianceDBS

Analyst: Inani ROZIDIN

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

Completed Date: 10 Oct 2018 08:47:13 (MYT)

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