

# SDX Energy Inc

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## SDX Energy tipped for significant upside as production growth and M&A looms

SDX Energy Plc (LON:SDX) has been tipped to rise more than 70% as it advances to deliver the South Disouq field in Egypt later this year.

Analysts at Peel Hunt today initiated its coverage of the North African oil and gas firm with a 'buy' recommendation and a 38p price target, versus the current price of 20.55p.

It comes after weakness in the share price following the departure of former chief executive Paul Welch alongside the company's first quarter results in May.

The shares have dropped back more than 25% in recent weeks and, according to Peel Hunt, the company could see fresh impetus via merger and acquisitions - either as an acquirer or potentially a target.

READ: SDX Energy to shift to London as production grows  
Analyst Matt Cooper, in a note, highlighted that SDX is on the cusp of growth at South Disouq which will double group production following 'first gas', slated for the fourth quarter, and, that the broader 2019 work programme comprises twelve 'low risk' exploration wells in Morocco.

The work programme is fully funded, should provide catalysts for the company's valuation and, importantly, will boost cash flow into 2020 and 2021.

"At 1Q19 results SDX reiterated that it is keen to grow via acquisition; with numerous opportunities to pursue in the North Africa area, we think this is achievable once a new CEO has been found," Cooper said.

"Given the low valuation, SDX may also be seen as a takeover target for larger operators in the North Africa region, eg, SOCO, Apache or TransGlobe.

"We note that M&A has been one of the key drivers of E&P stock re-ratings in recent years."

**Price:** 25.765

**Market Cap:** £52.75 m

### 1 Year Share Price Graph



### Share Information

**Code:** SDX

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	43.4	15.6

**Sector:** Oil & Gas

**Website:** [www.sdxenergy.com](http://www.sdxenergy.com)

### Company Synopsis:

SDX is a North Africa focused, exploration and production company, listed on the AIM market of the London Stock Exchange. SDX has a balanced portfolio of production, development and exploration assets across Egypt and Morocco. SDX aims to deliver value for shareholders by growing its low cost, high margin production profile.

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