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Oil and Gas

POSITIVE

Riding the Wave

Strategy Report

KEY INVESTMENT HIGHLIGHTS

- The escalation of Middle East tensions triggered a sharp re-rating in oil prices, pushing Brent above USD100 per barrel as disruptions to the Strait of Hormuz significantly heightened concerns over global oil supply continuity
- Elevated geopolitical risks have prompted energy firms to diversify investments away from the Middle East given the conflict and the perceived risks associated with in that region
- With that global exploration spending is expected to rise significantly, with increased focus on regions like West Africa and South America with major oil companies such as Chevron, BP, and ExxonMobil are reallocating capital toward more stable and diversified regions
- Given the favourable dynamics, Malaysia has also positioned itself as a safe-haven investment destination through initiatives like the Malaysia Bid Round 2026

BACKGROUND

Prior to the Middle East conflict, crude was trading with USD60 – 70 per barrel

Prior to the escalation of geopolitical tensions in the Middle East, crude oil prices were largely characterised by a range-bound trading environment, despite the ongoing Russia–Ukraine War. During this period, Brent crude prices averaged approximately USD60–70 per barrel, reflecting relatively stable market conditions. The persistence of moderate price levels suggests that global supply remained broadly sufficient, with ample crude availability in the market offsetting potential disruptions arising from the conflict. As a result, price movements were largely contained, and the overall market environment remained anchored to underlying supply-demand fundamentals rather than elevated geopolitical risk premiums.

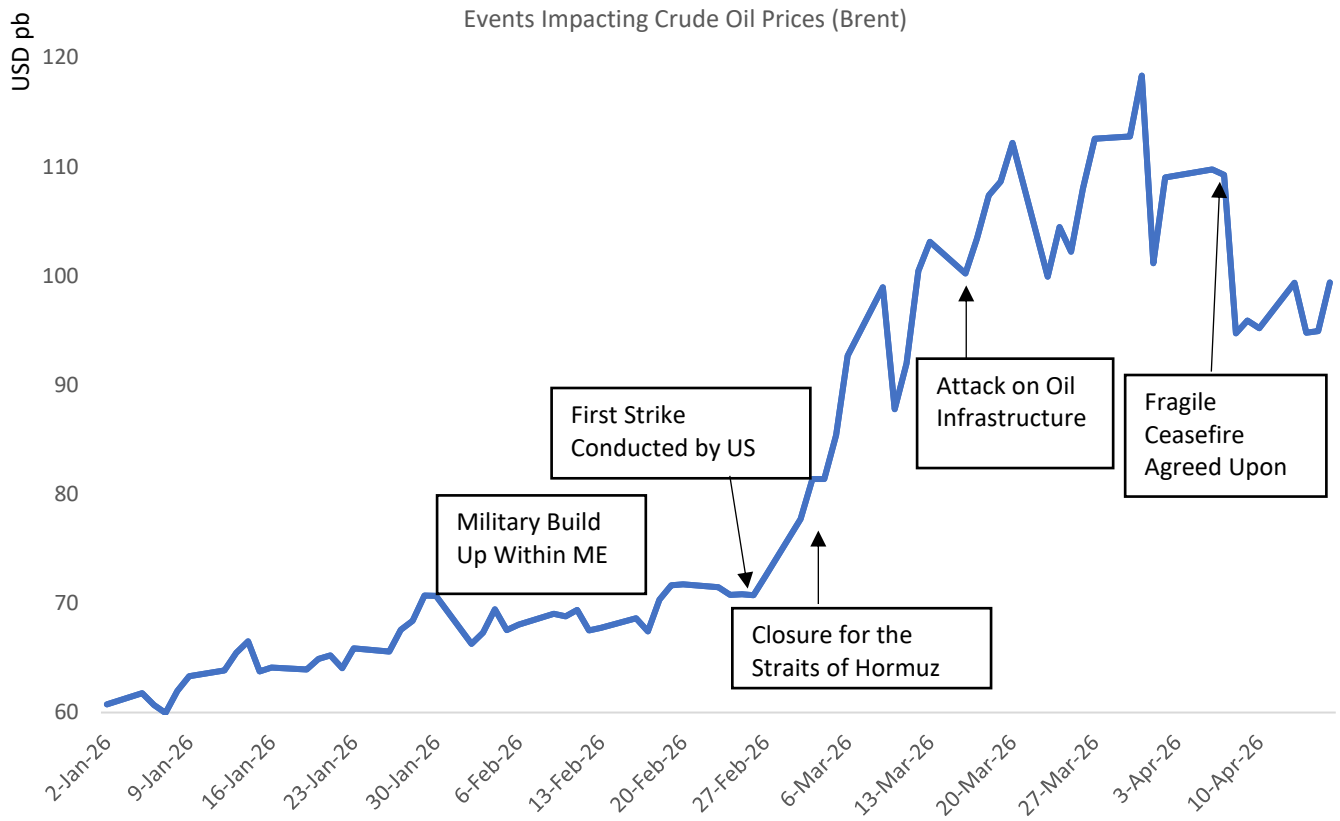
Post-Conflict: Transition to a Supply Risk Premium Market

Post the conflict crude rose to above USD100 per barrel mark

Following the escalation of conflict in the Middle East, crude oil prices experienced a significant upward re-rating, transitioning from an ample supply environment to one increasingly influenced by supply-side risks and geopolitical developments. Brent crude prices rose sharply from the USD60–70 per barrel range to one exceeding the USD100 per barrel level, reflecting the market's reassessment of potential disruptions to global energy supply chains. A key inflection point emerged with the disruption of critical transit routes, most notably the Strait of Hormuz, which serves as a vital chokepoint for global oil shipments.

The escalation in hostilities, coupled with targeted attacks on energy infrastructure, materially heightened concerns regarding the continuity of supply and export capacity within the region. These developments introduced a substantial geopolitical risk premium into crude prices, with market participants increasingly pricing in the possibility of prolonged disruptions.

Chart 1: Geopolitical Impact on the Crude Market



Source : Bloomberg, MBSBR

Closure of the Straits of Hormuz and attack on oil infrastructure cause a spike

From the chart above we can see that following the closure of the Strait of Hormuz and the subsequent attacks on key oil infrastructure within the region, crude oil prices experienced a sharp upward repricing, reflecting a material shift in market dynamics from stability to disruption. Brent crude prices surged to trade above USD100 per barrel mark, as market participants rapidly reassessed the severity and immediacy of supply-side risks. The Strait of Hormuz, which serves as a critical transit chokepoint for a significant portion of global oil flows, became effectively inaccessible, resulting in a sudden and meaningful constraint on the movement of crude exports. This was further compounded by targeted attacks on upstream and midstream oil facilities, which heightened concerns over the resilience of production and export capacity across the region. The combination of physical disruption and logistical bottlenecks materially reduced effective supply availability, thereby introducing a substantial geopolitical risk premium into crude prices.

Importantly, the magnitude of the price increase suggests that the movement was not driven by incremental demand strength, but rather by a structural tightening of supply conditions and heightened uncertainty surrounding the continuity of global energy flows. In response, crude oil prices stabilised at elevated levels, reflecting the market's expectation that disruptions may persist in the near term.

CAPEX Allocation Moving Out of the Middle East

A shift in CAPEX movement

As a result of escalating tensions within the Middle East and the sustained elevation in crude oil prices, the global energy sector is undergoing a notable realignment in capital allocation strategy. Energy firms are increasingly diversifying away from Gulf-centric exposure, redirecting investments toward non-Gulf regions in an effort to secure more stable and reliable sources of supply.

E&P activities focusing areas out of the Middle East

This shift reflects a broader reassessment of geopolitical risk, as recent developments have challenged long-standing assumptions regarding the Gulf's position as a dependable hub for energy production and investment.

Acceleration in Global Exploration Spending - Against this backdrop, 2026 is projected to witness a meaningful increase in global exploration activity, with total exploration spending estimated at approximately USD55b. Of this, close to USD30 billion is expected to be allocated toward regions such as West Africa, South America, Asia, and North America, highlighting a clear pivot toward geographic diversification.

Major oil and gas players have already begun to reposition their portfolios accordingly:

Chevron is planning to increase annual capital expenditure by approximately 50% over the next few years, with a strategic focus on the U.S. Gulf of Mexico, South America, West Africa, and the Mediterranean.

BP has doubled its annual exploration budget to around USD1b, with significant emphasis on developments such as the Bumerangue discovery in Brazil.

ExxonMobil continues to maintain consistent exploration spending of approximately USD1b per annum, leveraging its established position in Guyana, where discoveries have exceeded 11 billion barrels.

TotalEnergies is strengthening its presence in Namibia, particularly following recent discoveries such as Mopane and Venus, positioning itself as a leading operator in the region.

Beyond the observable shift in capital allocation by international oil majors toward geographically diversified exploration regions, a parallel trend is emerging in the form of increased capital expenditure by National Oil Companies (NOCs) and state-owned enterprises. This development reflects a broader structural response to evolving global energy dynamics, particularly in light of recent geopolitical disruptions which have highlighted the vulnerability of concentrated supply sources.

Recent developments — including disruptions to infrastructure and constraints on maritime accessibility — have materially altered the perceived reliability of the region as a stable supply hub. In response, governments are increasingly adopting a forward-looking approach aimed at reducing structural dependence on Middle Eastern supply, accelerating investments across both domestic and international upstream assets.

Diversification Toward Near-Term Supply Regions - In addition to long-cycle exploration assets, capital is increasingly being directed toward regions capable of delivering immediate or near-term production, aimed at offsetting potential supply disruptions. This is particularly relevant in the context of an estimated 13 million barrels per day of supply at risk from the Middle East.

Asia and North America have emerged as key beneficiaries of this trend. Within Southeast Asia, countries such as Vietnam and Malaysia are gaining traction as attractive investment destinations. Recent offshore discoveries by Murphy Oil in Vietnam, alongside **Malaysia's positioning as a relatively stable and investment-friendly market, have reinforced the region's strategic importance.**

Table 1 : CAPEX Announced By Oil Majors

Players Involved	Amount Involved	Countries Impacted
ExxonMobil	USD1b (Annual Exploration)	Guyana
Chevron	USD18–USD19b (Total 2026 Capex)	USA, Guyana, Greece, Cyprus
TotalEnergies	Multi-Billion (Project Lead)	Namibia
BP	USD1b (Exploration Budget)	Brazil
Murphy Oil	USD1.1–USD1.3b (2026 Capex)	Vietnam, Côte d'Ivoire

Source : Rystad Energy, EIA, Oil Majors, MBSBR

Malaysia Positioning Itself to Capture This Potential

Malaysia positions itself to attract investments

As a result of this structural shift in global energy investment flows, the Malaysia Bid Round (MBR) 2026 was officially launched by Petronas under the theme "Advantaged Energy: Accelerating and Shaping Tomorrow." The initiative represents a strategic effort to position Malaysia as a preferred "safe haven" investment destination, capitalising on the ongoing reallocation of capital away from higher-risk regions. The offering is structured to appeal to a broad spectrum of investors by combining lower-risk mature assets with higher-impact frontier exploration opportunities.

Among the opportunities presented were nine exploration blocks across Malaysia, consisting of the various categories:

Table 2 : Opportunities Offered During MBR 2026

Category	Asset Type	Basin/Region
Exploration	High-Impact Frontier	Sandakan Basin
	High-Potential Emerging	West Sarawak Basin
	Near-Field Mature	Malay Basin
Discovered Resource Opportunities	Ready-to-Develop Clusters	Peninsular Malaysia
		Sarawak
		Sabah

Source : MBR 2026, MBSBR

Exploration and DRO offered to cater the different types of potential investors

In addition, six Discovered Resource Opportunities (DROs) are being offered, providing ready-to-develop pathways for monetisation. These assets are supported by extensive subsurface

data and technical insights, enabling investors and solution providers to accelerate development timelines while reducing exploration risk.

To sustain momentum within the upstream sector, Malaysia is targeting annual upstream investments in the range of RM50–60 billion. This level of capital deployment is viewed as necessary to ensure a consistent pipeline of exploration and development activities, supporting long-term production sustainability and energy security

Maintain POSITIVE. We maintain our POSITIVE stance on the energy sector, underpinned by structurally tighter global supply conditions and elevated geopolitical risk premiums following the escalation of tensions in the Middle East. The sharp re-rating in crude oil prices, with Brent sustaining above the USD100 per barrel level, reflects not demand strength but persistent supply-side disruptions, particularly from the Strait of Hormuz and broader regional instability. Among the players that will benefit from this would be **Malaysian Marine & Heavy Engineering (BUY, TP: RM0.63), Bumi Armada (BUY, TP: RM0.50), Dialog (BUY, TP: RM2.55)** and **Hibiscus Petroleum (Non-Rated, FV range: RM2.00 - 2.50)**.

Corporate Update

Malaysia Marine & Heavy Engineering Holdings Berhad

(5186 | MMHE MK) Energy | Energy Infrastructure, Equipment & Services

Builders to Capture Non-Gulf CAPEX

Maintain BUY. Malaysia Marine & Heavy Engineering Holdings Berhad is well-positioned to emerge as a key beneficiary of ongoing shifts in global energy investment and supply chain realignment. As fabrication player and subsidiary of Petroliam Nasional Berhad, MMHE stands to benefit from increased domestic activity, particularly following the anticipated launch of the Malaysia Bid Round (MBR) 2026, which is expected to catalyse upstream project flows.

Contract wins reinforce earnings visibility. Notably, amid the current geopolitical backdrop, MMHE secured a four-year offshore contract in Sarawak from PTT Exploration and Production Public Company Limited during March of this year. Even though, it is still at the early stages, this underscores its competitive positioning in regional offshore fabrication and supports near-term orderbook replenishment.

The Marine segment should benefit from shifting energy logistics. The ongoing conflict in the Middle East has led to rerouting of global energy flows, resulting in increased reliance on LNG carriers to circumvent the Straits of Hormuz. This structural shift is expected to drive higher demand for vessel conversion services, thereby providing a potential uplift to MMHE's Marine segment. As such, improved utilisation rates and stronger execution within this segment could support margin expansion going forward.

Current orderbook provides earnings visibility, replenishment momentum improving. MMHE currently holds an orderbook of approximately RM4.0b, with approximately 84% skewed towards the Heavy Engineering segment, underscoring its continued reliance on fabrication activities. Meanwhile, its tender book remains sizeable at around RM14b, reflecting a healthy pipeline of potential contract conversions. However, in light of ongoing geopolitical tensions, global oil majors are increasingly redirecting capital expenditure away from higher-risk Gulf regions towards more stable jurisdictions. This shift is expected to benefit regional players such as MMHE, given its strategic positioning within Southeast Asia.

Valuation and TP. We are raising our FY26E/27F revenue estimates by 4%/5%, respectively, in view of expected activities focused on the upstream segment of the industry. We therefore revise our **target price to RM0.63**, pegging the FY26E EPS of 7.0 sen to its 2 Year Average PER of 9.0x

Maintain BUY

Revised Target Price **RM0.63**
(from RM0.55)

RETURN STATISTICS	
Price @ 21st Apr 2026 (RM)	0.40
Expected share price return (%)	+57.5
Expected dividend yield (%)	0
Expected total return (%)	+57.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.7	3.8
3 months	1.3	3.9
12 months	8.5	-4.4

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	2,015.8	2,116.6	2,264.7
Operating Profit	137.2	146.8	157.8
Profit Before Tax	111.9	120.9	131.2
Core PATAMI	120.3	128.7	137.7
Core EPS	7.0	7.7	8.2
DPS	0	0	0
Dividend Yield	0	0	0

KEY STATISTICS

FBM KLCI	1,715.33
Issued shares (m)	1,600.00
Estimated free float (%)	16.89
Market Capitalisation (RM'm)	616.00
52-wk price range	RM0.30 – RM0.48
3-mth average daily volume (m)	1.77
3-mth average daily value (RM'm)	0.70
Top Shareholders (%)	
MISC Bhd	66.50
Technip Energies M Sdn Bhd	8.50
Lembaga Tabung Angkatan Tentera	3.09

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	3,608.6	1,976.3	2,015.8	2,116.6	2,264.7
EBIT	141.0	116.0	137.2	146.8	157.8
PBT	123.3	104.5	111.9	120.9	131.2
Taxation	-2.2	-1.7	-1.8	-2.0	-2.0
PAT	121.0	102.8	110.1	118.9	128.4
Core PATAMI	163.1	112.3	120.3	128.7	137.7
EPS (sen)	7.6	6.5	7.0	7.7	8.2
PER (x)	5.1	5.9	5.5	5.0	4.7
DPS (sen)	0	0	0	0	0
Dividend yield (%)	0	0	0	0	0

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	123.0	104.5	114.9	124.1	134.6
Depreciation	70.0	70.0	72.0	70.0	70.0
Change in NWC	-63.0	101.0	104.0	99.0	95.0
Operating cash flow	124.0	248.0	290.9	293.1	299.6
Capital expenditure	-112.0	-115.0	-104.0	-113.0	-110.0
Investing cash flow	-100.0	-102.0	-104.0	-113.0	-110.0
Debt raised/(repaid)	-68.0	-9.0	-18.0	-68.0	-40.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Financing cash flow	-124.0	-47.0	-18.0	-68.0	-40.0
Net cash flow	-100.0	99.0	168.9	112.1	149.6
Beginning cash flow	558.0	458.0	545.0	713.9	826.0
Ending cash flow	458.0	545.0	713.9	826.0	975.6

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	9.0	-45.2	4.7	5.0	7.0
PBT growth	-125.5	-15.2	10.0	8.0	8.5
PATAMI growth	-125.0	-8.9	10.0	7.0	7.0
Core PATAMI growth	-135.0	-31.1	10.0	7.0	7.0

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	1,535.0	1,566.0	1,721.8	1,859.6	2,008.3
ROU assets	187.0	190.0	208.9	225.6	243.7
Non-current assets	1,817.0	1,852.0	1,873.0	1,893.0	1,900.0
Trade receivables	1,254.0	1,265.0	1,246.0	1,252.0	1,261.0
Cash & bank balances	458.0	545.0	652.0	698.0	701.0

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	3.9	5.9	6.8	6.9	7.0
PBT margin	3.4	5.3	5.6	5.7	5.8
PATAMI margin	3.4	5.6	5.9	6.0	6.0
Core PATAMI margin	4.5	5.7	6.0	6.1	6.1
ROA	3.4	3.0	3.2	3.4	3.6
ROE	11.8	7.9	8.5	8.6	9.1

	2024A	2025A	2026E	2027F	2028F
Current Ratio	0.9	0.9	0.9	1.0	1.0
Quick Ratio	0.2	0.3	0.3	0.3	0.3

Bumi Armada Berhad

(5210 | BAB MK) Energy | Energy Infrastructure, Equipment & Services)

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Maintain **BUY**

Revised Target Price **RM0.50**
(from RM0.44)

Corporate Update

Poised to Capture Heighten Upstream Activities

Maintain BUY. Bumi Armada appears well-positioned to benefit from evolving dynamics in the global energy sector, particularly amid rising geopolitical tensions in the Middle East. Heightened uncertainty in the region is likely to incentivise oil majors to diversify capital allocation toward non-Gulf markets.

As increasing investment interest is being focused on regions such as South America and selected parts of Africa, where geopolitical risks are comparatively lower and resource potential remains attractive. These regions coincide with Bumi Armada's existing operational footprint, positioning the group to capture potential contract opportunities and sustain earnings visibility.

In addition to capital rotation into non-Gulf regions, we expect a pickup in upstream oil and gas activities as producers seek to address potential supply shortfalls arising from infrastructure disruptions amid ongoing geopolitical tensions. This is likely to drive higher demand for offshore vessels, with utilisation rates trending upward. Consequently, charter rates are expected to firm, providing a positive earnings catalyst for Bumi Armada through improved asset utilisation and enhanced pricing power.

Current Orderbook Provides Earning Visibility. Aside from the positive outlook, Bumi Armada remains supported by a solid orderbook of approximately RM7.9b, complemented by extension options valued at RM8.8b, which collectively provide a stable base of income.

Valuation and TP. We are raising our FY26E/27F revenue estimates by 5%/7%, respectively, in view an increase in demand for vessels resulting in better margins. We therefore revise our **target price to RM0.50**, pegging its FY27F EPS of 8.5 sen to a +2.5 SD on its 5 Year Average PER of 5.93x

RETURN STATISTICS	
Price @ 21st Apr 2026 (RM)	0.37
Expected share price return (%)	+35.1
Expected dividend yield (%)	+1.0
Expected total return (%)	+36.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	12.1	13.4
3months	7.2	19.2
12 months	-20.4	-29.9

INVESTMENT STATISTICS

FYE March	2026E	2027F	2028F
Revenue	1,779.6	1,957.5	2,094.6
Operating Profit	733.9	814.6	875.7
Profit Before Tax	503.2	528.3	575.9
Core PATAMI	517.5	540.2	590.1
Core EPS	8.2	8.5	9.3
DPS	1.0	1.5	2.0
Dividend Yield	2.7	4.1	5.4

KEY STATISTICS

FBM KLCI	1,715.33
Issued shares (m)	5,927.98
Estimated free float (%)	44.26
Market Capitalisation (RM'm)	2,193.35
52-wk price range	RM0.28 – RM0.53
3-mth average daily volume (m)	30.53
3-mth average daily value (RM'm)	10.67
Top Shareholders (%)	
Objektif Bersatu Sdn Bhd	34.55
Amanah Saham Nasional Bhd	13.14
Vanguard Group	4.35

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,299.0	1,588.9	1,779.6	1,957.5	2,094.6
EBIT	923.0	646.6	733.9	814.6	875.7
PBT	646.0	445.3	503.2	528.3	575.9
Taxation	10.0	2.0	2.0	1.0	2.0
PAT	656.0	447.3	505.2	529.3	577.9
MI	-22.0	-8.2	-22.0	-25.0	-27.0
PATAMI	634.0	439.0	483.2	504.3	550.9
Core PATAMI	656.0	470.3	517.5	540.2	590.1

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	2,556.0	2,980.0	3,188.6	3,411.8	3,650.6
ROU assets	3,722.0	3,697.0	3,955.8	4,232.7	4,529.0
Non-current assets	**7,870.0**	**8,334.0**	**8,750.7**	**9,188.2**	**9,647.6**
Trade receivables	673.0	659.0	658.0	682.0	716.1
Cash & bank balances	1,427.0	1,616.0	1,898.0	2,226.0	2,337.3
Current assets	**2,587.0**	**2,632.0**	**2,924.0**	**3,296.0**	**3,053.4**
Long-term debt	3,003.0	3,037.0	3,159.0	3,001.0	2,851.0
Non-current liabilities	**3,178.0**	**3,249.0**	**3,483.0**	**3,663.0**	3,479.9
Short-term debt	681.0	707.0	705.0	568.0	573.7
Trade payables	108.0	120.0	123.0	120.0	121.2
Current liabilities	**1,232.0**	**1,337.0**	**1,385.0**	**1,266.0**	1,278.7
Share capital	4,339.0	4,339.0	4,339.0	4,339.0	4,382.4
Reserves	1,776.0	2,117.0	2,132.0	2,255.0	2,277.6
Equity	**6,047.0**	**6,379.0**	**6,384.0**	**6,500.0**	6,955.0

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	646.0	445.3	483.1	507.3	552.9
Depreciation	296.0	337.0	347.1	361.0	375.4
OP pre-WC changes	**1492.0**	**1595.0**	**1632.0**	**1693.0**	**1757.0**
Change in NWC	386.0	321.0	323.0	332.0	341.0
Operating cash flow	**1717.0**	**1541.0**	**1597.0**	**1669.0**	**1732.0**
Capital expenditure	-2.0	-7.0	-5.0	-3.0	-2.0
Investing cash flow	**71.0**	**112.0**	**176.0**	**218.0**	**240.0**
Debt raised/(repaid)	-2743.0	-2355.0	-2407.0	-2506.0	-2610.0
Dividends paid	1.0	2.0	3.0	4.0	5.0
Financing cash flow	**-1043.0**	**-1452.0**	**-1476.0**	**-1555.0**	**-1615.0**
Net cash flow	**745.0**	**201.0**	**296.0**	**331.0**	**357.0**
Beginning cash flow	**705.0**	**1427.0**	**1616.0**	**1898.0**	**2226.0**
Ending cash flow	**1427.0**	**1616.0**	**1898.0**	**2226.0**	**2583.0**

Corporate Update

Dialog Group Berhad

(7277 | DLG MK) Energy | Energy Infrastructure, Equipment & Services

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM2.55**

Expansion in Strategic Reserves

Dialog is poised to be a prime beneficiary amid a structural shift in demand for tank terminal services. Beyond the anticipated pickup in upstream activities—driven by higher crude prices and capital rotation into non-Gulf regions—we highlight the tank terminal segment as an additional beneficiary of the ongoing crisis. Heightened supply uncertainty is reinforcing the need for storage capacity, particularly as countries prioritise energy security over efficiency.

This trend is already evident across the region. The Philippines has declared a state of national energy emergency, prompting urgent bilateral oil procurement from non-Middle Eastern suppliers to stabilise domestic supply. Vietnam has considered halting crude exports to ensure sufficient feedstock for domestic refineries, while Indonesia is facing fiscal strain from elevated energy costs, with policymakers exploring demand-side measures to manage consumption and contain subsidies like enforcing Work from Home days to its civil service.

In addition, the push toward energy diversification is driving incremental demand for specialised storage solutions. Southeast Asian governments are accelerating biofuel adoption to mitigate reliance on crude oil, resulting in increased requirements for dedicated tankage compatible with alternative feedstocks. For instance, Indonesia's transition toward a B50 biodiesel mandate necessitates significant investment in storage infrastructure capable of handling high-concentration palm-based fuels. Therefore, storage infrastructure is increasingly being repositioned from a commercial necessity to a strategic national asset. Tank terminals are no longer treated as discretionary capacity, but rather as a critical pillar in safeguarding energy security and supply continuity.

Expansion of Strategic Petroleum Reserves. This shift is further reinforced by the proactive stance taken by large economies such as China and India, which have been accelerating the expansion of their Strategic Petroleum Reserves (SPR) to mitigate potential supply shocks and enhance long-term resilience.

Given the sustained demand for tank terminal infrastructure, underpinned by increasing emphasis on energy security and storage capacity expansion, we maintain our BUY recommendation on the stock with a **target price of RM2.55**.

RETURN STATISTICS	
Price @ 21st Apr 2026 (RM)	2.16
Expected share price return (%)	+18.0
Expected dividend yield (%)	+1.6
Expected total return (%)	+19.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	9.5	10.7
3months	0.0	27.9
12 months	68.5	48.4

INVESTMENT STATISTICS FYE Dec	2026E	2027F	2028F
Revenue	3500.0	3605.0	3749.2
Operating Profit	184.7	191.1	199.7
Profit Before Tax	526.0	547.0	571.6
Core PATAMI	275.1	366.7	382.8
Core EPS	8.0	10.7	11.2
DPS	3.4	3.8	4.3
Dividend Yield	1.6	1.8	2.0

KEY STATISTICS	
FBM KLCI	1,715.33
Issued shares (m)	5642.69
Estimated free float (%)	76.25
Market Capitalisation (RM'm)	12,357.48
52-wk price range	RM1.26 – RM2.36
3-mth average daily volume (m)	16.57
3-mth average daily value (RM'm)	33.74
Top Shareholders (%)	
Employees Provident Fund Board	16.72
Kumpulan Wang Persaraan	10.61
Wide Synergy Sdn Bhd	8.09

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	3152.0	2502.0	3500.0	3605.0	3749.2
EBIT	434.0	132.0	184.7	191.1	199.7
PBT	679.0	376.0	526.0	547.0	571.6
Taxation	-74.0	-66.0	-63.0	-65.5	-68.5
PAT	605.0	310.0	463.0	612.5	640.1
MI	30.0	6.0	11.0	10.0	11.0
PATAMI	575.0	304.0	452.0	602.5	629.1
Core PATAMI	539.0	185.0	275.1	366.7	382.8

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	2,794.0	2,644.0	2,786.0	2,762.0	2,762.0
ROU assets	713.0	727.0	673.0	682.0	688.0
Non-current assets	**6,635.0**	**6,440.0**	**6,422.0**	**6,441.0**	**6,483.0**
Trade receivables	789.0	483.0	692.0	744.0	772.0
Cash & bank balances	1,573.0	1,670.0	1,744.0	1,990.0	2,209.0
Current assets	**2,496.0**	**2,247.0**	**2,545.0**	**2,846.0**	**3,094.0**
Long-term debt	1,075.0	361.0	908.0	910.0	915.0
Non-current liabilities	**1,599.0**	**882.0**	**1,430.0**	**1,432.0**	**1,437.0**
Short-term debt	128.0	724.0	395.0	382.0	376.0
Trade payables	822.0	809.0	926.0	885.0	884.0
Current liabilities	**1,024.0**	**1,561.0**	**1,386.0**	**1,330.0**	**1,320.0**
Share capital	1,698.0	1,699.0	1,699.0	1,699.0	1,699.0
Reserves	4,249.0	4,046.0	3,887.0	4,267.0	4,568.0
Equity	**6,508.0**	**6,244.0**	**6,151.0**	**6,526.0**	**6,819.0**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	679.0	376.0	526.0	547.0	571.6
Depreciation	334.0	329.0	326.0	373.0	382.0
OP pre-WC changes	773.0	549.0	530.0	660.0	691.0
Change in NWC	402.0	467.0	451.0	504.0	595.0
Operating cash flow	**1174.0**	**1016.0**	**981.0**	**1164.0**	**1285.0**
Capital expenditure	-428.0	-359.0	-477.0	-420.0	-446.0
Investing cash flow	**-538.0**	**-352.0**	**-400.0**	**-422.0**	**-468.0**
Debt raised/(repaid)	-484.0	-76.0	-124.0	-136.0	-173.0
Dividends paid	-220.0	-231.0	-177.0	-196.0	-240.0
Financing cash flow	**-789.0**	**-418.0**	**-340.0**	**-375.0**	**-471.0**
Net cash flow	**-153.0**	**120.0**	**70.0**	**241.0**	**213.0**
Beginning cash flow	**1720.0**	**1572.0**	**1669.0**	**1744.0**	**1990.0**
Ending cash flow	**1573.0**	**1670.0**	**1744.0**	**1990.0**	**2209.0**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	13.8	5.3	5.3	5.3	5.3
PBT margin	21.5	15.0	15.0	15.2	15.2
PATAMI margin	18.2	12.2	12.9	16.7	16.8
Core PATAMI margin	17.1	7.4	7.9	10.2	10.2

Hibiscus Petroleum Berhad

(5199 | HIBI MK) Energy | Energy Infrastructure, Equipment & Services

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

NON RATED

Fair Value **RM2.00 – 2.50**

Corporate Update

Pure Upstream Play

Hibiscus Petroleum represents a pure-play exposure to the upstream segment, with its core strategy centred on monetising producing oil and gas assets while expanding its portfolio through disciplined and strategic acquisitions. This positioning differentiates the group from integrated peers, as earnings are directly leveraged to upstream performance without exposure to downstream margin compression.

In the context of rising geopolitical tensions in the Middle East, the group appears well-positioned to benefit from the ongoing reallocation of capital by global oil majors toward non-Gulf regions. As supply risks in traditional hubs become more pronounced, upstream investment is increasingly directed toward geographically diversified assets — a trend that aligns with Hibiscus Petroleum's existing footprint across multiple jurisdictions.

Currently it operates across five primary geographical hubs, namely Malaysia, the United Kingdom, Brunei, Vietnam, and Australia. This diversified footprint not only mitigates concentration risk but also positions the group entirely outside the immediate sphere of ongoing geopolitical conflicts, thereby enhancing operational resilience and supply stability.

As a pure upstream producer, the company's share price remains highly leveraged to movements in crude oil prices, which is currently trading within the USD90–95 per barrel range amid a fragile ceasefire environment. In the event of any renewed escalation in geopolitical tensions, a corresponding uplift in crude oil prices is likely, positioning the stock as a direct proxy to rising oil prices.

RETURN STATISTICS	
Price @ 21st Apr 2026 (RM)	2.04
Expected share price return (%)	+22.5
Expected dividend yield (%)	+4.2
Expected total return (%)	+26.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.7	-7.4
3months	-9.7	39.0
12 months	31.6	15.1

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	1,955.1	2,052.9	2,032.3
Operating Profit	1,128.2	1,190.2	1,178.3
Profit Before Tax	181.5	191.5	187.6
Core PATAMI	180.9	190.8	187.0
Core EPS	24.5	25.9	25.4
DPS	8.5	8.5	8.5
Dividend Yield	1.41%	1.41%	1.41%

KEY STATISTICS	
FBM KLCI	1,715.33
Issued shares (m)	737.40
Estimated free float (%)	74.65
Market Capitalisation (RM'm)	1,504.29
52-wk price range	RM1.38 – RM2.46
3-mth average daily volume (m)	15.16
3-mth average daily value (RM'm)	31.58
Top Shareholders (%)	
Polo Investments Ltd	7.05
Hibiscus Upstream Sdn Bhd	5.90
Mettiz Capital Sdn. Bhd	4.78

Analyst
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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,715.7	2,332.9	1,955.1	2,052.9	2,032.3
Operating profit	1,766.8	1,388.7	1,128.2	1,190.2	1,178.3
Profit before tax	738.1	364.5	181.5	191.5	187.6
Net profit	467.1	117.5	180.9	190.8	187.0
Core net profit	467.1	117.5	180.9	190.8	187.0
Core EPS (sen)	58.2	15.4	24.5	25.9	25.4
DPS (sen)	8.5	8.5	8.5	8.5	8.5
Balance Sheet (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Fixed assets	2,862.5	2,675.4	2,699.8	2,672.8	2,646.1
Other investments and assets	5,927.3	5,905.3	5,797.9	6,099.4	5,976.5
Non-current assets	**8,789.8**	**8,580.6**	**8,497.7**	**8,772.2**	**8,622.6**
Cash	263.3	178.7	162.7	195.3	234.4
Trade debtors	614.6	661.9	736.8	397.1	578.6
Current assets	**2,181.4**	**2,109.4**	**2,219.5**	**2,427.8**	**2,577.4**
Trade creditors	790.5	691.4	668.6	878.3	807.5
Short-term debt	907.6	566.1	428.0	1,114.7	919.2
Current liabilities	**1,769.2**	**1,395.7**	**1,250.6**	**1,827.5**	**1,506.9**
Long-term debt	2,834.4	2,579.3	2,157.4	2,049.5	1,947.1
Non-current liabilities	**2,970.9**	**2,982.5**	**2,647.9**	**2,157.4**	**2,049.5**
Share capital	5,345.8	5,406.9	5,460.5	5,345.8	5,345.8
Retained earnings	551.9	802.4	1,276.5	1,672.9	2,101.4
Equity	**5,954.5**	**6,311.9**	**6,818.7**	**7,215.1**	**7,643.6**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	647.5	983.5	1,069.8	1,142.5	1,246.8
Changes in working capital	(12.4)	(112.5)	(91.4)	33.0	33.0
Operating cash flow	**418.3**	**809.6**	**956.6**	**807.1**	**852.9**
Capital expenditure	(105.0)	(160.2)	(178.4)	(130.7)	(130.7)
Investing cash flow	**(66.0)**	**(146.4)**	**(127.0)**	**(50.0)**	**(50.0)**
Debt raised/(repaid)	(68.5)	(607.5)	(588.0)	(136.0)	(136.0)
Dividends paid	-	(178.5)	(198.8)	(107.0)	(107.0)
Financing cash flow	**(88.3)**	**(751.3)**	**(760.7)**	**(770.0)**	**(780.0)**
Net cash flow	**264.0**	**(88.1)**	**69.0**	**(12.9)**	**22.9**
Beginning cash flow	**603.7**	**875.8**	**788.5**	**848.3**	**835.4**
Ending cash flow	**875.8**	**788.5**	**848.3**	**835.4**	**858.2**
Profitability Ratios (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Operating profit margin	18.0%	24.9%	25.0%	26.0%	26.5%
PBT margin	14.6%	21.7%	17.5%	17.8%	18.5%
PAT margin	9.6%	14.9%	13.1%	13.4%	13.9%
Core PAT margin	11.2%	14.3%	13.1%	13.4%	14.6%

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology