

Enquest Plc

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EnQuest to be comfortably within debt covenants with production set to soar

North Sea oil producer EnQuest PLC (LON:ENQ) expects production to grow by 20% year-on-year in 2019.

Production is expected to grow to between 63,000 barrels of oil equivalent per day (boepd) and 70,000 boepd from 55,447 boepd in 2018, which itself was up 48% year-on-year and above the midpoint of the company's revised guidance.

READ: RBC takes back EnQuest debt warning but keeps heavy downgrade
Operating expenditure in 2019 is expected to be roughly US\$600mIn, including the additional interest in the Magnus oilfield in the North Sea.

"The group delivered on its operational targets for 2018, growing production by 48%. This performance and higher realised prices have facilitated accelerated repayments of the group's credit facility," revealed Amjad Bseisu, the chief executive officer of EnQuest.

Net debt at the end of 2018 was roughly US\$1.77bn. This year, the net debt to annual underlying earnings (EBITDA) ratio is expected to be around 0.9, which is comfortably below the group's debt covenant threshold of 1.5.

EnQuest forecasts 20% production jump in 2019 despite Kraken glitches
<https://t.co/4euNO8CQDw>

— Gulf Marine Contractors (@Gulf_MC) 5 February 2019

"Completing the acquisition of additional interests in assets from BP has delivered a set of assets with a strong strategic fit into our portfolio, with the Magnus asset, in particular, bringing a significant step change in the group's ability to generate positive cash flow," the company's boss said.

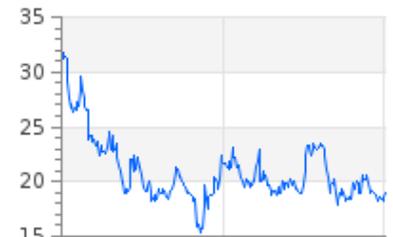
"Our capital programme includes new wells at Magnus, Kraken and PM8/Seligi as well our pipeline projects at Thistle/Deveron and the Dons and Scolty/Crathes. The successful delivery of this programme will underpin production during 2019 and beyond. Our focus on cost control and capital discipline, combined with our improved cash generation capability enables further repayment of debt, which remains the priority for the group," he added.

Shares in EnQuest were up 4.7% at 19.9p in early deals.

Price: 18.9

Market Cap: £320.48 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: ENQ

Listing: AIM

52 week High Low
32.52 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.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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