

SERICA ENERGY PLC (AIM: SQZ)

November 04, 2025

Share price: £2.19

Target: **£3.05**

Farm-in transaction boosts upside at Triton

- Serica has agreed to acquire a 40% interest in Licence P2530 from FINDER Energy for an upfront consideration of US\$0.65 mm. The licence contains the Wagtail discovery. Should the joint venture proceed to Phase C (commitment to drill, with a decision to be made by the end of August 2026), Serica will pay FINDER an additional £0.94 mm.
- Wagtail was originally discovered in 1986, encountering an 11-metre net oil column within Fulmar reservoir sandstones. Recent 3D seismic reprocessing suggests that reservoir thickness and quality improve eastward from the discovery well. Gross 2C contingent resources are estimated by the operator at 19 mmbbl (~8 mmbbl net to Serica). The discovery is a potential tie-back candidate to the Triton FPSO. The licence also includes two exploration prospects: Marsh and Bancroft.
- This low-cost transaction further enhances Serica's organic growth optionality, with numerous attractive opportunities now fighting for capital allocation, and underscores the strategic value of existing infrastructure in the UK North Sea. The Wagtail farm-in increases Serica's overall portfolio 2C resources by almost 10%, and illustrates its belief in the long-term future of the Triton hub.
- We maintain our target price of £3.05 per share. Despite recent share price appreciation, we forecast a FY25 dividend yield of ~7%. A confirmed acquisition of bp's interests in Culzean—assuming TotalEnergies and NEO NEXT do not exercise pre-emption rights by 12 November 2025—would be transformational for Serica. Importantly, our valuation does not yet incorporate any contribution from this potential transaction.

Wagtail and Triton



Source: FINDER Energy

Valuation

Our Core NAV and ReNAV are unchanged at ~£2.80/sh and ~£3.05/sh, respectively. Our aggregate 2026-2028 FCF forecast represents ~90% of the current market cap.

Rating & target	Old	New	
Target	£3.05	n.c.	
Yield		7%	
Implied total return		50%	
Share data	2024	2025e	2026e
Shares dil., mm	404	404	404
Mkt cap, US\$m	\$687	\$1,173	\$1,186
EV, US\$m	\$758	\$1,341	\$980
Financial Data	2024	2025e	2026e
Gas, mmcf/d	111.4	94.3	118.0
Liquids, bbl/d	15,394	11,244	24,967
Total boe/d (6:1)	34,600	27,499	45,307
CFO, US\$m	\$243	\$240	\$496
Net capex, US\$m	\$254	\$263	\$37
Net debt, US\$m*	\$71	\$168	(\$207)
CFPS dil., US\$/shr	\$0.53	\$0.75	\$1.32
EPS dil., US\$/shr	\$0.24	(\$0.13)	\$1.05
Valuation	2024	2025e	2026e
Share price, £/shr	£1.35	£2.19	£2.19
EV/DACF	2.7x	5.1x	1.9x
EV per boe/d (US\$)	\$21,912	\$48,765	\$21,626
Net asset value			
CNAV, £/shr			£2.79
RENAV, £/shr			£3.04
Unrisked NAV, £/shr			£4.35
P/CNAV			0.8x
P/RENAV			0.7x
P/ENAV			0.5x
All figures in US\$ unless otherwise noted			
* based on cash rather than working capital			

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Contact details

Analyst:
Stephane Foucaud
sf@auctusadvisors.co.uk
+44 7854 891249

Figure 1. Financial & operating information

Serica Energy (SQZ LN)		Historical & Auctus Outlook					
Financial & Operating Information		2024	2025e	2026e	2027e	2028e	2029e
Commodity Prices							
Brent	US\$/bbl	\$79.90	\$69.47	\$68.77	\$70.00	\$70.00	\$70.00
UK NBP	p/th	GBp84	GBp90	GBp82	GBp82	GBp82	GBp82
UK NBP	US\$/mcf	\$10.55	\$11.97	\$11.05	\$11.05	\$11.05	\$11.05
USD / GBP	US\$/£	\$1.26	\$1.33	\$1.34	\$1.34	\$1.34	\$1.34
Production							
Oil and Liquids	bbl/d	15,394	11,244	24,967	20,572	18,286	15,812
Natural Gas	mmcf/d	111.4	94.3	118.0	132.4	129.7	118.1
Total (6 mcf = 1 boe)	boe/d	34,600	27,499	45,307	43,403	40,655	36,169
% Oil and Liquids	%	44%	41%	55%	47%	45%	44%
Netbacks							
Revenue	US\$/boe	\$57.58	\$64.47	\$62.68	\$62.80	\$62.31	\$62.09
Royalties	US\$/boe	\$0.54	\$0.66	\$0.61	\$0.51	\$0.41	\$0.46
Production & Transport Costs	US\$/boe	\$24.54	\$33.15	\$25.48	\$21.71	\$23.18	\$26.06
Operating Netback	US\$/boe	\$34.98	\$36.78	\$36.71	\$40.58	\$38.72	\$35.57
Taxes	US\$/boe	\$1.10	\$0.62	\$2.63	\$7.16	\$19.73	\$18.33
Cash Flow Netback	US\$/boe	\$22.30	\$26.18	\$31.31	\$33.50	\$21.54	\$14.29
Government Take	%	2%	1%	4%	11%	32%	30%
Financials							
Cash Flow from Ops. before tax and fin. Costs	US\$mm	\$434	\$269	\$585	\$621	\$553	\$448
CFO less current tax	US\$mm	\$420	\$154	\$542	\$507	\$260	\$206
CFO less cash tax and fin. Costs	US\$mm	\$243	\$240	\$496	\$509	\$298	\$167
CFPS - diluted	US\$/shr	\$0.53	\$0.75	\$1.32	\$1.35	\$0.81	\$0.48
EBITDAX	US\$mm	\$373	\$346	\$585	\$621	\$553	\$448
E&D Capex (incl. decom.)	US\$mm	\$251	\$250	\$108	\$178	\$2	\$2
A&D Capex, Net	US\$mm	\$3	\$13	(\$71)	\$4	\$0	\$0
Total Net Capex	US\$mm	\$254	\$263	\$37	\$182	\$2	\$2
Total Net Capex/CFO	x	1.0x	1.1x	0.1x	0.4x	0.0x	0.0x
Leverage							
Net Debt	US\$mm	\$71	\$168	(\$207)	(\$449)	(\$661)	(\$741)
Entry Net Debt/CFO	x	n.a.	0.3x	0.3x	n.a.	n.a.	n.a.
Capital Structure							
Basic Shares o/s @ YE	mm	393	394	394	394	394	394
Diluted Shares o/s @ YE	mm	404	404	404	404	404	404
Market Capitalization	US\$mm	\$687	\$1,173	\$1,186	\$1,186	\$1,186	\$1,186
Enterprise Value	US\$mm	\$758	\$1,341	\$980	\$737	\$526	\$445
Dividends & Sustainability							
Dividends	US\$mm	\$113	\$84	\$84	\$84	\$84	\$84
Dividends	£/sh	£0.19	£0.16	£0.16	£0.16	£0.16	£0.16
Dividend Yield	%	8.7%	7.3%	7.3%	7.3%	7.3%	7.3%
Share Buybacks	US\$mm	\$19	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	US\$mm	(\$8)	(\$10)	\$388	\$331	\$296	\$165
Cash returned to shareholders as % of CFO	%	54.5%	35.1%	17.0%	16.6%	28.4%	50.6%
Cash invested/CFO	%	104%	109%	7%	36%	1%	1%
Performance							
Prod. Per Shr Growth (Y/Y) - dil.	%	-27%	-21%	65%	-4%	-6%	-11%
PPS Growth (Y/Y) DDA - dil.	%	-32%	-28%	137%	26%	20%	8%
CFPS Growth (Y/Y) - dil.	%	444%	41%	76%	3%	-40%	-41%
CFPS Growth (Y/Y) DDA - dil.	%	327%	29%	153%	35%	-23%	-28%
ROCE	%	13%	-8%	57%	45%	34%	26%
Net Asset Value							
CNAV (Atax) - diluted	£/shr	£2.79					
RENAV (Atax) - diluted	£/shr	£3.04					
Unrisked NAV (Atax) - diluted	£/shr	£4.35					
P/CNAV	x	0.8x					
P/RENAV	x	0.7x					
P/Unrisked NAV	x	0.5x					
Valuation							
Share Price, YE/Current	£/shr	£1.35	£2.19	£2.19	£2.19	£2.19	£2.19
P/CF	x	3.2x	3.9x	2.2x	2.2x	3.6x	6.1x
EV/DACF	x	2.7x	5.1x	1.9x	1.4x	1.6x	2.4x
Target EV/DACF	x	7.8x	6.1x	2.8x	2.3x	3.1x	4.8x
EV per boe/d	\$/boepd	\$21,912	\$48,765	\$21,626	\$16,978	\$12,931	\$12,314
EV per 2P boe	US\$/boe	\$5.94	\$11.40	\$9.69	\$7.29	\$5.20	\$4.41

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 3-Nov-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)			-83	-83	-0.15	-0.15	-5%
G&A			-77	-77	-0.14	-0.14	-5%
NPV of UK Tax Losses			734	734	1.36	1.36	45%
Bruce Hub 2P (NNS)	70		424	424	0.78	0.78	26%
Triton Hub 2P (CNS)	42		282	282	0.52	0.52	17%
Greater Laggan Area 2P (NNS)	5		-7	-7	-0.01	-0.01	0%
Other assets							
Orlando 2P (NNS)	2		18	18	0.03	0.03	1%
Columbus 2P (CNS)	2		6	6	0.01	0.01	0%
Erskine 2P (CNS)	3		8	8	0.01	0.01	0%
Lancaster 2P (NNS)	3		-26	-26	-0.05	-0.05	-2%
Catcher and Golden Eagle Area 2P (CNS)	4		5	5	0.01	0.01	0%
Bruce Hub 2C Resources (NNS)							
BKR 2C resources	33	75%	203	152	0.28	0.37	9%
Triton Hub 2C Resources (CNS)							
Kyle redevelopment 2C	11	75%	67	51	0.09	0.12	3%
Greater Laggan Area 2C Resources (NNS)							
Tormore infill and Glendronach discovery	5	75%	33	25	0.05	0.06	1%
Total Core NAV			1,585	1,509	2.79	2.93	91%
Buchan area (OMF)							
Buchan main 2C	21	50%	104	52	0.10	0.19	3%
J2 2C	3	25%	15	4	0.01	0.03	0%
Verbier 2C	6	25%	30	7	0.01	0.06	0%
Triton Hub (CNS)							
Remaining 2C Resources (including Wagtail)	13	20%	78	16	0.03	0.14	1%
Greater Laggan Area (NNS)							
Prospective Resources	475	0%	0	0	0.00	0.00	0%
Other assets							
Skerryvore Exploration Mey target (Shallow)	37	7%	182	12	0.02	0.34	1%
Skerryvore Exploration Chalk target (Deep)	73	14%	364	49	0.09	0.67	3%
Total Risked Appraisal & Exploration			773	140	0.26	1.43	9%
Total NAV			2358	1649	3.04	4.35	100%
P/Core NAV				79%			
P/NAV				72%			
P/Unrisked NAV				50%			

Source: Auctus Advisors, Company Disclosures

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