

ADX Energy Ltd (ASX: ADX)

April 08, 2024

Share price: A\$0.12

Target: A\$1.00

Restarting production at Anshof

- The Permanent Production Facility (PPF), with a capacity of 3,000 bbl/d of liquids, has been commissioned and the Anshof-3 well has recommenced production at a rate of 134 bbl/d with no water.
- The operation has been undertaken in line with expectations and within budget. The oil production rate at Anshof-3 is 16% above the rate prior to shut-in. ADX anticipates increasing production from the well to 150 bbl/d.
- No permanent staff will be required on the site, which should reduce opex.
- The company expects to drill the Anshof-2 side track shortly. The well is expected to come onstream in 3Q24.
- A third Anshof producer (Anshof-1) could take gross production at the field to ~900 bbl/d by YE24. An updated reserves and resources estimate for Anshof is expected to be announced after this well has been drilled.
- ADX plans to also drill the LICH or IRR prospect with MND (we currently conservatively assume that the smallest of the two prospects will be drilled first).
- The company will also test the high impact Welchau discovery in 4Q24.
- With multiple upcoming catalysts by YE24, including production growth, reserves booking and high impact drilling, we re-iterate our target price of A\$1.00 per share.

Valuation

Our ReNAV is unchanged at A\$1.00 per share. Our Unrisked NAV for Welchau is ~A\$1.55 per share. Our unrisked NAV for the 3P reserve case at Anshof is A\$0.36 per share (including A\$0.12 per share for the 2P case). Our unrisked NAV for LICHT is A\$0.05 per share.

Rating & target	Old	New	
Target	A\$ 1.000	n.c.	
Yield		0%	
Implied total return		733%	
Share data	2023	2024e	2025e
Shares dil., mm	502	502	502
Mkt cap, US\$m	\$40	\$40	\$42
EV, US\$m	\$36	\$37	\$40
Financial Data	2023	2024e	2025e
Gas, mmcf/d	0.2	0.1	0.1
Liquids, bbl/d	263	393	891
Total boe/d (6:1)	289	416	913
CFO, US\$m	(\$2)	\$2	\$7
Net capex, US\$m	(\$0)	\$3	\$8
Net debt, US\$m	(\$4)	(\$3)	(\$2)
CFPS dil., US\$/shr	(\$0.00)	\$0.01	\$0.01
EPS dil., US\$/shr	(\$0.00)	\$0.00	\$0.01
Valuation	2023	2024e	2025e
Share price, A\$/shr	A\$ 0.120	A\$ 0.120	A\$ 0.120
EV/DACF	n.a.	10.0x	3.7x
EV per boe/d (US\$ 125,211)	\$89,157	\$43,403	
Net asset value			
CNAV, A\$/shr			A\$ 0.118
RENAV, A\$/shr			A\$ 1.010
Unrisked NAV, A\$/shr			A\$ 5.208
P/CNAV			1.0x
P/RENAV			0.1x
P/ENAV			0.0x
<i>All figures in US\$ unless otherwise noted</i>			
A\$/US\$:	0.66		

Contact details

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Figure 1. Financial & operating information

ADX Energy Ltd (ADX AU)								
Financial & Operating Information								
		2022	2023	2024e	2025e	2026e	2027e	2028e
Commodity Prices								
Brent	US\$/bbl	\$100.92	\$82.46	\$85.52	\$74.97	\$70.00	\$70.00	\$70.00
Austria Gas price	US\$/mcf	\$37.75	\$17.95	\$12.03	\$11.19	\$10.02	\$9.92	\$9.92
USD/CAD	US\$/C\$	\$0.75	\$0.74	\$0.72	\$0.75	\$0.75	\$0.75	\$0.75
A\$/US\$	A\$/US\$	\$0.69	\$0.67	\$0.66	\$0.70	\$0.72	\$0.72	\$0.72
Production								
Oil and Liquids	bbl/d	190	263	393	891	980	1,400	1,400
Natural Gas	mmcf/d	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Total (6 mcf = 1 boe)	boe/d	238	289	416	913	1,003	1,421	1,421
% Oil and Liquids	%	80%	91%	95%	98%	98%	99%	99%
Netbacks								
Realized Price	US\$/boe	\$119.65	\$83.56	\$81.01	\$68.75	\$66.08	\$66.20	\$66.20
Royalties	US\$/boe	\$0.00	\$4.73	\$6.93	\$9.40	\$9.31	\$10.11	\$10.11
Production & Transport Costs	US\$/boe	\$85.69	\$81.04	\$61.32	\$40.13	\$37.60	\$34.89	\$34.89
Operating Netback	US\$/boe	\$29.10	(\$2.21)	\$12.77	\$19.22	\$19.16	\$21.20	\$21.20
Taxes	US\$/boe	\$3.22	-\$2.47	-\$0.70	\$2.01	\$1.65	\$3.51	\$4.03
Cash Flow Netback	US\$/boe	\$11.80	(\$8.94)	\$16.28	\$21.90	\$20.17	\$21.91	\$21.38
Government Take	%	3%	3%	8%	17%	17%	21%	21%
Financials								
Cash Flow (CFO)	US\$mm	\$3	(\$2)	\$2	\$7	\$7	\$11	\$11
CFPS - diluted	US\$/shr	\$0.00	(\$0.00)	\$0.01	\$0.01	\$0.01	\$0.02	\$0.02
EBITDAX	US\$mm	\$2	\$1	\$2	\$8	\$8	\$13	\$13
E&D Capex	US\$mm	\$4	\$5	\$7	\$8	\$5	\$1	\$1
A&D Capex, Net	US\$mm	(\$1)	(\$5)	(\$4)	\$0	\$0	\$0	\$0
Total Net Capex	US\$mm	\$3	(\$0)	\$3	\$8	\$5	\$1	\$1
Total Net Capex/CFO	x	1.3x	0.2x	1.5x	1.1x	0.8x	0.1x	0.1x
Leverage								
Net Debt	US\$mm	(\$2)	(\$4)	(\$3)	(\$2)	(\$4)	(\$14)	(\$23)
Net debt/CFO (Trailing)	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Entry Net Debt/CFO	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Capital Structure								
Basic Shares o/s @ YE	mm	3513	428	428	428	428	428	428
Diluted Shares o/s @ YE	mm	3911	502	502	502	502	502	502
Market Capitalization	US\$mm	\$19	\$40	\$40	\$42	\$43	\$43	\$43
Enterprise Value	US\$mm	\$17	\$36	\$37	\$40	\$39	\$30	\$20
Dividends & Sustainability								
Dividends	US\$mm	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$/shr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Yield	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Free Cash Flow	US\$mm	(\$2)	(\$7)	(\$5)	(\$1)	\$2	\$10	\$9
Cash Use/CFO	%	133%	16%	152%	108%	75%	11%	11%
Performance								
Prod. Per Shr Growth (Y/Y) - dil	%	-32%	76%	664%	112%	10%	n.a.	n.a.
PPS Growth (Y/Y) DDA - dil.	%	-32%	79%	708%	119%	13%	n.a.	n.a.
CFPS Growth (Y/Y) - dil.	%	-243%	-177%	-211%	228%	-2%	57%	-2%
CFPS Growth (Y/Y) DDA - dil.	%	-215%	-214%	-723%	227%	1%	n.a.	-100%
ROCE	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Asset Value								
CNAV (Atax) - diluted	A\$/shr	A\$ 0.118						
RENAV (Atax) - diluted	A\$/shr	A\$ 1.010						
Unrisked NAV (Atax) - diluted	A\$/shr	A\$ 5.208						
P/CNAV	x	1.0x						
P/RENAV	x	0.1x						
P/Unrisked NAV	x	0.0x						
Valuation								
Share Price, YE/Current	A\$/shr	A\$ 0.007	A\$ 0.120	A\$ 0.120	A\$ 0.120	A\$ 0.120	A\$ 0.120	A\$ 0.120
P/CF	x	18.4x	-220.0x	15.6x	5.6x	5.9x	3.8x	3.9x
EV/DACF	x	4.8x	n.a.	10.0x	3.7x	3.8x	1.9x	1.3x
Target EV/DACF	x	131.8x	-13.8x	5.5x	2.1x	2.1x	0.7x	0.1x
EV per boe/d	US\$/boe/d	\$72,605	\$125,211	\$89,157	\$43,403	\$39,105	\$20,772	\$14,133
Proved Plus Probable	mmboe	5	5	4	4	4	3	3
EV per 2P boe	US\$/boe	\$3.69	\$7.90	\$8.37	\$9.67	\$10.50	\$9.17	\$7.44
EV per 2P boe, with FDC	US\$/boe	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

a) EBITDAX = Pre-Int. & Pre-Tax Cash Flow; b) DDA = Debt-and-Dividend-Adjusted

c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside

Source: Auctus Advisors, Company Disclosures

**Futures strip as of 8-Apr-24

Figure 2. NAV Table

	WI Reserves / Resources (mmboe)	Unrisked NAV (US\$ mm)	Unrisked NAV/sh A\$/Share	GCoS (%)	EMV (US\$ mm)	A\$/Share	% Total
Net Cash (YE24)		3	0.009		3	0.009	1%
G&A		-16	-0.048		-16	-0.048	-5%
Options Exercised		7	0.022		7	0.022	2%
Austria							
Zistersdorf 2P	2	7	0.021	100%	7	0.021	2%
Anshof 2P Reserves	3	40	0.120	95%	38	0.114	11%
Total Core NAV		41	0.124		39	0.118	12%
Austria							
Welchau Prospect	101	526	1.581	50%	263	0.791	78%
Anshof 3P Reserves upside	5.9	78	0.234	33%	26	0.077	8%
Oil prospect (farm-out)	2	28	0.083	45%	12		0%
LICHT Gas prospect (farm-out)	1	18	0.053	45%	8	0.024	2%
Remaining prospects	73	959	2.882	30%	288		0%
H2 30 MW CH4 Equivalent		12	0.035				0%
Additional value - H2 30 MW H2 Market (US\$4/kg)		42	0.125				0%
Romania							
Iecea Mare	2	7	0.021	60%	4		0%
Italy							
d363C.R.-AX gas resources	34	23	0.069	25%	6		0%
Total Risked Appraisal & Exploration		1,693	5.084		607	0.892	88%
Total NAV		1,733.78	5.208		646	1.010	100%
Unrisked NAV						5.208	
P/Core NAV					101.8%		
P/NAV					11.9%		
P/Unrisked NAV					2.3%		

Source: Auctus, Company Disclosures

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