

Beach Energy forecasts bumper full-year results

CAMERON ENGLAND



STRONG RESULT: Beach Energy chief executive Matt Kay in Adelaide.

demand for gas and increased oil production.

Sales revenue of \$470 million was up 19 per cent because of the production result and higher realised oil prices.

In the Cooper Basin's Western Flank in South Australia, Beach posted record oil production, up 12 per cent to 1.4 million barrels.

BEACH Energy is predicting full-year production and earnings at the upper end of guidance, while capital expenditure will come in lower than expected.

Net debt also reduced by \$112 million to \$219 million and the company is on track to be debt free once it completes the sale of 40 per cent of an Otway Basin project, expected this quarter.

The Adelaide oil and gas company said in its quarterly report that production for the three months to the end of march was 7.23 million barrels of oil equivalent (mbboe), up 10 per cent on the previous corresponding period.

The increase was due to strong customer

Beach's overall production guidance for the financial year was for 28-29 mmmboe with underlying EBITDA expected to be \$1.25-\$1.35 billion.

The company said it expected both of these results to come in at the upper end of the range.

Managing director Matt Kay said the results in the Western Flank were "exceptional".

"The recent Bauer appraisal and development campaign has now seen more wells come online, with production performance of the Hanson-7 well a highlight, averaging over 1600 barrels of oil a day free flow in its first 30 days," he said. "The Bauer Field produced its 20 millionth barrel of oil during the quarter."

Mr Kay said the company also had a rig on site to drill a new gas appraisal well in the state's South-East.

"After the two South Australian Otway wells, drilling operations will move to the Victorian Otway where 10 drilling opportunities are planned in the next four years," he said. The company expects to be involved in drilling about 50 wells in the fourth quarter of the year.

In the Cooper Basin, its strike rate was 93 per cent across 27 wells.

Beach's capex is expected to be at the lower end of the \$450-\$500 million range,

RBC Capital Markets said the company's financial position was positive.

The balance sheet "flexibility sees Beach in an enviable position to pursue its organic growth ambitions, grow through M&A, or boost the dividend", it said.

Beach shares closed 5c lower at \$2.13. The shares have rebounded strongly from a 12-month low of \$1.27 on December 21.