

Serinus Energy New beginnings

Serinus Energy is a junior E&P company with operations in Tunisia and Romania, where it has both producing assets and exploration opportunities. For years the equity story had stalled due to the company's high legacy debt; however, following a debt restructuring in late 2020, Serinus entered 2021 debt-free, signifying a new chapter for the shares. We think the company offers a good mix of an attractive valuation and robust FCF generation, with further material upside potential, but is currently below investors' radar. We initiate coverage with a rounded valuation range of GBp3.5-6.0/share based on a SoTP methodology, implying 67-186% upside potential from current levels.

A new chapter in the equity story

Serinus was burdened by high legacy debt for many years; however, the December 2020 debt restructuring allowed it to enter 2021 debt-free, signifying a new chapter in the company's equity story.

Attractive valuation

Based on our standard bottom-up SoTP methodology, we value Serinus Energy at a rounded GBp3.5-6.0/share, based on LT oil prices of \$50-75/bbl and discount rates of 10-15%, implying 67-186% upside potential from current levels. Benchmarking Serinus to the rest of the sector, at Renaissance Capital's oil price deck of \$60/bbl in 2022 and \$50/bbl (real) in 2023+, the shares are trading at a 45% discount to our NAV, compared with the sector's 16%, on our estimates.

Material FCF generation

Serinus is a low-cost producer, whose assets generate high operating netbacks with limited future capex requirements. If management delivers on its targets, at our conservative oil price deck, we forecast Serinus' assets to generate >\$40mn of FCF over 2021-2025E, translating into average FCF yields of ~25% pa.

Further upside potential

Serinus has 73mmboe of risked (Pmean), prospective resources in Romania, from several prospects, which if discovered and developed could be tied back to the Moftinu gas plant economically and rapidly, in our view. In Tunisia, growth could stem from increasing recovery factors in Sabria and further exploration in the Chouech licences. Management is open to value-accretive M&A, although funding could pose a challenge.

Risks

Risks include subsurface risk, especially at Sabria and the exploration uncertainty in Satu Mare, oil price volatility, geopolitical risks and energy transition threats to the E&P model.

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Initiation of coverage

Oil & Gas
International E&P
Romania and Tunisia

Report date: 19 November 2021
Valuation range, GBp 3.5-6.0
Current price, GBp 2.1

MktCap, \$mn 33
Average daily volume, \$mn 0.2
Free float, % 80
Bloomberg SENX LN

Summary financials

	2020	2021E	2022E	2023E
Brent, \$/bbl	42	68	60	52
Production, kboepd	2.3	1.9	1.8	3.2
Oil production, kboepd	0.5	0.5	0.6	1.3
Revenue, \$mn	24	44	36	50
EBITDA, \$mn	7	17	14	26
Net income, \$mn	-9	8	7	12
FCFE, \$mn	2	9	3	13
FCFE yield, %	8	29	8	39

Valuation range, GBp/share

		LT oil price, \$/bbl					
		50	55	60	65	70	75
Discount rate	10%	3.9	4.4	4.7	5.1	5.5	5.9
	11%	3.7	4.2	4.6	4.9	5.3	5.7
	12%	3.6	4.1	4.4	4.8	5.1	5.5
	13%	3.5	3.9	4.3	4.6	5.0	5.3
	14%	3.4	3.8	4.1	4.5	4.8	5.2
	15%	3.3	3.7	4.0	4.4	4.7	5.0

Note: Assumes 200 bpts lower discount rate for Romania.
Source: Company data, Renaissance Capital estimates

Figure 1: Price performance – 52 weeks, GBp



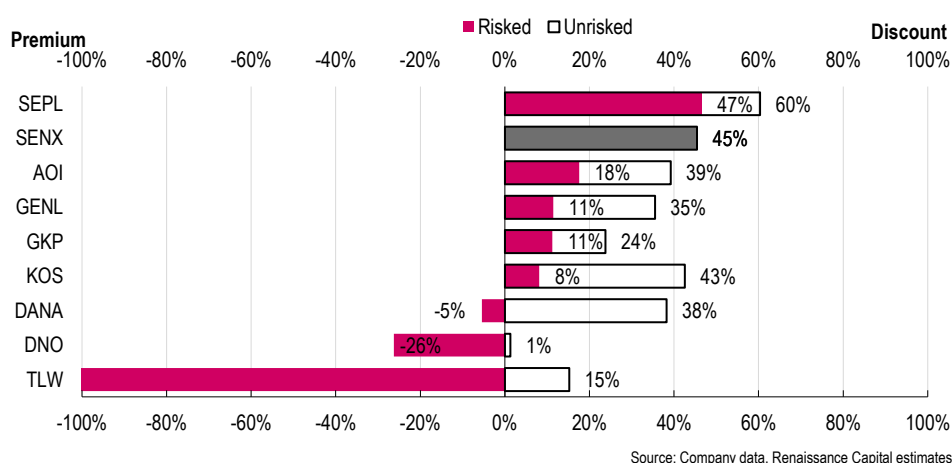
Source: Bloomberg

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Serinus Energy is a junior E&P company with operations in Tunisia and Romania, where it has both production and exploration opportunities. Although the company's recent history has not been smooth, having faced operational, geopolitical and financial challenges, a debt restructuring in late 2020 allowed it to enter 2021 debt-free, signifying a new chapter for the equity story. We think the company offers a good mix of an attractive valuation and robust FCF, with further upside potential, albeit not without risks.

Attractive valuation: Based on our standard bottom-up SoTP methodology, we value Serinus Energy at a rounded GBP3.5-6.0/share, based on LT oil prices of \$50-75/bbl and discount rates of 10-15%, implying 67-186% upside potential from current levels. Benchmarking Serinus to the rest of the sector, at Renaissance Capital's oil price deck of \$60/bbl in 2022 and \$50/bbl (real) in 2023+, the shares are trading at a 45% discount to our NAV, compared with the sector's 16% (ex Tullow), on our estimates.

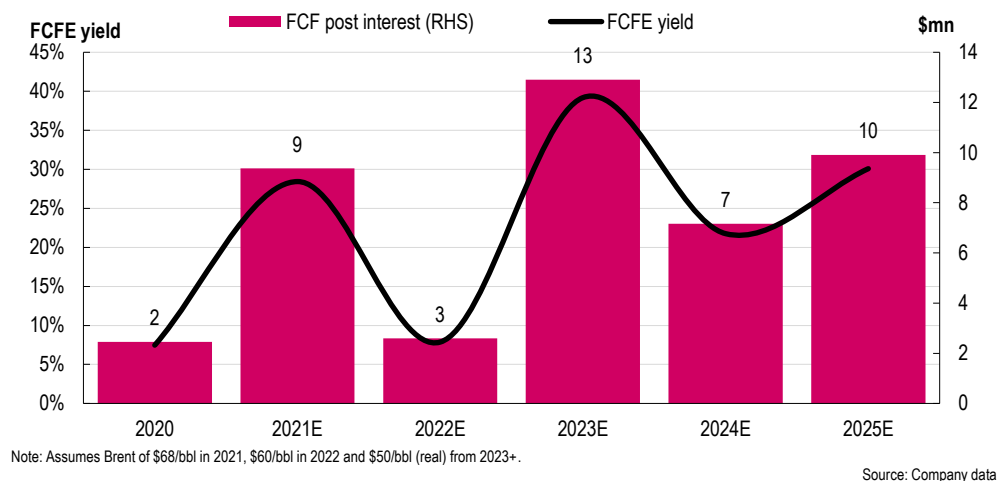
Figure 2: International E&Ps share price relative to tangible NAV



Debt free: Serinus was burdened with high legacy debt for many years; however, the December 2020 debt restructuring allowed Serinus to enter 2021 debt-free, allowing the company to focus its cash flow and resources for growth.

FCF potential: At our conservative oil price deck, we forecast Serinus to generate >\$40mn of FCF over 2021-2025E, translating into FCF yields of ~25% pa.

Figure 3: Serinus FCF and FCF yield



Catalyst rich: The company has several potential share-rerating catalysts ahead, including well results post electric submersible pump (ESP) installations, exploration upside in both Tunisia and Romania and longer-term growth potential from Sabria.

Figure 4: Serinus has several upcoming catalysts

Catalyst table		
Sabria (Development)	Time	Production impact
SAB-W1 well ESP	2022	796boepd
SAB-NW1 well ESP	2022	238boepd
SAB-N3H well ESP	2023	937boepd
WIN-12bis	2023	1989boepd
SAB-N2 workover	2024	200boepd
WIN-14 infill	2024-25	400boepd
WIN-15 infill	2024-25	400boepd
Satu Mare (E&A)	Time	Geo. Risked prospective resource
Berveni & Nisipeni wells	2022+	24
Santau & Madaras wells	2022+	25
Nusfulau wells	2022+	9
Babesti	2022+	14
Choueich (E&A)	Time	Geo. Risked prospective resource
Acacus and Tannezuft zones E&A wells	2022+	?

Source: Company data, Renaissance Capital estimates

Seasoned management team: Serinus' senior management team has >100 years of collective experience in the oil & gas sector, spanning technical, financial and managerial roles.

Risks

Subsurface risks: Subsurface risk is a typical risk for this sector. For Serinus, in our view, the main subsurface uncertainty would be the production performance of Sabria's wells, post ESP installation, which underpin the company's near-term growth plans. Serinus aims to prolong gas production in Romania by tying nearby potential discoveries to the Moftinu gas plant.

Execution risk: Our investment thesis is based broadly on the management delivering its targets and wells to perform as expected. Logistical risks posed by COVID-19, cost overruns and delays could negatively impact our valuation range.

Geopolitical risk: Serinus is exposed to potential geopolitical risk in the jurisdictions in which it operates. In Tunisia, social unrest has led to production downtime in the past and frequent government changes create further operational uncertainty, mainly in the form of development approval delays. In Romania, the main geopolitical risk is fiscal, in our view. Serinus receives its payments in a timely manner for its gas sales in Tunisia and management does not see any receivable risk in Tunisia gas sales.

Low liquidity: As a small-cap, Serinus' shares are fairly illiquid (~\$200k per day), making it hard for many institutional investors to engage with the story.

Dilution risk: Equity capital markets would be Serinus' primary source of additional funding, we believe, in case it wants to pursue inorganic opportunities. Potential future equity raises could result in dilution.

Oil & gas price volatility: Oil & gas price volatility is a key risk for the sector, affecting both the potential FCF generated from production, but also the sector's share prices.

Energy transition: We expect the energy transition and related ESG pressures to make funding more challenging for oil & gas companies and potentially increase their cost of capital.

Satu Mare WI: Serinus has a “deemed” 100% working interest in the Satu Mare concession as its partner (Oilfield Exploration Business Solutions [OEBS], a subsidiary of Rompetrol) defaulted on its obligations under the Joint Operating Agreement in 2016. In 2020 Serinus filed a request for arbitration with the secretariat of the International Court of Arbitration of the International Chamber of Commerce seeking a declaration affirming its rightful claim of ownership of its defaulted partners’ 40% participating interest and to compel transfer of that interest to it. Our modelling and valuation are based on a 100% WI to Serinus but there could be a risk that Serinus might lose the arbitration.

Serinus has production and exploration opportunities in both Romania (gas) and Tunisia (oil & gas). In Romania, the company's near-term focus is to sustain production via exploration and development of prospects in the Satu Mare licence. In Tunisia, Serinus' near-term focus is growing production in Sabria by installing ESPs at wells and exploration in the medium term at Chouech. The company is debt-free and its growth plans are to be funded by its balance sheet and within cashflow.

Figure 5: Serinus asset overview

Asset	Country	2P reserves YE20 (gross),mmboe	2C resources YE20 (gross),mmboe	WI	% Oil	2020 production (gross),kboepd	Potential upside
Satu Mare	Romania	1.71	0.72	100%	1	1.8	Estimated to contain 73mmboe of risked prospective resources
Sabria	Tunisia	16.6	0	45%	68	0.744	Only ~1.2% of OIIP recovered
Chouech	Tunisia	0.63	0	100%	90	0.217	Two new plays discovered

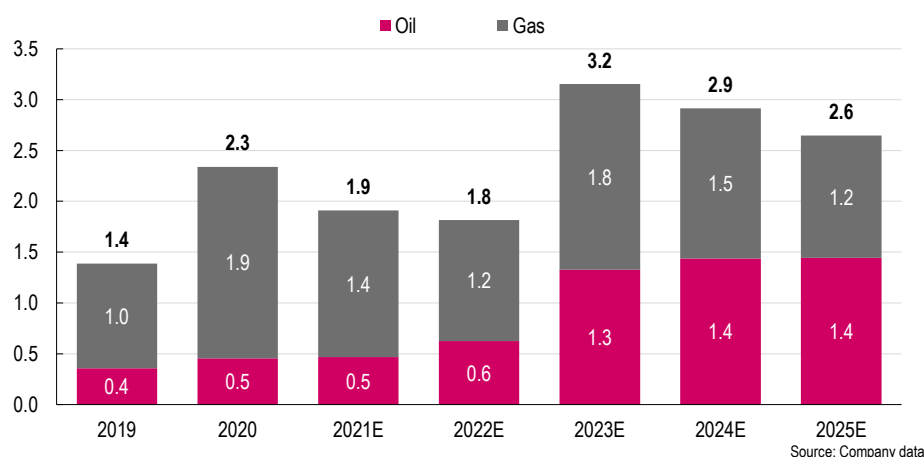
Source: Company data, Renaissance Capital estimates

Romania: In Romania Serinus currently holds one large concession area, Satu Mare, a ~3,000 km² onshore block, located within the Pannonian Basin and on trend with discovered and producing oil & gas fields and close to infrastructure. Commercial production commenced in 2019 from the Moftinu field. The block has several shallow oil & gas prospects and Serinus' strategy is to replenish reserves and maintain production in the block by developing and tying back to the production/gas processing facilities future discoveries.

Tunisia: Serinus' Tunisian operations comprise five concession areas. Of the five the company is currently focused on three which have discovered oil & gas reserves and are currently producing. The largest asset in the Tunisian portfolio is the Sabria field, for which there are plans to install ESPs, targeting material production growth in the coming years. In Chouech, Serinus has a stake in two mature fields, for which there could be exploration upside in deeper zones.

Financial status: On 21 December 2020, Serinus fully retired the outstanding convertible loan held by the European Bank of Reconstruction and Development (EBRD) amounting to \$33.0mn, in exchange for consideration of \$16.5mn and the subscription by the EBRD, at no cost, for 112,925,402 ordinary shares. This debt restructuring allowed Serinus to enter 2021 debt-free.

Figure 6: Serinus production, kboepd



Satu Mare (Romania)

Satu Mare's high netbacks, a combination of low lifting costs and high gas realisations, make Romania Serinus' main FCF generator. Management is focusing on replenishing reserves, with several identified prospects, which could extend production and FCF for years to come. We value Satu Mare at \$30-38mn.

Satu Mare, a ~3,000 km² onshore block in Romania, is located within the Pannonian Basin and is on trend with discovered and producing oil & gas fields and close to infrastructure. Commercial production commenced in 2019 from the Moftinu field. The block has several shallow oil & gas prospects and Serinus' strategy is to replenish reserves and maintain production in the block by developing and tying back to the production/gas-processing facilities of future discoveries.

Figure 7: Satu Mare overview

Satu Mare overview			
Asset name	Satu Mare (Romania)	YE Reserves 2P (mmboe)	1.71
Operator	Serinus	YE Resources 2C (mmboe)	0.72
Fiscal framework	Tax and royalty	Oil as a % of 2P/2C resources	~1%
Partners	Serinus (100%)	NPV8-12 (gross)*, \$mn	30-38
2020 production, kboepd	1.787	NPV8-12 (gross)*, \$/boe	\$16-20/boe

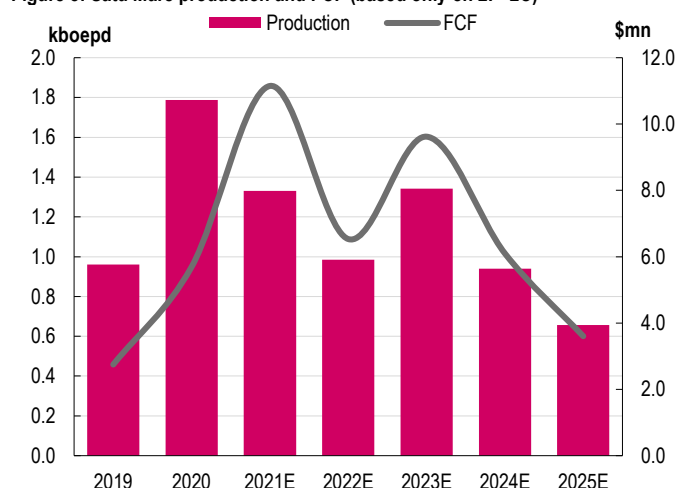
* Based on gas prices of \$6.25/mcf to \$9.4/mcf.

Source: Company data, Renaissance Capital estimates.

Serinus farmed-in to the Satu Mare Concession in 2008 and earned 60% working interest by funding 100% of work commitments for Exploration Phases 1 and 2. Serinus has a "deemed" 100% working interest in the concession as its partner defaulted on its obligations under the Joint Operating Agreement in 2016. In 2020 Serinus filed a request for arbitration with the secretariat of the International Court of Arbitration of the International Chamber of Commerce seeking a declaration affirming its rightful claim of ownership of its defaulted partners' 40% participating interest and to compel transfer of that interest to it. **Our modelling and valuation are based on a 100% WI to Serinus.**

Serinus commenced production in the region in April 2019, after the successful completion of the Moftinu gas plant. The Moftinu Gas Project is the development of the shallow (800 - 1,000m), multi-zone Moftinu gas field. Serinus also built a 3 km pipeline that ties-in the Moftinu gas plant into the Transgaz pipeline. The Moftinu gas plant was designed at a capacity of 15mmcfpd and can accommodate up to six flowlines. 2020 production predominantly comprised three wells (M-1003, M-1004 and M-1007) and averaged 10.6mmcfpd. In 2021 Serinus drilled a fourth producer (M-1008), which was brought into production in March 2021.

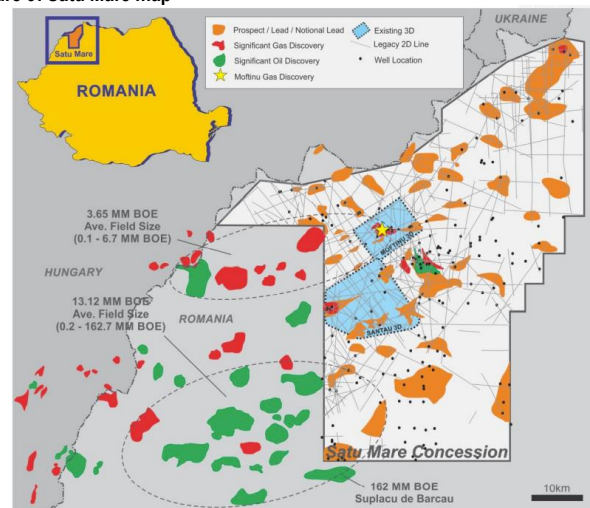
Figure 8: Satu Mare production and FCF (based only on 2P+2C)



Note: Assumes \$6.5/mcf (real) gas prices from 2023+.

Source: Company data, Renaissance Capital estimates

Figure 9: Satu Mare map



Source: Company data

Development plans

Serinus' medium- to longer-term plans involve the exploration and potential development of identified prospects in the Satu Mare block (discussed in the prospective resources section below). The current reported 2P (1.71mmboe) and 2C (0.72mmboe) are entirely underpinned by Moftinu.

To date, five of the eight zones of Moftinu have been developed, with the other two zones being potential candidates for future development plans. For 2022, Serinus is planning a compression programme for the M-1003 and M-1007 wells, which is designed to lower the compression pressure from 500psi to 285psi. Serinus estimates the compression activities to cost ~\$1.5mn. We model opex for the field at ~\$4mn pa.

Prospective resources

A number of prospects have been identified as drilling candidates in the licence. Serinus estimates that the Satu Mare concession contains 73-181mmboe (Pmean) of geologically risked-unrisked prospective resources, from 32 identified prospects. We expect Serinus to drill one-to-two exploration wells pa (~\$3-4mn cost per well pa), which, if successful, could be tied back to the Moftinu gas processing plant (a potential \$1-2mn of additional costs) and be brought onstream quickly and economically. **We do not include exploration upside in our valuation.**

Figure 10: Satu Mare prospective resources

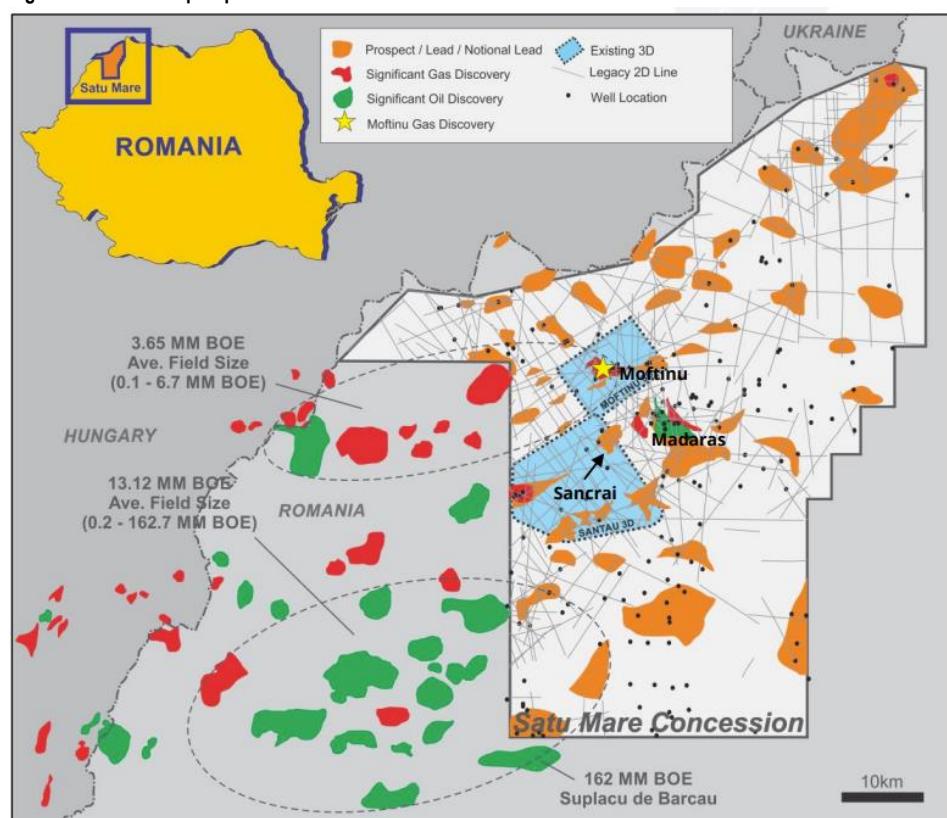
Area	P90 (mmboe)	P50 (mmboe)	Mean (mmboe)	P10 (mmboe)
Berveni & Nisipeni	39	56	59	83
Sancrai & Madaras	26	47	62	109
Nusfulau	1	5	22	45
Babesti	3	17	34	94
Total geo. unrisked	98	151	181	284
Total geo. risked	44	65	73	107

Source: Company data

Sancrai-1 well: In June 2021, Serinus drilled the Sancrai-1 exploration well, which tested three zones. Although there were gas shows in each of the zones, the well could not flow gas in either of the zones. The well will be suspended pending further technical studies to better understand the Sancrai structure and evaluate the options available, given the high total gas readings during drilling.

Exploration further steps. Serinus has recently obtained data for 15 legacy 2D seismic lines that were previously shot in the 1970s and 1980s, located over Sancrai and Madaras areas, overlapping with the Moftinu and Santau 3D seismic areas (see figure on the next page). The data are being reprocessed to further identify and refine shallow gas targets in the Sancrai and Madaras areas. Serinus will continue its exploration programme in 2022 by drilling prospects adjacent to the Moftinu development. Its most recent commitments to extend the concession phase is designed to augment the information regarding its existing prospect inventory with a view to further drilling activity in the latter half of 2022.

Figure 11: Satu Mare prospective resources



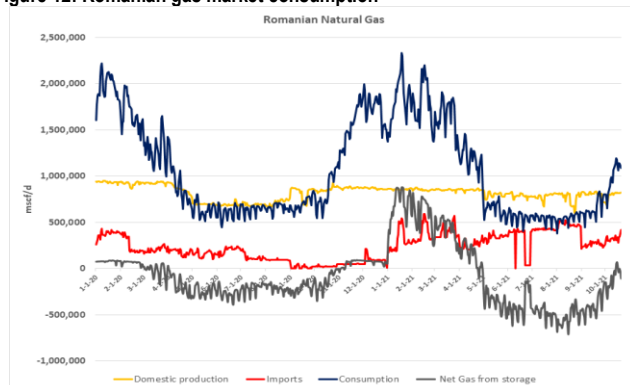
Source: Company data

Romanian gas market

The Romanian gas market is not yet as developed as other European and largely convergent hubs. Domestic production is dominated by two players: OMV Petrom and Romgaz, with a few other domestic players contributing to production, such as Serinus.

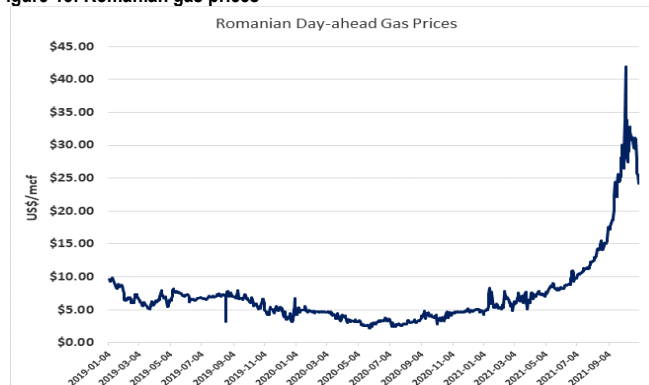
Domestic production is inadequate to meet domestic demand, which is covered by imports from Russia, via Ukraine and Moldova. Gas interconnectivity with other European countries is fairly limited. The aforementioned result in relatively disconnected pricing of Romanian gas compared to TTF or NBP, the main European gas hubs and benchmarks. Romanian gas spot prices have historically loosely tracked TTF prices, albeit often at high deviations. For our modelling we assume TTF parity.

Figure 12: Romanian gas market consumption



Source: Company data, Transgaz

Figure 13: Romanian gas prices



Source: Company data, Bursei Romane de Marfuri

Valuation

Our valuation of Satu Mare is only based on Moftinu, which we value at \$30-38mn, based on discount rates of 8-12%, long-term Brent price of \$50-75/bbl and gas prices of \$6.25-9.38/mcf. Our valuation is solely based on the 2P+2C resources and does not factor in potential exploration upside on the licence or 3P/3C upside.

Figure 14: Satu Mare valuation, \$mn

		LT oil/gas price, \$/bbl, \$/mcf					
		50/6.25	55/6.88	60/7.50	65/8.13	70/8.75	75/9.38
Discount rate	8%	31.3	32.7	34.1	35.2	36.6	38.0
	9%	30.9	32.3	33.6	34.7	36.1	37.5
	10%	30.6	31.9	33.2	34.3	35.6	36.9
	11%	30.2	31.5	32.7	33.8	35.1	36.4
	12%	29.9	31.1	32.3	33.4	34.6	35.9

Note: Assumes \$60/bbl Brent and \$9.25/mcf gas prices in 2022

Source: Company data, Renaissance Capital estimates

Fiscal terms and netbacks

The licence is under a tax and royalty regime. The royalty rate varies based on quarterly field production from 3.5% to 13% for gas and 3.5% to 13.5% for oil. In addition, there is a supplementary tax (windfall tax), which is payable when gas prices are above certain price thresholds.

Figure 15: Oil royalty

Oil royalty	Oil royalty
Less than 10,000 tonnes	3.5%
Between 10 and 20 thousand tonnes	5.0%
Between 20 and 100 thousand tonnes	7.0%
Over 100,000 tonnes	13.5%

Source: Company data

Figure 16: Gas royalty

Gas royalty	Gas royalty
Less than 10 MMm3	3.5%
Between 10 and 50 MMm3	7.5%
Between 50 and 200 MMm3	9.0%
over 200 MMm3	13.0%

Source: Company data

Supplementary tax: A supplementary (windfall) tax is payable when gas prices are above certain thresholds. Gas revenue at prices above RON47.5 /MWh (~\$3.6/mcf) and up to a maximum of RON85 /MWh (~\$6.4/mcf) is considered supplementary revenue and is taxed at 60%. Gas revenue at prices above RON85 /MWh is taxed at 80%. Capital costs of up to 30% of supplementary income are permissible for deductions for supplementary tax.

Corporate tax: Corporate tax is payable at a rate of 16%. Tax depreciation is on a unit of production basis – i.e. the ratio of production to remaining recoverable reserves/resources. Capex, opex, royalties and fees are tax deductible.

Figure 17: Moftinu netbacks, \$/mcf

Revenue	6.00	7.00	8.00	9.00	10.00
Royalties	-0.45	-0.52	-0.60	-0.67	-0.75
Windfall tax	-1.06	-1.59	-2.13	-2.67	-3.21
opex	-1.28	-1.28	-1.28	-1.28	-1.28
Field netback	3.21	3.60	3.98	4.36	4.76
Taxes	-0.19	-0.25	-0.31	-0.37	-0.43
After tax netback	3.03	3.35	3.67	3.99	4.33

Source: Company data, Renaissance Capital estimates

Sabria (Tunisia)

Sabria is Serinus' near-term growth engine and underpins most of the company's valuation. The company's immediate focus is to increase production by installing ESPs, a low-cost, high-return option, with production results being a key catalyst for the company.

The Sabria concession (45% Serinus, 55% ETAP) is located in the Chotts Basin in central western Tunisia. The Sabria field was discovered in 1979 and commercial production commenced in 1998. To date a total of 10 wells have been drilled on the structure, of which four are currently producing (SAB-11, SAB-NW1H, WIN-12bis and WIN-13) and two are shut-in. The oil is exported from the field via trucking to a transfer terminal on the local pipeline network at Oumchia, from where it is transported via a pipeline to La Skhira on the Mediterranean coast. Associated gas is transported and sold to the Tunisian State Electricity and Gas Company.

Figure 18: Sabria overview

Sabria overview			
Asset name	Sabria (Tunisia)	YE20 Reserves 2P (mmboe)	16.6
Operator	Serinus	YE20 Resources 2C (mmboe)	0
Fiscal framework	Tax and royalty	Oil as a % of 2P/2C resources	68%
Partners	Serinus (45%), ETAP (55%)	NPV10-15 (gross)*, \$mn	30-58
2020 production, kboepd	0.744	NPV10-15 (gross)*, \$/boe	4.7-8.9

* Based on oil prices of \$50-75/bbl from 2023+.

Source: Company data, Renaissance Capital estimates

Production and development plans

2020 gross production was 0.744kboepd (~80% oil). Serinus' near-term development focus is the installation of ESPs on four of the wells, which the management views as a low-cost, high-return opportunity. Based on a technical study carried out for Serinus by a third-party consultant in September 2020, the ESPs could grow gross production by ~3.46kboepd – multiples 2020 levels.

The first ESP was scheduled to be installed in July 2021 at the SAB-W1 well (currently shut-in) but COVID-related delays are likely to push this into 2022. The second ESP will be installed at the SAB-NW1 well in 2022, as per the original schedule and the last two at SAB-N3H and WIN-12bis in 2023. The table below shows the expected benefit the ESPs will have on production and hydrocarbon recovery.

Figure 19: Sabria estimated benefit of ESPs

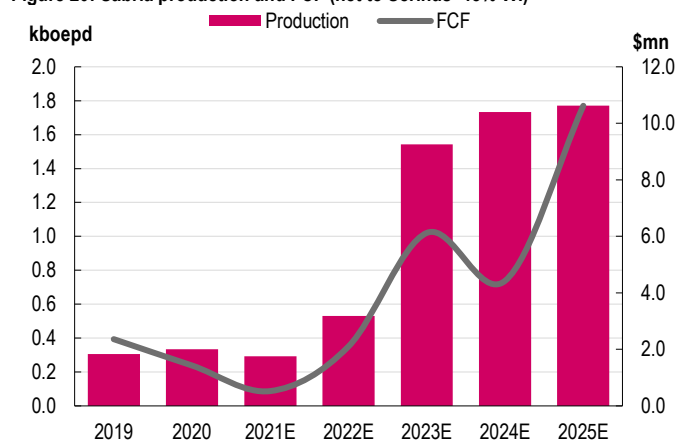
Well	Natural Flow Initial Rate August 2020		ESP Production FBHP at 1,500 psia, ESPs at 50Hz						
	Initial Oil Rate (bbl/d)	Production to 2030 (MMstb)	Enhanced Oil Rate (bbl/d)	Oil Production to 2030 (MMstb)	Enhanced Gas Rate (bbl/d)	Gas Production to 2030 (Bcf)	Enhanced Total Rate (BOE/d)	Total Production to 2030 (MMBOE)	Incremental Production (BOE/d)
SABN-3H	Shut-in	Shut-in	639	0.4	1,789	1.1	937	0.6	937
SABNW-1	65	0.1	162	0.5	454	1.4	238	0.7	142
SABW-1	Shut-in	Shut-in	543	1.3	1,520	3.6	796	1.9	796
WIN-12bis	275	0.8	1,356	2.6	3,797	7.3	1,989	3.8	1,585
Total	340	1.4	2,700	5.3	7,560	14.8	3,960	7.8	3,461

Source: Company data

We model capex for the ESPs to be ~\$3.5mn per well, and the drilling costs for the infill wells to be ~\$15mn per well. We assume workovers and other facilities capex to cost an additional ~\$10mn. In total we model ~\$65mn of gross capex over the next three-to-four years. Our opex forecast is ~\$10/boe in 2022, reducing to ~\$5-6/boe after the ESPs are installed.

Future development: Longer term, Serinus plans a workover of the SAB-N2 well and to drill two infill wells (WIN-14 and WIN-15). The SAB-N2 workover will include an acid injection programme and drill stem test.

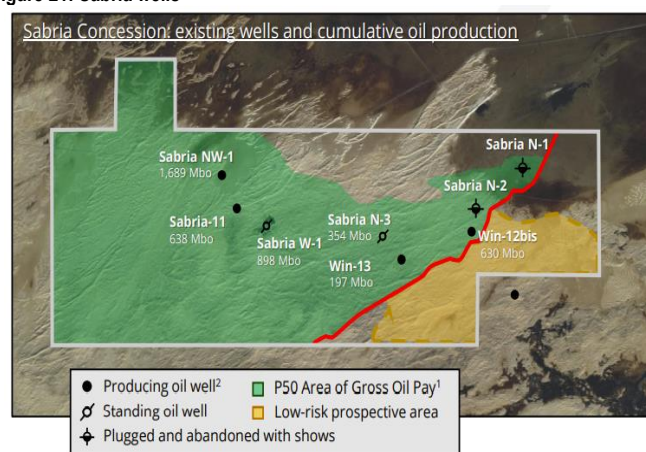
Figure 20: Sabria production and FCF (net to Serinus' 45% WI)



Note: Assumes \$50/bbl (real) from 2023+.

Source: Company data, Renaissance Capital estimates

Figure 21: Sabria wells



Source: Company data

Reservoirs – subsurface risk

Sabria's reservoirs are fractured tight sandstones, of Ordovician age and ~3-4 km depth. A reservoir is defined as being 'fractured' only if a network of fracturing is distributed throughout the reservoir with a significant effect on fluid flow and storage. Such fractures formed naturally during the geological history of the reservoir as a function of the rock's physical properties and prevailing stress regime. Although both clastic and carbonate reservoirs can possess a fractured system, the carbonate reservoirs are more significantly influenced by their presence (Sabria's reservoirs are clastic).

In contrast with unfractured reservoirs, where hydrocarbons are stored and flow only within the rock matrix, the fractures in the fractured reservoirs could provide a secondary medium for storage and transmission of hydrocarbons, with the reservoir offering **dual porosity – dual permeability properties**. One of the main challenges geoscientists and reservoir engineers face when trying to model fractured reservoirs is the interrelated performance of the fractures and the matrix. Whilst for unfractured reservoirs, a core sample and well flow test could offer important data points for estimating a recovery factor, recoverable resource and model the reservoir, the addition of fractures, at a varying intensity throughout the reservoir, makes reservoir modelling an immensely more complex task. The rate at which the fractures are recharged with hydrocarbons from the matrix is key, with regard to the sustainability of production.

What does this mean for Sabria? Due to the subsurface uncertainty posed by fractured reservoirs, the production performance of the each of the wells post ESP installation, are key catalysts and could materially derisk the story, we believe. P50 original oil-in-place (OOIP) of Sabria is estimated at ~445mmmbbl, by Serinus' reserves auditors (Gaffney Cline & Associates). <5mmbls of oil (~1.1% of OOIP) have been produced to date and although recovery factors of fractured reservoirs are typically smaller than unfractured reservoirs, we think the field has material longer-term potential, which we do not factor in our estimates and valuation.

Valuation

Our valuation of Sabria is based on the 2P resources and does not assume further upside. Our production outlook is based on the production profile the company expects post ESP installation. We value Sabria at \$30-58mn based on 10-15% discount rates and oil prices of \$50-75/bbl.

Figure 22: Sabria valuation (net to Serinus), \$mn

		LT oil price, \$/bbl					
		50	55	60	65	70	75
Discount rate	10%	39.0	43.2	46.5	49.9	53.6	57.7
	11%	36.9	40.9	44.0	47.3	50.8	54.8
	12%	35.0	38.8	41.8	44.9	48.3	52.1
	13%	33.2	36.8	39.8	42.8	46.0	49.6
	14%	31.6	35.1	37.9	40.8	43.8	47.3
	15%	30.1	33.4	36.2	38.9	41.9	45.2

Note: Assumes \$60/bbl Brent in 2022.

Source: Company data, Renaissance Capital estimates

Fiscal terms and netbacks

The licence is under a tax and royalty regime but contains an R-factor, a feature prominent in production sharing contracts (PSC). Oil & gas royalties and corporate tax are based on the R-factor, which is calculated as cumulative revenue divided by cumulative costs (rates on tables below). Tax depreciation is on a three-year straight line.

Figure 23: Oil royalty

R factor	Royalty
Less than 0.5	2%
Between 0.5 and 0.8	5%
Between 0.8 and 1.1	7%
Between 1.1 and 1.5	10%
Between 1.5 and 2.0	12%
Between 2 and 2.5	14%
Between 2.5 and 2.0	15%
Over 3	15%

Source: Company data

Figure 24: Corporate tax

R factor	CIT
Less than 1.5	50%
Between 1.5 and 2.0	55%
Between 2 and 2.5	60%
Between 2.5 and 3.0	65%
Over 3	70%

Source: Company data

Figure 25: Sabria netbacks, \$/boe

Brent price	50.00	60.00	70.00	80.00	90.00
Revenue	44.80	53.95	63.09	72.23	81.38
Royalties	-4.27	-5.14	-6.01	-6.88	-7.75
Opex	-10.00	-10.00	-10.00	-10.00	-10.00
Field netback	30.54	38.81	47.08	55.35	63.62
Taxes	-6.72	-10.85	-14.99	-19.12	-23.26
AT netback	23.82	27.96	32.09	36.23	40.36

Note: Based on 2022.

Source: Company data, Renaissance Capital estimates

Choueich (Tunisia)

Serinus holds a 100% WI in the Choueich Es Saida and Ech Choueich concessions. The producing fields are mature and approaching end life, however, there could be significant exploration upside from new plays in deeper zones.

The Choueich Es Saida and Ech Choueich concessions are adjacent to each other and are located in the Ghadames Basin in southern Tunisia. Choueich Es Saida commenced production in 1977 and as of YE20, three wells were producing from the licence. In Ech Choueich, commercial production commenced in 2008 from a single well, which is still the only active producer in the licence. Oil from both concessions is transported to a sales point at El Borma by an 80 km pipeline that is owned by Serinus. Gas is sold to STEG at El Borma.

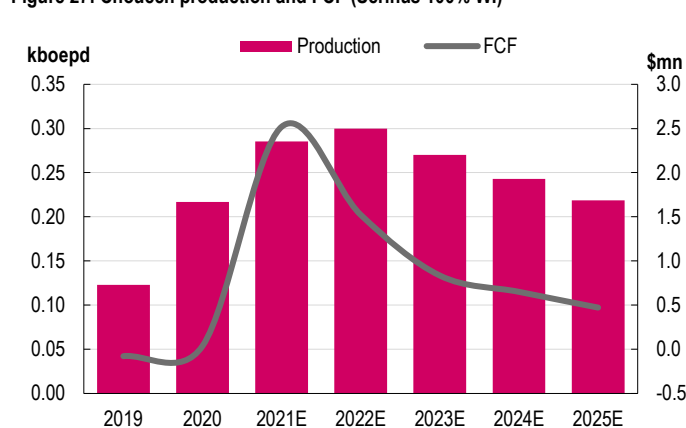
Figure 26: Choueich Es Saida and Ech Choueich overview

Choueich Es Saida and Ech Choueich overview			
Asset name	Choueich Es Saida and Ech Choueich overview (Tunisia)	YE20 Reserves 2P (mmboe)	0.63
Operator	Serinus	YE20 Resources 2C (mmboe)	0
Fiscal framework	Tax and royalty	Oil as a % of 2P/2C resources	90%
Partners	Serinus (100%)	NPV10-15 (gross)*, \$mn	-1.7-5.8
2020 production, kboepd	0.217	NPV10-15 (gross)*, \$/boe	-2.7-9.2

* Based on oil prices of \$50-75/bbl from 2023+.

Source: Company data, Renaissance Capital estimates.

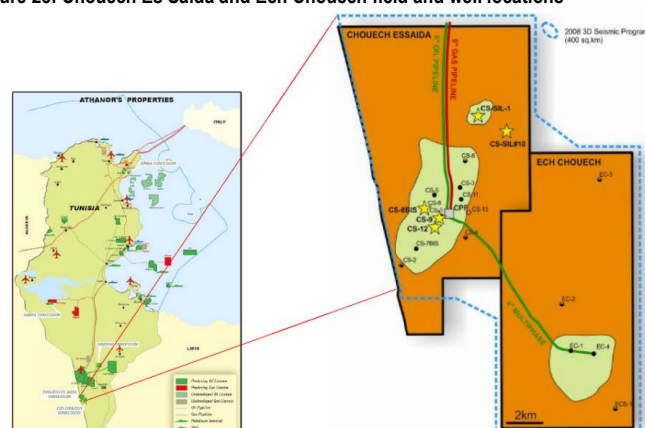
Figure 27: Choueich production and FCF (Serinus 100% WI)



Note: Assumes \$50/bbl (real) from 2023+.

Source: Company data, Renaissance Capital estimates

Figure 28: Choueich Es Saida and Ech Choueich field and well locations



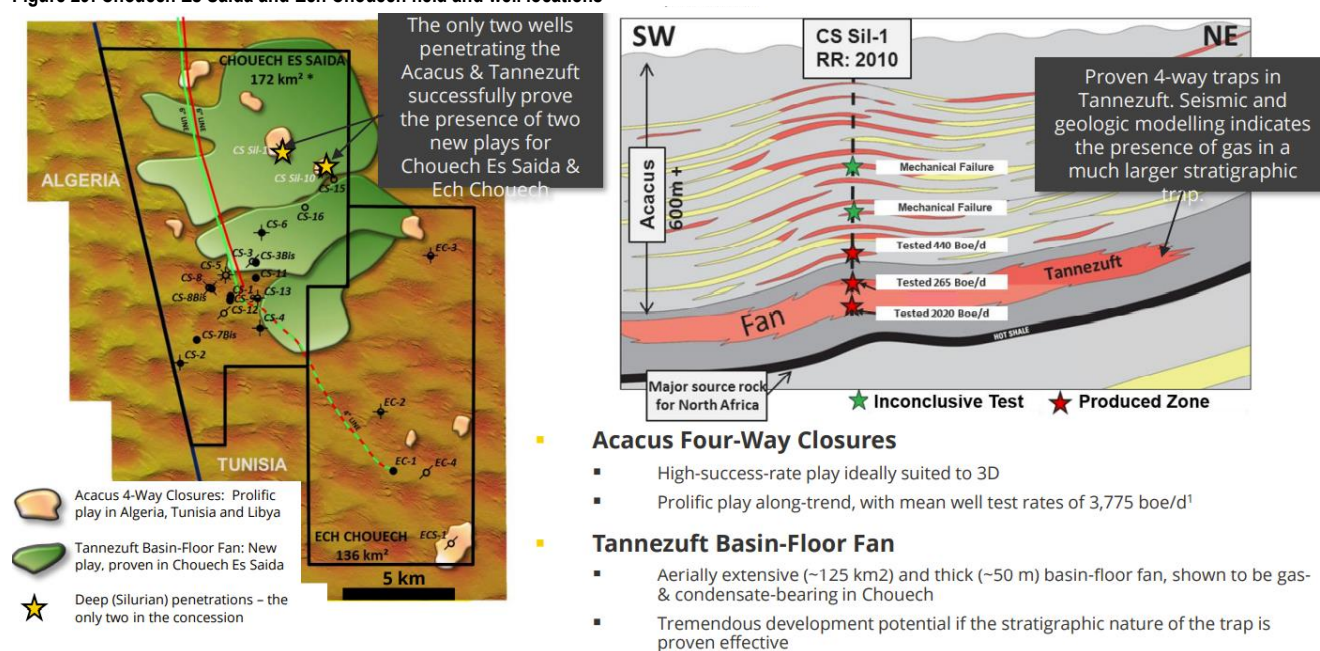
Source: Company data

Outlook

Although production has experienced a healthy recovery in 2020, there are no further development plans by Serinus, resulting to a negative/low valuation for the assets, due to a sizeable ~\$13mn decommissioning cost.

Exploration potential: Future activity in the licence is likely to come in the form of exploration upside, in our view. Serinus has in the past drilled wells penetrating the Acacus and Tannezuft zones (Silurian age), which successfully proved the presence of two new plays. We expect Serinus to communicate near- to medium-term exploration plans to the market in 2021-2022.

Figure 29: Chouech Es Saida and Ech Chouech field and well locations



Source: Company data

Valuation

Assuming no further exploration upside, we value Chouech at \$-1.7-5.8mn, based on 10-15% discount rates and \$50-75/bbl oil prices.

Figure 30: Chouech valuation, \$mn

		LT oil price, \$/bbl					
Discount rate	10%	50	55	60	65	70	75
	11%	-1.7	0.1	1.5	2.9	4.2	5.3
	12%	-1.3	0.5	1.8	3.1	4.4	5.5
	13%	-0.9	0.8	2.1	3.4	4.6	5.6
	14%	-0.6	1.1	2.3	3.6	4.8	5.7
	15%	-0.3	1.4	2.6	3.7	4.9	5.8
	16%	-0.1	1.6	2.7	3.9	5.0	5.8

Note: Assumes \$60/bbl Brent in 2022.

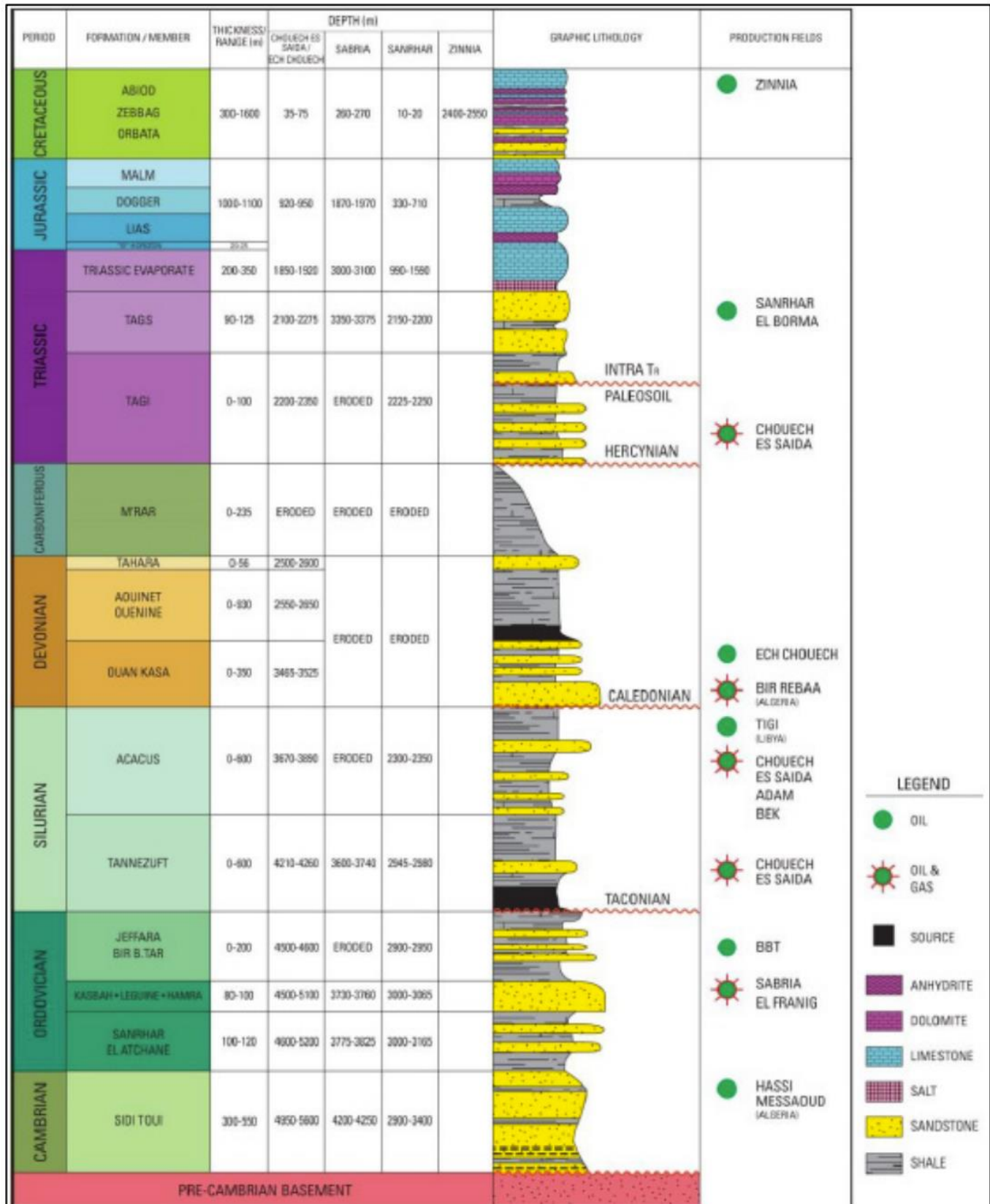
Source: Company data, Renaissance Capital estimates

Tunisia regional stratigraphy

Renaissance Capital
19 November 2021

Serinus Energy

Figure 31: Tunisia regional stratigraphy



Source: Company data

Based on our standard bottom-up SoTP methodology, we value Serinus Energy at a rounded GBp3.5-6.0/share, based on LT oil prices of \$50-75/bbl and discount rates of 10-15%, implying 67-186% upside potential from current levels.

Methodology

Our standard approach to valuing international E&Ps is a bottom-up SoTP valuation of a company's assets, net debt and other corporate items. We use a DCF to value each asset individually, typically using 10-15% discount rates, depending on jurisdictions. Our valuation is typically based on unrisks producing assets (usually 2P/P50), and commercially risked discoveries and developments (2P/2C). Our NAV or TNAV does not include any upside from exploration. Risked exploration NAV (RENAV) includes commercially and geologically risked exploration. Renaissance Capital's oil price forecast is \$68/bbl for 2021, \$60/bbl for 2022 and \$50/bbl (real) from 2023+.

- **Discount rate:** Our benchmark rate is 12% for Tunisia and 10% for Romania. We use a 10-15% range for sensitivities in Tunisia and 8-12% for Romania.
- **Oil price forecast:** Renaissance Capital's oil price forecast is \$68/bbl for 2021, \$60/bbl for 2022 and \$50/bbl real from 2023 onwards, which is what we assume as a benchmark for Serinus. We use \$50-75/bbl LT oil price sensitivities.
- **Satu Mare:** We value Satu Mare at \$30-38mn or GBp1.9-2.4/share, assuming an unrisks 2P+2C resource recovery, based on discount rates of 8-12%, long-term Brent price of \$50-75/bbl and gas prices of \$6.25-9.38/mcf.
- **Sabria:** We value Sabria at \$30-58mn (GBp1.9-3.7/share) based on 10-15% discount rates and oil prices of \$50-75/bbl. Our production outlook is based on the production profile the company expects post ESP installation.
- **Chouech:** We value Chouech at \$-1.7-5.8mn (GBp0-0.4/share), based on 10-15% discount rates and \$50-75/bbl oil prices and assuming no exploration upside.
- **Corporate items and other:** We deduct two years of G&A from our valuation (\$10mn), add Serinus' net cash (\$6mn) and deduct near-term exploration expenses estimated at \$3mn and leases of ~\$1mn.
- **Exploration:** Our risked exploration NAV (RENAV), includes GBp0.5-1.8/share of commercially risked-unrisks exploration upside, based on Satu Mare's P90 prospective resources and a conservative 10% chance of discovery.

Figure 32: Serinus Energy valuation sensitivity, \$mn

		LT oil price, \$/bbl					
		50	55	60	65	70	75
Discount rate	10% / 8%	60.8	68.2	74.3	80.2	86.6	93.3
	11% / 9%	58.8	65.9	71.7	77.4	83.6	90.0
	12% / 10%	56.9	63.7	69.3	74.8	80.7	86.8
	13% / 11%	55.1	61.7	67.1	72.4	78.1	83.9
	14% / 12%	53.4	59.8	65.1	70.1	75.6	81.2
	15% / 13%	52.1	58.4	63.4	68.4	73.7	79.1

Note: Assumes \$60/bbl in 2022.

Romania discount rate is 200 bpts lower than Tunisia.

Source: Company data, Renaissance Capital estimates

Figure 33: Serinus Energy valuation sensitivity, GBp/share

		LT oil price, \$/bbl					
		50	55	60	65	70	75
Discount rate	10% / 8%	3.9	4.4	4.7	5.1	5.5	5.9
	11% / 9%	3.7	4.2	4.6	4.9	5.3	5.7
	12% / 10%	3.6	4.1	4.4	4.8	5.1	5.5
	13% / 11%	3.5	3.9	4.3	4.6	5.0	5.3
	14% / 12%	3.4	3.8	4.1	4.5	4.8	5.2
	15% / 13%	3.3	3.7	4.0	4.4	4.7	5.0

Note: Assumes \$60/bbl in 2022.

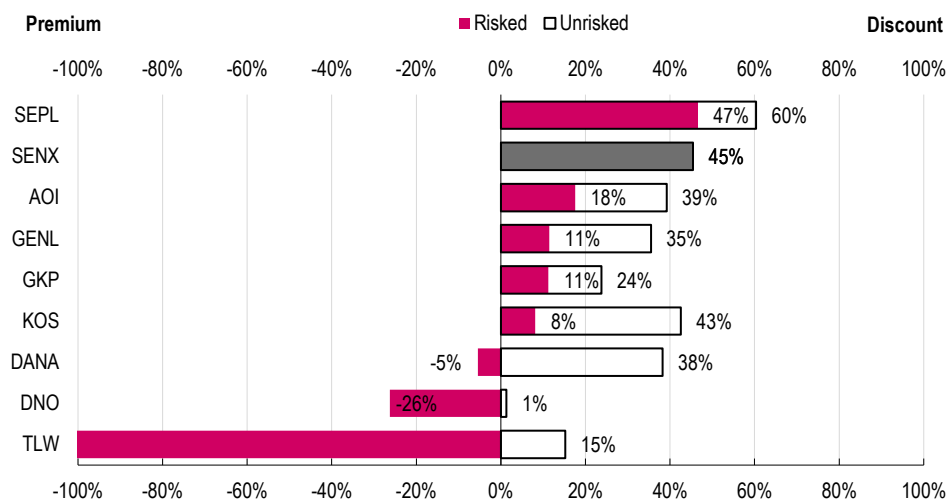
Romania discount rate is 200 bpts lower than Tunisia.

Source: Company data, Renaissance Capital estimates

Peer comparison

Based on Renaissance Capital's Brent price assumptions of \$60/bbl in 2022 and \$50/bbl (real) from 2023+, our tangible NAV for Serinus is GBp3.8/share. At our oil price deck, the shares are trading at a 45% discount to that NAV, compared with the sector's 16% (ex Tullow).

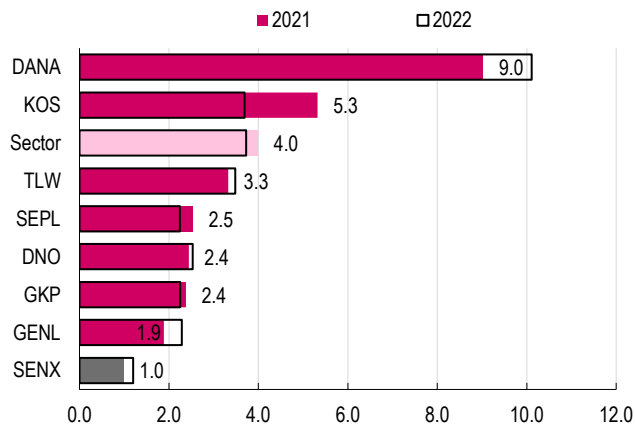
Figure 34: International E&Ps share price relative to tangible NAV



Source: Company data, Renaissance Capital estimates

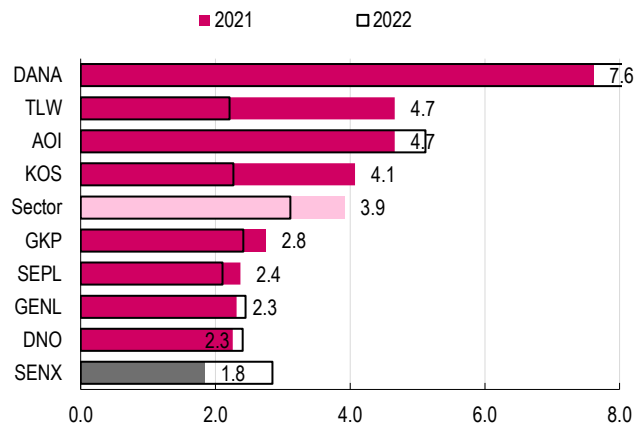
Looking at 2021 and 2022 trading multiples, Serinus screens cheap relative to the rest of the sector, on our estimates.

Figure 35: International E&Ps EV/EBITDAX, x



Source: Company data, Renaissance Capital estimates

Figure 36: P/CF, x



Source: Company data, Renaissance Capital estimates

Figure 37: Serinus valuation summary at Renaissance Capital's LT oil price assumption (\$50/bbl) and applying our benchmark discount rates for Romania (10%) and Tunisia (12%)

Asset	Country	Status	Gross resource (geo. risked) mmboe	WI	Net resource (geo. risked) mmboe	Commercial risking	NPV/boe (unrisked) \$/boe	NPV/\$mn (risked) \$mn	NPV/\$mn (unrisked) \$mn	NPV/sh (risked) GBp/sh	NPV/sh (unrisked) GBp/sh
Producing											
Satu Mare	Romania	2P O&G	2.0	100%	2.0	100%	15.4	31	31	2.0	2.0
Sabria	Tunisia	2P O&G	14.6	45%	6.6	100%	5.5	36	36	2.3	2.3
Chouech	Tunisia	2P O&G	0.7	100%	0.7	100%	-0.2	0	0	0.0	0.0
Total producing			17.3		9.3		7.2	67	67	4.3	4.3
Development and discoveries											
Total development			0.0		0.0			0	0	0.0	0.0
Prospective resources											
Berveni & Nisipeni	Romania	P90	3.9	100%	3.9	30%	4.0	5	16	0.3	1.0
Santau & Madaras	Romania	P90	2.6	100%	2.6	30%	4.0	3	10	0.2	0.7
Nusfulau	Romania	P90	0.1	100%	0.1	30%	4.0	0	0	0.0	0.0
Babesti	Romania	P90	0.3	100%	0.3	30%	4.0	0	1	0.0	0.1
Total prospective			6.9		6.9		4.0	8	28	0.5	1.8
Valuation summary											
Total producing assets			17.3		9.3		7.2	67	67	4.3	4.3
Total development assets			0.0		0.0			0	0	0.0	0.0
Exploration								-3	-3	-0.2	-0.2
G&A (2Y)								-10	-10	-0.6	-0.6
Net debt/cash								6	6	0.4	0.4
Working Capital								-1	-1	0.0	0.0
Other											
Tangible NAV (TNAV)			17.3		9.3			59	59	3.8	3.8
Exploration upside			6.9		6.9		4.0	8	28	0.5	1.8
RENAV			24.2		16.2			68	87	4.3	5.5
Share price, GBp			2.1			TNAV upside				80%	80%
Number of shares, mn			1140.66			RENAV upside				105%	164%
Market value, \$mn			32.3			Discount to TNAV				-45%	-45%
EV, \$mn			26.6								

Priced as of close 17 November.

Note: Assumes Brent of \$60/bbl in 2022 and \$50/bbl (real) from 2023+.

Source: Company data, Renaissance Capital estimates

Figure 38: International E&Ps comparable valuation summary

Stock	Ticker	Currency	Price 17-Nov-21	Countries of operation	NAV		MktCap, \$mm	EV (YE ND), \$mn	Liquidity 3MADTV, \$mn	Dividend yield
					Risked	Unrisked				
Africa Oil	AOI	SEK	14.39	Nigeria, Kenya, SA	17.5	23.7	793	741.6	3.13	0.0
Dana Gas	DANA	AED	1.10	KRI, Egypt	1.04	1.78	2084	2065.9	3.66	5.0%
Declar Resources	DKL	CAD	0.82	Nigeria	1.26	1.67	60	60	0.20	0.0
DNO	DNO	NOK	12.78	KRI, Norway, UK	10.12	12.9	1460	1595.3	4.87	1.6%
Genel Energy	GENL	GBp	146.80	KRI	166	228	552	515.0	0.50	8.1%
Gulf Keystone	GKP	GBp	208.50	KRI	235	274	602	513.6	2.05	17.0%
Kosmos Energy	KOS	USD	3.76	Ghana, US, EG, MS	4.1	6.5	1699	3905.3	22.45	0.0
Seplat Energy	SEPL	GBp	75.20	Nigeria	141	190	598	1012.9	0.22	9.8%
Serinus Energy	SENX	GBp	2.07	Tunisia, Romania	3.8	3.8	32	16.9	0.19	0.0
Tullow Oil	TLW	GBp	45.82	Ghana, Gabon, Kenya	21	54	886	3147.3	5.53	0.0

Working interest production, kboepd					EBITDAX, \$mn				FCF (post interest), \$mn			
2020	2021E	2022E	2023E		2020	2021E	2022E	2023E	2020	2021E	2022E	2023E
Africa Oil	28.7	27.6	25.6	24	-13	-16	-16	-16	-400	168	155	74
Dana Gas	63.2	62.6	59.7	62.8	79	229	204	218	72	178	84	134
DNO	100.1	97.4	92.8	85.6	379	653	630	472	147	329	233	101
Genel Energy	32	32	34	30	115	273	225	133	-6	79	123	12
Gulf Keystone	29	35	44	45	58	216	228	171	-23	137	210	106
Kosmos Energy	69.7	64.0	82.6	97.4	382	734	1059	887	-155	-333	368	158
Seplat Energy	51.1	52.3	65.2	76	226	399	451	453	40	83	49	131
Serinus Energy	2.3	1.9	1.8	3.2	7.1	17.2	14.1	26.3	2.5	9.4	2.6	12.6
Tullow Oil	74.9	59.0	61.0	61	783	947	903	787	426	129	104	71
Total Sector	451.2	432.1	466.8	485	2,016	3,452	3,699	3,132	104	779	1,327	800

Capex, \$mn					Net debt/(Cash), \$mn				Net debt/EBITDA, x			
2020	2021E	2022E	2023E		2020	2021E	2022E	2023E	2020	2021E	2022E	2023E
Africa Oil	-21	-2	0	0	101	-51	-177	-223	nmf	nmf	nmf	nmf
Dana Gas	-52.0	-95.8	-116.0	-77.5	55.0	-18.1	2.4	-27.3	0.7	-0.1	0.0	-0.1
DNO	-208.0	-318.0	-374.7	-351.3	472.5	135.2	-77.0	-158.6	1.2	0.2	-0.1	-0.3
Genel Energy	-110	-159	-103	-101	-6	-37	-116	-84	-0.1	-0.1	-0.5	-0.6
Gulf Keystone	-58	-82	-40	-64	-48	-89	-246	-298	-0.8	-0.4	-1.1	-1.7
Kosmos Energy	-380	-412	-381	-475	1,998	2,206	1,838	1,680	5.2	3.0	1.7	1.9
Seplat Energy	-150	-179	-250	-184	440	415	437	379	1.9	1.0	1.0	0.8
Serinus Energy	-4	-8	-9	-7	-6	-15	-17	-29	-0.8	-0.9	-1.2	-1.1
Tullow Oil	-431	-268	-297	-297	2,376	2,261	2,157	2,086	3.0	2.4	2.4	2.7
Total Sector	-1,414	-1,525	-1,571	-1,557	5,382	4,808	3,801	369.4	2.7	1.4	1.0	0.1

EV/EBITDAX, x					P/CF, x				FCFE yield			
2020	2021E	2022E	2023E		2020	2021E	2022E	2023E	2020	2021E	2022E	2023E
Africa Oil	nmf	nmf	nmf	nmf	-2.1	4.7	5.1	10.7	-50%	21%	20%	9%
Dana Gas	26.2	9.0	10.1	9.5	16.8	7.6	10.4	9.9	3%	9%	4%	6%
DNO	4.2	2.4	2.5	3.4	4.1	2.3	2.4	3.2	10%	23%	16%	7%
Genel Energy	4.5	1.9	2.3	3.9	5.3	2.3	2.4	4.8	-1%	14%	22%	2%
Gulf Keystone	8.9	2.4	2.3	3.0	17.0	2.8	2.4	3.5	-4%	23%	35%	18%
Kosmos Energy	10.2	5.3	3.7	4.4	13.6	4.1	2.3	2.7	-9%	-20%	22%	9%
Seplat Energy	4.5	2.5	2.2	2.2	3.2	2.4	2.1	2.0	7%	14%	8%	22%
Serinus Energy	2.4	1.0	1.2	0.6	4.7	1.8	2.8	1.6	8%	29%	8%	39%
Tullow Oil	4.0	3.3	3.5	4.0	2.6	4.7	2.2	2.4	48%	15%	12%	8%
Average Sector	6.8	4.0	3.7	4.4	5.9	3.9	3.1	3.8	1%	9%	15%	9%

Note: EG: Equatorial Guinea. MS is Mauritania and Senegal.
Declar Resources (DKL) is also a sponsored research client of Renaissance Capital.

Source: Bloomberg, Company data. Renaissance Capital estimates

After restructuring its debt in 2020, via a debt-to-equity swap, Serinus entered 2021 debt-free, resetting its equity story. We forecast the company to generate double-digit annual FCF yields, in the coming years, fuelling organic and inorganic growth opportunities.

FCF potential

Our financial forecasts are based on our oil price deck of \$60/bbl in 2022 and \$50/bbl (real) in 2023+. Assuming \$3mn of exploration capex in 2022, we forecast Serinus to generate >\$75mn of CFFO during 2021-2025E and >\$40mn of FCF, adding to Serinus' cash position of \$6mn.

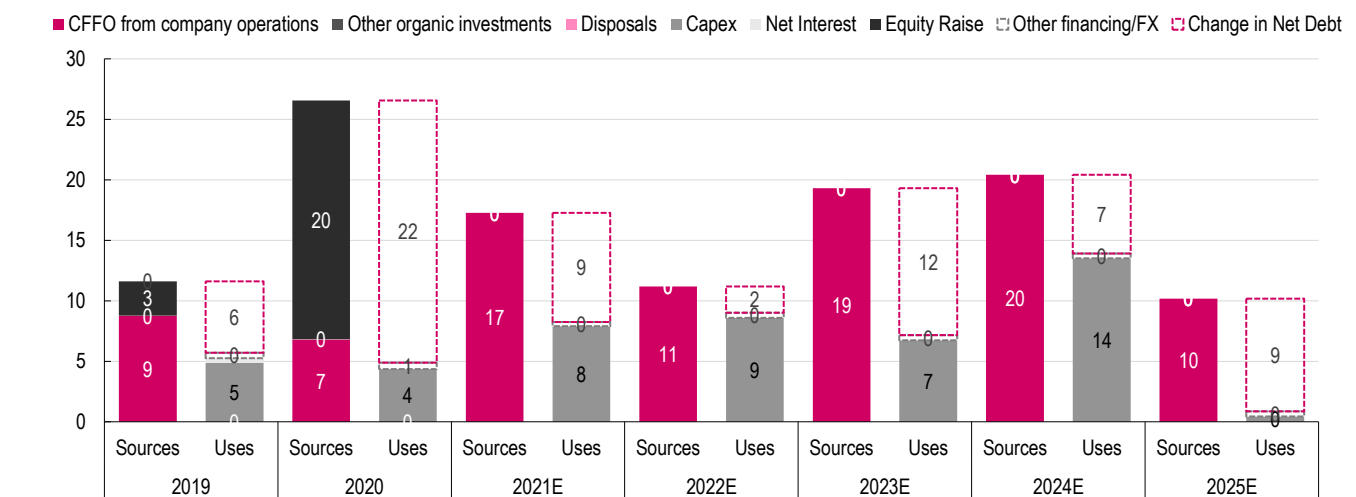
Cost base

We outline our field opex and capex assumptions in the asset sections. In addition, we assume \$5mn of corporate G&A each year, a portion of which is share-based compensation. We do not forecast exploration costs post 2022, as we do not give credit to Serinus for exploration upside.

Working capital

Serinus has net payables of ~\$6mn. The Going Concern statement in the accounts state that the "Directors have considered the circumstances, current status and practical realisations of \$11.3mn of current liabilities that relate to long-term historical liabilities and based on this assessment do not believe that these will become due in the going concern period under review". We are taking management's guidance and do not deduct the working capital deficit from our valuation.

Figure 39: Sources and uses of cash, \$mn



Note: Assumes Brent of \$68/bbl in 2021, \$60/bbl in 2022 and \$50/bbl (real) from 2023+.

Source: Company data. Renaissance Capital estimates

Figure 40: Serinus financial forecasts

Assumptions		2019	2020	2021	2022E	2023E
Brent price	\$/bbl	64.0	42.3	68.1	60.0	52.0
Production	kboepd	1.4	2.3	1.9	1.8	3.2

Income statement		2019	2020	2021	2022E	2023E
Revenue	\$mn	24.4	24.0	44.0	36.4	50.1
Opex	\$mn	(7.0)	(8.3)	(8.4)	(8.0)	(10.3)
DDA	\$mn	(10.5)	(15.3)	(7.9)	(4.0)	(6.9)
G&A	\$mn	(4.3)	(5.4)	(4.6)	(5.0)	(5.0)
Royalties	\$mn	(1.9)	(1.8)	(4.1)	(3.4)	(4.6)
Other/windfall tax	\$mn	3.8	2.1	(9.8)	(5.9)	(3.9)
Operating profit	\$mn	4.5	(4.7)	9.2	10.2	19.4
Net finance costs	\$mn	(4.8)	(3.8)	0.0	0.0	0.0
Associates	\$mn	0.0	0.0	0.0	0.0	0.0
Profit before tax	\$mn	(0.3)	(8.5)	9.2	10.2	19.4
Income tax	\$mn	(1.7)	(0.8)	(0.8)	(3.6)	(7.6)
Minorities	\$mn	0.0	0.0	0.0	0.0	0.0
Net income	\$mn	(1.9)	(9.3)	8.5	6.6	11.8

Shares	mn	234.2	272.4	1140.7	1140.7	1140.7
EPS (diluted)	\$/sh	-0.01	-0.03	0.01	0.01	0.01
EBITDAX	\$mn	8.0	7.1	17.2	14.1	26.3

Cash flow statement		2019	2020	2021	2022E	2023E
Profit before tax	\$mn	(0.3)	(8.5)	9.2	10.2	19.4
DDA	\$mn	10.5	15.3	7.9	4.0	6.9
Other adjustments	\$mn	(1.8)	1.6	0.6	0.6	0.6
Cash tax	\$mn	(0.3)	(1.2)	(1.0)	(3.6)	(7.6)
CFFO bf ΔWC	\$mn	8.1	7.3	16.7	11.2	19.3
WC	\$mn	0.7	(0.5)	0.6	0.0	0.0
CFFO	\$mn	8.7	6.8	17.3	11.2	19.3

Capex	\$mn	(4.9)	(4.4)	(7.9)	(8.6)	(6.8)
Acquisitions	\$mn	0.0	0.0	0.0	0.0	0.0
Disposals	\$mn	0.0	0.0	0.0	0.0	0.0
Other investments (net)	\$mn	0.0	0.0	0.0	0.0	0.0
CFFI	\$mn	(4.9)	(4.3)	(7.9)	(8.6)	(6.8)

Dividends	\$mn	0.0	0.0	0.0	0.0	0.0
Interest paid / other	\$mn	2.0	19.2	(0.4)	(0.4)	(0.4)
Change in debt	\$mn	(5.4)	(18.5)	0.0	0.0	0.0
CFFF	\$mn	(3.4)	0.7	(0.4)	(0.4)	(0.4)
FX	\$mn	0.0	0.0	0.0	0.0	0.0
Change in cash	\$mn	0.5	3.2	9.0	2.2	12.2

FCF (post interest)	\$mn	3.5	2.5	9.4	2.6	12.6
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Balance sheet		2019	2020	2021	2022E	2023E
Cash	\$mn	2.8	6.0	14.9	17.1	29.3
Debt	\$mn	31.1	0.0	0.0	0.0	0.0
Total assets	\$mn	110.5	94.4	102.7	109.5	121.5
Total liabilities	\$mn	95.9	63.9	63.9	63.9	63.9
Equity	\$mn	14.5	30.4	39.0	46.2	58.6

Net debt	\$mn	28.3	(6.0)	(14.9)	(17.1)	(29.3)
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Other metrics		2019	2020	2021	2022E	2023E
Net debt / EBITDAX	x	3.5	na	na	na	na
ND/ ND + Equity	x	0.7	(0.2)	(0.6)	(0.6)	(1.0)
ROACE		13%	-16%	35%	25%	40%
CROACE		48%	22%	71%	42%	66%

Valuation		Risked		Unrisked	
		\$mn	p/sh	\$mn	p/sh
Producing assets		67	4.3	67	4.3
Development assets		0	0.0	0	0.0
Exploration		-3	-0.2	-3	-0.2
G&A (2Y)		-10	-0.6	-10	-0.6
Net Debt		6	0.4	6	0.4
Leases		-1	0.0	-1	0.0
Other		0	0.0	0	0.0
Tangible NAV (TNAV)		59	3.8	59	3.8
Risked exploration upside		8	0.5	28	1.8
RENAV		68	4.3	87	5.5
P/TNAV	x		0.55		0.55
P/RENAV	x		0.49		0.38

Valuation multiples		2019	2020	2021	2022E	2023E
EV/EBITDAX	x	3.8	1.1	1.1	1.1	0.1
EV/DACF	x	3.7	1.0	1.4	1.4	0.2
P/E	x	na	3.9	5.0	2.8	
P/CF	x	4.9	1.9	2.9	1.7	
FCF yield		7%	28%	8%	38%	

Near-term catalysts		Risked		Unrisked	
	Timing	\$mn	p/sh	\$mn	p/sh
Berveni & Nisipeni	Expl. 2022+	4.7	0.3	15.6	1.0
Santau & Madaras	Expl. 2022+	3.1	0.2	10.4	0.7
Babesti	Expl. 2022+	0.4	0.0	1.2	0.1

Netbacks		2019	2020E	2021	2022E	2023E
Brent price	\$/boe	64.0	42.3	68.1	60.0	52.0
Revenue	\$/boe	48.1	28.1	63.2	54.9	43.5
Opex	\$/boe	-13.8	-9.7	-12.1	-12.1	-8.9
DDA	\$/boe	-20.7	-17.9	-11.3	-6.0	-6.0
G&A	\$/boe	-8.5	-6.3	-6.6	-7.5	-4.3
Royalties	\$/boe	-3.7	-2.1	-5.8	-5.1	-4.0
Tax (incl. windfall tax)	\$/boe	-6.8	-3.1	-15.4	-14.3	-10.0
Cash margin	\$/boe	15.3	6.9	23.2	15.9	16.2

Valuation chart, GBp/sh		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0
Satu Mare						2.0						
Sabia										2.3		
Chouech												
Exploration											0.2	
Leases											0.0	
G&A (2Y)										0.6		
Net debt										0.4		
Other											0.0	
TNAV (risked)										3.8		
Unrisked upside												
TNAV (unrisked)										3.8		

Source: Company data. Renaissance Capital estimates

Tunisia

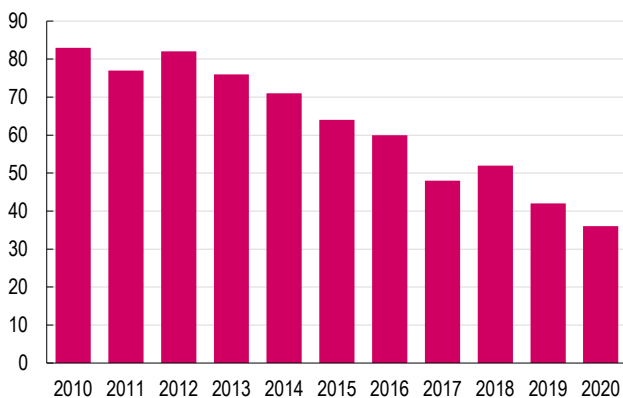
Tunisia was the Arab Spring's sole success story in terms of delivering democracy, but even that is now questionable. Tunisia has not been invited to President Joe Biden's democracy summit after the country's president suspended the parliament and in September said he would suspend much of the constitution and rule by decree. According to polls, despite supporting the July parliament suspension, most Tunisians want to keep the country's democratic system.

Economy: Despite some of the best fundamentals in Africa (great education, good electricity, low fertility rates), the country's economic direction has been deteriorating for years. Weak coalitions have depended on borrowing to sustain (low) growth, and the debt outlook has brought down Tunisia's credit ratings. On the positive side, in November the government finally asked to re-start talks with the IMF after the president in October called for austerity to address the country's imbalances. This may help stabilise the situation.

President Saied's most pressing problem is Tunisia's fiscal troubles (see Figure 45). Gross debt to GDP climbed from ~45% in 2010 to 90% in 2020 and the dinar lost half its value during the same period. The country looks stuck in a debt trap, according to the *Economist*, with a total budget deficit of 9% of GDP and annual debt-service payments of 7-9% of GDP. Transfers to state-owned firms take another 7-8% of GDP and subsidies a further 5%. Public wages have reached 18% of GDP. Almost all government revenue goes on these items, leaving little for investment or social spending, according to the newspaper.

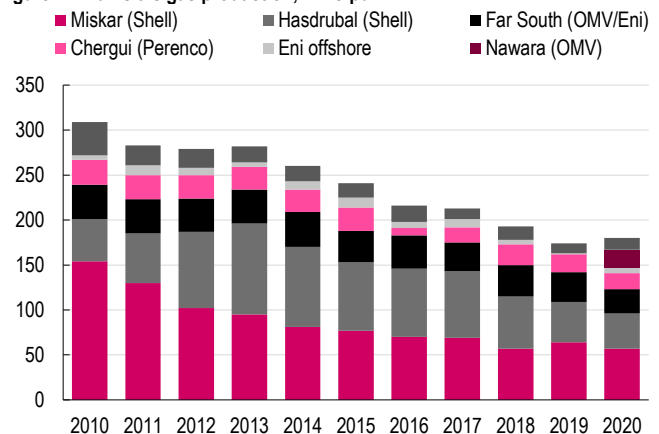
Oil sector: Tunisia's oil sector is past its glory days. Oil production has more than halved in the past decade, to ~35kbopd in 2020. The main oil producers Shell, Eni and OMV are *reportedly* looking to exit the country, a theme consistent with other hydrocarbon provinces, which could present M&A opportunities for Serinus, in our view.

Figure 41: Tunisia's oil production, kbopd



Source: BP statistical review

Figure 42: Tunisia's gas production, mmcfpd



Source: Energy Ministry, Middle East Economic Survey

Romania

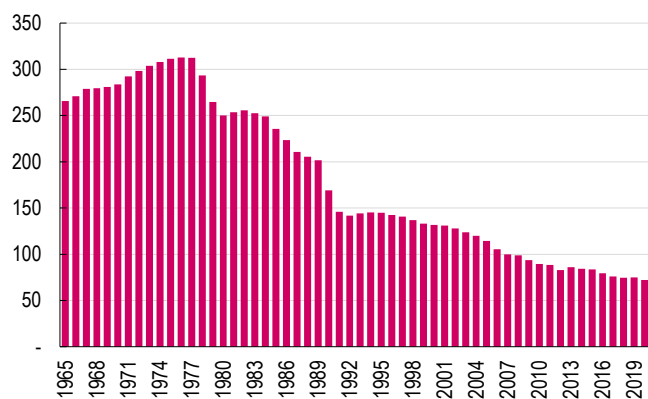
As an OECD country and member of the EU, Romania has enjoyed strong prosperity in recent years, despite regular political uncertainty, and Renaissance Capital's outlook on the country is positive.

Romania tops the world for most prime ministers who've been ousted by votes of no-confidence in the 21st century. Five have lost their jobs this way since 2009, contributing to the country having 18 prime ministers (including six acting PMs) since the year 2000. But Charlie Robertson, in a recent thought piece *Romania: When does leadership matter?* notes that per capita GDP has risen eight-fold from \$1,600 at the end of 1999 to \$13,000 by the end of 2020, beating Czechia, Ukraine and Somalia which have each lost four prime ministers.

In 2020, Charlie explains, there was a remarkable change in Romania, driven in large part by the new finance minister, Florin Citu, when a minority government of the Party of National Liberals (PNL) cut big prospective pension increases previously ordered by the Social Democratic Party (PSD) government. Citu, later as a PM, proceeded towards the re-liberalisation of electricity prices, froze public sector wages and began planning long-overdue reforms to state-owned enterprises. Citu's reformist agenda received praise from the IMF and rating agencies alike. The EU Commission now thinks Romania will have the fastest growth in the EU in 2021, Charlie says.

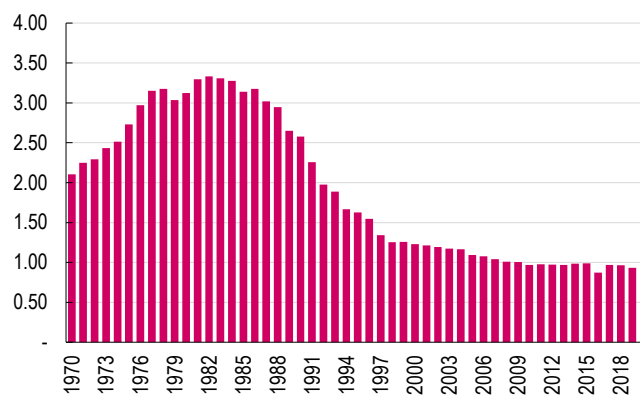
Oil sector: Romania has a long hydrocarbon history, although oil production has declined to ~70kbpd, from >300kbpd in the 1970s. Most of the legacy production comes from onshore fields but there are several large finds in the Black Sea, which could revive growth, especially on gas production. The biggest producers in the country are OMV Petrom and Romgaz.

Figure 43: Romania's oil production, kbpd



Source: BP statistical review

Figure 44: Romania's gas production, Bcfpd



Source: BP statistical review

Figure 45: Tunisia key economic indicators

Ratings (M/S&P/F) Caa1/NR/B-	EODB Rank: 78 (80) – Middle				Corruption Rank: 69 (74) – Middle				RenCap Legal score: 44 (43) – Middle				
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Activity													
Real GDP (% YoY)	3.5	-1.9	4.1	2.8	2.9	1.2	1.2	1.9	2.7	1.0	-8.6	3.0	3.3
Investment (% GDP)	26	23	24	23	23	20	18	19	21	18	11	13	16
Unemployment rate year-end (%)	13	19	17	15	15	15	16	16	16	15	17	na	na
Nominal GDP (lcl bn)	63	64	70	75	81	85	90	96	106	115	110	120	132
Nominal GDP (\$bn)	44	46	45	46	48	43	42	40	40	39	39	43	45
Population (mn)	11	11	11	11	11	11	11	12	12	12	12	12	12
GDP per capita (\$)	4,140	4,257	4,138	4,199	4,274	3,830	3,666	3,436	3,443	3,324	3,295	3,556	3,748
Bank credit to private sector (lcl, bn)	35	39	43	46	51	54	59	66	72	73	81	na	na
Lending/GDP (%)	55	61	61	61	63	64	66	69	68	63	73	na	na
Gross domestic saving (% of GDP)	20	15	15	13	13	10	9	9	10	9	4	6	8
Prices													
CPI (average % YoY)	4.4	3.2	4.6	5.3	4.6	4.4	3.6	5.3	7.3	6.7	5.6	5.7	6.5
CPI (year-end, % YoY)	3.5	3.4	5.4	5.2	4.4	3.8	4.2	6.2	7.5	6.1	4.9	6.8	6.1
Fiscal balance (% of GDP)													
Consolidated government balance	0	-3	-5	-7	-3	-5	-6	-6	-5	-4	-10	-8	-8
Primary government balance	1	-2	-3	-6	-1	-3	-4	-4	-2	-1	-6	-5	-4
Total public debt (% of GDP)	45	49	54	49	54	59	64	74	80	74	90	90	93
External indicators													
Exports (\$bn)	16	17	16	16	16	13	13	14	16	15	14	na	na
Imports (\$bn)	22	24	24	24	25	20	19	21	23	22	18	na	na
Trade balance (\$bn)	-6	-6	-8	-7	-9	-7	-6	-6	-7	-7	-5	na	na
Trade balance (% of GDP)	-14	-14	-17	-16	-19	-16	-15	-16	-18	-17	-12	na	na
Current account balance (\$bn)	-2	-4	-4	-4	-5	-4	-4	-4	-4	-3	-3	-3	-4
Current account balance (% of GDP)	-6	-8	-9	-10	-10	-10	-9	-10	-11	-8	-7	-7	-8
Net FDI (\$bn)	1	1	2	1	1	1	1	1	1	1	1	na	na
Net FDI (% of GDP)	3	2	4	2	2	2	2	2	2	2	2	na	na
C/A balance plus FDI (% of GDP)	-2	-6	-6	-7	-8	-7	-8	-8	-9	-6	-5	na	na
Exports (% YoY, value)	13	8	-5	0	-2	-16	-4	10	9	-4	-7	na	na
Imports (% YoY, value)	14	7	2	-1	5	-18	-7	9	10	-5	-15	na	na
FX reserves (ex gold, \$bn)	9	7	8	7	7	7	6	6	5	8	9	na	na
Import cover (months of imports)	5	4	4	4	3	4	4	3	3	4	6	na	na
External debt													
Gross external debt YE (\$bn)	23	23	25	26	27	27	29	34	35	39	41	na	na
Gross external debt YE (% of GDP)	51	50	56	56	57	64	69	85	87	101	105	na	na
Gross external debt YE (% of exports)	143	133	156	158	168	204	224	236	226	264	297	na	na
Short-term external debt YE (\$bn)	5	5	6	7	7	7	7	7	8	11	11	na	na
Short-term external debt YE (% of GDP)	11	11	14	14	14	15	16	19	20	29	27	na	na
Short-term external debt YE (% of exports)	31	29	38	40	43	49	52	53	52	77	77	na	na
Short-term external debt to reserves (%)	53	66	75	90	95	90	114	127	150	151	113	na	na
Total debt service (\$bn)	2	3	3	2	2	2	2	3	3	3	3	na	na
Total debt service (% of GDP)	5	6	6	5	4	4	5	8	8	8	8	na	na
Total debt service (% of exports)	15	16	16	15	12	14	16	22	19	21	24	na	na
Total debt service to reserves (%)	25	36	31	34	27	25	35	52	56	42	35	na	na
Currency and monetary policy													
Key policy rate (% YE)	4.50	3.50	3.75	4.00	4.75	4.25	4.25	5.00	6.75	7.75	6.25	na	na
Broad money growth (% YoY)	12	9	8	6	9	5	8	11	6	11	10	na	na
Exchange rate (EUR) annual average	1.90	1.96	2.01	2.16	2.26	2.18	2.38	2.73	3.13	3.29	3.21	3.46	3.62
Exchange rate (\$) annual average	1.43	1.41	1.56	1.62	1.70	1.96	2.15	2.42	2.65	2.93	2.81	2.82	2.91
Credit rating history													
Moody's	Baa2	Baa3	Baa3	Ba3	Ba3	Ba3	Ba3	B1	B2	B2	B2	Caa1	na
Standard & Poor's	BBB	BBB-	BB	-	-	-	NR	NR	NR	NR	NR	NR	na
Fitch	BBB	BBB-	BB+	BB-	BB-	BB-	BB-	B+	B+	B+	B	B-	na

Note: 2021-22E exchange rate forecasts are the IMF implied exchange rates from October 2021 World Economic Outlook

Source: IMF, World Bank, UNCTAD, Transparency International, WJP, Bloomberg

Figure 46: Romania key economic indicators

Ratings (M/S&P/F) Baa3/BBB-/BBB-	EODB Rank: 55 (52) – Middle				Corruption Rank: 69 (70) – Middle				RenCap Legal score: 71 (73) – Middle				
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Activity													
Real GDP (% YoY)	-3.9	1.9	2.0	3.8	3.6	3.0	4.7	7.3	4.5	4.1	-3.9	7.0	4.8
Investment (% GDP)	27	28	27	25	25	25	23	23	23	24	25	26	26
Unemployment rate year-end (%)	7	7	7	7	7	7	6	5	4	4	5	5	5
Nominal GDP (lcl bn)	529	559	592	635	670	712	764	858	952	1,058	1,056	1,183	1,279
Nominal GDP (\$bn)	166	183	171	191	200	178	188	212	241	250	249	287	315
Population (mn)	20	20	20	20	20	20	20	20	20	19	19	19	19
GDP per capita (\$)	8,195	9,076	8,491	9,530	10,022	8,942	9,520	10,777	12,361	12,861	12,868	14,864	16,293
Bank credit to private sector (lcl, bn)	207	220	223	216	208	213	215	227	245	262	275.0	na	na
Lending/GDP (%)	39	39	38	34	31	30	28	26	26	25	26	na	na
Gross domestic saving (% of GDP)	22	23	22	25	25	24	22	20	18	19	19	20	20
Prices													
CPI (average % YoY)	6.1	5.8	3.3	4.0	1.1	-0.6	-1.6	1.3	4.6	3.8	2.6	4.3	3.4
CPI (year-end, % YoY)	8.0	3.1	5.0	1.6	0.8	-0.9	-0.5	3.3	3.3	4.0	2.1	5.3	3.3
Fiscal balance (% of GDP)													
Consolidated government balance	-6	-4	-2	-2	-2	-1	-2	-3	-3	-5	-10	-7	-6
Primary government balance	-5	-3	-1	-1	0	0	-1	-2	-1	-3	-8	-5	-4
Total public debt (% of GDP)	31	34	38	39	40	39	39	37	36	37	50	51	53
External indicators													
Exports (\$bn)	50	63	58	66	70	61	64	71	80	77	66	na	na
Imports (\$bn)	62	77	70	73	78	70	75	85	98	97	87	na	na
Trade balance (\$bn)	-12	-13	-12	-8	-8	-9	-11	-15	-18	-20	-21	na	na
Trade balance (% of GDP)	-8	-7	-7	-4	-4	-5	-6	-7	-7	-8	-9	na	na
Current account balance (\$bn)	-9	-9	-8	-2	-1	-1	-3	-7	-11	-12	-13	-16	-17
Current account balance (% of GDP)	-5	-5	-5	-1	0	-1	-2	-3	-5	-5	-5	-6	-6
Net FDI (\$bn)	3	2	3	4	4	3	5	6	6	5	2	na	na
Net FDI (% of GDP)	2	1	2	2	2	2	3	3	2	2	1	na	na
C/A balance plus FDI (% of GDP)	-4	-4	-3	1	2	1	1	0	-2	-3	-4	na	na
Exports (% YoY, value)	22	27	-8	14	6	-13	5	11	13	-4	-14	na	na
Imports (% YoY, value)	14	23	-8	5	6	-10	7	15	14	-1	-10	na	na
FX reserves (ex gold, \$bn)	43	43	41	45	39	35	36	40	38	37	46	na	na
Import cover (months of imports)	8	7	7	7	6	6	6	6	5	5	6	na	na
External debt													
Gross external debt YE (\$bn)	115	120	121	124	112	96	96	114	113	118	142	na	na
Gross external debt YE (% of GDP)	69	65	71	65	56	54	51	54	47	47	57	na	na
Gross external debt YE (% of exports)	233	190	209	188	160	159	151	161	141	154	217	na	na
Short-term external debt YE (\$bn)	17	19	16	16	12	12	12	15	16	16	18	na	na
Short-term external debt YE (% of GDP)	10	11	10	8	6	7	7	7	7	7	7	na	na
Short-term external debt YE (% of exports)	35	31	28	24	18	21	19	21	20	21	27	na	na
Short-term external debt to reserves (%)	40	45	40	35	31	35	34	37	43	44	39	na	na
Total debt service (\$bn)	18	19	21	29	25	24	19	21	22	19	20	na	na
Total debt service (% of GDP)	11	10	12	15	12	13	10	10	9	8	8	na	na
Total debt service (% of exports)	37	30	36	44	35	39	30	29	27	25	31	na	na
Total debt service to reserves (%)	43	44	51	64	63	67	52	51	58	52	44	na	na
Currency and monetary policy													
Key policy rate (% YE)	6.25	6.00	5.25	4.00	2.75	1.75	1.75	1.75	2.50	2.50	1.50	na	na
Broad money growth (% YoY)	7	7	3	9	8	9	10	11	9	11	15	na	na
Exchange rate (EUR) annual average	4.22	4.25	4.46	4.42	4.45	4.45	4.49	4.58	4.66	4.74	4.85	5.07	5.05
Exchange rate (\$) annual average	3.18	3.05	3.47	3.33	3.35	4.01	4.06	4.05	3.94	4.24	4.24	4.12	4.06
Credit rating history													
Moody's	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	na
Standard & Poor's	BB+	BB+	BB+	BB+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	na
Fitch	BB+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	na

Note: 2021-22E exchange rate forecasts are the IMF implied exchange rates from October 2021 World Economic Outlook

Source: IMF, World Bank, UNCTAD, Transparency International, WJP, Bloomberg

Jeffrey Auld – CEO: Mr. Auld began his career in Canada and moved to the UK in 1995 as the Commercial Manager for New Ventures for Premier Oil plc. Mr. Auld left Premier Oil and joined the Energy and Power Team within the Mergers and Strategic Advisory group of Goldman Sachs. After leaving Goldman Sachs, he joined PetroKazakhstan, a NYSE-listed company with assets in Kazakhstan, as a Senior Vice-President. After his time at PetroKazakhstan, Mr. Auld became the Head of European Energy for Canaccord Genuity in London. Prior to joining Serinus, Mr. Auld was the Head of EMEA Oil and Gas at Macquarie Capital in London. He holds an MBA from Imperial College, London.

Andrew Fairclough – CFO: Mr. Fairclough has over 17 years of investment banking experience after leaving the Army, at a number of financial institutions including Flemings, Rothschild and Merrill Lynch. Mr. Fairclough transitioned into the oil & gas sector in 2012, joining Xcite Energy Limited and subsequently was CFO of Whalsay Energy Limited prior to joining the company. Mr. Fairclough has an undergraduate degree in law from University College London.

Stuart Morrison – COO: Mr. Morrison has over 34 years of oil & gas industry operational experience in numerous senior management roles. Early in his career he worked as a Petroleum and Reservoir Engineer with BP Research, British Gas, Sun Oil and Oryx Energy UK prior to joining Premier Oil in 1997. At Premier, Mr. Morrison assumed a variety of technical and management positions such as Chief Petroleum Engineer, Business Development Manager and Exploration Manager in corporate roles and business units such as the Middle East and Falkland Islands.

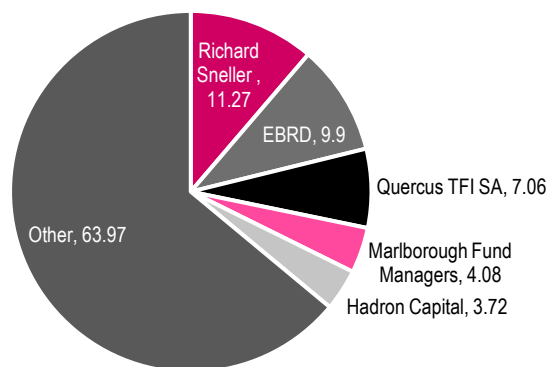
Calvin Brackman – Vice President of External Relations and Strategy: Mr. Brackman has 25 years' experience in the oil & gas industry, both in the public and private sector. He coordinates and implements the group's development strategies and oversees government and stakeholder relations.

Alexandra Damascan – President, Serinus Energy Romania: Ms. Damascan has been with Serinus Energy Romania since 2008. Ms. Damascan is a drilling engineer and has abundant technical and commercial expertise. She was instrumental in developing the company's Moftinu Gas Project from exploration to production.

Haithem Ben Hassen – President, Serinus Energy Tunisia BV: Mr. Ben Hassen joined Serinus Energy Tunisia in November 2014 and was promoted to President of Serinus Energy Tunisia in January 2018. Mr. Ben Hassen is a facilities engineer and during his career he has overseen the successful completion of numerous large-scale development projects around the world including those capital projects undertaken by the group.

Shareholders

Figure 47: Current shareholder register



Source: Company data

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Bloomberg: SENX LN

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