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BLOOMBERG: SEPLAT NL

SEPLAT ENERGY PLC

Strong topline drives PAT growth in FY'25

Cardinalstone Research
research@cardinalstone.com

Seplat Energy Plc (NGX: SEPLAT, TP: UR*) in its audited FY'25 financials reported a modest 13.2% YoY growth in its net income to $159.1 million. This performance was buoyed by a 144.2% YoY growth in revenue, reflecting the first full year of offshore (SEPNU) consolidation.

Revenue for the period came to $2.7 billion, supported by higher working interest production (+148.4% YoY), averaging 131.5 kboepd. Onshore production averaged 55.5 kboepd (+14.2% YoY), while offshore production came in at 76.0 kboepd (c.9.0% YoY on a proforma basis), aided by successful idle well recoveries and improved asset performance, which offset the impact of downtimes following maintenance activities.

Sales of crude oil contributed $2.5 billion (+152.2% YoY), supported by increased total liftings of 35.4 MMbbls (+185.5% YoY), which more than offset the impact of a softer average realised oil price of $70.29/bbl (-12.2% YoY). Gas sales also increased by 47.5% YoY to $184.2 million, aided by higher sales volumes (+53.9 YoY to 62.8 Bscf), following the commencement of gas sales from the Sapele Integrated Gas Plant. The higher volumes masked the reduction in average realised gas price of $2.95/mscf (-3.6% YoY). Finally, NGLs sales settled at $53.9 million (vs $0.3 million in FY'24), supported by higher volumes lifted of 1,193.2 kbbls and an average realised price of $45.14/bbl.

Meanwhile, the cost of sales (CoS) rose by 138.5% YoY to $1.8 billion. Production-related costs (Crude handling fees, barging & trucking, and operations & maintenance (O&M)) amounted to $752.6 million (+82.5% YoY), driven by a 97.6% YoY expansion in O&M activities on the offshore assets to $648.7 million. Meanwhile, additional pressure came from non-production-related costs (Royalties (+2.3x YoY), DD&A (+1.8x YoY), and regulatory fees (+2.8x)), which surged by 204.1% YoY to c. $1.1 billion. Nonetheless, the gross margin expanded by 1.6ppts to 33.2%.

Operating profit for the period increased by 106.7% YoY to $675.2 million following strong core performance. However, EBIT margin declined to 24.8% (vs 29.3% in FY'24), following elevated general & administrative expenses of $249.5 million (+71.2% YoY), which masked the other income of $57.5 million from underlift adjustments, tariff income from the 3rd party use of pipelines, as well as FX gains.

*UR – Under Review

Below the operating line, net finance costs grew by 115.0% YoY to $173.1 million, driven by elevated finance charges during the year. The increase in interest expense during the year reflects increased drawn debt facilities (associated with the offshore assets acquisition) and higher interest rates on the newly issued Eurobond. Nonetheless, PBT for the period increased by 86.7% YoY to $498.8 million.

Tax expense for the period was $338.8 million (+168.3% YoY), translating to an ETR of 68.0% (vs 47.3% in FY’24, and 83.3% in 9M’25), reflecting the benefits of PIA conversion for onshore assets, which reduces future tax liabilities through a lower deferred tax rate. Consequently, PAT settled at $159.1 million (+13.2% YoY).

For Q4’25 standalone, reported revenue declined by 29.5% QoQ to $549.2 million, driven by lower crude oil liftings (-26.7% QoQ), due to the shutdown on the Yoho production platform during the quarter, as well as weaker realised prices across the key product categories. CoS also increased to $524.2 million (+36.5% QoQ), reflecting the typical cycle of higher costs in the final quarter of the year, combined with higher O&M activities with the replacement of the IGE module on EAP. Additionally, the return to a normalised run-rate following the one-time adjustment in Q3’25, following completion of the offshore Competent Person’s Report (CPR), added more pressure to costs during the period, leading to 93.7% QoQ decline in gross profit to $25.0 million.

Q4’25 G&A expenses rose 129.7% QoQ, which represents a return to normalised operating levels. According to management, this follows an atypically low G&A reporting in Q3’25 due to cost reconciliation and integrations of the company’s offshore and onshore reporting structures. Consequently, this led to an operating loss during the quarter of $35.8 million (vs $323.2 million operating profit in Q3’25).

An approved dividend of USD5.3 cents/share and a special dividend of USD3.3 cents/share were announced for Q4’25, bringing the total FY’25 dividend to USD25.0 cents/share (+51.5% YoY).

FY'25 Earnings breakdown

$'000	FY'25	FY'24	YoY	FY'25E	% of FY'25E
Revenue	**2,725,859**	**1,116,168**	**144.2%**	**2,893,189**	**94.2%**
Cost of Sales	(1,821,317)	(763,783)	138.5%	(1,712,484)	106.4%
Gross Profit	**904,542**	**352,385**	**156.7%**	**1,180,705**	**76.6%**
SGA Expenses	(249,513)	(145,748)	71.2%	(219,882)	113.5%
Other Income/(loss)	57,497	37,140	54.8%	26,553	216.5%
Gain on bargain purchase	-	100,801	NM	-	NM
Fair value/Impairment gain (loss)	(37,294)	(17,919)	108.1%	(25,203)	148.0%
Operating Profit	**675,232**	**326,659**	**106.7%**	**962,172**	**70.2%**
Net Finance Costs	(173,143)	(80,536)	115.0%	(153,388)	112.9%
JV earnings	(4,246)	20,601	NM	(3,797)	111.8%
PBT	**497,843**	**266,724**	**86.7%**	**804,987**	**61.8%**
Tax credit/(expense)	(338,754)	(126,243)	168.3%	(673,774)	50.3%
PAT	**159,089**	**140,481**	**13.2%**	**131,213**	**121.2%**
EPS ($)	0.27	0.25	8.0%	0.21	128.5%
Ratios	**FY'25**	**FY'24**			
Gross Profit Margin	33.2%	31.6%			
Operating Profit Margin	24.8%	29.3%			
Effective tax rate	68.0%	47.3%			
PBT Margin	18.3%	23.9%			
PAT Margin	5.8%	12.6%			
Return-on-Assets (ROA)	2.6%	2.1%			
Return-on-Equity (ROE)	8.6%	7.6%			
P/E	16.1x				
10-Year average PE	13.3x				
EV/EBITDA	3.1x				
10-Year Mean EV/EBITDA	6.8x				

Source: S&P CapitalIQ, Company financials, CardinalStone Research

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