

Beach Energy marks a stable start to year

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BEACH Energy is seeing a "great level of stability" following a steady first quarter, the South Australian oil and gas company told investors yesterday.

Quarterly production was broadly steady, down one per cent at 6.8m barrels of oil equivalent (mboe).

That figure compared to 6.5mboe in the same period a year ago, because of higher production from the Victorian Otway Basin and the Cooper Basin joint venture.

Revenues increased by 13 per cent to \$361m, boosted by a 38 per cent increase in realised average oil price of \$64.6 per barrel.

However, oil sales volume were lower due to the reduction in output and timing of shipments.

"In a period when the world has been anything but normal, I'm very pleased to see a great level of stability from our diverse portfolio of production assets," chief executive Matt Kay said.

"It was a quarter in which production met expectations, demonstrating that our team can continue to operate effectively during what has been a period of high disruption – particularly in Victoria."

Beach ended the first quarter with \$9m net cash and access to \$459m in liquidity.

"The results set Beach up nicely as we head into an exciting period with the drilling of two exploration prospects, Enterprise 1 in the Otway Basin and Ironbark 1 in the Carnarvon Basin, and plans to reach FID (final investment decision) on Waitsia Stage 2 by the end of the calendar year," Mr Kay said.

The company kept its full year production guidance unchanged at 26-28.5mboe while capital expenditure for the full year is also likely to come in between \$650m and \$750m.



Beach Energy's Cooper Basin oil and gas fields.

Beach also said it had noted the recent Federal Government Budget announcement regarding its plans to stimulate the economy.

One of these measures will allow businesses to immediately deduct eligible depreciable assets in the year they are first used or installed and ready for use by the end of FY22.

Beach said it was assessing the impact of this measure to near-term cash-flows, with expectations that it will have a positive impact on operational cash flow over the next three financial years.

RBC analysts said sales revenue was above forecast due to higher product pricing.

“Beach Energy has leading Australian energy sector valuation metrics and a strong growth outlook,” RBC said.