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Cooper Energy posts \$86 million loss

NEWS

Adelaide-based oil and gas company Cooper Energy has reported a statutory net loss after tax of \$86 million, citing value write-downs and project delays.



A Cooper Energy rig in Victoria's Otway Basin. Picture: Robert Garvey.

The result, announced this morning, compares with a \$12.1 million loss last year and comes despite a 3 per cent revenue increase for the 12 months to June 30.

The company recorded an underlying loss after tax of \$6.6 million compared with an underlying profit of \$13.3 million in the previous year.



Cooper Energy Managing Director David Maxwell said the three standout features of the financial results were the effect of COVID-19 on energy markets; the growth in the company's gas assets; and the impact of the delayed start-up of the Victorian offshore Sole gas project due to the delayed completion of the Orbost Gas Processing Plant.

“Recognition of 2020 gas prices and expectations on the carrying value of our uncontracted gas was the major factor in the impairments that affected our statutory results,” he said.

“However, notwithstanding the impairments, our analysis shows the contract prospects for uncontracted gas in south-east Australia from 2022 onwards are even stronger than they were six months ago.

“The industry-wide cutbacks to capital expenditure in 2020 and 2021 will accelerate the production decline already forecast for existing supply sources and intensify the tightening gas supply in south-east Australia expected from 2022.”

Maxwell said the delay to the Orbost Gas Processing Plant's (OGPP) readiness for firm gas supply “had a material adverse impact” on the company's revenue and cash flow for the year.

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However, he said the growth in Cooper Energy's gas assets and opportunities during 2020 will prove favourable in the longer term.

“Twelve months ago we had an offshore gas field developed, ready to go and the expectation to supply more than 12 PJ of gas at term contract prices in the financial year. At year-end, we had sold 2 PJ at spot prices,” Maxwell said.

“Whilst the revenue and cash flow uplift anticipated from Sole in 2020 did not eventuate, it is important to note the production and revenue are deferred – not lost.”

The S&P/ASX 200 company expects FY21 production will exceed the record of 1.56 MMboe recorded in FY20 due to the contribution from Sole.

Cooper Energy's share price has been in decline for most of 2020 after opening at \$0.60 at the beginning of trading and closing at \$0.33 on Friday.

Cooper Energy was ranked 10th in *InDaily's* 2019 SA Business Index – an independent ranking of South Australia's top 100 companies.