

29 September 2025

# Tullow Oil

Updates – reserves, Kenya disposal, CEO

## Current price

11p

## TICKER

TLW

## Market Cap

£161m

## Net debt (30 June 2025)

US\$1.6bn

## Free Float

82%

## 3mo Av. Daily Volume

5.4m

## Brokers

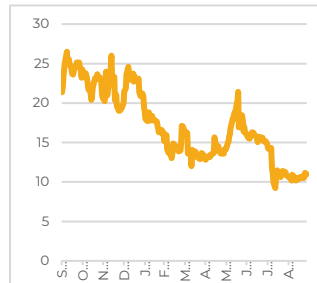
Barclays

Peel Hunt

## Index

FTSE All-Share

## Share Price Performance



Source: Bloomberg

**Tullow is an independent energy company with deep operating experience building a better future through responsible oil and gas development in Africa.**

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## Leading West African deep-water oil and gas operator

Tullow has announced a number of key updates including the appointment of Ian Perks as CEO, completion of its Kenya disposal, and, most recently, a reserves update. As indicated at the interim results, Ghanaian reserves were revised down but we believe the negative adjustment of 7.3mmboe to Proven and Probable (2P) Reserves is likely less than the market feared and should be more than offset by conversion of 18.2mmboe of Contingent Resource into 2P Reserves once the Ghanaian licence extensions to 2040 are executed (Figure 1). With Brent at US\$69/bbl we are increasingly confident in our above consensus forecast for the oil price. We make no changes to our forecasts, and our risk net asset value calculation remains at 53p, almost five times the current share price. Forward multiples remain exceptionally low, and a successful refinancing would remove a key uncertainty that should allow the shares to trade significantly higher, we expect.

On 5 September, Tullow announced the appointment of Ian Perks as its new permanent CEO following the resignation of Rahul Dhiri last December. Richard Miller continues as CFO, having relinquished his role as interim CEO. Mr Perks has an excellent pedigree with BG Group, Anadarko, and Total.

On 25 September, Tullow announced the completion of the sale of its Kenyan interests to an affiliate of Gulf Energy for a total of US\$120m of which the first tranche of US\$40m has been received and the second tranche of US\$40m is expected to be received before year end on approval of the Field Development Plan. Tullow retains conditional royalty payments and a no cost back-in right for a 30% participation in potential future development phases.

Last Friday, Tullow released its updated reserves position at 30 June 2025 as prepared by TRACS International Limited (TRACS). Excluding Gabon, 2P Reserves adjusted for 7.4mmboe of production in the half fell to 121.1mmboe. In addition, Reserves at Jubilee and TEN were revised down by 6.3mmboe and 1.0mmboe respectively resulting in Reserves of 113.8mmboe as at 30 June and which compares to 128.5mmboe on a like-for-like basis as at YE24. However, TRACS estimates 14.7mmboe and 3.5mmboe of Contingent Resources at Jubilee and TEN would move to Reserves once the Memorandum of Understanding to extend the Ghanaian licences on unchanged terms to 2040 is executed (Figure 1).

Tullow remains focused on refinancing its balance sheet during 2025, which we expect would remove a key uncertainty for investors and potential investors.

At a glance (Yr to Dec)	Production (kboed)	Net profit (US\$m)	Net debt (US\$m)	Leverage (x)	P/E <sup>1</sup> (x)	EV/Debt Adj CF <sup>1</sup> (x)
FY23A	62.7	(109.6)	1,608.4	1.4	n/a	2.6
FY24A*	52.1	(55.0)	1,452.3	1.4	n/a	2.6
FY25E	41.3	62.7	1,041.4	1.6	3.2	2.2
FY26E	44.6	73.5	1,072.7	1.4	2.7	1.8
FY27E	45.5	162.3	879.6	1.1	1.2	1.5

Source: Bloomberg, Tullow, CAG Research. 1) Uses annual averages for historic share price and EV data. \*Restated to treat Gabon as a discontinued operation.

**Figure 1: Reserves at 30 June 2025 (mmboe)**

Reserves at 31/12/24 (exc Gabon)	128.5
Production 1H25	-7.4
Reserves at 30/6/25 adjusted for production	121.1
Ghana revisions	-7.3
Reserves at 30/6/25	113.8
Conversion of contingent resources <sup>1</sup>	18.2
Reserves adjusted on conversion of contingent resources	132.0

Source: Tullow, CAG Research. 1) On execution of licence extensions to 2040.

## Summary financial statements

December year end, US\$m	FY23A	FY24A*	FY25E	FY26E	FY27E
<b>Production (kboed)</b>	<b>62.7</b>	<b>52.1</b>	<b>41.3</b>	<b>44.6</b>	<b>45.5</b>
<b>Brent price (US\$/bbl)</b>	<b>82.18</b>	<b>80.30</b>	<b>70.00</b>	<b>72.50</b>	<b>75.00</b>
<b>Profit &amp; Loss</b>					
Revenue	1,634.1	1,287.2	913.8	1,004.9	1,049.6
Other operating income	0.0	0.0	4.2	0.0	0.0
Cost of sales	(869.2)	(652.5)	(540.4)	(545.9)	(558.7)
<b>Gross profit</b>	<b>764.9</b>	<b>634.7</b>	<b>377.6</b>	<b>459.0</b>	<b>490.9</b>
Administrative expenses	(56.1)	(52.2)	(41.0)	(37.0)	(34.0)
Disposals	0.0	0.0	113.0	0.0	0.0
Other gains/(losses)	0.2	(6.6)	(1.9)	0.0	0.0
Exploration costs written of	(27.0)	(202.3)	(5.0)	(5.0)	(5.0)
Impairment charges	(408.1)	11.8	(39.1)	0.0	0.0
Provisions (reversal)/(expense)	22.0	63.3	(10.6)	0.0	0.0
<b>Operating profit</b>	<b>295.9</b>	<b>448.7</b>	<b>393.0</b>	<b>417.0</b>	<b>451.9</b>
(loss)/gain on hedging instruments	(0.4)	0.0	0.0	0.0	0.0
Gain on bond buyback	86.0	0.0	0.0	0.0	0.0
Net finance	(285.6)	(275.0)	(205.2)	(199.2)	(133.1)
<b>Profit before tax</b>	<b>95.9</b>	<b>173.7</b>	<b>187.8</b>	<b>217.8</b>	<b>318.7</b>
Income tax expense	(205.5)	(228.7)	(125.1)	(144.4)	(156.5)
<b>(loss)/profit for the year - cont ops</b>	<b>(109.6)</b>	<b>(55.0)</b>	<b>62.7</b>	<b>73.5</b>	<b>162.3</b>
<b>(loss)/profit for the year - reported</b>	<b>(109.6)</b>	<b>54.6</b>	<b>86.4</b>	<b>73.5</b>	<b>162.3</b>
Basic adjusted EPS - cont ops (USc/share)	(7.6)	(3.8)	4.3	5.0	11.1
Diluted adjusted EPS - cont ops (USc/share)	(7.6)	(3.8)	4.2	5.0	11.0
Basic reported EPS - reported (USc/share)	(7.6)	3.7	5.9	5.0	11.1
Diluted reported EPS - reported (USc/share)	(7.6)	3.6	5.8	5.0	11.0

Source: Tullow, CAG Research. \*Restated to treat Gabon as a discontinued operation.

## Summary financial statements (cont)

December year end, US\$m	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Cash flow</b>					
Profit before tax	95.9	321.5	187.8	217.8	318.7
DD&A	436.6	444.2	327.5	340.0	347.1
Disposal (gains)/losses	0.0	(38.9)	(113.0)	0.0	0.0
Other gains	(0.2)	0.0	1.9	0.0	0.0
Taxes paid in kind	(11.0)	(6.3)	(9.0)	(8.0)	(7.0)
Exploration W/O	27.0	212.6	5.0	5.0	5.0
Impairment of PP&E	408.1	(11.8)	39.1	0.0	0.0
Provisions reversal/(expense)	(22.0)	(63.3)	10.6	0.0	0.0
Payments for provisions	(0.6)	(0.7)	0.0	0.0	0.0
Decommissioning expenditure	(78.1)	(45.0)	(15.0)	(15.0)	(10.0)
Share-based payments	6.0	6.9	5.4	5.4	5.4
(Loss)/gain on hedging instruments	0.4	0.0	0.0	0.0	0.0
Gain on bond buyback	(86.0)	0.0	0.0	0.0	0.0
Net finance	285.6	274.1	205.2	199.2	133.1
<b>Operating cash flow before WC</b>	<b>1,061.7</b>	<b>1,093.3</b>	<b>645.6</b>	<b>744.4</b>	<b>792.4</b>
Delta working capital	89.0	25.5	50.0	0.0	0.0
<b>Cash generated from operations</b>	<b>1,150.7</b>	<b>1,118.8</b>	<b>695.6</b>	<b>744.4</b>	<b>792.4</b>
Tax received/(paid)	(274.5)	(360.3)	(150.0)	(144.4)	(156.5)
<b>Net cash inflow from operating activities</b>	<b>876.2</b>	<b>758.5</b>	<b>545.6</b>	<b>600.0</b>	<b>635.9</b>
Proceeds from disposals	0.7	0.0	380.0	0.0	0.0
Purchase of additional interest in joint op	0.0	(8.1)	0.0	0.0	0.0
Purchase of intangible E&A assets	(30.2)	(27.8)	(10.0)	(10.0)	(10.0)
Purchase of PP&E	(262.3)	(196.7)	(175.0)	(265.0)	(265.0)
Finance income	23.3	19.5	0.0	0.0	0.0
<b>Net cash outflow from investing</b>	<b>(268.5)</b>	<b>(213.1)</b>	<b>195.0</b>	<b>(275.0)</b>	<b>(275.0)</b>
Debt arrangement fees	(5.0)	0.0	0.0	0.0	0.0
Repayment of borrowings	(432.2)	(100.0)	0.0	0.0	0.0
Proceeds from borrowings	129.7	0.0	0.0	0.0	0.0
Lease liability repayments	(195.0)	(169.0)	(195.0)	(195.0)	(60.0)
Interest paid	(240.0)	(223.2)	(166.2)	(161.3)	(107.8)
Dividend paid	0.0	0.0	0.0	0.0	0.0
<b>Net cash from financing activities</b>	<b>(742.5)</b>	<b>(492.2)</b>	<b>(361.2)</b>	<b>(356.3)</b>	<b>(167.8)</b>
<b>Implied delta net debt (exc leases)</b>	<b>(253.7)</b>	<b>(153.2)</b>	<b>(379.3)</b>	<b>31.3</b>	<b>(193.1)</b>
<b>Summary balance sheet</b>					
Total non-current assets	3,178.0	2,827.2	2,679.7	2,609.7	2,532.6
Net assets	(359.4)	(272.7)	(204.6)	(125.8)	41.9
Total equity	(359.4)	(272.7)	(204.6)	(125.8)	41.9
<b>Net (cash)/debt (excluding leases)</b>	<b>1,608.4</b>	<b>1,452.3</b>	<b>1,041.4</b>	<b>1,072.7</b>	<b>879.6</b>

Source: Tullow, CAG Research.

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