



ERIK PENSER BANK

Penser Access | Oil, Gas & Consumable Fuels | Sweden | 08 August 2023

Maha Energy

Update on Mafrag in Oman

Average production of 300 boepd across five wells; extension of initial phase of the assets in Oman requested

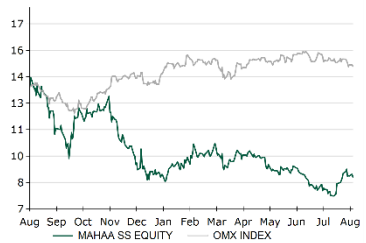
The initial short-term production tests on Mafrag in Oman produced an average of 300 boepd across five wells, while three wells had to be suspended. More than 4,000 barrels of heavy high-viscosity oil have been produced, but oil offloading has not yet been initiated, and Maha is now scaling up chemical treatment of the produced oil. As soon as it is possible to offload the currently stored oil, Maha intends to restart production for further data gathering. Alongside this, Maha has requested an extension of the initial phase to ensure appropriate and robust request for a potential declaration of commerciality. No timeline has been provided but the initial phase officially ends in late October 2023.

Production of almost 2,000 boepd in Q2

After the dip in production levels in May at Papa Terra – the largest producing asset in Brazil – levels picked up in June. Production for all three assets (Peroá, Papa Terra, and Illinois Basin) increased 24% q/q in Q2 to reach 1,988 boepd. This compares to the some 2,500 boepd in H2 2022. Maha should announce July production levels with its Q2 numbers.

Earnings report on 11 August (previously 14 August)

Q2 will be the first quarter to include the new Brazilian assets (Peroá and Papa Terra) in consolidated numbers, which should offer a better idea of the details and cost levels. The share has been relatively unchanged YTD (despite some volatility) in spite of the finalisation of the sales of Tie and Tartaruga in Brazil and the merger with DBO 2.0, which added new assets. Post-transaction, Maha had a significantly better balance sheet and had replaced a large part of its production. Meanwhile, the oil price has recovered lately and is now largely unchanged YTD. Given the company's significantly better shape now, we find the lack of response from the stock market surprising.

Change in estimates				Forecast (US\$ m)					Value and risk	
	23e	24e	25e		2022	2023e	2024e	2025e	Fair value	SEK 13,0 – 20,0
Total revenue	0,0%	0,0%	0,0%	Total revenue	12	16	60	46	Share price	SEK 8,4
EBITDA, adj.	0,0%	0,0%	0,0%	Revenue growth	-82%	29%	>100%	-23%	Risk level	High
EPS, adj.	0,0%	0,0%	0,0%	EBITDA, adj.	0	6	26	20	<div>Price performance 12 months</div> 	
				EBIT, adj.	-3	3	19	15		
				EPS, adj.	-0,1	0,0	0,1	0,1		
				EPS growth, adj.	N.m.	N.m.	N.m.	-32%		
				BV/share	1,2	1,0	1,0	1,1		
Upcoming events										
Q2 - report	11 August 2023									
Q3 - report	14 November 2023									
Company facts (USD m)										
Number of shares	144m									
Market capitalization	116									
Net debt	-21 106									
EV	116									
Free float	72%									
Daily trading volume, average	251k									
Bloomberg Ticker	MAHAA SS EQUITY									
Analyst										
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Conflicts of interest		
	Yes	No
Liquidity provider		✓
Certified adviser		✓
Transactions 12m		✓

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