

Centrica PLC

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Centrica takes a blow to sale plans with latest drill result

Centrica PLC's (LON:CNA) recovery plans took a minor blow on Monday as exploration results for the third and last well in the Greater Warwick Area (GWA) failed to match the previous hole in the campaign.

Warwick West in the UK Continental Shelf flowed at 1,300 barrels per day compared to 9,800boepd from Lincoln Crestal in September.

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The results leave the £800mln Centrica is said to want for subsidiary Spirit Energy, which drilled the wells in partnership with Hurricane Energy PLC (LON:HUR), looking punchy said analysts.

The FTSE 100-listed firm has plans to divest its 69% stake in Spirit to focus on its utility and services businesses.

Spirit Energy has stakes in 13 producing fields on the UK continental shelf producing 130,000boepd, seven of which are operated, and is developing the half-owned Pegasus West project in the North Sea, where a final investment decision expected for next year.

Spirit is also involved in 60 offshore exploration licences and eight onshore permits.

Analysts said the exploration outcome at GWA means Centrica will have to re-price accordingly.

"If it had come in, the [sale] price would have been higher," James Midgley, Energy Research Analyst at Mirabaud, told Proactive on the phone.

"Now that this well has not come in any possible upside will have to be knocked off the valuation."

"£800mln is pretty rich for that asset anyway," he added.

Centrica was trading 2% lower at 78.68p on Monday afternoon.

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Price: 80.76

Market Cap: £4.7 billion

1 Year Share Price Graph



Share Information

Code: CNA

Listing: LSE

52 week High Low
140.7 63.9887

Sector: Energy

Website: www.centrica.com

Company Synopsis:

Centrica plc is an integrated energy company operating predominately in United Kingdom and North America. In the United Kingdom, it operates three segments: upstream, downstream and storage.

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