CAPITAL ACCESS

Seplat Energy

Quick Take - FY22 Results – **CONSENSUS UPDATED**

16th March 2022

Price
103p

TICKER
SEPL

Market Cap
£630m

Net Debt (FY21)
$426m

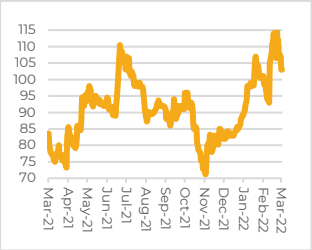
Free Float
49%

3mo Av. Daily Volume
0.22m

Joint Brokers
Citi
Investec Bank

Index
FTSE Small Cap

Share Price Performance



Source: Bloomberg

Seplat is a leading oil and gas producer in the Niger Delta region; and one which has consistently grown its production and reserves, as well as its revenues and profits, since inception. It is now the leading processed gas supplier to the burgeoning Nigerian domestic market. It focuses on onshore & shallow water offshore assets.

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Update

We have updated this note following receipt of analyst estimates following the FY results on 28th February. Our commentary and summary of the new consensus begins on page 5, here. The analyst forecasts have not been updated to reflect the ExxonMobil transaction and are unlikely to be updated until it is further progressed.

Strong Operating Environment

This was a strong set of results, with oil prices providing a significant tailwind – indeed, enough to more than offset the significant downtime experienced at the Forcados Oil Terminal in the year. Excluding this outage, production was running in line with guidance and has recovered strongly since said outage.

Gas production was up c.7%, and although DSO pricing has fallen, this is just a step on the way to open, free-market pricing, which we believe should be significantly higher than the current DSO regime dictates.

During the period 8 wells were completed, and whilst the Amukpe-Escravos Pipeline remains on track for its March first flow completion dates. Unfortunately the ANOH gas processing facility has been subject to supply chain disruptions and more importantly, delays to essential third-party infrastructure that will connect the plant to Nigeria's gas network, and so first gas has been delayed by 9mo-12mo to mid-2023. However, Seplat is seeing positive results from its well cost reduction programme. All of this together highlights to us the strong operational competence of this business, and whilst it's a shame an external event hit production, we take comfort from the fact that everything within Seplat's control has gone well.

Seplat continued its pattern of paying a 2.5c dividend for Q4 taking the full year payment to 10c.

On the macro environment, the changes mandated under the Petroleum Industry Act (PIA) are well underway, with a new regulatory regime having been set up. Seplat has the option to convert its in-production fields to the new regime now, or wait until the licenses renew, at which point conversion is automatic. Seplat has a team dedicated to understanding the cost-benefit balance of early conversion and will revert to the market once it has made its decision.

The market outlook is positive, with the oil price environment remaining buoyant and no sign of OPEC+ imposing further production limits on Nigeria – in fact they were increased during the period, and Nigeria isn't even hitting its limit yet. On the gas side, de-regulation of the DSO market and buoyant gas prices in unregulated markets should offer significant upside potential in the coming years.

We would recommend reading, alongside this results note, our 25th February note on the acquisition of ExxonMobil's shallow water assets – available here. We will update this note when a new consensus, which includes the impact of this, is available.

At a Glance (Yr to Dec)	Production (boepd)	Revenue ($'000)	Cont. EPS	DPS	PER*	Yield*
2020 a	51,183	$530,467	($0.13)	$0.10	N/A	7.0%
2021 a	47,693	$733,188	$0.24	$0.10	5.9	7.4%
2022 Cons	62,706	$975,910	$0.29	N/A	4.9	N/A
2023 Cons	81,650	$1,015,629	$0.33	N/A	4.4	N/A

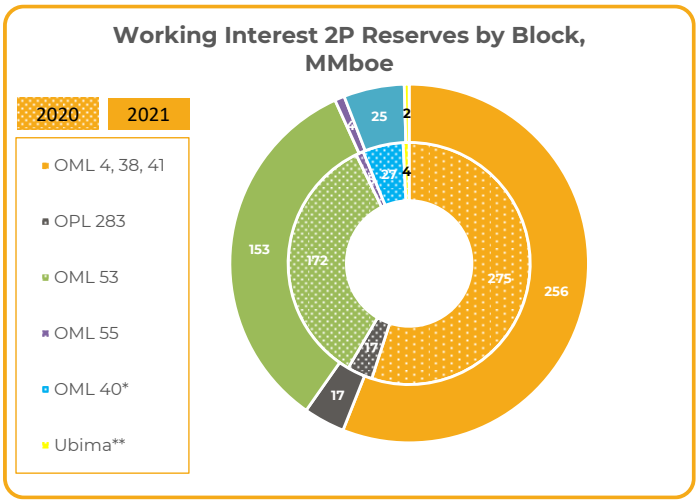
** Uses FX rate and Closing Price on date of FY results announcements*

Working-Interest Production

Oil - Average working interest production was 29,091 boepd, representing a fall of 13.7% in liquids due to delays in replacing the Harcourt storage vessel (on OML40) and suspension of exports at the Forcados Oil Terminal for 'signficiant periods' during the second half of the year. Reconciliation losses for liquids produced in FY21 were 14.5%, up from <10% in FY20. These levels of interruption/loss will be reduced going forward through use of the new Amukpe-Escravos underground pipeline, which is due to be in use imminently: only contracts remain to be signed, with the actual physical construction having been completed. Flow of oil into the Escravos terminal is expected in March, with lifting from the terminal expected in Q2. Seplat is entitled to use 40 kbpd of the pipeline's 160 kbpd capacity on a JV basis.

	FY 20			FY 21		
Block	Oil Production, bblpd	Gas Production, MMscf	Total, boepd	Oil Production, bblpd	Gas Production, MMscf	Total, boepd
OML 4, 38, 41	21,249	101	38,718	18,243	108	36,844
OPL 283	970	--	970	1,012	--	1,012
OML 53	2,639	--	2,639	3,164	--	3,164
OML 55	--	--	--	5,923	--	5,923
OML 40*	7,884	--	7,884	--	--	--
Ubima**	971	--	971	749	--	749
Total	**33,714**	**101**	**51,183**	**29,091**	**108**	**47,692**
Change				**-13.7%**	**6.8%**	**-6.8%**

* Reverts to 20.25% after Westport loan is fully repaid
** Reverts to 40% after Carry has been reached



Nigeria's OPEC+ quotas started and ended the year at 1.6 MMbpd, but production didn't achieve that level nationally due to downtime on pipelines, theft of crude, and other operational challenges in the country. In July 2021 its quota for 2022 was raised to 1.8 MMbpd, reversing all the COVID production cuts. Seplat's current OPEC quota is 81,561 bopd in total. We don't believe OPEC+ is likely to cut quotas again for some time, as there is more upside risk than downside for oil at present. An $80-$100 range for oil suits OPEC well in balancing maximising revenue with avoiding causing damage to the global economy, choking off demand.

The three-well Gbetiokun (-06, -07, and -08) drilling programme was completed 25% under budget, with Gbetiokun-06 well having commenced production in August (c. 4,000 bopd) and Gbetiokun-07 and -08 followed in H2. Gross production from the three wells is expected to be c.12,000 bpd. An additional well, -09, was drilled in December and hooked up in January – it's currently producing c.3,500 bopd. A larger evacuation vessel was deployed at OML 40 in November given the strong production numbers.

Furthermore, the near-field Sibiri exploration well in the OML 40 license area was drilled in 1Q22 post period-end, with initial indications suggesting 353ft gross pay (229ft net) in 8 oil-bearing reservoirs. Further data acquisition and analysis is underway and we expect a follow-up announcement quantifying the size of the reserve to act as a positive catalyst to the share price, and demonstrate the value of buying Eland and the OML 40 license.

Various other capex projects were undertaken, with the objective of debottlenecking and reducing deferment/improving water disposal.

The oil business produced 10.6 MMbbls of oil and condensate on a working interest basis, at an average realised price of $70.54 (vs. $39.95 in FY20). Production was impacted by various significant one-off events, including amongst other things, the curtailment of production and suspension of exports from OMLs 4, 38, 41, and 40, after Shell declared a month-long force majeure at the Forcados Oil Terminal in August due to a failure of the loading buoy. We would expect the risk of these occurring in future to be much reduced by the aforementioned new pipeline, as well as ownership of export terminals under the proposed acquisition of MPNU.

Seplat Energy commenced supply under its 2020 Crude Purchase Agreement with Waltersmith Petroman for the supply of 2k-4kbopd from its working interest production in OML 53. It supplied 172 kbbls during 2021 (at a rate of 2,000 bopd) with no pipeline losses recorded.

The oil business achieved $364.6m EBITDA at a 59% margin in FY21, compared to $160m at 38% in FY20.

Gas production was up 6.9% YoY totalling 107.9 MMscfd at an average selling price of $2.85/Mscf (FY20: $2.87/Mscf), representing c.41.2% of group boepd volumes. This was the result of new gas wells having come onstream, and the lack of a maintenance shutdown at the Oben Gas Plant relative to 1Q20. Gas production was only minimally disrupted by the Forcardos Oil terminal shut-in. This resulted in 107.9 Bscf of production vs. 101 Bscf in FY20.

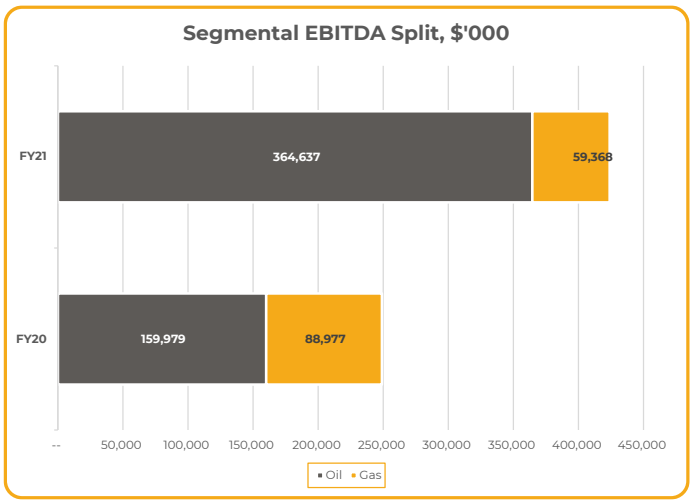
Pricing has been mixed, with the 30% of production volume given over under the DSO seeing its price drop from $2.50/Mscf to $2.18/Mscf in August 2021. This reduction is aimed at stimulating demand to increase gas adoption within Nigeria, and as such this price level will not change before the market de-regulates in 2023, at which time pricing will be set on a "willing buyer-willing seller" basis.

Seplat believes this may reduce its average selling prices for FY22 to $2.70/Mscf (FY21 $2.85 and FY20 $2.87), but given that the price of diesel is several times more expensive than gas, that diesel-based energy generation is currently 5x more prevalent than gas, and that the Russian invasion of Ukraine is having a significantly negative impact on natural gas supplies globally, we would expect a significant price uplift to follow the 2023 de-regulation to a "willing buyer willing seller" model.

The gas business achieved $59.4m EBITDA at a 52% margin in FY21, compared to $89m at 79% in FY20.

The Oben-50 and Oben-51 gas wells are now complete and producing, gross, 60 MMscfd of gas and 4,000 bpd of condensate. The workover of Oben-44 and 46 gas wells was completed in Q4, resulting in a combined gross production rate of 70 MMscfd and 1,200 bpd. The Umuseti-07 well is also now producing c.2,000 bopd gross in OPL 283.

Midstream Gas – The 300 MMscfd ANOH Gas Processing Plant (and associated upstream production at OML53 and OML21), completion of which is a key catalyst in our view, is fully funded and remains a key strategic project for Nigeria. Management estimates the project is currently at 84% completion, though it has faced some supply chain disruptions during the year, pushing mechanical completion to 2H22.



In addition, delays to third-party gas pipeline infrastructure are also causing problems. The OB3 pipeline project has seen a number of failed attempts to complete the 1.85km river crossing, which is needed to complete it. However, the latest contractor is making progress and the HDD drilling stands at 20% complete. Seplat says it does not anticipate the OB3 pipeline to delay the completion of the overall ANOH project.

More disruptive is the delay to the Spur Line project, which will connect ANOH to OB3, and which has seen significant delays due to contracting issues and payments. Essential pipework will not arrive in Nigeria until later this year and the latest schedule provided by Nigerian Gas Company suggests completion of the Spur Line in 4Q22/1Q23. As a result, Seplat has indicated that first gas will be 9-12 months later than the 2Q22 originally anticipated.

Drilling started on two of the six planned production wells in 2021, and should be completed this year - with the remaining 4 to be drilled in 2023.

Despite the delays, the project (which is fully funded) is still likely to be completed for some $50m under the $700m initial budget as a result of a cost optimisation programme. We believe this is remains a heavily de-risked project and wouldn't be surprised if its completion were to contribute to a re-rating of the shares.

The expansion (from 60 MMscfd to 85 MMscfd capacity) of the Sapele plant is still on track to be completed by the end of 1H23, and management have estimated it's 45% complete. The project will also lift gas to export specifications, eliminate gas flaring, and add an LPG module to generate additional returns.

At the Oben Gas Plant, continuity of gas production was ensured in the face of Forcados shutdowns by condensate volume being stored in the Amukpe buffer tanks. To ensure the delivery of on-specification gas to its customers, Seplat has installed heat exchanger trains 1 and 2 and is undertaking piping installation works on heat exchangers - with commissioning expected in 1Q22. Seplat also commented that it is "*focused on developing third-party gas processing opportunities that can utilise the remaining processing capacity at Oben*". This will ensure long-term supplies of raw natural gas are available, allowing optimisation of the plant's utilisation as well as generating tolling revenues. Discussions with targeted third-party gas producers during the year are expected to conclude shortly.

The financially- and ESG-friendly progress in these upstream and midstream projects really underlines the operational quality of Seplat Energy, and makes it an attractive buyer of assets being disposed of by the major international oil companies.

There are significant opportunities to grow production of all hydrocarbons and extend field life through infill drilling, well intervention programmes, and the deployment of innovative technology, as well as the acquisition of assets and businesses from the oil majors, several of whom appear to be seeking to exit Africa.

Financial Highlights

Revenue – from hydrocarbon sales was up 38.2% to $733.2m reflecting an improved oil price environment – with an average selling price of $70.54/bbl compared to $39.95/bbl in FY20, more than offsetting the reduction in production. Oil generated $618.4m (up 48%) – but an additional oil underlift of 152kbbls added $13.9m to "other revenue", which also included $5.2m of tariff income and a $5.4m reversal of decommissioning obligation at Eland. Adjusted for this $20.1m of other income, group revenue was $753.3m for the year.

Gas revenue was up 2% to $114.8m on higher volumes as a result of new wells coming on stream. Due to a cut in the DSO pricing, the average gas sale price fell by 2 cents to $2.85/Mscf. As discussed above, we believe this will reverse in 2023-2025 when the DSO price cap is removed.

Operating profit - $250.7m contrasted well with a $31.7m loss in FY20 due primarily to $160.9m of oil-price-driven impairment charges. On a cost per barrel equivalent basis, production opex was higher YoY at $9.9/boe vs $8.9/boe for FY20, primarily due to higher maintenance charges and the downtime experienced and the reduction in working interest. However, Seplat achieved an impressive 26.4% reduction in barging and trucking costs at the Gbetiokun and Ubima fields, to $11.7m, offsetting some of this.

G&A expenses were, however, 5.4% higher as vastly increased activity YoY post-COVID more than offset the long term cost savings made during COVID and retained thereafter.

There was also an impairment reveral of $74.7m on the $114.4m provision recorded in 2020, reflecting the improved oil price.

PBT - was $177.3m vs. an $80.2m LBT in FY20, which after tax came to a $117.2m net profit vs. an $85.3m net loss in FY20. EPS was therefore 24c/share compared to a 13c/share loss in FY20.

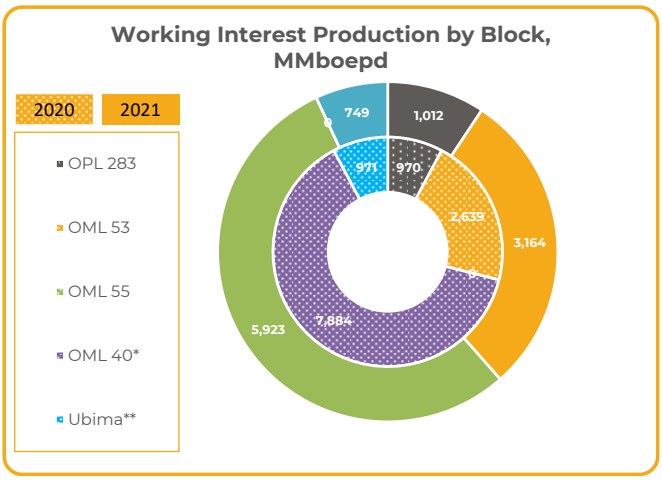
Capex – totalled $136.4m for the period, of which $37.7m related to drilling 5 oil wells and $26.3m for gas 2 new wells and 2 workovers.

Seplat is seeing positive results from its well cost reduction programme, which will soon include the introduction of multi-well completions, smart wells, and other technology that has hitherto not been used in Nigerian drilling. The hope here is for a 30% reduction in well costs in the longer term.

Senior notes – Seplat offered $650m principal of 7.75% senior notes, due in April 2026. Gross proceeds were used to redeem the existing $350m 9.25% senior notes due in 2023, to repay in full $250m drawn on the existing $350m RCF (which remains available), and to pay transaction fees and expenses. Reducing the senior note interest rate by 1.5pp is a great move, and indicative of a reduced risk profile, in our view.

RBL refinancing – The Eland RBL, detailed in our initiation note, is secured against the OML 40 assets via Seplat's Elcrest shares, and by way of a debenture that over some group assets, including its bank accounts. On 17th March, Westport signed an amendment and restatement agreement regarding the RBL. Whilst the debt utilised ($100m) and interest rate (LIBOR+8%) remain unchanged, the maturity date was extended to either March 2026 or to the reserves tail date (expected to be March 2025). With Westport having drawn down a further $10m in May, the debt utilised increased to $110m.

Further, Westport Oil raised a $50m (Libor + 10.5% payable semi-annually) offtake-linked RBL due April 2027, subordinated to the $110m senior RBL.



Reserves – Seplat's 2P working interest reserves decreased by a net 22 MMbbl of oil and 122 Bscf of gas during the year as a result of production of 10.6 MMbbls of liquids and 39.3 Bscf of gas, as well as reclassification and revisions of previous estimates. At the year end reserves therefore totalled 457.1 MMboe:

Block	Share	Partner	Dec-20 2P Oil, MMbbl	2P Gas, Bscf	2P Total, MMboe	Dec-21 2P Oil, MMbbl	2P Gas, Bscf	2P Total, MMboe
OML 4, 38, 41	45%	NPDC	156	693	275	144	651	256
OPL 283	40%	Pillar Oil	5	66	17	5	68	17
OML 53	40%	NAPIMS	44	742	172	39	660	153
OML 55	Revenue Interest	AMT	5	--	5	4	--	4
OML 40*	45%	NPDC, Starcrest	27	--	27	25	--	25
Ubima**	82%	All Grace Energy	4	--	4	2	--	2
Total			**241**	**1,501**	**499**	**219**	**1,379**	**457**
Change						**-9.1%**	**-8.1%**	**-8.5%**

* Reverts to 20.25% after Westport loan is fully repaid
** Reverts to 40% after Carry has been reached

Outlook

Management has set its (pre-acquisition) production guidance to 50k-60kboepd for FY22, and updated its expectations for first oil lifting through the Amukpe-Escravos Pipeline for mid-2022.

Capex has been guided to $160m for FY22 (vs. $136.4m FY21), including funds to drill "a minimum of 10 wells, complete ongoing projects, invest in maintenance capex to secure the existing assets, and continue its investments in gas production.

It has guided to production uptime of 75% for evacuation through the TFS and 90% for evacuation via the AEP, the latter of which is its preferred export route from OMLs 4, 38, & 41.

We believe that with the Forcardos issue and Cardinal recovery process behind it, and the MPNU acquisition due to complete in H1, Seplat is in good shape to perform well in FY22.

Strategic Progress

Please see our recent note (here) for a detailed look at the MPNU acquisition.

The change of name to Seplat Energy Plc reflects Seplat's new strategic vision as outlined in July, with new branding to be launched in October

Cardinal Drilling Acquisition/Settlement – Cardinal Drilling Services Ltd, a related party of Seplat Energy, has been subject to ongoing debt recovery action that has impacted Seplat in various ways. Despite Seplat having no ownership of Cardinal, nor having any loans outstanding to, nor having granted any guarantees to, Access Bank, Access Bank has at various times forced the closure of Seplat's Lagos HQ and locked its bank accounts. This caused significant disruption, and despite the Appeal Court having suspended the injunctive order in January 2021, restoring access to its office and bank accounts, Access Bank appealed to the Supreme Court, where the matter awaits a hearing date to adjudicate on Access Bank's $85m + costs recovery claim. This process could take many years, during which under the worst case the head office and bank accounts could be restricted for a prolonged time, so Seplat has settled the matter by purchasing 4 ex-Cardinal rigs from the receiver for $36m. These rigs should contribute to optimising Seplat's drilling costs. The cash to purchase said rigs came from $40m of already-restricted cash, held by Access Bank and the Federal High Court of Nigeria, that sits outside previous cash flow statements.

As a result of this action, Seplat has adopted Nigeria's very strict definition of related-parties and related-party transactions were successfully eliminated by January 2022. It has also confirmed that there are no other related-party matters that pose a legal threat at this time.

Dividends

Seplat offers a quarterly dividend in the absence of major adverse circumstances, which is currently well protected by significant profitability, cash flow, cash on the balance sheet, and retained earnings.

Seplat seeks to employs a progressive dividend policy, though for obvious reasons (global oil market disruptions) hasn't really achieved this goal in the years 2018-2020. However, it has maintained both its 5c baseline and 5c top-up dividends in these 3 difficult years, which is a testament to the solidity of its business model and level of cash generation. Whilst this policy remains unchanged post-acquisition, we would expect the cashflow generated from this additional production to significantly transform the scale of the dividend in due course, and we will update on consensus changes as estimates become available.

Declaration	Type	USD	GBP
28 February 2022	Final	$0.025	£0.02
28 October 2021	Quarterly	$0.025	£0.02
29 July 2021	Interim	$0.025	£0.02
29 April 2021	Quarterly	$0.025	£0.02
01 March 2021	Final	$0.05	£0.04
30 October 2020	Interim	$0.05	£0.04
20 March 2020	Final	$0.05	£0.04
29 October 2019	Interim	$0.05	£0.04
06 March 2019	Final	$0.05	£0.04
30 October 2018	Interim	$0.05	£0.04
30 April 2018	Special Cash	$0.05	£0.04
03 April 2017	Omitted	$0.00	£0.00
FY 2016	Combined	$0.04	£0.03
FY 2015	Combined	$0.13	£0.09
FY 2014	Combined	$0.06	£0.04
Total		**$0.68**	**£0.48**

For Q4, the board has approved an interim dividend of $0.025 per share, in line with the previous quarters this year, taking the FY dividend to $0.10.

Hedging

FY22 is subject to a similar level of hedging as FY21, with 5 MMbbls of production hedged for the first 3 quarters of the year – just under 50% of FY21 output - albeit at much higher values than the $30 hedges that were established in FY20:

Quarter	Quantity Hedged (MMbbls)	Strike
1Q22	1.0	$50
1Q22	1.0	$55
2Q22	2.0	$55
3Q22	1.0	$55

HSE/Safety

There were no fatalities, LTIs, or major injuries during the year, resulting in 28 million staff and contractor hours without an LTI on Seplat-operated assets. The total number of incidents dropped by 19 to 88, including 2 reportable spills and 6 gas leaks, all of which were fixed with limited environmental damage.

In addition, all related-party transactions were eliminated from 1 January 2022. This is a strong positive in our view, ensuring stronger corporate governance and making the business mode attractive to investors.

This strong HSE and environmental record is, we believe, part of the reason ExxonMobil was willing to sell its shallow water business to Seplat, and bodes well for further transactions. Whilst the oil majors want to exit certain assets and businesses, they don't want to sell to operators that might tarnish their reputations in the longer term.

Consensus Outlook

Estimates have been updated for the FY22 and FY23 years, but do not yet account for the planned acquisition of ExxonMobil's shallow water assets. There are 10 analysts covering Seplat, although not all provide forecasts on all metrics – particularly the breakdown on oil and gas production, where there are not enough estimates to produce a meaningful inter-quartile range.

	Min	Max	Consensus	Inter-Quartile Spread
December 2022				
Oil price assumption, USD	60	87	**70**	**66 - 74**
WI Production total (kboepd)	58,118	65,000	**62,706**	**61559 - 65000**
Liquids (kbpd)	33,533	33,533	**33,533**	**N/A**
Gas (mmscfd)	143	143	**143**	**N/A**
Revenue	692	1,222	**976**	**896 - 1049**
EBITDA	305	748	**522**	**451 - 599**
PBT	184	550	**327**	**237 - 382**
Net Income	80	261	**172**	**118 - 229**
CFO	341	595	**478**	**381 - 561**
December 2023				
Oil price assumption, USD	52	60	**56**	**54 - 58**
WI Production total (kboepd)	76,000	87,300	**81,650**	**78825 - 84475**
Revenue	721	1,192	**1,016**	**924 - 1130**
EBITDA	313	704	**523**	**463 - 599**
PBT	198	500	**346**	**283 - 430**
Net Income	135	224	**194**	**189 - 209**
CFO	321	700	**446**	**351 - 475**

Of particular interest are the estimates for realised oil price, which we view as conservative given our view that we may be at the start of a super cycle fuelled by lack of investment in production over the last 10 years. For 2022, in particular, a fall to a $70 average would require significant weakness in the second half of the year, which would surprise us. It's worth noting that some of these estimates were made in early March, so there may be upgrades throughout the year to reflect the current and evolving situation.

Overall production has a fairly tight 12% spread for FY22 and 15% for FY23 – again, not reflecting the uplift from the transaction. Production is, on average, forecast to increase by 31% for FY22 and a further 30% in FY23 and revenue forecast to increase by 33% in FY22, and a further 4% in FY23 as an increase in forecast production is partially offset by a lower forecast price during that year.

Consensus NAV is £1.89/share for the end of this year, comfortably ahead of the current share price.

Appendices

P&L

$'000	2019 a	1H20 a	9M20 a	2020 a	1H21 a	9M21 a	2021 a
DPS, c	**10**	**5.0**	**7.5**	**10**	**5.0**	**7.5**	**10**
Growth	***0%***	***N/A***	***N/A***	***0%***	***0%***	***0%***	***0%***
Payout Ratio	**22.0%**	**-35.7%**	**-75.9%**	**-78.7%**	**52.0%**	**66.1%**	**41.2%**
Total Cash Dividends	**56,923**	**28,982**	**43,505**	**57,964**	**29,092**	**43,623**	**58,165**
Basic NoS	**569,228**	**579,638**	**580,061**	**579,638**	**581,841**	**581,646**	**581,646**
FD NoS	**581,615**	**588,445**	**589,740**	**588,445**	**588,445**	**584,447**	**584,447**
Revenue Growth YoY	**-6%**	**-34%**	**-22%**	**-24%**	**32%**	**19%**	**38%**
Adjustments profits/(costs)	**35,977**	**--**	**--**	**153,000**	**--**	**--**	**--**
Adj. EBIT	**347,952**	**(112,889)**	**(79,341)**	**121,284**	**109,449**	**157,798**	**250,688**
Margin	**49.9%**	**-48.3%**	**-20.5%**	**22.9%**	**35.4%**	**34.3%**	**34.2%**
D&A	**93,916**	**29,847**	**29,847**	**136,323**	**33,149**	**33,149**	**150,756**
Adj EBITDA	**441,868**	**(83,042)**	**(49,494)**	**257,607**	**142,598**	**190,947**	**401,444**
Margin	**63.3%**	**-35.6%**	**-12.8%**	**48.6%**	**46.2%**	**41.5%**	**54.8%**
Discontinued Ops	**13,166.0**	**--**	**--**	**--**	**--**	**--**	**--**
Adj PBT	**328,944**	**(145,327)**	**(130,072)**	**72,791**	**62,092**	**97,359**	**177,345**
Adj. Tax	**(29,125)**	**35,149**	**33,752**	**(5,113)**	**(25,915)**	**(62,329)**	**(60,169)**
Effective rate	**8.9%**	**24.2%**	**25.9%**	**7.0%**	**41.7%**	**64.0%**	**33.9%**
Adj NI	**263,842**	**(110,178)**	**(96,320)**	**(85,322)**	**36,177**	**35,030**	**117,176**
Margin	**37.8%**	**-47.2%**	**-24.8%**	**-16.1%**	**11.7%**	**7.6%**	**16.0%**
Adj EPS	**0.46**	**(0.14)**	**(0.10)**	**(0.13)**	**0.10**	**0.11**	**0.24**
Adj FD EPS	**0.45**	**(0.14)**	**(0.10)**	**(0.13)**	**0.10**	**0.11**	**0.24**

$'000	2019 a	1H20 a	9M20 a	2020 a	1H21 a	9M21 a	2021 a
Revenue	**697,777**	**233,549**	**387,775**	**530,467**	**308,771**	**460,357**	**733,188**
Cost of sales	**(302,039)**	**(195,892)**	**(297,182)**	**(405,892)**	**(219,865)**	**(313,862)**	**(447,999)**
Gross profit	**395,738**	**37,657**	**90,593**	**124,575**	**88,906**	**146,495**	**285,189**
Other income	29,876	51,376	42,239	83,864	65,780	82,020	20,118
G&A Expenses	(70,617)	(47,645)	(52,419)	(76,047)	(36,455)	(53,879)	(80,090)
Impairment losses on financial assets	(48,581)	(14,872)	(21,437)	(29,947)	(737)	(6,874)	(22,561)
Impairment losses on non-financial assets	--	(146,028)	(158,228)	(114,402)	--	--	59,138
Fair value gain/(loss)	5,559	6,623	19,911	(19,759)	(8,045)	(9,964)	(11,106)
Operating profit	**311,975**	**(112,889)**	**(79,341)**	**(31,716)**	**109,449**	**157,798**	**250,688**
Finance income	13,471	1,752	2,034	1,671	11	22	314
Finance cost	(33,539)	(36,549)	(53,834)	(51,834)	(47,474)	(61,056)	(76,197)
Finance cost	**(20,068)**	**(34,797)**	**(51,800)**	**(50,163)**	**(47,463)**	**(61,034)**	**(75,883)**
Share of JV Profit	1,060	2,359	1,069	1,670	106	595	2,540
PBT	**292,967**	**(145,327)**	**(130,072)**	**(80,209)**	**62,092**	**97,359**	**177,345**
Income tax	(29,125)	35,149	33,752	(5,113)	(25,915)	(62,329)	(60,169)
Effective Rate	9.9%	24.2%	N/A	N/A	41.7%	64.0%	33.9%
Profit From Cont. Ops	**263,842**	**(110,178)**	**(96,320)**	**(85,322)**	**36,177**	**35,030**	**117,176**
Profit From Discont Ops	13,166	--	--	--	--	--	
Profit	**277,008**	**(110,178)**	**(96,320)**	**(85,322)**	**36,177**	**35,030**	**117,176**
Attributable to s/holders:	277,008	(82,405)	(58,259)	(74,742)	56,566	66,355	141,784
Attributable to NCIs:	--	(27,773)	(38,061)	(10,580)	(20,389)	(31,325)	**(24,608)**
Other comprehensive income:							
FX Difference	*(750)*	--	--	*(1,399)*	--	--	--
Items that will not be reclassified to profit or loss:							
Remeasurement of Pensions	*(656)*	--	--	*80*	--	--	--
Deferred tax credit/(expense) on remeasurement (gain)/loss	*558*	--	--	*(69)*	--	--	--
Other Net Income/(Loss)	**(848)**	**--**	**--**	**(1,388)**	**--**	**--**	**--**
Total Comprehensive Income	**276,160**	**(110,178)**	**(96,320)**	**(86,710)**	**36,177**	**35,030**	**117,176**
Basic EPS Reported	0.49	(0.14)	(0.10)	(0.13)	0.10	0.11	0.24
Diluted EPS Reported	0.47	(0.14)	(0.10)	(0.13)	0.10	0.11	0.24
No. Shares	569,228	579,638	580,061	579,638	581,841	581,646	581,646
Diluted No. Shares	581,615	588,445	589,740	588,445	588,445	584,447	584,447

Balance Sheet

$'000	2019 a	9M20 a	2020 a	1Q21 a	1H21 a	9M21 a	2021 a
Gross Debt	789,408	698,415	698,415	694,404	755,167	753,706	766,614
Net Debt (cash)	454,894	439,697	439,697	458,147	456,378	479,776	426,095
Net Debt/EBITDA	**1.0x**	**-8.9x**	**1.1x**	**5.9x**	**3.2x**	**2.5x**	**1.9x**
Gross Profit/Assets	0.12x	0.03x	0.04x	0.02x	0.03x	0.04x	0.07x
Net Debt (Cash)/Equity	0.3x	0.3x	0.3x	0.3x	0.3x	0.3x	0.4x
ROCE	13.1%	-2.7%	4.1%	1.5%	3.6%	5.1%	7.3%
Capital Employed	2,647,261	2,978,121	2,978,121	3,033,013	3,060,992	3,067,689	3,411,829
ROE	14.6%	-5.8%	-5.1%	1.5%	2.2%	2.1%	6.9%
ROA	8.1%	-2.8%	-2.5%	0.7%	1.0%	1.0%	3.0%

$'000	2019 a	9M20 a	2020 a	1Q21 a	1H21 a	9M21 a	2021 a
Non-current assets							
Oil & gas properties	1,558,213	1,603,888	1,603,888	1,605,003	1,601,354	1,606,251	1,604,025
Other P,P&E	14,201	14,027	14,027	12,667	11,514	10,772	27,255
Right-of-use assets	13,115	10,435	10,435	9,401	8,606	7,630	7,404
Intangible assets	174,566	58,687	58,687	58,687	52,912	54,031	131,200
Other asset	130,915	117,448	117,448	112,551	112,551	112,551	112,551
Equity Investments	161,071	222,741	222,741	223,159	222,847	223,337	225,270
Prepayments	62,892	61,744	61,744	65,202	65,626	66,247	66,788
Deferred tax	222,697	762,833	762,833	762,833	754,278	747,333	1,041,406
Total non-current assets	**2,337,670**	**2,851,803**	**2,851,803**	**2,849,503**	**2,829,688**	**2,828,152**	**3,215,899**
Current assets							
Inventories	84,508	74,570	74,570	75,377	73,906	72,786	74,957
Trade and other receivables	486,762	254,671	254,671	284,600	236,620	276,286	255,557
Prepayments	6,397	3,644	3,644	3,208	4,558	3,768	1,726
Contract assets	21,259	6,167	6,167	8,586	11,694	8,072	4,076
Derivatives	1,486	--	--	--	--	--	324,490
Cash and bank balances	333,028	258,718	258,718	236,257	298,789	273,930	16,029
Total current assets	**933,440**	**597,770**	**597,770**	**608,028**	**625,567**	**634,842**	**676,835**
Total assets	**3,271,110**	**3,449,573**	**3,449,573**	**3,457,531**	**3,455,255**	**3,462,994**	**3,892,734**
Equity							
Issued share capital	1,845	1,855	1,855	1,855	1,862	1,862	1,862
Share premium	503,742	511,723	511,723	511,723	519,931	519,931	520,138
							22,190
Share-based payment reserve	30,426	27,592	27,592	27,023	19,651	20,901	(4,915)
Capital contribution	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,249,156	1,116,079	1,116,079	1,151,846	1,129,389	1,124,547	1,185,082
FX translation reserve	2,391	992	992	992	992	992	1,933
Non-controlling interest	(23,621)	(34,196)	(34,196)	(44,987)	(54,585)	(65,521)	(58,804)
Total shareholders' equity	**1,803,939**	**1,664,045**	**1,664,045**	**1,688,452**	**1,657,240**	**1,642,712**	**1,707,486**
Non-current liabilities							
Interest bearing loans	677,075	604,947	604,947	638,436	694,750	693,289	705,953
Lease liabilities	8,518	4,187	4,187	4,570	4,693	4,627	481
Contingent consideration	--	162,619	162,619	163,002	157,360	157,678	154,659
Provision for decommissioning obligation	147,921	531,632	531,632	526,835	534,414	556,031	833,101
Defined benefit plan	9,808	10,691	10,691	11,718	12,535	13,352	10,149
Total non-current liabilities	**843,322**	**1,314,076**	**1,314,076**	**1,344,561**	**1,403,752**	**1,424,977**	**1,704,343**
Current liabilities							
Interest bearing loans	112,333	93,468	93,468	55,968	60,417	60,417	60,661
Lease liabilities	692	1,787	1,787	1,345	1,345	1,345	3,090
Derivative Financial Instruments	--	--	1,648	4,844	5,134	287,545	3,745
Trade and other payables	468,804	343,340	343,340	322,952	293,931	5,105	367,058
Contingent liability	7,217	1,648	--	--	--	--	--
Contract liabilities	16,301	9,470	9,470	9,470	9,470	9,470	--
Current tax liabilities	18,502	21,739	21,739	29,939	23,966	31,423	46,351
Total current liabilities	**623,849**	**471,452**	**471,452**	**424,518**	**394,263**	**395,305**	**480,905**
Total liabilities	**1,467,171**	**1,785,528**	**1,785,528**	**1,769,079**	**1,798,015**	**1,820,282**	**2,185,248**
Total shareholders' equity and liabilities	**3,271,110**	**3,449,573**	**3,449,573**	**3,457,531**	**3,455,255**	**3,462,994**	**3,892,734**

Cash Flow

$'000	2019 a	1Q20 a	1H20 a	9M20 a	2020 a	1Q21 a	2021 a
Cash flows from operating activities							
Cash generated from operations	341,571	64,508	176,220	197,776	329,414	5,266	394,339
Tax paid	(3,533)	--	(10,376)	(10,377)	(10,431)	251	(12,993)
Defined benefits paid	(280)	--	--	--	(213)	--	--
Contribution to Plan Assets	--	--	--	--	(1,670)	--	(2,497)
Hedge Premium Paid	--	--	--	--	(8,380)	(1,160)	(9,010)
Net cash inflows from operating activities	**337,758**	**64,508**	**165,844**	**187,399**	**308,720**	**4,357**	**369,839**
Cash flows from investing activities							
Payment for acquisition of oil and gas properties	(114,339)	(45,866)	(83,429)	(105,234)	(144,729)	(32,585)	(136,381)
Payment for acquisition of intangible assets	--	--	--	--	--	--	(33,498)
Proceeds from disposal of oil and gas properties	50,614	--	--	--	--	--	--
Acquisition of other P, P, &E	(10,438)	--	(2,535)	(3,374)	(5,202)	(45)	
Payment for acquisition of subsid, net of cash acquired	(451,199)	--	--	--	--	--	--
Cash on loss of control of subsidiary	(154,240)	--	--	--	--	--	--
Payment for investment in JV	(103,050)	--	(30,000)	(30,000)	(60,000)	--	--
Disposal of other P, P, &E	--	--	--	--	3	--	--
Prepayment of rent	--	--	--	--	--	--	(679)
Receipts from other assets	36,185	--	4,737	4,737	4,737	4,897	4,897
Payments for plan assets	--	--	--	--	--	--	--
Interest received	13,471	1,067	1,752	2,034	1,671	7	314
Net cash outflows from investing activities	**(732,996)**	**(44,799)**	**(109,475)**	**(131,837)**	**(203,520)**	**(27,726)**	**(165,347)**
Cash flows from financing activities							
Repayments of loans	(100,000)	--	--	(100,000)	(100,000)	--	(600,000)
Proceeds from loans	346,500	10,000	10,000	10,000	10,000	--	671,000
Dividends paid	(58,708)	--	(26,480)	(29,208)	(58,342)	--	(73,354)
Payments for other financing charges & Leases	(8,783)	(2,723)	(3,453)	(3,275)	(4,334)	(4)	(29,168)
Interest paid on loans	(33,770)	(23,184)	(34,892)	(58,030)	(64,767)	(20,384)	(69,236)
Net cash inflows/(outflows) from financing	**145,239**	**(15,907)**	**(54,825)**	**(180,513)**	**(217,443)**	**(20,388)**	**(100,758)**
Net (decrease)/increase in cash	**(249,999)**	**3,802**	**1,544**	**(124,951)**	**(112,243)**	**(43,757)**	**103,734**
Cash and cash equivalents at start of year	**581,305**	**326,330**	**326,330**	**326,330**	**326,330**	**225,137**	**225,137**
Effects of FX on cash	(4,976)	(788)	1,959	(1,143)	11,050	607	(4,381)
Cash and cash equivalents at end of the year	**326,330**	**329,344**	**329,833**	**200,236**	**225,137**	**181,987**	**324,490**
FCF	297,977	42,420	117,965	129,033	227,679	(12,440)	274,805
Div. % FCF	19%	34%	25%	34%	25%	-117%	21%

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