EDISON

Gulf Keystone

Full year results

Equity issuance strengthens financial position

Oil & gas

GKP's oversubscribed equity offering gives it renewed financial strength, with cash in hand of over $120m. This allows GKP to invest to maintain its current capability of 40mb/d and cover operating expenses in 2015 even without receipt of revenues from oil sales (which we fully expect it to receive in time). Additionally, the removal of the book equity ratio put option illustrates the commitment of the bondholders to the asset base. The current share price reflects uncertainty over receipt of revenues, but we believe the KRG fully appreciates the importance of Shaikan to the region, and that a reliable payment cycle will come in time. Our core production and development NAV is 56p/share, increasing to a full NAV of 90p/share. We also examine other valuations given the strategic process now entered into, which reveals potential upside from these estimates.

Year end	Revenue ($m)	PBT* ($m)	CFO ($m)	Capex ($m)	Net (debt)/cash ($m)
12/12	32.2	(80.2)	(59.0)	(193.2)	10.2
12/13	6.7	(31.8)	(25.1)	(190.9)	(214.8)
12/14	38.6	(246.1)	(0.8)	(197.4)	(439.5)
12/15e	81.7	(114.7)	(15.5)	(35.6)	(504.3)

Note: *PBT is as reported, including intangible amortisation, exceptional items and share-based payments.

Stable production of 40mb/d possible in 2015

Operationally, GKP has achieved a great deal in the last year. Production capacity has increased to 40mb/d, despite the delays and uncertainties caused by the ISIS incursion in 2014. The drilling of Shaikan-11 (under time and under budget) effectively completes the major capital investment required for continued production at capacity of 40mb/d, though some debottlenecking will be required. The remaining capex earmarked for 2015 points to the future of production (export via pipeline), which could help cut transport costs from $25/bbl to perhaps $5/bbl.

Strategic review opens up opportunities

In February, GKP said it was engaged with a number of parties on asset transactions or a sale of the company. We examine a number of scenarios under which deals may be executed, and the valuation impact. The results suggest significant upside potential is possible.

Valuation: Core NAV 56p, full NAV 90p

The $144m write-down of the Akri-Bijeel asset, though unfortunate, has little effect on the valuation for GKP, as the bulk of value remains in the exploitation of the massive Shaikan field. The announcement of the strategic review puts the company in the spotlight, and we would expect buyers to be able to look past possible near-term cash flow issues to see the strategic value in GKP's assets. Although Shaikan is the crown jewel, the value of the (high WI) Sheikh Adi block could add meaningfully in time. We note that the company is owed an estimated $252m, slightly less than half its current market capitalisation.

11 May 2015

Price	**39.0p**
Market cap	**£381m**
	US$/£0.66
Reported net debt ($m) at Dec 2014 (excludes equity issue of $39m in April 2015)	$440m
Shares in issue	978.1m
Free float	98%
Code	GKP
Primary exchange	LSE
Secondary exchange	ADR OS

Share price performance

%	1m	3m	12m
Abs	(1.3)	(21.8)	(59.9)
Rel (local)	(2.9)	(24.6)	(61.6)
52-week high/low		109.25p	35.50p

Business description

Gulf Keystone Petroleum (GKP) is a Kurdistan-centred exploration and production company. It has interests in four blocks in Kurdistan, including the Shaikan field, which has an estimated 9.2bnbbl of oil in place.

Next event

Shaikan-11 start-up	H115

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Summary

Operationally strong in the last 12 months, the company increased its production capacity to 40mb/d in December 2014, despite the significant uncertainty and delays caused by the IS/ISIS/ISIL incursion into Iraq. Additionally the drilling of Shaikan-11 should bolster its ability to maintain this production level for some time. The company indicated that it expects Shaikan-11 to be a prolific producer, given fluid losses incurred in drilling. The company has been producing at high levels since February, and we are optimistic that this will continue for 2015.

We believe the main concerns that investors have, is with GKP's cash and cash flow in 2015 and beyond. In the near-term, these points have been helped notably by the pre-payment of $26m for Shaikan production in February and the resolution of the bond book equity ratio put option and equity issuance of (net) $39m. The company is now well funded for 2015, with little incremental capex now required beyond debottlenecking of PF-1 and PF-2.

We believe that GKP will receive material revenues beyond the February payment, and that consequently, the company will have cash reserves going into 2016.

The company is hopeful that further prepayments can be made for supply to the export markets, which would provide enough cash flow for 2015 (should a more formalised KRG payments cycle not be set-up). Further cash is required to fully fund the company for 2015, given capex and G&A costs, but should be fulfilled by just a few more payments (totalling around $54m). This has been helped by GKP's control over a limited 2015 capex programme and G&A reduction. Beyond the near term, management has stated it is examining the possibility of injecting into the existing export pipeline. Notably, the increases in exports from Kurdistan (helped by Tawke reaching its 200mb/d capacity) make this more likely in our view. Shaikan contributing further to pipeline volumes is in the interest of both GKP and the KRG. This would reduce transport costs materially, enabling GKP to capture some of the $14-15/bbl it believes export trucking currently costs.

This is because under the deal with Baghdad, SOMO (the Iraqi oil marketing organisation) has the rights to sell the first 550mb/d of exports through Ceyhan, contributing to Iraqi federal revenues. Of this, Kurdistan is to contribute 250mb/d. Any volumes sold beyond the 250mb/d are Kurdistan-owned. Given the volumes from Taq Taq and Tawke, and Shaikan (if included), the KRG should receive material revenues.

In our view, the immediate priority for the company remains setting up a reliable payment mechanism for crude sales following the February payment. We would expect announcements in the near future on further prepayments should they be continued (assuming production levels of 36mb/d implies the February deal runs out in early May). This is not to forget the cash owed to the company and recent company presentations make this point starkly. An estimated $252m is owed to the company for Shaikan alone (made up of $140m back costs and $102m past revenues). Accounting for over 40% of its current market cap, this is material and could (if received immediately) transform the company's funding position.

Adjusting for the recent news, including equity issuances and disclosure of receivables, we have reviewed our valuation, resulting in a core NAV of 56p/share and full NAV of 90p/share. This suggests upside from the current share price. We think CPR estimates of recoverable oil have room for upside, though this may take some time (and further production history) to be firmed up.

Exhibit 1: NAV summary

Asset	Diluted WI %	CoS %	Incremental recoverable reserves Gross mmboe	Net mmboe	Incremental NAV, $/boe	Net risked value $m	Value per share risked p/share
Shaikan 2P reserves	54.4	90	295	160	3.5	509	34
Shaikan - (2P+2C) = 150mb/d flat from 2018-2029	54.4	75	701	381	1.5	434	29
Ber Bahr - 2C resources	40.0	75	22	9	4.3	29	2
Sheikh Adi - 2C resources	80.0	75	152	122	2.0	186	13
Net (Debt) Cash end-2014						(487)	(33)
SG&A						(109)	(7)
Equity raise						39	3
Back costs and past revenues owed (discounted by 1 year)						225	15
Core development NAV						**825**	**56**
Shaikan extensions	54.4		1015	552	1.9	502	34
Full Shaikan development NAV						**1,327**	**90**

Source: Edison Investment Research

However, given the strategic process now under way with the company in discussions with a number of parties, we believe investors will be looking at other ways that GKP could be valued.

We split the rest of this report into two main sections: a discussion of possible valuation scenarios given GKP's decision to seek a sale and a discussion of current cash flow scenarios.

Potential buyers will likely see GKP's reserves as a strategic addition of material reserves and resources with low operating costs, and accepting uncertainty about the state of affairs in Kurdistan (not least due to the ISIS situation) will resolve in time. Our report presents a number of scenarios in which GKP can be seen and is in no way intended to point to any specific outcome.

Cash flow has been the major obstacle to GKP's progress in recent years, with receipts from oil sales falling below expectations. However, the $26m (gross) prepayment on production in February 2014 is the first of what we hope to be a reliable payments cycle.

Valuation perspectives under strategic review

Given the ongoing strategic review, investors can assess the value of the company in a number of ways (we stress that scenarios set out below and throughout this note reflect our opinions only):

- the value of the company as a standalone business, requiring capital to develop the assets and realise the value of its portfolio over time. Under this scenario, the company has to seek capital to develop its assets and is constrained by a number of factors, not least access to capital and shorter-term cash flow constraints. As analysts, we continue to value the company on this basis as a default, but highlight a number of alternatives that are relevant in the current environment.
- the company can be seen as a collection of its assets, arguably worth more to a larger entity as part of portfolio approach than as a standalone company. The cost of capital for GKP (at least measured by debt funding rates) is much higher than for larger companies. For example Chevron sold $6bn of bonds 23 February at low rates despite the oil price environment, including $1.75bn of five-year notes at 1.961%. This compares to GKP's high-yield bonds issued at 13%. There are two main benefits in being under the umbrella of a larger company. Firstly, the ability of potential buyers to apply notably lower WACCs than equity investors may use (as a reminder, we use a 12% discount rate for Kurdistan coverage) and secondly, acceleration of the ramp up of production. While an acceleration of development requires upfront capital investment, the increase to NPV is notable over a bootstrapping development.

  Under this scenario, we would imagine buyers could also look beyond the criteria prescribed by the current equity markets (current 1P/2P/3P and contingent reserves) to the longer-term value of the assets, particularly for those with expertise in complex, heavy reservoirs. We remind investors that our default approach applies the current CPR estimates of reserves and resources, which we believe could well be conservative in the long term. Potential buyers would also need to assess the risk of debt, cash flow and government payment schedules.

- the company as an investment opportunity, in which larger entities can invest through farm-downs, lowering their overall exposure to risk, but accessing reserves. In an era of low oil prices, Kurdistan stands out as a key oil province with low development and opex costs (less than $5/bbl) and where large players are still (in reserves terms) absent. Under this scenario, GKP could sell down assets (presumably Shaikan) for a development carry and possible cash consideration.

  Should this course be taken, GKP should be able to sell down a relatively small part of its asset base in return for required capital. For example, if we assume a scenario where a farminee invests $225m in Shaikan, and apply a required IRR of 25%, GKP would have to reduce its stake from 54.4% to 44.4%. As a strategic asset, we would expect GKP to hold on to as large a portion of Shaikan as possible, for as long as possible, before sale. Operatorship and control of Shaikan is valuable and should be nurtured and protected.

We examine the possible valuations that are applicable in the scenarios below.

Valuation (on a standalone company basis)

We have reviewed our DCF-based approach in view of our lower macro assumptions (see notes to Exhibit 2), resulting in a lower core NAV of 56p, with a full NAV of 90p/share. We include risked assessments of the cash due to the company in the form of back costs to the developments (for paying undiluted development costs vs assuming diluted revenue interests) and back revenues. We have also marginally changed the production in 2015, but left longer-term production profiles largely unchanged.

The impact of these changes (not least applying a revised macro deck with 2015 Brent of $52.5/bbl and 2016 of $72.5/bbl) has an effect on our forecasts, shown in better detail in Exhibit 2: NAV Summary.

Exhibit 2: NAV summary

Asset	Country	Diluted WI %		CoS %	Incremental recoverable reserves Gross mmboe	Net mmboe	Incremental NPV, $/boe	Net risked value $m	Value per share risked p/share
Shaikan - 1P reserves	Kurdistan	54.4		90	194	106	3.7	352	24
Shaikan - 2P reserves	Kurdistan	54.4		90	100	55	3.2	157	11
Shaikan - (2P+2C) = 150mb/d flat from 2018-2029	Kurdistan	54.4		75	701	381	1.5	434	29
Ber Bahr - 2C resources	Kurdistan	40.0		75	22	9	4.3	29	2
Sheikh Adi - 2C resources	Kurdistan	80.0		75	152	122	2.0	186	13
Net (Debt) Cash end-2014								(487)	(33)
SG&A (NPV10 of 3 years)								(109)	(7)
Equity raise								39	3
Shaikan - govt back-in past costs (assumed received in 2016) @ 89% of undiscounted value								59	4
Shaikan - third party back-in past costs (assumed received in 2016) @ 89% of undiscounted value								75	5
Akri-Bijeel - recovery of development costs (capex spent at 80%, assumed LT WI 54%)								0	0
Recovery of historic revenues (assumed received in 2016) @ 89% of undiscounted value								91	6
Core development NAV								**825**	**56**
Contingent extensions									
Shaikan - 250mb/d flat 2019-2029	Kurdistan	54.4		55	541	294	2.1	332	22
Shaikan - (3P+3C) = 350mb/d flat 2020-2029	Kurdistan	54.4		40	474	258	1.6	169	11
Core NAV with full Shaikan development								**1,327**	**90**

Source: Edison Investment Research. Note: Assumes discount rate of 12%, long-term Brent price of $80 after a recovery from current levels ($52.5/bbl in 2015 and $72.5/bbl in 2016 growing thereafter). US$:£0.66. Share count 978m. 2014 production of 7mmbbls is assumed removed from the CPR estimates of reserves/resources.

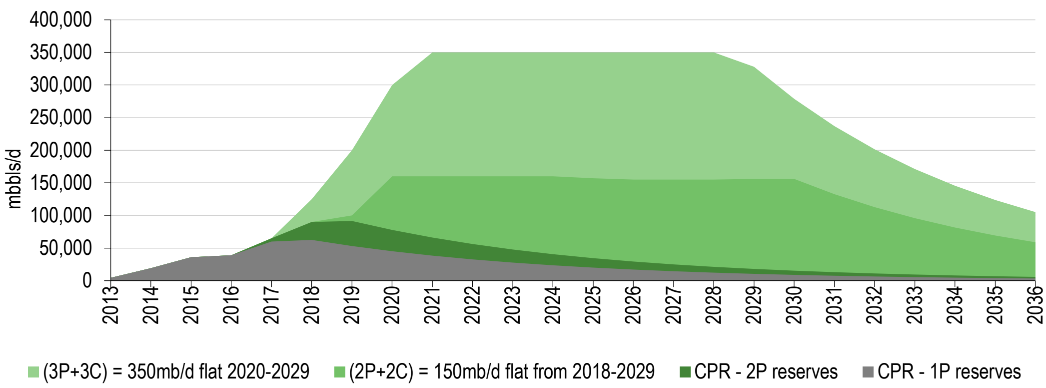
Valuation under company for sale scenario

As discussed, it is our opinion that acquirers have the potential to materially increase the value of the assets held in GKP due to lower effective WACCs, the potential to accelerate production ramp ups at the cost of near-term cash flows, and possible exploitation of resources not priced in by the equity markets.

Lower effective WACCs – we assume a 12% discount rate in our valuation. If this were to move to 10%, the core NAV would increase from 56p/share to 73p/share, while the full NAV figure would move from 90p/share to 113p/share.

Potential to accelerate ramp up of production – under our 2P+2C scenario, we assume plateau production of 160mb/d in 2021. Hitting this plateau in 2019 would increase core NAV to 60p/share and full NAV to 91p/share.

Exhibit 3: Modelled production profiles for valuation



Source: Edison Investment Research

Longer-term reserves potential at Shaikan – we believe equity markets look to price in 2P+2C reserves where available. However as we have discussed in previous reports, we believe GKP's current CPR report (as the initial assessment) is likely to be conservative, and that industry buyers are more likely to examine the longer-term potential of the assets. If we were to normalise the CoS across the Shaikan asset at 75% (rather than the graduated risks we assign above, the full NAV would increase to 108p/share (assuming discount rate of 12%) or 135p (assuming a 10% discount rate). In the analysis above, we are not including capital required to ramp up production at these rates.

Longer-term potential in other assets – the reserves and production potential in other assets is largely unproven at this stage, but we would expect potential buyers to attribute some value to the discoveries in the other blocks. We have not carried out extensive analysis on them at this stage, as we believe Shaikan will remain the focus. We refer investors to our previous notes for discussions on the potential of the blocks.

Exhibit 4: Summary of CPR findings and implications on recovery factors

		Gross field reserves					RF		
		1P	2P	3P	GKP WI (%)	OIP	1P	2P	3P
Shaikan	Cretaceous				54.4	2,635	0%	0%	0%
Shaikan	Jurassic	198	299	389	54.4	6,194	3.2%	4.8%	6.3%
Shaikan	Triassic					386	0%	0%	0%
	FULL	198	299	389		9,215	2%	3%	4%
		Gross field contingent resources					RF		
		1C	2C	3C	GKP WI (%)	OIP	1C	2C	3C
Shaikan	Cretaceous	36	124	373	54.4	2,635	1.4%	4.7%	14.2%
Shaikan	Jurassic	153	440	980	54.4	6,194	2.5%	7.1%	15.8%
Shaikan	Triassic	55	138	273	54.4	386	14.2%	35.8%	70.7%
	FULL	244	702	1,626		9,215	2.6%	7.6%	17.6%
		Reserves + resources					RF		
		1P+1C	2P+2C	3P+3C	GKP WI (%)	OIP	1P+1C	2P+2C	3P+3C
Shaikan	Cretaceous	36	124	373	54.4	2,635	1.4%	4.7%	14.2%
Shaikan	Jurassic	351	739	1,369	54.4	6,194	5.7%	11.9%	22.1%
Shaikan	Triassic	55	138	273	54.4	386	14.2%	35.8%	70.7%
	FULL	442	1,001	2,015		9,215	4.8%	10.9%	21.9%

Source: Edison Investment Research, Gulf Keystone CPR March 2014. Note: Differences between CPR numbers and Edison estimates in valuation tables are due to rounding.

Value on a farm-down basis

While a farm-down of the Shaikan asset is a possible solution to the current situation, we note that the resource is GKP's key asset and as we continue to see Shaikan as a strategic asset for larger companies in the future we would expect GKP to retain as high a percentage stake as possible. However, as a producer, it is the most obviously monetisable asset, and as such we have looked at possible farm-down scenarios based on IRRs achieved by buyers.

The nature of farm-down negotiations is closely guarded in all cases, but we can look across our coverage for a range/indication. The sale by LNGL to an infrastructure fund for its LNG development plant saw the partner seek a 14% IRR. Given the utility-like returns, this is a lower IRR than we expect in more risky upstream ventures. Basic modelling indicates that Enel and Sonatrach deals for investment in Ain Tsila (owned by Petroceltic) may achieve 28% and 15% respectively, while the Etinde development (Bowleven/Lukoil/NewAge) farm-down reveals a likely IRR for the buyers of above 25%. If, for the purposes of illustration, we apply 25% to a potential GKP farm-down of Shaikan, we believe the company would need to sell down c 10% of the interest for a c $225m consideration. This would increase the core NAV from 56p/share to 64p/share (and full NAV from 90p/share to 92p/share).

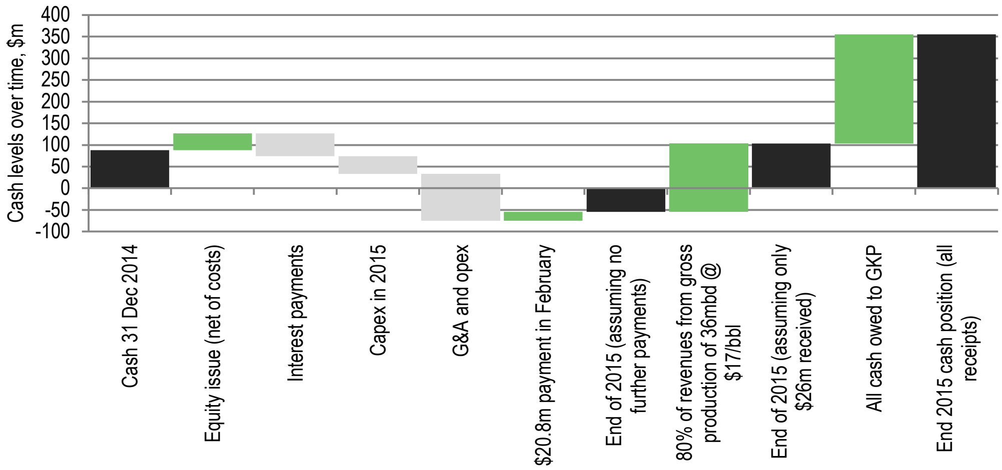
Financials – 2015 cash flow/financial situation

After the equity issuance (raising $39m net), and the resolution of the book equity ratio put option on the bonds, GKP's financial position is significantly stronger and cash reserves should see the company through the greater part of 2015, even if it does not receive any further revenues.

We fully expect the company (along with other Kurdistan operators) to receive cash from oil production. We have illustrated three scenarios below, but this shows that the company needs to receive limited additional cash flow in 2015 to finish with positive cash balances by year end.

In the chart below, the black areas describe the cash balances assuming no further cash injection, after full receipts of this years' production, and after the blue sky scenario of receipt of all cash owed. In reality, partial receipt of 2015 production is also possible.

Exhibit 5: Possible cash scenarios

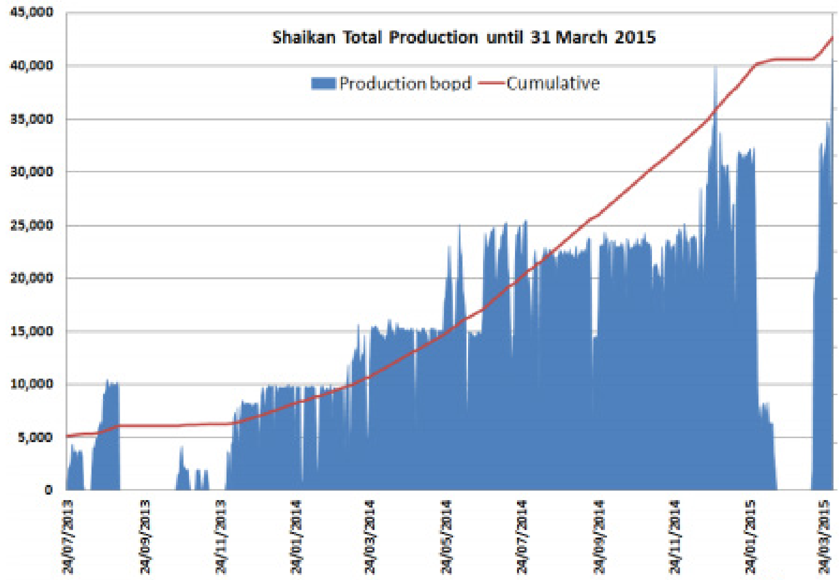


Source: GKP, Edison Investment Research. Note: The black blocks represent the cash position for the three scenarios, with green representing cash additions and light grey cash outflows.

Consistency of production – operationally strong

Shaikan reached a production capacity of 40mb/d on 28 December 2014 and while existing wells may need to undergo workovers, Shaikan-11 (drilled under time and under-budget) should allow enough flexibility for the company to produce at rates close to 40mb/d over the year. Operationally, the company is able to produce at consistently high levels. The issue is the uncertainty of the market into which GKP can sell the crude, and we are encouraged that the payments solution (both temporary and more permanent) will be solidified in 2015 (see Pipeline solution section below).

Exhibit 6: Shaikan production levels



Source: GKP. Note: the major outage times were not due to operational issues, but rather that KRG asked GKP to stop production.

Buyers and volumes of Kurdistan crude are largely controlled by the Ministry of Natural Resources (MNR). Contractors are directed by the ministry to the markets they are able to service, whether export or domestic. Export volumes have been trucked to the border at relatively high costs (we estimate $25/bbl), or have been sold to the domestic market at a discount to international pricing.

Consistency of (back) payments and revenues

The company has given guidance on amounts owing at 31 December 2014, these are worth examining. The total undiscounted net cash due is over $250m, equivalent to around 19p/share, or slightly less than 50% of the current market capitalisation of the company.

Exhibit 7: Shaikan cash owed to GKP

	Gross	Net	Net
	($m) at 31 Dec 2014		(p/share)
Unrecognised revenues	128	102	8
Shaikan – govt back-in past costs	83	66	5
Shaikan – third party back-in past costs	105	84	6
Total	**316**	**252**	**19**

Source: GKP. Note: The per-share figures do not take into account when the payments may be made. In our valuation, we assume they are made in 2016, which reduces the value due to the discounting effect.

The company received five payments in 2014, ending with $15m in December ($75m split between DNO, Genel and GKP). This payment was expected to be the first in a steady flow of reliable payments to pay the contractors back for production sold. This has not yet materialised in 2015, as the KRG has struggled to balance budgetary pressures without payments from Baghdad (exacerbated by the ISIS situation). Despite a more positive relationship with the new Baghdad government, discussions are still ongoing. Increasing pipeline exports from Kurdistan (helped by the recent Tawke increase in capacity to 200mb/d) should aid progress towards steady payments.

The 25 February 2015 announcement that a further $26m had been received by GKP is a signal that the MNR is fully aware of the financial pressures the company is under and the importance of Shaikan to Kurdistan. This payment ($20.8m net to GKP) increases the cash balance of the company to $90.8m once received according to the company's presentation.

Realisations

The pricing achieved by Gulf Keystone is not transparent – companies do not market the oil directly (KRG does this), but the company has given detail of its estimates. After assuming a trucking transport cost of $25/bbl, the first three payments implied a discount to Brent of less than 40%, while the oil volatility in H215 could account for a larger discount. We note oil prices in the months before the first three payments were broadly stable, while payments would have been for production in previous periods.

Exhibit 8: GKP realisations, $/bbl

Date	Estimated GKP realisation	Brent price	Implied discount to Brent (%)
09 May 14	50.8	107.89	39
22 May 14	53.4	110.36	37
13 Jun 14	55.7	113.41	37
02 Dec 14	18.1	70.54	60
26 Feb 15		60.05	
Now	(possible implied) 20-25	65.00	Assuming 38-50
Edison assumption (2015)	(possible implied) 17.0	52.50	Assuming 39

Source: Edison Investment Research, GKP. Note: We assume here that $25/bbl transport costs are deducted from Brent price on day before calculating the implied discount

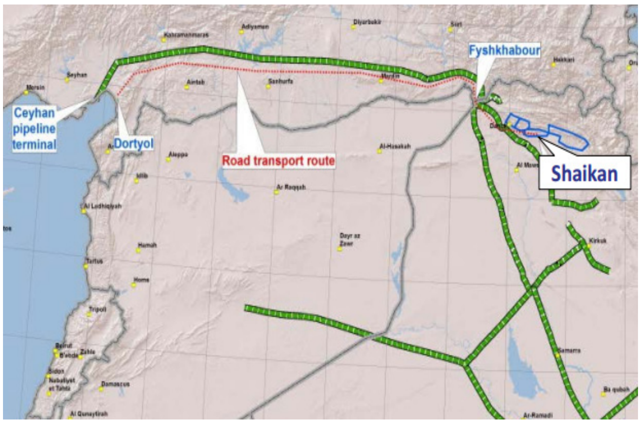
As a result, we assume domestic realisations of $17/bbl in 2015, following our $52.5/bbl Brent assumption. Note that these realisations are highly leveraged due to the high fixed costs of transportation.

We think pipeline solution is wanted by GKP and KRG

Realisations are hugely affected by trucking costs, and as a result if the company can successfully inject Shaikan crude into the export pipeline (as shown below), these costs would fall. Trucks currently have to travel around 600km to the port, which could fall to over 100km should a pipeline solution be found. Transport costs could fall from $25/bbl to below $10/bbl. If all this saving were realised by GKP, this would produce a material boost to revenues and cashflows.

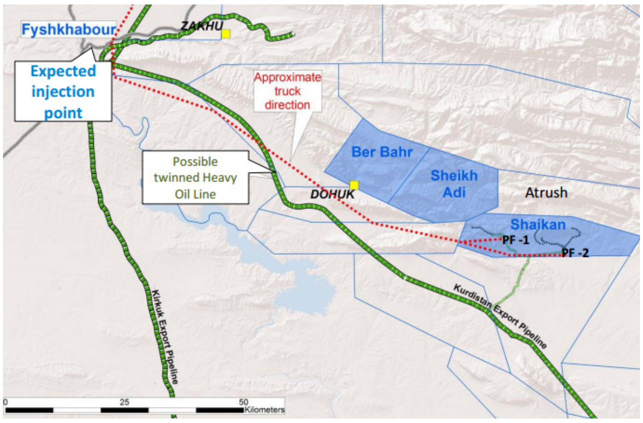
The company is actively in discussions over the ability to inject into Fyshkhabour and we are hopeful of development within 2015.

Exhibit 9: Pipeline injection would cut trucking costs materially, reducing trucking distance from c.600km currently



Source: GKP

Exhibit 10: Injection could take place at Fyshkhabour, just over 100km from Shaikan



Source: GKP

We are hopeful that this can be reached as the KRG have incentives to see the crude included within the pipeline network

As part of the deal struck between Erbil and Baghdad in December 2014, the Kurds committed to export an average of 550mb/d from Ceyhan (via SOMO) in 2015. The Baghdad government would then reinstate budget payments.

Reuters reports suggest that exports have increased from 450mb/d in early 2015 to around 650mb/d. Additional injection of up to 40mb/d from Shaikan would increase this figure further towards 700mb/d, further strengthening the KRG case for consistent payments. Our understanding is that the Shaikan production would be included in the production figure if and only if the production is piped.

Other

Akri-Bijeel sale ongoing

The company has taken an impairment of $144m on the Akri-Bijeel block and it remains committed to disposing of this non-core asset. A comparison of Shaikan and Akri-Bijeel is instructive as to why:

- Shaikan (GKP operated) has seen investment of around $811m (to end-2014) and has a production capacity of 40mb/d. Production is reliable.
- Akri-Bijeel (MOL operated) has seen investment of around $840m to end-2014 (estimated at $170m/20% WI) and is not currently producing meaningful volumes.

This illustrates the relative progress of the two operators in the blocks.

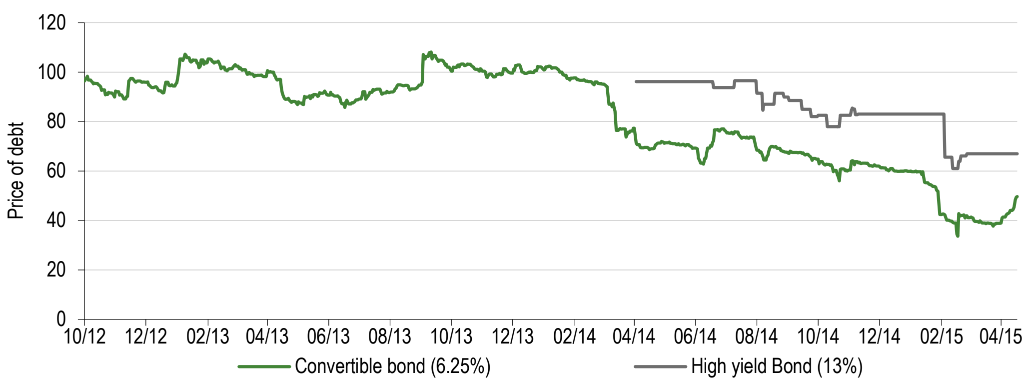
Bonds and repayments

The company currently holds $575m in debt:

- $325m in convertible debt, with a semi-annual coupon rate payable in April and October (at a rate of 6.25%).
- $275m in high-yield bonds, with semi-annual payments (April and October) with a 13% interest rate.
- interest payments total $51m annually.

The negotiated waiver on the removal of the book equity ratio put and equity raise has seen an uptick in the prices of the company's debt.

Exhibit 11: GKP debt pricing over time



Source: Bloomberg

Exhibit 12: Financial summary

$000s	2012	2013	2014	2015e
Dec	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	32,190	6,696	38,560	81,703
Cost of Sales	(32,190)	(11,950)	(81,845)	(53,166)
Gross Profit	0	(5,254)	(43,285)	28,538
EBITDA	(81,404)	(20,299)	(82,319)	(15,462)
Operating Profit (before amort. and except.)	(82,137)	(21,097)	(82,319)	(61,966)
Intangible Amortisation	0	0	0	0
Exceptionals	0	0	(144,119)	0
Other	5,210	(1,186)	73	0
Operating Profit	(76,927)	(22,283)	(226,365)	(61,966)
Net Interest	(3,257)	(9,564)	(19,709)	(52,729)
Profit Before Tax (norm)	(85,394)	(30,661)	(102,028)	(114,695)
Profit Before Tax (FRS 3)	(80,184)	(31,847)	(246,074)	(114,695)
Tax	(1,638)	(118)	(2,129)	0
Profit After Tax (norm)	(81,822)	(31,965)	(104,084)	(114,695)
Profit After Tax (FRS 3)	(81,822)	(31,965)	(248,203)	(114,695)
Average Number of Shares Outstanding (m)	851.5	865.5	875.2	957.1
EPS - normalised (c)	(9.6)	(3.7)	(11.9)	(12.0)
EPS - normalised and fully diluted (c)	(9.6)	(3.7)	(11.9)	(12.0)
EPS - (IFRS) (c)	(9.6)	(3.7)	(28.4)	(12.0)
Dividend per share (c)	0.0	0.0	0.0	0.0
Gross Margin (%)	N/A	N/A	N/A	34.9
EBITDA Margin (%)	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A
BALANCE SHEET				
Fixed Assets	555,310	741,080	870,626	859,722
Intangible Assets	546,229	220,963	276,290	252,186
Tangible Assets	2,285	516,437	593,604	606,804
Investments	6,796	3,680	732	732
Current Assets	370,589	239,735	135,656	70,865
Stocks	19,783	20,654	22,854	22,854
Debtors	23,674	34,023	16,380	16,380
Cash	253,713	81,972	87,835	23,044
Other	73,419	103,086	8,587	8,587
Current Liabilities	(95,669)	(106,358)	(119,769)	(119,769)
Creditors	(95,669)	(106,358)	(119,769)	(119,769)
Short term borrowings	0	0	0	0
Long Term Liabilities	(252,539)	(312,090)	(546,908)	(546,908)
Long term borrowings	(243,495)	(296,725)	(527,349)	(527,349)
Other long term liabilities	(9,044)	(15,365)	(19,559)	(19,559)
Net Assets	577,691	562,367	339,605	263,910
CASH FLOW				
Operating Cash Flow	(58,974)	(25,072)	(760)	(15,462)
Net Interest	1,199	(16,360)	(36,460)	(52,729)
Tax	(1,667)	(675)	(210)	0
Capex	(193,232)	(190,852)	(197,432)	(35,600)
Acquisitions/disposals	20,928	8,600	0	0
Financing	26,741	4,748	0	39,000
Dividends	0	0	0	0
Net Cash Flow	(205,005)	(219,611)	(234,862)	(64,791)
Opening net debt/(cash)	(208,103)	(10,218)	214,753	439,514
HP finance leases initiated	7,120	(1,319)	624	0
Other	0	(4,041)	9,477	0
Closing net debt/(cash)	(10,218)	214,753	439,514	504,305

Source: GKP, Edison Investment Research. Note: Debt is taken from company disclosures; gross debt of the convertibles and corporate bonds is $575m.

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