



Penser Access by Carnegie

Oil, Gas & Consumable Fuels | Sweden | 04 April 2024

Maha Energy

Several catalysts ahead

Another suggested business proposal for 3R

Late last week, Enauta Participações (Enauta), a Brazil-based O&G company, sent a letter to the Board of Directors of 3R Petroleum, of which Maha owns 5%. Enauta believes a merger between itself and 3R would be superior to a carveout of 3R's offshore assets and a business combination with PetroRecôncavo, stating that its proposed business combination could lead consolidation of the Latin American Oil & Gas sector. 3R will evaluate the proposal over 30 days and has temporarily suspended its internal efforts towards a possible business combination with PetroRecôncavo.

Transaction should increase NPV significantly

Maha's current operations have an NPV of around USD 250m or almost SEK 15 per share. We believe its suggested business proposal with PetroRecôncavo would increase this NPV by more than USD 100m or around SEK 6 per share. Although we have limited details regarding where any combination with Enauta would lead, we believe either combination should provide significant upside in NPVs. We also believe Enauta's proposal suggests the Brazilian E&P sector is ready for consolidation, which implies significant potential upside in the investment Maha has made in 3R.

Will sanctions on Venezuela be reimposed?

General License 44 (GL44), which has provided relief to Venezuela's oil and gas sector, expires on 18 April 2024. Maha has paid EUR 4.6m for exclusivity to indirectly acquire up to 24% of PetroUrdaneta, which operates in Venezuela. Should GL44 be extended, we believe Maha would exercise its option, increasing P2 reserves by 759 mboe from almost 22 mboe. Venezuela has the largest oil reserves in the world but the country accounts for less than 1% of global oil production.

Change in estimates				Forecasts (USDm)				Value and risk														
	24e	25e	26e		2023	2024e	2025e	2026e	Fair value	SEK 14.0 - 16.0												
Total Revenues	0.0%	0.0%	0.0%	Total Revenues	5	5	4	4	Share price	SEK 8.8												
EBITDA, adj.	0.0%	0.0%	0.0%	Revenue growth	-58%	-12%	-18%	0%	Risk level	High												
EPS, adj.	0.0%	0.0%	0.0%	EBITDA, adj.	-3	15	22	27	Price Performance 12 months 													
Upcoming events				EBIT, adj.	-4	13	20	25														
Q1 - report	28 May 2024			EPS, adj.	0.0	0.1	0.1	0.1	Conflicts of interest <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <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> </tbody> </table>			Yes	No	Liquidity provider		✓	Certified adviser		✓	Transactions 12m		✓
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Certified adviser		✓																				
Transactions 12m		✓																				
Q2 - report	12 August 2024			EPS growth, adj.	N.m.	N.m.	65%	27%														
Company facts (USDm)				BV/share	0.9	0.9	1.0	1.1														
Number of shares	178m			EBIT margin	Neg.	N.m.	N.m.	N.m.														
Market capitalisation	147			ROE, adj.	Neg.	6.0%	9.1%	10.5%														
Net debt	-96			ROCE, adj.	2.2%	6.6%	9.1%	9.3%														
EV	51			EV/Sales	14.3x	11.0x	13.5x	13.5x														
Free float	72%			EV/EBITDA	Neg.	3.4x	2.3x	1.9x														
Daily trading volume, average	206k			EV/EBIT	Neg.	3.9x	2.6x	2.1x														
Bloomberg Ticker	MAHAA SS EQUITY			P/E, adj.	Neg.	15.5x	9.4x	7.4x														
Analyst				P/BV	1.1x	0.9x	0.8x	0.7x														
Markus Almerud				FCF yield	Neg.	Neg.	Neg.	Neg.														
markus.almerud@carnegie.se				Net debt / EBITDA	N.m.	-3.3x	-1.9x	0.5x														

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