

Ophir Energy Plc

11:00 22 Mar 2019

Jefferies thinks Ophir Energy shares are worth more than Medco's 57.5p offer

US investment bank Jefferies thinks Ophir Energy PLC (LON:OPHR) shares are worth more than what Indonesia's Medco Energi is offering.

Medco confirmed earlier this week that it would up its bid to 57.5p a share in response to interest from AIM-quoted Coro Energy PLC (LON:CORO) which had been weighing up a debt-backed takeover.

READ: Medco improves Ophir takeover offer
Shareholders will get the chance to vote on the deal on Monday, and bosses have already told them to accept what is on the table.

But Jefferies isn't too sure and has asked whether investors want to crystallise "today's value" or take a chance on "tomorrow's potential".

"[Recent] full-year results raise our core net asset value by 6% to 55p per share but potential Mexico discovery raises price target by 15% to 60p/share with 5p/US\$48m of risked Mexico value," said analysts in a note to clients.

"Medco's increased (final) offer of 57.5p/sh offers immediate crystallization of the value added via the 'Santos deal'.

"Almost ironically, however, Ophir's exploration portfolio has brought the prospect of further value before we even get to Africa liquified natural gas (LNG)."

Does Medco deal undervalue Ophir?

As for Monday's vote, the number crunchers didn't state whether they expected investors to approve the Medco takeover, but they did note that a "number of shareholders have been vocal in their view of the various offers under-valuing the assets".

Despite upping its price target to 60p, Jefferies cut its rating to 'hold' (from 'buy') given that the shares are now not far off that figure.

Shares were broadly flat at 57.1p on Friday morning.

Price: 57.5p

Market Cap: £407.41M

1 Year Share Price Graph



Share Information

Code: OPHR

Listing: LSE

52 week

High	Low
68.30p	31.65p

Sector: Energy

Website: www.ophirenergy.com

Company Synopsis:

Ophir Energy plc (Ophir) is the UK incorporated holding company of a group of companies (the Group) with oil and gas exploration assets in a number of African locations. The Group's headquarters are located in London (England), with operational offices in Perth (Australia), Malabo (Equatorial Guinea) and Dar es Salaam/Mtwara (Tanzania).

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

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

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content

published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.