

Share Price Summary

Price	29.4p		
Consensus Target Price	52.0p		
Upside/(Downside)	77%		
12 Month High/Low	37.5/26.5		
No. of Shares	817.0m		
Market Value	£240.2m		
Net Debt/(Cash)	(£2.2m)		
Enterprise Value	£238.0m		
Broker(s)	Mirabaud, Hannam		
Analysts Covering	Shore Cap, Panmure Gordon, Barclays, Mirabaud		
Free Float (%)	92.5%		
	-1m	-3m	-12m
Absolute	0.9%	-3.3%	--
Rel Allshare	-0.8%	-7.5%	--
Rel Sector	-1.7%	-7.9%	--

Share Price Chart



Valuations

	2017	2018E	2019E
P/E	--	14.8	7.1
EV/Revenue	--	1.9	1.1
EV/Adj. EBITDA	-9.0	4.3	1.3
Div. Yield	--	4.1%	5.1%
P/CFPS	--	--	--

Reporting Dates

Year End	December
FY Results	23-Mar-18
HY Results	Sep-18

Listing & Peers

Index	AIM
Sector	Exploration & Production
Peers	GKP, SOU, ENQ SIA, OPHR, AMER

Directors

CEO	Andrew Knott
CFO	Isatou Semega-Janneh
COO	David Clarkson
Chairman	Steve Jenkins
Vice Chairman	Sir Stephen O'Brien

Savannah Petroleum is a British independent oil and gas company focused around oil and gas activities in Niger and Nigeria.

Background

- Founded in 2014, Savannah Petroleum plc ("Savannah") is an AIM listed oil and gas company with exploration and production assets in Niger and Nigeria
- Savannah's flagship assets include the R1/R2 and R3/R4 PSCs, which cover c.50% of the highly prospective Agadem Rift Basin ("ARB") of South East Niger, acquired in 2014/15
- Savannah commenced a 3 firm well and 6 optional well drilling program with the spud of the Bushiya-1 well in March 2018; all 3 wells drilled to date have resulted in light oil discoveries.
- The company is also in the process of acquiring assets in the cash flow generative Uquo and Stubb Creek oil and gas fields and an interest in the Accugas midstream business in South East Nigeria from Seven Energy

Investment Case

- A world class leadership team capable of delivering and managing projects in West Africa and other emerging jurisdictions, with a Board with a demonstrable track record of establishing and monetising E&P companies
- Savannah's asset base combines cash flow generative Nigerian assets with the potentially world class R1/R2 and R3/R4 PSC areas in South East Niger
 - Uquo and Stubb Creek (Nigeria) are large, producing, low-cost onshore oil & gas fields
 - In Niger, Savannah's assets are estimated by independent auditor CCG Robertson to contain c.2.8 bn bbls of "yet-to-find" prospective resource
- Currently in a period of transformational activity in Niger, with the company's drilling campaign extended to target Eridal-1 and 5 individual well options remaining to be exercised
 - Well testing programme and early production scheme being planned to monetise existing discoveries
- Highly strategic Nigerian asset base, with production able to provide gas to power plants which represent c.10% of Nigeria's available power generation capacity
 - >90% of 2018-22 CPR forecast revenues expected to come from investment grade customers
 - Near-term targeting new gas sales contracts (growing demand from industrial customers eager to move away from expensive diesel energy supply)
- The Nigerian oil & gas market is prime for consolidation, and Savannah remains an opportunistic buyer willing to capitalise on potential new venture transactions if they meet the company's internal hurdle rate requirements

Recent History

- 2014, July – Floated on AIM
- 2014 – R1 Acquired
- 2015 – R2 Acquired
- 2017, Nov – Terms Agreed for Seven Energy Takeover
- 2018, March – High Impact Drilling Commences in Niger
- 2018, May – R1/R2 PSC Extended by Gov't of Niger

Leadership

- Chairman, Steve Jenkins – Geologist by profession, widely recognised as one of the most capable oil and gas executives. Founder and CEO of Nautical Petroleum, which was sold for £414m to Cairn Energy. Operational experience in emerging market environments including: Venezuela, Yemen, Columbia.
- Vice-**Chairman, Rt. Hon. Sir Stephen O'Brien** – Served as UN Secretary General for Humanitarian Affairs and Emergency Relief Coordinator 2015-2017, British MP 1999-2015, Permanent Under Secretary of State for International Development and UK special representative for the Sahel region.
- CEO, Andrew Knott – CEO and founder of Savannah. Previously, Head of Global Energy Investments for Man Group/GLG partners. Prior to that was at Merrill Lynch and DrKW. Andrew has led all of Savannah's key growth initiatives, including the acquisition of the Company's Niger assets and the expansion into Nigeria.
- CFO, Isatou Semega-Janneh - An accountant with 17 years experience, Isatou joined Savannah in 2015 after nine years with BP in a variety of roles, most recently as Financial Controller for BP's Operations in North Africa. Isatou has extensive experience of implementing and managing financial and regulatory compliance systems in emerging market oil and gas environments.
- COO, David Clarkson - David has over 40 years' in the oil & gas industry, mainly at BP where he was SVP for Projects and Engineering (Upstream) and a member of BP's Leadership Team. David delivered major projects for BP in frontier areas and was accountable for embedding rigour and discipline in BP's major project investment decisions.

Consensus Financial Data					
Year End:	2015	2016	2017	2018E	2019E
December					
Revenue (£m)	--	--	--	80.2	155.0
Gross Profit (£m)	--	--	--	--	103.9
Adj. EBITDA (£m)	(6.9)	(8.3)	(26.8)	35.3	126.0
Adj. EBIT (£m)	(7.0)	(8.4)	(27.1)	--	--
Adj. PBT (£m)	(7.3)	(8.3)	(27.4)	28.1	78.0
Adj. PAT (£m)	(7.6)	(9.8)	(27.1)	--	--
Free Cash Flow (£m)	(46.2)	(18.5)	(35.2)	(79.0)	(4.0)
Net Assets (£m)	88.1	118.4	103.0	--	--
Capital Employed (£m)	88.1	118.4	103.0	--	--
Net Debt/ (Cash) (£m)	(7.8)	(23.1)	(2.2)	88.7	76.6
Wt. Avg. Shares (m)	160.9	229.2	274.9	--	--
Actual EPS (p)	--	--	--	--	--
Adj. EPS (p)	(3.3)	(3.0)	(7.8)	2.0	4.1
Dividend (p)	--	--	--	1.2	1.5
NAV (p)	54.7	51.7	37.5	--	--
CFPS (p)	(28.7)	(8.1)	(12.8)	--	--
Margins and Returns					
	2015	2016	2017	2018E	2019E
Gross Margin (%)	--	--	--	--	--
EBITDA Margin (%)	--	--	--	44%	81%
Conversion Ratio (%)	--	--	--	--	121%
Return On Equity (%)	--	--	--	--	--
ROCE (%)	--	--	--	--	--
Net Debt/EBITDA	1.1x	2.8x	0.1x	2.5x	0.6x

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