

PHAROS ENERGY

OIL & GAS

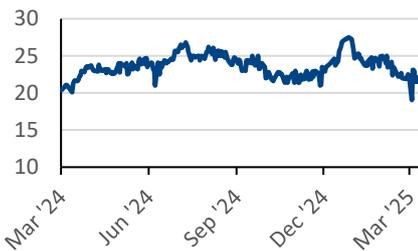
2 April 2025

PHAR.L

22.2p

Market Cap: £92.3m

SHARE PRICE (p)



12m high/low

28p/19p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	\$16.5m (at 31/12/24)
Enterprise value	£79.3m
Index/market	LSE
Next news	Trading update, July
Shares in issue (m)	415.6
CEO	Katherine Roe
CFO	Sue Rivett
COO	Mohamed Sayed

COMPANY DESCRIPTION

Pharos Energy is an E&P company operating in Vietnam and Egypt.

www.pharos.energy

PHAROS ENERGY IS A RESEARCH CLIENT OF
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2024 final results – well placed for 2025

Pharos Energy released 2024 results on 26 March showing a solid financial and operating performance, materially in line with the trading update released on 23 January. The key message is that, with its cash-generative position augmented by a very strong balance sheet, the company is well placed to build momentum. The new opportunities are likely to manifest themselves through both organic and inorganic growth. We believe that the strong platform, with the potential for material new ventures, has the potential of providing a significant boost to shareholder value.

- Financials – solid performance.** Pharos reported a 2024 profit of US\$23.6m compared to a loss of US\$48.8m in the prior year, which were adjusted by impairments and impairment reversals in 2023 and 2024, respectively. The underlying business post-tax profit was reported at US\$3.7m in 2024 compared to US\$5.0m in 2023. Pharos has a very strong balance sheet with net cash of US\$16.5m and remains debt-free. Management is proposing a final dividend of 0.847p/share to give a total full-year dividend 1.21p/share, which represents a 10% annual increase.
- Operations – in-line.** Pharos delivered operational performance in line with expectations across its businesses in both Vietnam and Egypt. Overall, production for 2024 in total across both countries reached 5,801 boe/day, with guidance for 2025 at 5,000-6,200 boe/day. Please see overleaf for additional detail.
- Growth available.** Pharos has organic growth potential in both locations as it can spend modestly to enhance production from current fields. In Vietnam, the licence extension has given more confidence to allow an increase in spending in both the TGT and CNV fields. In Egypt, consolidation of the licences would potentially lead to an increased work programme. Group total 2025 capital expenditure is expected to be US\$37-66m, which compares to US\$26.1m in 2024. The breadth of this range is mainly due to the timing and success of the drilling programme in Vietnam.
- Platform for expansion.** Pharos is also looking at potential deals on the back of its existing in-country track record. This proposed growth has the potential to add significant shareholder value, as Pharos may be well-placed to acquire exciting assets due to its strong local position. We await further news with interest.

FYE DEC (\$M)	2021	2022	2023	2024	2025E
Revenue	134.1	199.1	167.9	136.1	125.8
Adj EBITDA	57.3	127.4	102.7	84.3	71.7
Fully Adj PBT	-0.1	59.6	37.1	33.3	24.4
Fully Adj Dil EPS (c)	0.0	13.5	8.7	7.9	5.8
Dividend (p/share)	0.00	1.00	1.10	1.21	1.33
Yield	NA	5%	5%	5%	6%

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Operational detail by geography

Group production was 5,801 boe/day, with Vietnam producing 4,361 boe/day and Egypt 1,440 boe/day. Guidance for 2025 has been set at 5,000-6,200 boe/day (Vietnam 3,600-4,600 boe/day and Egypt 1,400-1,600 boe/day).

Vietnam

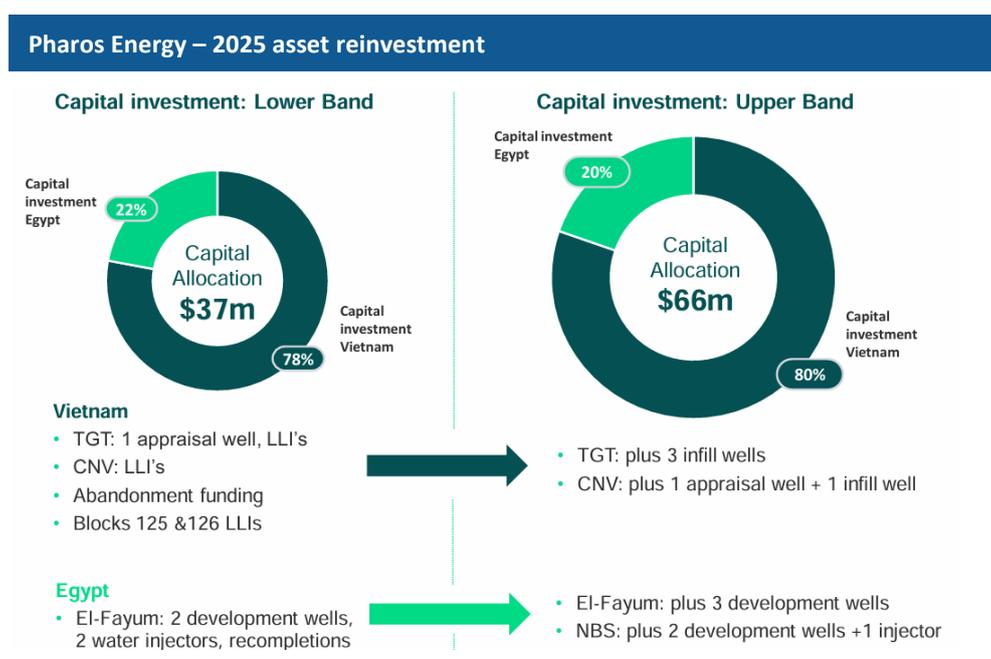
In Vietnam, the group secured a five-year extension for its TGT and CNV licences, which has allowed a 19% increase in net 2P reserves to 8.9 mboe. This is slightly higher than expected, mainly driven by two successful infill wells drilled in TGT. Pharos continues to look for a farm-in partner for Block 125 & 126 and is seeking a two-year extension to provide cover for any slippage. It should be noted that ENI secured a similar extension on its block to the North of Block 125

Egypt

In Egypt, Pharos moves forward with its plans to consolidate its two concessions, which could lead to better fiscal terms and an extension of the licences. A MOU on this consolidation was signed between the partners and EGPC in February and represents a major step in the process. The group also drilled a further successful exploration commitment well in the El Fayum concession.

Capital expenditure

Group total 2025 capital expenditure is expected to be US\$37-66m, which compares to US\$26.1m in 2024. This is skewed towards Vietnam, which accounts for approximately 80% of the anticipated spend. In the low scenario, the main spend is an appraisal on the TGT field. The higher scenario would see an additional three infill wells on TGT and an appraisal well and infill well on CNV.



Source: Pharos Energy

Financial Summary: Pharos Energy

Year end: December (US\$m unless shown)

PROFIT & LOSS	2021	2022	2023	2024	2025E
Revenue	134.1	199.1	167.9	136.1	125.8
Adj EBITDA	57.3	127.4	102.7	84.3	71.7
Adj EBIT	6.3	72.3	47.3	37.2	23.6
Reported PBT	38.6	80.6	(29.0)	60.8	24.4
Fully Adj PBT	(0.1)	59.6	37.1	33.3	24.4
NOPAT	(37.0)	16.1	27.5	0.1	(6.9)
Reported EPS (c)	(1.0)	5.5	(11.4)	5.7	(1.5)
Fully Adj Dil EPS (c)	0.0	13.5	8.7	7.9	5.8
Dividend per share (p)	0.0	1.0	1.1	1.2	1.3
CASH FLOW & BALANCE SHEET	2021	2022	2023	2024	2025E
Operating cash flow	19.4	53.4	44.9	54.0	40.1
Capex	(41.8)	(31.9)	(26.7)	(26.0)	(42.3)
Working cap	(8.6)	(18.1)	(15.0)	(5.0)	(0.0)
Free Cash flow	(29.0)	39.4	38.3	36.1	(2.2)
FCF per share (c)	(6.6)	9.0	9.0	8.7	(0.5)
Shares issued/(bought back)	10.9	(2.9)	(2.8)	(2.9)	0.0
Net cash flow	2.1	19.6	(11.8)	(15.5)	(4.9)
Overdrafts / borrowings	(80.5)	(74.2)	(39.2)	0.0	0.0
Cash & equivalents	27.1	45.3	32.6	16.5	11.6
Net (Debt)/Cash	(53.4)	(28.9)	(6.6)	16.5	11.6
NAV AND RETURNS	2021	2022	2023	2024	2025E
Net asset	304.4	330.6	273.5	290.8	277.8
Net asset/share (c)	69.5	75.3	64.0	69.7	66.6
Net Tangible Asset Value	292.0	314.1	255.3	269.0	256.0
NTAV/share (c)	66.7	71.5	59.8	64.5	61.4
Average equity	299.1	317.5	302.1	282.2	284.3
Post-tax ROE (%)	0.0%	18.8%	12.3%	11.8%	8.6%
METRICS	2021	2022	2023	2024	2025E
EV/EBITDA (x)	1.38	0.62	0.77	0.94	1.11
Dividend yield (%)	0.0%	4.5%	5.0%	5.5%	6.0%
FCF yield (%)	(37.9%)	51.3%	51.3%	49.5%	(3.0%)
Adj PBT growth		N/A	(37.8%)	(10.2%)	(26.8%)
Adj EBITDA growth		122.3%	(19.4%)	(17.9%)	(15.0%)
Dividend growth		N/A	10.0%	10.0%	9.9%
Adj EBIT margins		36.3%	28.2%	27.3%	18.7%
OPERATING DATA	2021	2022	2023	2024	2025E
Oil price (US\$/bbl)	70.7	101.0	75.0	70.0	70.0
Vietnam oil/gas ratio			87%	86%	85%
Vietnam production (000 boe/day)	5.6	5.4	5.1	4.5	4.4
Egypt oil production (000 bbl/day)	3.3	1.7	1.4	1.4	2.0
Group production (000 boe/day)	8.9	7.2	6.5	5.9	6.4

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

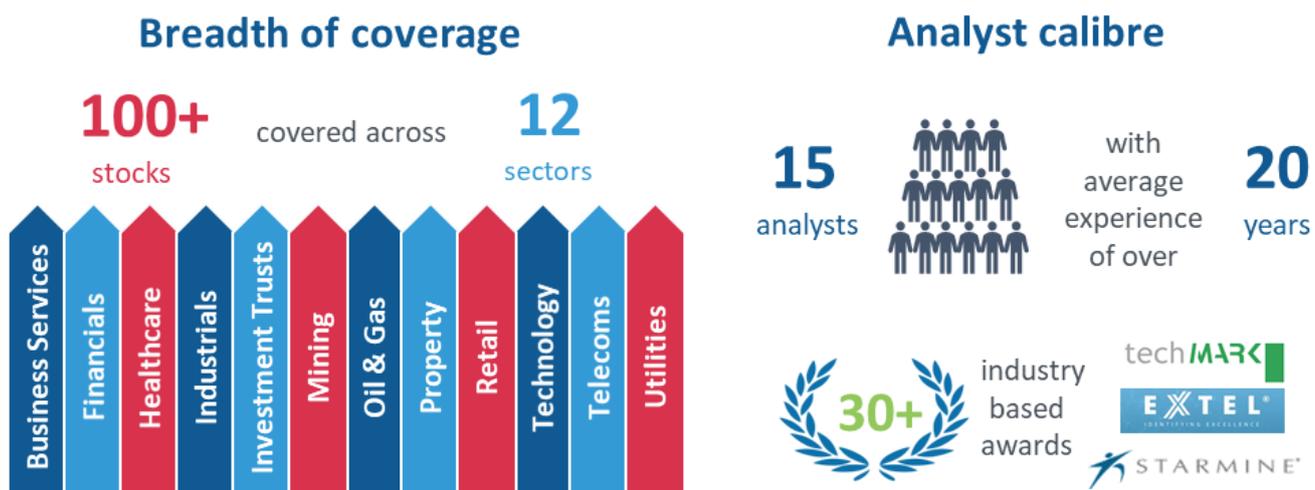
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