

Enquest Plc

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EnQuest tells investors to expect "material" production growth

EnQuest Plc (LON: ENQ) told investors to expect material production through 2018 as it released a positive trading update ahead of its annual financial results, due next month.

At 37,405 barrels oil equivalent per day, average production for 2017 was in line with guidance.

EnQuest strikes decommissioning deal with BP for North Sea fields
The on-schedule and under-budget delivery of the Kraken field's 'first oil' was the standout achievement during the year (the field came online in the second quarter) and it provided the main catalyst for EnQuest's growth in 2017.

In a stock market statement, EnQuest noted it expects operating expenditure will be reported at around US\$350mln, with unit opex of US\$25.5 per barrel, meanwhile the capital expenditure for the year is anticipated to be reported at US\$370mln which will be better than previous guidance.

At the end of 2017, EnQuest had US\$248mln of cash and bank facilities, and its net debt stood at US\$1.98bn.

Looking ahead to the 2018 performance, EnQuest said it expects average group production will grow by between 33% and 55% in the year - up to a target rate between 50,000 and 58,000 boepd.

The company noted that Kraken's ramp up is going to plan, with the 50,000 bopd gross field production target reached. It also told investors that capital spending is due to be materially lower in 2018 - at US\$250mln.

"2017 was a transformational year for EnQuest," said chief executive Amjad Bseisu.

"Delivering the Kraken project on schedule and below budget was a huge achievement.

READ: EnQuest reveals deals to unlock more than US\$100mln of liquidity

"As one of the largest developments in the North Sea in recent years, it demonstrated EnQuest's ability to deliver complex projects, while the acquisition of the Magnus oil field and Sullom Voe Oil Terminal provides further opportunities for us to apply our cost focused life extension capabilities and for growth.

"Performance at Kraken continues to improve, and along with the full year impact of Magnus underpins our expectations for material production growth in 2018.

"The resulting increase in operating cash flow combined with lower capital expenditure will enable us to begin reducing our debt."

Price: 28.5

Market Cap: £483.3 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: ENQ

Listing: AIM

52 week High Low
30 15.26

Sector: Energy

Website: www.enquest.com

Company Synopsis:

EnQuest is an independent oil and gas development and production company. On formation its activities were focused on the UK Continental Shelf (UKCS), with its assets comprising of interests in the Thistle, Deveron, Heather, Broom, West Don and Don Southwest fields.

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