

SERICA ENERGY PLC (AIM: SQZ)

July 30, 2025

Share price: £1.74

Target: £2.70

Triton ramp-up to full production delayed but very high production at BKR

- Following the July production restart at Triton FPSO, ramp-up to the steady-state plateau of has been delayed into August. With Bittern now back online and Evelyn and Gannet expected to follow shortly, net production at Triton is set to reach 25 mboe/d in the near future.
- It is expected that the production plateau will exceed this level once the new wells are then brought onstream later in August.
- The delay has not resulted in any incremental costs.
- Production from other assets remains robust, approaching ~30 mboe/d versus our 2Q25 estimate of ~25 mboe/d—seemingly driven by a current strong performance at BKR. As a result, despite timing at Triton, FY25 production guidance has been revised only marginally from 33–37 mboe/d to 33–35 mboe/d. No changes to forecasts are warranted ahead of the half-year results on 5 August.
- We reiterate our target price of £2.70 per share. We maintain our expectation for total 2025 dividends of £0.16 per share (implying a ~9% yield).

Rating & target		Old	New	
Target		£2.70	n.c.	
Yield			9%	
Implied total return			68%	
Share data		2024	2025e	2026e
Shares dil., mm		404	404	404
Mkt cap, US\$mm		\$886	\$918	\$914
EV, US\$mm		\$957	\$954	\$716
Financial Data		2024	2025e	2026e
Gas, mmcf/d		111.4	106.1	117.8
Liquids, bbl/d		15,394	16,475	22,658
Total boe/d (6:1)		34,600	34,771	42,968
CFO, US\$mm		\$243	\$367	\$430
Net capex, US\$mm		\$254	\$251	\$114
Net debt, US\$mm*		\$71	\$36	(\$198)
CFPS dil., US\$/shr		\$0.53	\$0.96	\$1.15
EPS dil., US\$/shr		\$0.24	\$0.08	\$0.75
Valuation		2024	2025e	2026e
Share price, £/shr		£1.74	£1.74	£1.74
EV/DACF		3.4x	2.4x	1.6x
EV per boe/d (US\$)		\$27,652	\$27,422	\$16,670
Net asset value				
CNAV, £/shr				£2.38
RENAV, £/shr				£2.68
Unrisked NAV, £/shr				£4.10
P/CNAV				0.7x
P/RENAV				0.7x
P/ENAV				0.4x
All figures in US\$ unless otherwise noted				
* based on cash rather than working capital				

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Minor teething issues

Several minor issues only became apparent once hydrocarbons were reintroduced to the FPSO system, having been undetectable during the prior shutdown period due to the absence of flow. Following the initial restart of the Bittern field—which flows first given its associated gas supports gas lift for other wells and provides fuel for the FPSO—a fault in the gas lift system temporarily delayed the recommencement of production from other Triton fields. Additional remedial work required a brief production pause to carry out necessary repairs. These are being completed, enabling the restart sequence to resume.

Valuation

Our forecasts are unchanged. Our Core NAV and ReNAV are £2.38 per share and £2.68 per share respectively. We continue to forecast that the aggregate FCF from 2025 to 2028 will be equal to the current market cap.

Contact details

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Figure 1. Financial & operating information

Serica Energy (SQZ LN)		Historical & Auctus Outlook						
Financial & Operating Information		2023	2024	2025e	2026e	2027e	2028e	2029e
Commodity Prices								
Brent	US\$/bbl	\$82.99	\$79.90	\$68.73	\$70.00	\$70.00	\$70.00	\$70.00
UK NBP	p/th	GBp114	GBp84	GBp87	GBp82	GBp82	GBp82	GBp82
UK NBP	US\$/mcf	\$14.26	\$10.55	\$11.40	\$10.72	\$10.72	\$10.72	\$10.72
USD / GBP	US\$/£	\$1.25	\$1.26	\$1.31	\$1.30	\$1.30	\$1.30	\$1.30
Production								
Oil and Liquids	bbl/d	20,318	15,394	16,475	22,658	18,730	15,844	13,713
Natural Gas	mmcf/d	103.0	111.4	106.1	117.8	121.3	115.0	104.0
Total (6 mcf = 1 boe)	boe/d	40,121	34,600	34,771	42,968	39,646	35,664	31,649
% Oil and Liquids	%	51%	44%	47%	53%	47%	44%	43%
Netbacks								
Revenue	US\$/boe	\$61.46	\$57.58	\$62.47	\$62.36	\$61.63	\$61.04	\$60.85
Royalties	US\$/boe	\$0.63	\$0.54	\$0.48	\$0.64	\$0.56	\$0.46	\$0.52
Production & Transport Costs	US\$/boe	\$21.05	\$24.54	\$26.03	\$19.96	\$20.25	\$22.51	\$25.36
Operating Netback	US\$/boe	\$43.20	\$34.98	\$35.64	\$41.75	\$40.83	\$38.07	\$34.96
Taxes	US\$/boe	\$17.80	\$1.10	\$3.63	\$13.23	\$11.89	\$19.81	\$19.24
Cash Flow Netback	US\$/boe	\$9.45	\$22.30	\$30.67	\$28.78	\$26.60	\$18.77	\$12.79
Government Take	%	29%	2%	6%	21%	19%	32%	32%
Financials								
Cash Flow from Ops. before tax and fin. Costs (CFO)	US\$mm	\$469	\$434	\$435	\$633	\$569	\$474	\$382
CFO less current tax	US\$mm	\$240	\$420	\$306	\$425	\$397	\$216	\$160
CFO less cash tax and fin. Costs	US\$mm	\$98	\$243	\$367	\$430	\$363	\$222	\$126
CFPS - diluted	US\$/shr	\$0.10	\$0.53	\$0.96	\$1.15	\$0.98	\$0.62	\$0.38
EBITDAX	US\$mm	\$512	\$373	\$430	\$633	\$569	\$474	\$382
E&D Capex (incl. decom.)	US\$mm	\$78	\$251	\$240	\$110	\$116	\$0	\$0
A&D Capex, Net	US\$mm	\$57	\$3	\$11	\$4	\$4	\$0	\$0
Total Net Capex	US\$mm	\$135	\$254	\$251	\$114	\$120	\$0	\$0
Total Net Capex/CFO	x	1.4x	1.0x	0.7x	0.3x	0.3x	0.0x	0.0x
Leverage								
Net Debt	US\$mm	(\$92)	\$71	\$36	(\$198)	(\$360)	(\$480)	(\$524)
Net debt/CFO (Trailing)	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Entry Net Debt/CFO	x	n.a.	n.a.	0.2x	0.1x	n.a.	n.a.	n.a.
Capital Structure								
Basic Shares o/s @ YE	mm	391	393	393	393	393	393	393
Diluted Shares o/s @ YE	mm	402	404	404	404	404	404	404
Market Capitalization	US\$mm	\$1,166	\$886	\$918	\$914	\$914	\$914	\$914
Enterprise Value	US\$mm	\$1,074	\$957	\$954	\$716	\$555	\$434	\$391
Dividends & Sustainability								
Dividends	US\$mm	\$110	\$113	\$82	\$82	\$82	\$102	\$82
Dividends	£/sh	£0.23	£0.19	£0.16	£0.16	£0.20	£0.16	£0.16
Dividends	\$/shr	\$0.29	\$0.24	\$0.21	\$0.21	\$0.26	\$0.21	\$0.21
Dividend Yield	%	13.2%	10.9%	9.2%	9.2%	11.5%	9.2%	9.2%
Share Buybacks	US\$mm	\$0	\$19	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	US\$mm	\$19	(\$8)	\$127	\$320	\$248	\$222	\$126
Cash returned to shareholders as % of CFO	%	113.0%	54.5%	22.3%	19.1%	22.5%	46.0%	65.1%
Cash invested/CFO	%	138%	104%	68%	27%	33%	0%	0%
Performance								
Prod. Per Shr Growth (Y/Y) - dil.	%		-27%	0%	24%	-8%	-10%	-11%
PPS Growth (Y/Y) DDA - dil.	%		-32%	-6%	57%	19%	6%	0%
CFPS Growth (Y/Y) - dil.	%		444%	81%	20%	-15%	-37%	-40%
CFPS Growth (Y/Y) DDA - dil.	%		331%	70%	52%	10%	-25%	-32%
ROCE	%		13%	4%	37%	32%	24%	17%
Net Asset Value								
CNAV (Atax) - diluted	£/shr	£2.38						
RENAV (Atax) - diluted	£/shr	£2.68						
Unrisked NAV (Atax) - diluted	£/shr	£4.10						
P/CNAV	x	0.7x						
P/RENAV	x	0.7x						
P/Unrisked NAV	x	0.4x						
Valuation								
Share Price, YE/Current	£/shr	£2.32	£1.74	£1.74	£1.74	£1.74	£1.74	£1.74
P/CF	x	29.9x	4.1x	2.4x	2.0x	2.3x	3.6x	6.0x
EV/DACF	x	8.9x	3.4x	2.4x	1.6x	1.4x	1.8x	2.6x
Target EV/DACF	x	39.2x	7.0x	3.9x	2.7x	2.8x	3.8x	6.1x
EV per boe/d	\$/boepd	\$26,761	\$27,652	\$27,422	\$16,670	\$13,988	\$12,182	\$12,339
EV per 2P boe	US\$/boe	\$7.65	\$7.49	\$8.29	\$7.21	\$5.58	\$4.38	\$3.93
EV per 2P boe, with FDC	US\$/boe	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside

Source: Auctus Advisors, Company Disclosures

**Futures strip as of 29-Jul-25

Figure 2. NAV Table

Asset Valuation	2P/2C/P50 (mmboe)	CoS (%)	Unrisked (US\$ mm)	EMV (US\$ mm)	Riskd £/Share	Unrisked £/Share	% Total
Net Cash + Div 2025 (YE25)			46	46	0.09	0.09	3%
G&A			-77	-77	-0.15	-0.15	-5%
Bruce Hub 2P (NNS)	70		386	386	0.74	0.74	27%
Triton Hub 2P (CNS)	42		634	634	1.21	1.21	45%
Other assets							
Orlando 2P (NNS)	2		36	36	0.07	0.07	3%
Columbus 2P (CNS)	2		15	15	0.03	0.03	1%
Erskine 2P (CNS)	3		24	24	0.05	0.05	2%
Bruce Hub 2C Resources (NNS)							
BKR 2C resources	33	75%	185	139	0.26	0.35	10%
Triton Hub 2C Resources (CNS)							
Kyle redevelopment 2C	11	75%	61	46	0.09	0.12	3%
Total Core NAV			1,310	1,249	2.38	2.49	89%
Buchan area (OMF)							
Buchan main 2C	21	60%	115	69	0.13	0.22	5%
J2 2C	3	30%	16	5	0.01	0.03	0%
Verbier 2C	6	30%	33	10	0.02	0.06	1%
Triton Hub (CNS)							
Remaining 2C Resources	5	20%	29	6	0.01	0.06	0%
Other assets							
Mansell redevelopment 2C	9	0%	50	0	0.00	0.09	0%
Skerryvore Exploration Mey target (Shallow)	37	7%	200	14	0.03	0.38	1%
Skerryvore Exploration Chalk target (Deep)	73	14%	400	54	0.10	0.76	4%
Total Risked Appraisal & Exploration			844	157	0.30	1.61	11%
Total NAV			2154	1406	2.68	4.10	100%
P/Core NAV				64%			
P/NAV				57%			
P/Unrisked NAV				37%			

Source: Auctus Advisors, Company Disclosures

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The research analyst who prepared this research report was Stephane Foucaud, a partner of Auctus.

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