SQZ AIMX Serica Energy PLC

Trading and Operations Update · RNS 4348Z · 19 October 2026

Triton delay trims Serica's 2026 output guidance, but gas prices hold cash forecast

Share price	278.8p
Market cap	£1.09bn
52-week range	127.6p - 302p
Shares in issue	391.5m
12-month change	+57.3%

Ticker Data API, as at 16 Oct 2026, 16:29

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SUMMARY

Serica Energy's trading update today cut 2026 production guidance to just below 40,000 boepd because the Triton FPSO, a floating production vessel Serica does not operate, needs an engine change and will not restart until around the end of November. Post-tax cash flow from operations (CFFO) guidance of $450-475 million was kept, which Serica attributes to strong gas prices and a broader portfolio. Output is already over 40,000 boepd without Triton, and nine-month revenue more than doubled to $905 million. Both headline targets have moved down since the 2 June Capital Markets Day, and the cash figure now rests openly on a gas price near its highest since late 2022. At 278.80p on 19 October the shares sit near the top of their 52-week range.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Production, first nine months	37,100 boepd	9 months to 30 September 2026	+44% from 25,700 boepd
Q3 production (hub table)	22,100 boepd	Q3 2026	Q2: 50,200 boepd
2026 production guidance	just below 40,000 boepd	FY2026	Previously significantly over 40,000 boepd (2 June 2026)
Post-tax CFFO guidance	$450-475 million	FY2026	Maintained; $470-520 million expected at 2 June 2026
Revenue	$905 million	9 months to 30 September 2026	From $439 million
Cash	$227 million	30 September 2026	From $326 million at 30 June 2026
Net debt	$73 million	30 September 2026	Net cash of $26 million at 30 June 2026
Total liquidity	$685 million	30 September 2026	Includes $458 million undrawn RBL availability
Capital expenditure	$113 million	9 months to 30 September 2026	From $200 million; in line with guidance
Share price	278.80p	19 October 2026	+3.65% on the day

Sources: Trading and Operations Update RNS, 19 Oct 2026; Trading and Operations Update RNS, 19 Oct 2026; Interim results RNS, 6 Aug 2026; Ticker company data, 19 Oct 2026

THE ANNOUNCEMENT

- Triton's annual maintenance, begun on 27 July and expected to last about two months, overran when final restart checks found an engine in a power generation unit needed replacing. The operator now expects production to resume around the end of November, and Serica expects 2026 production to average just below 40,000 boepd.
- Post-tax CFFO guidance is maintained at $450-475 million, supported by current gas prices and diversification. Opex guidance of $380-400 million (excluding $65 million of Lancaster spend) and capex guidance of $175-195 million are unchanged.
- Current production is over 40,000 boepd before Triton restarts, with Bruce back at around 20,000 boepd net since 12 September and around 12,000 boepd from the Southern North Sea gas assets bought from Spirit Energy. Serica still expects around 65,000 boepd once Triton returns.
- Nine-month production was 37,100 boepd, up 44% on a year earlier, and revenue was $905 million. Cash fell to $227 million at 30 September after a $52 million final dividend, a $27 million tax payment and the $43 million paid to Spirit Energy, leaving net debt of $73 million.
- A rig contract is being finalised for a 2027-28 drilling campaign. Bruce drilling remains on track for Q3 2027, and the Skerryvore exploration well, targeting 135 mmboe of gross unrisked prospective resources, is planned for next year.
- The Main Market prospectus is due this week, with admission four trading days later, making Serica eligible for the FTSE 250 at the December review. Guidance for 2027 will come on 20 January 2027.

AGAINST GUIDANCE

Production guidance has moved down. In March and again at the 2 June Capital Markets Day, Serica guided to 2026 production significantly over 40,000 boepd. It now expects just below 40,000 boepd. CFFO guidance of $450-475 million is unchanged in this update, but sits wholly below the $470-520 million expected in June, and Serica names the prevailing gas price as a reason it holds. Capex of $113 million for nine months is in line with guidance, and the Bruce drilling start of Q3 2027 matches the June timetable. Reaching the full-year production average requires a much stronger fourth quarter than the 37,100 boepd nine-month average, which leaves little room for a further Triton slip.

BULL CASE

- A broader portfolio is producing over 40,000 boepd without Triton, against 25,700 boepd for the first nine months of 2025, so the Spirit Energy and ONE-Dyas acquisitions have reduced dependence on any single hub.
- The $99 million fall in cash is covered by $122 million of identified dividend, tax and acquisition payments, and net debt of $73 million is modest against guided CFFO of $450-475 million.
- Management has delivered on what it controls: acquisitions completed, a $300 million bond and $750 million RBL refinancing done, capex on budget, and it walked away from Pharos when a rival bid rose.
- A drilling pipeline at Bruce, Kyla, Edradour, Spinnaker and Skerryvore offers volume beyond 2027, and Main Market admission with possible FTSE 250 eligibility could widen the shareholder base.

BEAR CASE

- Both production and CFFO guidance have fallen since June, and the cash figure that survives depends on a gas price Serica itself cites. No hedge schedule is disclosed, so exposure to a price reversal cannot be measured.
- Triton is operated by a third party, its fault surfaced only at the final pre-restart checks, and a winter restart leaves little margin, while opex of $380-400 million is largely fixed whatever the volumes.
- Of the $685 million liquidity, $458 million is undrawn reserves-based lending, a bank line sized on reserve values that can shrink if prices fall, and no covenant or borrowing-base terms are disclosed.
- Spending steps up in 2027, with Bruce infill estimated at $400 million pre-tax in June, just as the Budget could change the Energy Profits Levy. The first-half statutory operating loss of $49.8 million beside $184 million of free cash flow also remains unbridged.

WHAT TO WATCH

- Whether Triton restarts around the end of November and the portfolio actually reaches around 65,000 boepd in December; a slip into 2027 would put the full-year average out of reach.
- The Budget's treatment of the Energy Profits Levy, which will set the returns on the 2027-28 drilling programme.
- Main Market admission four trading days after this week's prospectus, and whether eligibility becomes FTSE 250 inclusion at the December review.
- 2027 production, capex and CFFO guidance on 20 January 2027, and in particular how cash flow holds once this winter's gas prices pass, along with any disclosure of hedging and covenant headroom.

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