



Penser Access by Carnegie

Oil, Gas & Consumable Fuels | Sweden | 09 January 2024

Maha Energy

Strong production in December

14% sequential increase in production in Q4

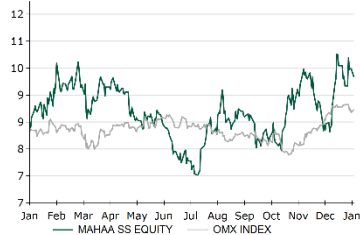
Thanks to improved operational efficiency and the successful connection of a new well at Papa Terra in Brazil, Maha saw a significant increase in production in December and 14% sequential growth in Q4. The 2,375 boepd in December and 2,217 boepd in Q4 (see graphs on page 2) can be compared with an average of c. 2,500 boepd in H2 2022 – the period immediately before Maha divested Maha Brazil and consolidated Papa Terra and Peroa.

New transactions on the cards

With the divestment of its interest in Block 70 in Oman in December, Maha is ready, in our view, to take the next step on its transformation journey. We expect further transactions in the near future. We believe it has fire power of around USD 200-250m, and given valuation multiples similar to the DBO transaction, Maha could add NPV of around USD 1bn versus its current asset base of USD ~170m.

Optionality in Venezuela

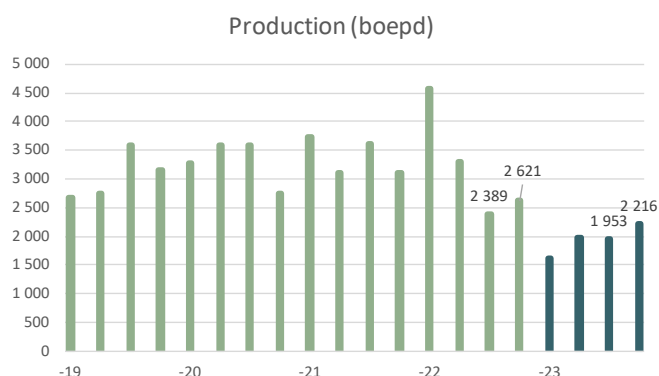
In October, Maha announced the signing of an exclusive agreement allowing it to indirectly acquire 24% of PetroUrdaneta, which operates in Venezuela. Including extending the exclusivity to 21 months and full earn-outs, the total price would be EUR 27m. There is limited data on the asset, making it difficult to value, but closing the transaction would increase Maha's resources from 22 mmbœ to 192 mmbœ, indicating the potential. We do not include Venezuela in our fair value; we consider it to be optionality.

Change in estimates				Forecasts (US\$m)					Value and risk													
	23e	24e	25e		2022	2023e	2024e	2025e	Fair value	SEK 16.0 - 17.0												
Total Revenues	0.0%	0.0%	0.0%	Total Revenues	12	6	4	4	Share price	SEK 9.9												
EBITDA, adj.	0.0%	0.0%	0.0%	Revenue growth	-82%	-54%	-36%	0%	Risk level	High												
EPS, adj.	0.0%	0.0%	0.0%	EBITDA, adj.	0	-1	20	23	<div>Price Performance 12 months</div> 													
Upcoming events				EBIT, adj.	-3	-6	18	21														
Q4 - report	26 February 2023			EPS, adj.	-0.1	0.0	0.1	0.1														
Q1 - report	28 May 2023			EPS growth, adj.	N.m.	N.m.	N.m.	13%														
Company facts (US\$m)				BV/share	1.2	0.9	1.0	1.1														
Number of shares	178m			EBIT margin	Neg.	Neg.	>100%	>100%	<div>Conflicts of interest</div> <table><tr><th></th><th>Yes</th><th>No</th></tr><tr><td>Liquidity provider</td><td></td><td>✓</td></tr><tr><td>Certified adviser</td><td></td><td>✓</td></tr><tr><td>Transactions 12m</td><td></td><td>✓</td></tr></table>			Yes	No	Liquidity provider		✓	Certified adviser		✓	Transactions 12m		✓
	Yes	No																				
Liquidity provider		✓																				
Certified adviser		✓																				
Transactions 12m		✓																				
Market capitalization	173			ROE, adj.	Neg.	Neg.	9.6%	9.8%														
Net debt	-105			ROCE, adj.	Neg.	Neg.	9.4%	9.6%														
EV	67			EV/Sales	11.7x	12.0x	18.7x	18.7x														
Free float	72%			EV/EBITDA	Neg.	-49.6x	3.3x	2.9x														
Daily trading volume, average	339k			EV/EBIT	Neg.	-11.9x	3.7x	3.2x														
Bloomberg Ticker	MAHAA SS EQUITY			P/E, adj.	-9.3x	-20.6x	10.6x	9.3x														
Analyst				P/BV	0.8x	1.1x	1.0x	0.9x														
Markus Almerud				FCF yield	-7%	-8%	-5%	-5%														
markus.almerud@carnegie.se				Net debt / EBITDA	-63.6x	40.1x	-2.2x	-1.6x														

Analyst

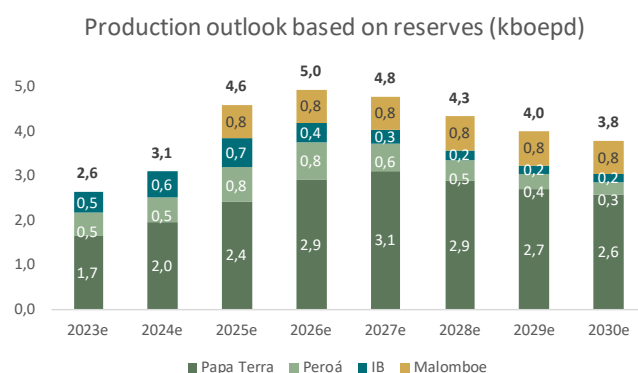
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Exhibit 1: October production reached almost 90% of the H2 2022 average...



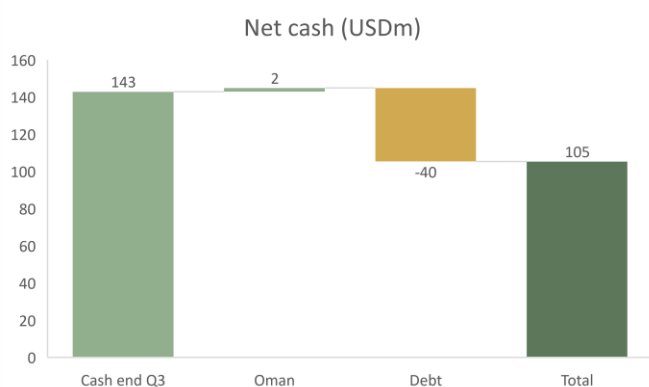
Source: Company data, Carnegie Research

Exhibit 2: ...and production will continue to expand



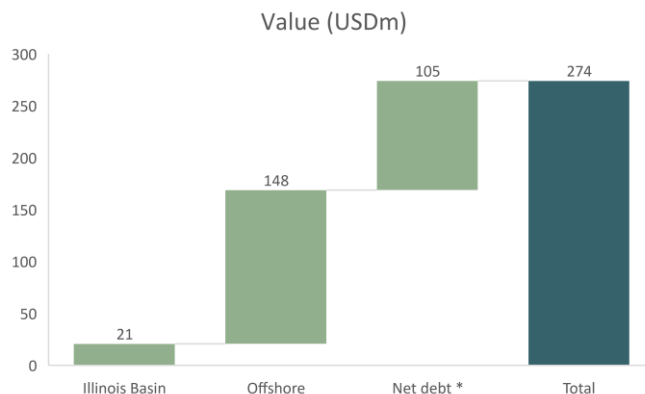
Source: Company data, Carnegie Research

Exhibit 3: Using its cash of USD ~170m...



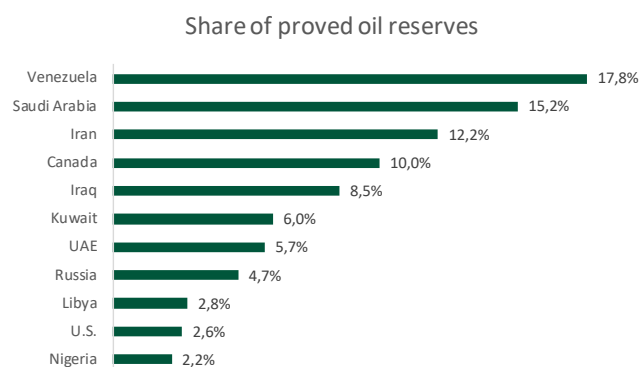
Source: Company data, Carnegie Research

Exhibit 4: ...could add USD ~1bn in asset values



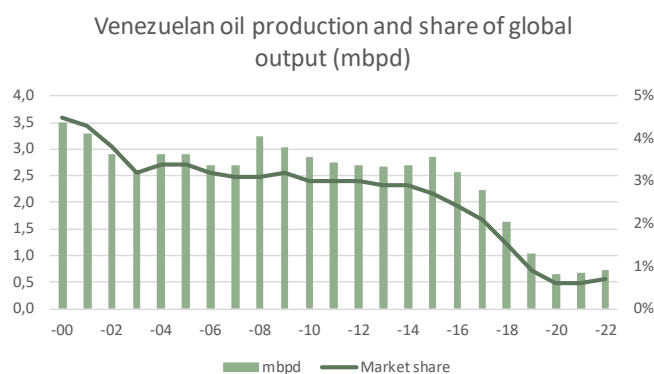
Source: Carnegie Research

Exhibit 5: Venezuela has the largest reserves in the world...



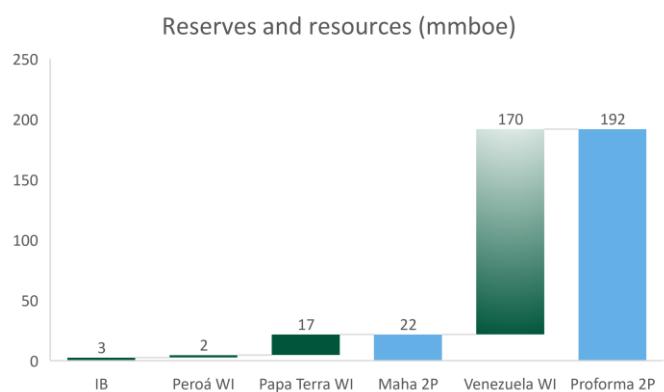
Source: EIA, Maha Energy, Carnegie Research

Exhibit 6: ...but accounts for less than 1% of global oil production



Source: EIA, Maha Energy, Carnegie Research

Exhibit 7: Significant upside in reserves from PetroUrdaneta



Source: Maha Energy, Carnegie Research

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