



Penser Access by Carnegie

Oil, Gas & Consumable Fuels | Sweden | 11 April 2024

Maha Energy

MOU for possible transaction regarding 3R Offshore holding

3R Petroleum has signed an MOU with Enauta for a business combination...

3R Petroleum (3R) has signed a memorandum of understanding (MOU) with Enauta Participações (Enauta) for the terms of a possible business combination. According to the terms, which are subject to due diligence, 3R shareholders would own 53% of the combined entity, with Enauta shareholders owning the remaining 47%. Maha would thus own 2.65% of the combined entity. The combined market cap of the two is around USD3.05bn, meaning Maha's stake would be worth approximately USD80m, or almost SEK5 per share.

...and with Maha for a roll-up of its 3R Offshore holding

In addition, 3R has signed an MOU with Maha regarding a roll-up of its 15% shareholding in 3R Offshore, which would provide Maha with 2.17% of the total shares in the combined entity in exchange for its stake in 3R Offshore. This would leave Maha holding around 5% of the combined entity, which corresponds to close to USD150m, or almost SEK9 per share.

Exclusivity for one to two months during evaluation period

Enauta and 3R have mutually granted exclusivity rights for 30 days, which are automatically extendable by a further 30 days, to analyse the potential operation. The parties also have the right to conduct confirmatory due diligence, with an estimated completion period of 21 days. We find it positive the proposal has this tight deadline. The outcome of the evaluation is an upcoming trigger for Maha, along with the decision whether the US government's General License (GL) 44 – which eased the restrictions on O&G in Venezuela – will be extended (expiry date: 18 April 2024). The company has paid EUR4.6m for exclusivity to indirectly acquire up to 24% of PetroUrduaneta, which operates in Venezuela. Should GL44 be extended, we believe Maha would exercise this option, thus bolstering its P2 reserves by 759 mboe from around 26 mboe.

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 9.1												
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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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	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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Number of shares	178m			EBIT margin	Neg.	N.m.	N.m.	N.m.														
Market capitalisation	152			ROE, adj.	Neg.	6.0%	9.1%	10.5%														
Net debt	-96			ROCE, adj.	2.2%	6.6%	9.1%	9.3%														
EV	56			EV/Sales	14.3x	12.2x	14.8x	14.8x														
Free float	72%			EV/EBITDA	Neg.	3.8x	2.6x	2.1x														
Daily trading volume, average	286k			EV/EBIT	Neg.	4.3x	2.8x	2.3x														
Bloomberg Ticker	MAHAA SS EQUITY			P/E, adj.	Neg.	16.0x	9.7x	7.6x														
Analyst				P/BV	1.1x	0.9x	0.8x	0.8x														
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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