

Seplat Energy

FY24 results – Confident 10% dividend increase

4 March 2025

Price

191.5p

TICKER

[SEPL](#)

Market Cap

£1,127m

Net Debt (31 Dec 2024)

US\$898m

Free Float

48%

3mo Av. Daily Volume

207k

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 completed the transformational MPNU acquisition late last year. It is now the leading processed gas supplier to the burgeoning Nigerian domestic market with start-up of the large ANOH gas project due shortly. The company focuses on onshore & shallow water offshore assets.

Colin Smith

+44 20 7082 5522

[Email the Analyst](#)

Nigeria's leading independent energy company

Seplat reported a near doubling in EPS for FY24 to US\$0.26 (FY23 US\$0.14) which included 19 days of contribution from the newly acquired MPNU assets, now renamed as Seplat Energy Producing Nigeria Unlimited (SEPNU). Excluding SEPNU and net positive unusual items, operating profit came in around 5% ahead of our forecast, we calculate. Adjusted EBITDA increased 20.3% YoY to US\$539.0m on a reported basis and down 1.8% for the onshore assets. Net debt ended the year at US\$898m, ahead of the US\$1.1bn indicated in the prospectus, with pro-forma net debt/EBITDA of 0.7x. Reserves replacement for the onshore assets was an excellent 176% and total reserves at YEFY24 of 886mmboe were in line with the pro-forma YEFY23 reserves. Production guidance for FY25 is 120-140kboed which compares positively with pro-forma production on completion of the MPNU acquisition of 118kboed. In addition to the new USc3.6 run-rate as of 3QFY24 for the quarterly dividend, Seplat declared a special dividend of USc3.3 for a total FY24 dividend of USc16.5, up 10% YoY and a mark of confidence for the future.

Seplat reported production of 52.9kboed up 11% YoY. Excluding the consolidated SEPNU contribution of 4.3kboed, production increased 2% YoY meeting the mid-point of guidance. Production is set to more than double in FY25, mainly due to the MPNU acquisition but also reflecting underlying growth in the onshore business, despite a further delay to full ANOH start-up as a result of continuing delays in completing the OB3 pipeline. Seplat is taking mitigating action to complete commissioning of the gas processing plant in 2Q25 and seeking offtake independent of the OB3 line. End of routine flaring is on track for 2H25, including benefitting from the recent commissioning of the Sapele gas plant.

Besides the FY25 production guidance of 120-140kboed, Seplat is also guiding initial capex at US\$260m-US\$320m, including US\$80m-US\$100m for SEPNU. Unit operating costs are expected to be US\$14.0/boe-US\$15/boe, up from US\$12.3/boe given an immediate increase in operating and maintenance activity in the SEPNU assets while Seplat develops and agrees forward investment plans to properly exploit the SEPNU asset base with its JV partner, NUIMS. Seplat notes that the first 100 days integration plan is well advanced. Seplat plans to hold a Capital Markets Day in 3Q25 when it will set out its medium to long term growth ambitions

Underlying results for the onshore business came in ahead of our forecast. While the further delay to ANOH is disappointing it is outwith Seplat's control and we note that the company is taking mitigating action to accelerate start-up of the processing plant as it is now ready to take gas. Otherwise, the business performance is strong with the 176% reserve replacement a highlight. However, the real story for the future is the performance for the enlarged group with production set to more than double in FY25. The initial focus is on increasing SEPNU production from the existing asset base, including reactivating non-producing well stock before investing more comprehensively to unlock the resource potential. We will reinstate forecasts in due course.

At a Glance (Yr. to Dec)	Production (kboed)	Revenue (US\$m)	EPS (US\$)	DPS** (US\$)	P/E* (x)	Yield* (%)	Debt Adj CF* (x)
FY22A	44.1	952	0.11	0.15	6.5	11.3%	2.1
FY23A	47.8	1,061	0.14	0.15	5.5	10.3%	2.4
FY24A	52.9	1,116	0.26	0.165	8.6	7.4%	n/a

Source: Bloomberg, Seplat, CAG Research. * Uses annual averages for historic share price and EV data.

**FY22, FY23 and FY24 include special dividend.

Copyright 2023 Capital Access Group Ltd ("CAG")

This document is a marketing communication which is designed to educate and inform investors about the subject company. The subject company pays CAG a fee to cover the costs of research production and distribution. This report has been commissioned by the subject company and prepared and issued by CAG for publication in the United Kingdom only. The research has not been prepared in accordance with regulatory requirements designed to promote the independence of investment research. This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. Any comments in this report regarding the valuation of a financial security are based on comparisons with similar securities; they are not forecasts of a likely share price. CAG does not undertake to provide updates of any matters discussed in this document.

This document is not an offer to buy or sell, or a solicitation of an offer to buy or sell, the securities mentioned. Capital Access Group does not buy or sell shares, nor does it conduct corporate finance transactions, nor does it undertake investment business either in the UK or elsewhere. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. CAG does not make investment recommendations. Capital Access Group is not regulated by the Financial Conduct Authority ("FCA"). CAG does not offer any investors the ability to trade securities. Our publications are not, therefore, an inducement under MiFID II regulations.

CAG does not hold any positions in the securities mentioned in this report. However, CAG's directors, officers, employees, and contractors may have a position in any or related securities mentioned in this report.

The information contained in this document has been compiled from sources believed to be reliable, but no guarantee whatsoever is given that the information is complete or accurate, or that it is fit for a particular purpose.

This document was issued by Capital Access Group Ltd without legal responsibility and is subject to change or withdrawal without notice. By reading this document, you confirm that you have read and understand the above, and that you shall not hold Capital Access Group Ltd or any of its members and connected companies liable for any loss that you may sustain should you decide to buy or sell any of the securities covered.



Capital Access Group

32 Cornhill

London

EC3V 3SG

www.capitalaccessgroup.co.uk