

Operational efficiency drives PAT expansion

In its 9M'25 unaudited results, Seplat Energy Plc (NGX: SEPLAT, TP: N8,297.63) reported a robust 169.8% YoY growth in profit after tax (PAT) to \$95.1 million, driven by a solid topline performance. Revenue surged by 204.3% YoY to \$2.2 billion, underscoring the company's strong operational execution and efficiency gains.

The impressive revenue growth was supported by higher working-interest production volumes, which averaged 135.6 kboepd (vs. 47.5 kboepd in 9M'24). The production comprised 55.3 kboepd from Seplat's onshore assets (40.8% of total production) and 80.3 kboepd from SEPNU operations (59.2% of total production).

Crude oil remained the dominant revenue driver, with total liftings rising 243.2% YoY to 27.9 mmbbls, effectively offsetting a lower realised oil price of \$71.93/bbl (-13.2% YoY) and delivering \$2.0 billion in sales. Gas revenue also grew strongly by 54.3% YoY to \$139.2 million, supported by higher gas output (+68.0% YoY to 46.3 Bscf), despite a softer realised price of \$2.95/Mscf (vs \$3.18/Mscf in 9M'24). Meanwhile, NGL revenue stood at \$33.0 million, reflecting 734.9 kbbl of liftings at an average realised price of \$46.64/bbl.

Cost of sales rose sharply by 260.0% YoY to \$1.3 billion, primarily driven by a 5.1x increase in Operational & Maintenance (O&M) expenses to \$441.0 million, reflecting significant repair and maintenance activities on offshore assets aimed at enhancing asset integrity. Additional pressure came from higher royalties (+2.5x YoY) and Depletion, Depreciation & Amortisation (DD&A) costs (+2.1x YoY). Consequently, gross profit margin declined to 40.4% (vs. 49.6% in 9M'24).

Operating profit surged 158.8% YoY to \$711.0 million, largely on the back of incremental earnings from SEPNU. However, the EBIT margin declined to 32.7% (vs 38.4% in 9M'24), reflecting rising cost intensity and weaker operational efficiency post-integration. G&A expenses grew by 77.1% YoY, though the G&A cost per boe fell to \$4.6/boe (vs. \$7.4/boe in 9M'24), signalling early signs of cost rationalisation despite the broader inflationary and integration-driven pressures.

Below the operating line, net finance costs climbed 172.7% YoY, mainly due to higher interest expenses on borrowings. This led to a contraction in the PBT margin to 26.2% (vs 34.2% in 9M'24). Still, the company strengthened its capital structure by repaying the outstanding \$100million on its Revolving Credit Facility (RCF), cancelling the Westport junior facility and refinancing the senior RBL facility at a lower cost of debt. Overall, the PBT increased by 132.7% YoY to \$570.1 million. Tax expense came in at \$475.0 million, translating to an effective tax rate (ETR) of 83.3% (vs. 85.6% in 9M'24). Consequently, PAT settled at \$95.1 million, and a PAT margin of 4.4% (vs 4.9% previously).

Cardinalstone Research
research@cardinalstone.com

For Q3'25 standalone, group production inched up 1.0%, while average realised prices across key product segments (oil, gas, and NGLs) increased, resulting in a robust 32.4% QoQ growth in revenue, highlighting both volume resilience and pricing tailwinds.

On the cost side, total costs declined 15.9% QoQ, mainly due to lower DD&A charges, following the adoption of a new unit-of-production depreciation rate in line with the updated offshore Competent Persons Report (CPR). Cash generated from operations surged to \$1.4 billion (vs. \$423.3 million in 9M'24). Riding on this momentum and its newly announced dividend policy at the recent Capital Markets Day, SEPLAT declared an interim dividend of 7.5 US cents per share, comprising a 5.0 cents base and 2.5 cents special payout.

9M'25 Earnings breakdown

\$'000	9M'25	9M'24	YoY	FY'25E	% of FY'25E
Revenue	2,176,629	715,339	204.3%	2,844,976	76.5%
Cost of Sales	(1,297,176)	(360,294)	260.0%	(1,547,086)	83.8%
Gross Profit	879,453	355,045	147.7%	1,297,890	67.8%
SGA Expenses	(169,840)	(95,881)	77.1%	(318,637)	53.3%
Other Income/(loss)	26,553	21,431	23.9%	51,007	52.1%
Fair value/Impairment gain (loss)	(25,203)	(5,827)	332.5%	(12,698)	198.5%
Operating Profit	710,963	274,768	158.8%	1,017,562	69.9%
Net Finance Costs	(137,077)	(50,268)	172.7%	(150,532)	91.1%
JV earnings	(3,797)	20,457	NM	(3,098)	122.6%
PBT	570,089	244,957	132.7%	863,932	66.0%
Tax credit/(expense)	(474,960)	(209,703)	126.5%	(647,949)	73.3%
PAT	95,129	35,254	169.8%	215,983	44.0%
EPS (\$)	0.16	0.07	128.6%	0.33	48.8%
Ratios	9M'25	9M'24		FY'25E	
Gross Profit Margin	40.4%	49.6%		45.6%	
Operating Profit Margin	32.7%	38.4%		35.8%	
Effective tax rate	83.3%	85.6%		75.0%	
PBT Margin	26.2%	34.2%		30.4%	
PAT Margin	4.4%	4.9%		7.6%	
Return-on-Assets (ROAA)	2.0%	1.4%			
Return-on-Equity (ROAE)	6.9%	2.7%			
P/E	17.9x				
10-Year average PE	13.2x				
EV/EBITDA	3.2x				
10-Year Mean EV/EBITDA	6.9x				

*ROAE and ROAA were computed using the annualised figure for net income

Q3'25 Earnings breakdown

\$'000	Q3'25	Q3'24	YoY	Q2'25	QoQ
Revenue	778,908	293,697	165.2%	588,454	32.4%
Cost of Sales	(384,068)	(120,118)	219.7%	(456,835)	-15.9%
Gross Profit	394,840	173,579	127.5%	131,619	200.0%
SGA Expenses	(34,731)	(39,275)	-11.6%	(70,225)	-50.5%
Other Income/(loss)	(24,454)	(67,003)	-63.5%	95,372	NM
Fair value/Impairment gain (loss)	(12,505)	(1,636)	664.4%	(7,119)	75.7%
Operating Profit	323,150	65,665	392.1%	149,647	115.9%
Net Finance Costs	(45,298)	(16,019)	182.8%	(61,745)	-26.6%
JV earnings	(699)	16,365	NM	(2,399)	-70.9%
PBT	277,153	66,011	319.9%	85,503	224.1%
Tax credit/(expense)	(209,447)	(80,665)	159.7%	(81,403)	157.3%
PAT	67,706	(14,654)	NM	4,100	1551.4%
EPS (\$)	0.12	-	NM	0.01	1100.0%
DPS (\$)	0.05	0.03	53.3%	0.05	0.0%
Ratios	Q3'25	Q3'24		Q2'25	
Gross Profit Margin	50.7%	59.1%		22.4%	
Operating Profit Margin	41.5%	22.4%		25.4%	
Effective tax rate	75.6%	122.2%		95.2%	
PBT Margin	35.6%	22.5%		14.5%	
PAT Margin	8.7%	-5.0%		0.7%	

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