

SERICA ENERGY PLC (AIM: SQZ)

September 10, 2025

Share price: £1.70

Target: £2.70

Temporary blip at Triton

- Production at the Triton FPSO is currently running at a reduced rate due to a vibration issue within the compression trains, requiring bearing replacement. Normal output is expected to resume by end-September. Triton achieved net production of over 25,000 boe/d in August using only one compressor. The restart of the second unit could push volumes above this level.
- In parallel, subsea intervention work on a pipeline at the Bittern field, originally scheduled for 2026, has been scheduled for November 2025 (Serica's previous expectation was 2026). The operation is expected to last three weeks and will necessitate a full production shutdown at Bittern, Evelyn, and Gannet, impacting approximately 20 mbb/d net to Serica.
- As a result, FY25 production guidance has been revised downward from 33–35 mboe/d to 29–32 mboe/d. We have adjusted our own forecast from 34 mboe/d to 32 mboe/d, with deferred volumes expected to contribute in 2026.
- We now project Serica's net debt at YE25 to be ~US\$100 mm (vs. US\$30 mm previously), following the anticipated US\$80 mm dividend payment in 2H25.
- The Triton production deferral has minimal impact on our valuation. We reiterate our target price of £2.70 per share, supported by a ~9% dividend yield. Looking ahead, we continue to forecast free cash flow generation in excess of US\$300 mm in 2026.

Valuation

Our Core NAV and ReNAV are now £2.39 per share and £2.69 per share respectively.

Rating & target	Old	New	
Target	£2.70	n.c.	
Yield		9%	
Implied total return		65%	
Share data	2024	2025e	2026e
Shares dil., mm	404	404	404
Mkt cap, US\$mm	\$687	\$939	\$936
EV, US\$mm	\$758	\$1,043	\$752
Financial Data	2024	2025e	2026e
Gas, mmcf/d	111.4	103.2	115.9
Liquids, bbl/d	15,394	13,027	23,739
Total boe/d (6:1)	34,600	30,823	43,714
CFO, US\$mm	\$243	\$300	\$473
Net capex, US\$mm	\$254	\$261	\$104
Net debt, US\$mm*	\$71	\$104	(\$184)
CFPS dil., US\$/shr	\$0.53	\$0.90	\$1.26
EPS dil., US\$/shr	\$0.24	(\$0.00)	\$0.92
Valuation	2024	2025e	2026e
Share price, £/shr	£1.35	£1.78	£1.78
EV/DACF	2.7x	3.2x	1.5x
EV per boe/d (US\$)	\$21,912	\$33,835	\$17,201
Net asset value			
CNAV, £/shr			£2.39
RENAV, £/shr			£2.69
Unrisked NAV, £/shr			£4.01
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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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	GBp90	GBp82	GBp82	GBp82	GBp82
UK NBP	US\$/mcf	\$14.26	\$10.55	\$11.80	\$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	13,027	23,739	19,342	16,334	14,127
Natural Gas	mmcf/d	103.0	111.4	103.2	115.9	119.4	113.2	102.4
Total (6 mcf = 1 boe)	boe/d	40,121	34,600	30,823	43,714	39,927	35,852	31,786
% Oil and Liquids	%	51%	44%	42%	54%	48%	46%	44%
Netbacks								
Revenue	US\$/boe	\$61.46	\$57.58	\$64.04	\$62.63	\$61.83	\$61.23	\$61.03
Royalties	US\$/boe	\$0.63	\$0.54	\$0.58	\$0.63	\$0.55	\$0.46	\$0.52
Production & Transport Costs	US\$/boe	\$21.05	\$24.54	\$29.57	\$19.62	\$20.10	\$22.39	\$25.25
Operating Netback	US\$/boe	\$43.20	\$34.98	\$39.44	\$42.42	\$41.17	\$38.38	\$35.26
Taxes	US\$/boe	\$17.80	\$1.10	\$1.88	\$10.70	\$12.31	\$19.73	\$19.01
Cash Flow Netback	US\$/boe	\$9.45	\$22.30	\$28.65	\$31.04	\$27.55	\$18.97	\$13.27
Government Take	%	29%	2%	3%	17%	20%	32%	31%
Financials								
Cash Flow from Ops. before tax and fin. Costs (CFO)	US\$mm	\$469	\$434	\$344	\$655	\$578	\$480	\$387
CFO less current tax	US\$mm	\$240	\$420	\$206	\$484	\$399	\$222	\$166
CFO less cash tax and fin. Costs	US\$mm	\$98	\$243	\$300	\$473	\$379	\$226	\$132
CFPS - diluted	US\$/shr	\$0.10	\$0.53	\$0.90	\$1.26	\$1.02	\$0.63	\$0.39
EBITDAX	US\$mm	\$512	\$373	\$420	\$655	\$578	\$480	\$387
E&D Capex (incl. decom.)	US\$mm	\$78	\$251	\$250	\$100	\$116	\$0	\$0
A&D Capex, Net	US\$mm	\$57	\$3	\$11	\$4	\$4	\$0	\$0
Total Net Capex	US\$mm	\$135	\$254	\$261	\$104	\$120	\$0	\$0
Total Net Capex/CFO	x	1.4x	1.0x	0.9x	0.2x	0.3x	0.0x	0.0x
Leverage								
Net Debt	US\$mm	(\$92)	\$71	\$104	(\$184)	(\$362)	(\$486)	(\$536)
Entry Net Debt/CFO	x	n.a.	n.a.	0.2x	0.2x	n.a.	n.a.	n.a.
Capital Structure								
Basic Shares o/s @ YE	mm	391	393	394	394	394	394	394
Diluted Shares o/s @ YE	mm	402	404	404	404	404	404	404
Market Capitalization	US\$mm	\$1,166	\$687	\$939	\$936	\$936	\$936	\$936
Enterprise Value	US\$mm	\$1,074	\$758	\$1,043	\$752	\$574	\$450	\$400
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
Dividend Yield	%	12.9%	10.7%	9.0%	9.0%	11.2%	9.0%	9.0%
Share Buybacks	US\$mm	\$0	\$19	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	US\$mm	\$19	(\$8)	\$50	\$373	\$264	\$226	\$132
Cash returned to shareholders as % of CFO	%	113.0%	54.5%	27.3%	17.3%	21.6%	45.2%	62.0%
Cash invested/CFO	%	138%	104%	87%	22%	31%	0%	0%
Performance								
Prod. Per Shr Growth (Y/Y) - dil.	%		-27%	-11%	42%	-9%	-10%	-11%
PPS Growth (Y/Y) DDA - dil.	%		-32%	-17%	95%	20%	9%	2%
CFPS Growth (Y/Y) - dil.	%		444%	70%	40%	-19%	-38%	-38%
CFPS Growth (Y/Y) DDA - dil.	%		327%	58%	92%	6%	-25%	-28%
ROCE	%		13%	0%	48%	35%	26%	19%
Net Asset Value								
CNAV (Atax) - diluted	£/shr	£2.39						
RENAV (Atax) - diluted	£/shr	£2.69						
Unrisked NAV (Atax) - diluted	£/shr	£4.01						
P/CNAV	x	0.7x						
P/RENAV	x	0.7x						
P/Unrisked NAV	x	0.4x						
Valuation								
Share Price, YE/Current	£/shr	£2.32	£1.35	£1.78	£1.78	£1.78	£1.78	£1.78
P/CF	x	29.9x	3.2x	2.6x	1.8x	2.3x	3.7x	5.9x
EV/DACF	x	8.9x	2.7x	3.2x	1.5x	1.4x	1.8x	2.6x
Target EV/DACF	x	39.2x	7.0x	4.3x	2.5x	2.6x	3.8x	5.7x
EV per boe/d	\$/boepd	\$26,761	\$21,912	\$33,835	\$17,201	\$14,372	\$12,549	\$12,579
EV per 2P boe	US\$/boe	\$7.65	\$5.94	\$8.96	\$7.48	\$5.71	\$4.48	\$3.98

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 9-Sep-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)			-22	-22	-0.04	-0.04	-2%
G&A			-77	-77	-0.15	-0.15	-5%
Bruce Hub 2P (NNS)	70		382	382	0.73	0.73	27%
Triton Hub 2P (CNS)	42		720	720	1.37	1.37	51%
Other assets							
Orlando 2P (NNS)	2		34	34	0.06	0.06	2%
Columbus 2P (CNS)	2		16	16	0.03	0.03	1%
Erskine 2P (CNS)	3		21	21	0.04	0.04	1%
Bruce Hub 2C Resources (NNS)							
BKR 2C resources	33	75%	183	137	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			1,316	1,255	2.39	2.50	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							
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			793	157	0.30	1.51	11%
Total NAV			2110	1412	2.69	4.01	100%
P/Core NAV				75%			
P/NAV				66%			
P/Unrisked NAV				44%			

Source: Auctus Advisors, Company Disclosures

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