



## TENNYSON Morning news – Afentra PLC – Upbeat trading statement

Tennyson Securities, Energy Research

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**Afentra** (AET LN) has announced a solid trading update for the year-end 2024 which is in-line with expectations. Gross production averaged 21.1 kbopd (6.2 kbopd net) in 2024, buoyed by a strong Q4 as volumes bounced back following September's maintenance shut-down (Dec 24 averaged 24.4 kbopd gross). Net oil sales came in at 2.27 mmbbls (fractionally above the 2.23 mmbbls indicated in Nov), yielding group revenues of US\$187m (at US\$82/bbl av sales price) and net asset-level FCF of US\$87m – up from US\$67m in 2023. To recap, Afentra paid an aggregate of ~US\$5m for its Angolan assets (adjusted for inherited oil inventory), just a fraction of one year's FCF. Turning to the balance sheet, group net cash at YE came in at US\$13m (vs. Nov guidance for +ve net cash), inclusive of US\$55m of cash. This leaves the company in a strong financial position to pursue further deal flow, leveraging off its reputation as a reliable counterparty in Angola having funded and completed three deals so far.

Looking out into 2025, gross capex of US\$180m (~US\$54m net) is forecast for this year, putting spend at a slightly higher level than 2024 (US\$150m gross; US\$39m net). The focus will be on redevelopment activities including a similar number of LWIs to 2024 (40 LWIs added >2 kbopd). Operating costs are seen roughly flat on 2024 levels at ~US\$23/bbl. Assuming 2025 net oil sales of ~2 mmbbls and oil prices average ~US\$75/bbl, we expect PLC FCF generation in the US\$25-35m range for 2025, meaning the business should continue to accrue cash on the balance sheet at a rapid rate. Looking ahead, the next scheduled update from the company will be the results of a new YE24 reserve report, due in Q1, which is anticipated to show strong reserve replacement. FY24 financial results are due in April. Given the long term FCF potential of the existing portfolio, alongside the M&A growth story and AET's strong financial position, we expect the shares to do well in 2025.

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