

Premier Oil PLC

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Premier Oil and Ophir Energy upgraded by Barclays, while Faroe Petroleum is cut

Premier Oil PLC (LON:PMO) and Ophir Energy Plc (LON:OPHR) were both upgraded by Barclays Capital analyst James Hosie, also downgraded Faroe Petroleum plc (LON:FPM).

The rating for Premier moves to 'equal weight' from 'underweight' whereas Ophir is now seen as 'overweight' from 'equal weight'.

Commenting on the sector, Hosie said: "A firmer oil price outlook, rising cash flows and increased access to capital markets have eroded balance sheet concerns.

"This in turn is allowing investors and sector management teams to focus on forward plans for new developments, rather than budget cuts and debt covenants."

He added: "A continuation of \$65-70/bbl oil should generate further upside to debt-levered producers."

Upside?

Talking up the investment strategy, the analyst said there'll be further upside to debt-levered producers - based on the continuation of US\$65-US\$70 per barrel oil - but, there'll be greater value opportunities where asset-specific risks are causing investors to remain cautious. Examples here, include Cairn Energy PLC (LON:CNE) and Ophir Energy Plc (LON:OPHR).

Hosie also highlighted that there'll be premium valuations for the larger, more liquid European exploration and production specialists with high-quality assets - with Tullow Oil plc (LON:TLW) named among a few examples.

"While we believe this is entirely rational, we feel relative outperformance for these names depends on the extent to which investors' risk appetite prompts a re-allocation from the European Integrated Oils in search of greater growth and commodity price leverage," he added.

Price: 22.84

Market Cap: £191.83 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: PMO

Listing: LSE

52 week	High	Low
	120.7	10.015

Sector: Energy

Website: www.premieroil.com

Company Synopsis:

Premier Oil plc is an independent exploration and production company with oil and gas interests in the North Sea, South East Asia, Pakistan, the Falkland Islands and Latin America. Post the E. ON acquisition, the company has reserves and resources of more than 800 million mmboc. The Company is engaged in the business of upstream oil and gas exploration and production.

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