

Strike Energy

Defying the downturn

STX.AX

Oil & Gas Exploration & Production | Increase Target Price

Target price (12M, A\$)

0.31

Outperform^[M]

- **STX has avoided adverse COVID impacts**, unlike sector peers which have seen negative impacts from lower prices, balance sheet strain, and deferred growth. **If anything, STX has emerged relatively unscathed from the COVID downturn**, which has put upward pressure on WA gas prices and may see cost deflationary pressure. STX growth remains on track seeing STX up 50% since pre-COVID levels in January (and up 90% vs peers).
- **Resource upside awaits** West Erregulla (WE) appraisal wells could see resource upside over coming months. More importantly, we see the potential for South Erregulla (SE) exploration upside (possible well in CY21). **SE could be worth up to A\$0.40/sh (unrisked basis)**, and we incorporate A\$0.04/sh (10% risking) to our valuation.
- **Possible equity raise around FID** STX can amply fund through phase 1 FID (target end CY20). But gearing could approach 40% to execute phase 1 alone on our models. So if STX wishes to pursue additional growth in CY21 (e.g., exploration wells) and prefer a little more headroom for execution, then a modest equity raise may be appropriate (<A\$30mn); We think any potential raise would best be timed around FID, once phase 1 is derisked with project finance arrangements in place, which we believe should receive support from equity markets.
- **JV alignment challenges risks phase 1 FID being delayed** into early CY21 in our view, but should ultimately be resolved and shouldn't detrimentally impact valuation.
- **We increase STX TP by A\$0.04/sh to A\$0.31/sh, maintain OUTPERFORM**, on the back of incorporating some exploration upside. We see a lineup of catalysts ahead providing share price support, including progress to WE Phase 1 FID, appraisal results, SE exploration and beginning WE phase 2 plans, as more than offsetting risks posed by JV alignment, resource size, exploration, project execution, key management and funding risks. And unlike peers, catalysts are unlikely to be dependent on global oil market conditions. Given recent share price strength, our main caution towards STX would be pricing in too much upside too early in our view, but we don't think we are at that risk point just yet.

Previous target price (12M, A\$)	0.27
Price (25 Sep, A\$)	0.26
Market cap (A\$mn)	438.7
Yr avg. mthly trading (A\$mn)	15.3
Projected return:	
Capital gain (%)	21.6
Dividend yield (net %)	0.0
Total return (%)	21.6

[M] = Stock Considered Volatile (see Disclosure Appendix)

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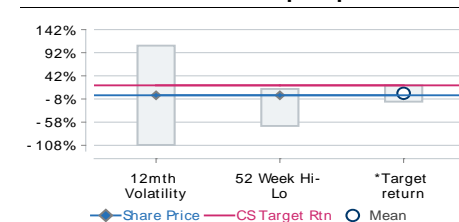
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Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Production (mmboe)	0.0	0.0	0.4	1.6
Revenue (A\$ mn)	2	7	13	35
EBITDAX (A\$ mn)	(6)	(1)	(1)	4
EBIT (A\$ mn)	(6)	(1)	(1)	3
Net Income (Adj.) (A\$ mn)	(6)	(0)	(2)	(1)
EPS (Adj.) (Ac)	(0.34)	(0.00)	(0.10)	(0.05)
Change from previous EPS (%)	n.a.	n.m	n.m	n.m
EPS growth (Adj.) (%)	n.m	n.m	n.m	n.m
P/E (x)	(74.2)	n.m	(260.7)	(483.3)
Dividends (Ac)	0.00	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/Book (x)	11.9	11.6	9.4	9.6
EV/EBITDAX (x)	(68.5)	(451.2)	(724.1)	126.6
Net debt/equity (%)	Net Cash	Net Cash	55.1	117.5

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	10.87	15.91	4.08
Relative (%)	14.80	16.39	16.09

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Strike Energy (STX.AX / STX AU)

Price (25 Sep 2020): A\$0.255

Target Price: (from A\$0.27) A\$0.31

Analyst: Saul Kavonic

Rating: Outperform [V]

Income Statement	6/20A	6/21E	6/22E	6/23E
Revenue	2	7	13	35
EBITDA	(6)	(1)	(1)	4
Depr. & Amort.	(0)	-0	(0)	(1)
EBIT	(6)	(1)	(1)	3
Associates	-	-	-	-
Net interest exp.	0	0	(1)	(4)
Other	0	0	0	0
Profit before tax	(6)	(1)	(2)	(1)
Income tax	-0	1	1	0
Profit after tax	(6)	(0)	(2)	(1)
Minorities	-	-	-	-
Preferred dividends	-	-	-	-
Associates & Other	0	0	0	0
Normalised NPAT	(6)	(0)	(2)	(1)
Unusual item after tax	(91)	0	0	0
Net profit (Reported)	(97)	(0)	(2)	(1)
Balance Sheet	6/20A	6/21E	6/22E	6/23E
Cash & equivalents	22	11	15	17
Inventories	0	0	0	1
Receivables	0	0	7	10
Other current assets	0	0	0	0
Current assets	22	11	22	27
Property, plant & equip.	0	0	0	0
Intangibles	0	0	0	0
Other non-current assets	38	62	91	115
Non-current assets	38	62	91	115
Total assets	61	74	113	142
Payables	2	4	5	5
Interest bearing debt	0	10	40	70
Other liabilities	21	21	21	21
Total liabilities	24	36	67	97
Net assets	37	38	47	46
Ordinary equity	37	38	47	46
Minority interests	-	-	-	-
Preferred capital	-	-	-	-
Total shareholder funds	37	38	47	46
Net Debt	(21)	(0)	26	54
Cash Flow	6/20A	6/21E	6/22E	6/23E
EBIT	(6)	(1)	(1)	3
Net Interest	0	0	(1)	(4)
Depr & Amort	0	0	0	1
Tax Paid	0	0	0	0
Change in Working capital	(2)	3	(6)	(3)
Other cash and non-cash items	5	0	10	(0)
Operating cash flow	(3)	2	2	(3)
Capex	(17)	(23)	(28)	(25)
Capex - expansionary	-	-	-	-
Capex - Maintenance	-	-	-	-
Acquisitions & Invest	(0)	0	0	0
Asset sale proceeds	-	-	-	-
Other	-	-	-	-
Investing cash flow	(17)	(23)	(28)	(25)
Dividends paid	0	0	0	0
Equity raised	31	0	0	0
Net borrowings	0	10	30	30
Other financing cash in/(outflows)	(2)	0	0	0
Financing cash flow	30	10	30	30
Total cash flow	10	(11)	4	2
Adjustments	(0)	(0)	(0)	0
Movement in cash/equivalents	10	(11)	4	2

Source: Company data, Credit Suisse estimates

Earnings	6/20A	6/21E	6/22E	6/23E
Equiv. FPO (period avg) (mn)	1,780	1,780	1,780	1,780
EPS (CS adj.) (c)	(0.3)	(0.0)	(0.1)	(0.1)
EPS growth (%)	(63.9)	100.0	(139869.	46.1
DPS (c)	0.0	0.0	0.0	0.0
Dividend Payout (%)	-0.0	-0.0	-0.0	-0.0
Free CFPS (c)	(1.1)	(1.2)	(1.5)	(1.6)
Valuation	6/20A	6/21E	6/22E	6/23E
P/E (CS) (x)	(74.2)	(364831.	(260.7)	(483.3)
PEG (x)	1.2	(3649.1)	0.0	(10.5)
EV/EBIT (x)	(67.3)	(451.2)	(555.1)	176.2
EV/EBITDA (x)	(68.5)	(451.2)	(724.1)	126.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
FCF Yield (%)	(4.3)	(4.6)	(5.7)	(6.2)
Price to book (x)	11.9	11.6	9.4	9.6
Returns	6/20A	6/21E	6/22E	6/23E
Return on Equity (%)	(16.5)	(0.0)	(3.7)	(2.1)
Profit Margin (%)	(304.8)	(0.0)	(12.9)	(2.7)
Asset Turnover (x)	0.0	0.1	0.1	0.2
Equity Multiplier (x)	1.6	2.0	2.4	3.1
Return on Assets (%)	(10.1)	(0.0)	(1.5)	(0.7)
Return on Invested Cap. (%)	(39.2)	(0.0)	(0.9)	2.1
Gearing	6/20A	6/21E	6/22E	6/23E
ND/ND+E (%)	Net Cash	Net Cash	35.5	54.0
Net Debt to EBITDA (x)	3.5	0.4	Net Cash	13.8
Int Cover (EBITDA) (x)	67.7	28.0	na	1.0
Int Cover (EBIT) (x)	68.9	28.0	na	0.7
Capex to Sales (%)	837.7	312.5	203.9	71.3
Capex to Depr (%)	15844.3		14084.7	2287.3

Share price performance



On 25-Sep-2020 the S&P ASX 200 Index closed at 5875.9

On 25-Sep-2020 the spot exchange rate was A\$1.42/US\$1

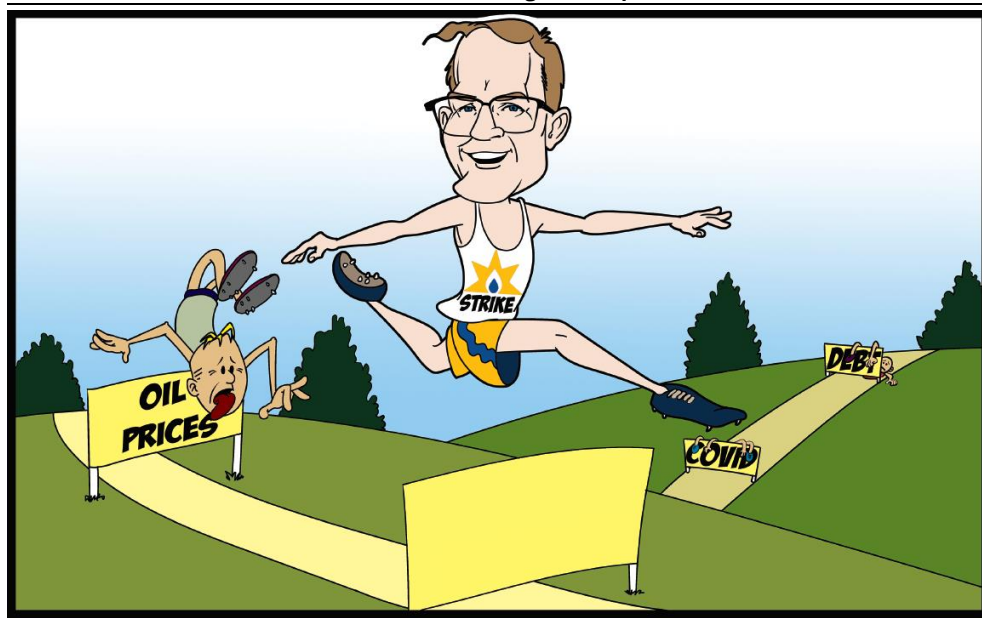
Defying the downturn

COVID hasn't hindered Strike

Strike Energy has not been adversely affected by COVID, unlike most companies in the oil and gas sector which have seen negative impacts from lower oil and gas prices, balance sheet strain, and deferred growth. If anything, STX has emerged relatively unscathed from the COVID downturn in our view, with industry cost cutting seeing delay to competing WA gas market supply and the potential for cost deflationary pressure to benefit STX work programs going forward. As a result, STX is up 50% since pre COVID levels in January (and up 90% vs peers).

STX has emerged relatively unscathed from the COVID downturn, up 90% vs peers since January.

Figure 1: Strike has been an outstanding performer through COVID downturn, having avoided the hurdles befallen on other oil and gas companies



Source: Cartoon by Paul Duff, commissioned by Credit Suisse

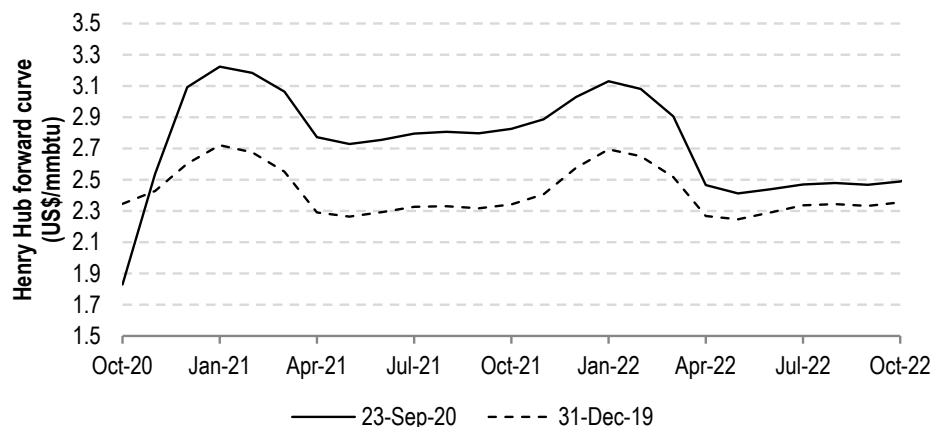
WA gas prices not adversely affected by the COVID downturn, but new policy limits upside

While COVID appears an almost universal negative for oil and gas pricing globally, we see WA gas pricing providing a rare exception. COVID driven cost cuts have delayed new domestic gas supply (e.g. Scarborough/Browse). And lower oil drilling in the US has seen US gas futures rise, implying potential tolerance for higher gas procurement costs by petchem sector in WA (US petchem presents competing marginal supply cost to APAC).

On the other hand, the WA Government's new policy banning 'pipeline gas' from being exported (with discretionary exceptions) has reduced the prospect of LNG netback prices developing in WA as NWS ullage emerges. We expect the WA Government may enable further exceptions to this policy in the future on a case-by-case basis, which could benefit STX WE phase 2 or other acreage, but consider it premature to bake that upside possibility in now. **Overall, we remain comfortable continuing to assume a long-term A\$5/GJ gas price for STX.**

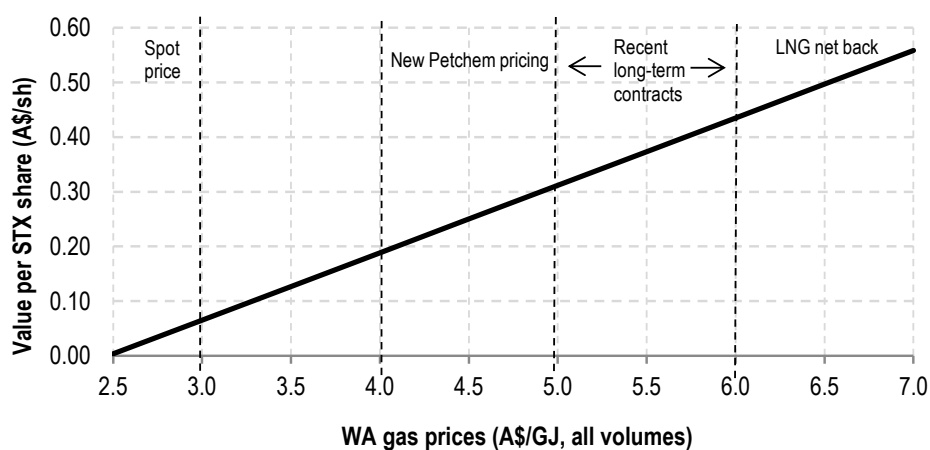
COVID related cost cutting has placed upward pressure on WA gas pricing over next decade, offset by new government policy limiting the chances of a 'blue sky' scenario of LNG netback pricing materialising.

Figure 2: Henry Hub futures have risen ~US\$0.40/GJ post COVID, which should enable higher WA gas prices for petchem demand



Source: the BLOOMBERG PROFESSIONAL™ service

Figure 3: COVID places upward pressure on petchem pricing, but WA policy reduces likelihood of LNG netbacks pricing



Source: Company data, Credit Suisse estimates. Note: We assume the 25TJ/d CSBP contract achieves a lower price than uncontracted volumes, which is not reflected in this chart.

Figure 4: West Erregulla valuation sensitivity to CSBP contract and uncontracted WA gas prices (50% STX share, in A\$/sh)

Uncontracted gas price (A\$/GJ)	CSBP contract gas price (A\$/GJ)						
	2.0	2.5	3.0	3.5	4.0	4.5	5.0
2.0	-0.06	-0.05	-0.03	-0.02	-0.01	0.00	0.02
2.5	-0.01	0.00	0.02	0.03	0.04	0.05	0.06
3.0	0.04	0.05	0.07	0.08	0.09	0.10	0.11
3.5	0.09	0.10	0.11	0.13	0.14	0.15	0.16
4.0	0.14	0.15	0.16	0.18	0.19	0.20	0.21
4.5	0.19	0.20	0.21	0.23	0.24	0.25	0.26
5.0	0.24	0.25	0.26	0.27	0.29	0.30	0.31
5.5	0.29	0.30	0.31	0.32	0.34	0.35	0.36
6.0	0.34	0.35	0.36	0.37	0.39	0.40	0.41
6.5	0.39	0.40	0.41	0.42	0.44	0.45	0.46
7.0	0.44	0.45	0.46	0.47	0.48	0.50	0.51

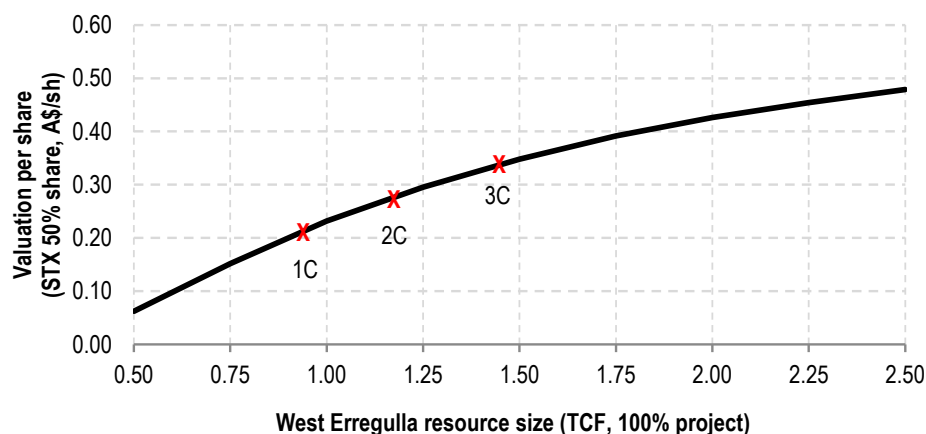
Source: Credit Suisse estimates

West Erregulla continues to derisk, with resource upside catalysts possible over coming months

West Erregulla continues to derisk, with phase 1 FID target by year end. STX has announced that FEED has begun for the AGIG processing plant and a firm GSA with Wesfarmers for offtake from Phase 1 (we assume at ~A\$3.50/GJ gas price, below market levels given Wesfarmers' cost+ option acquired as part of a deal to fund the original WE well). Appraisal is on track: West Erregulla 3 commenced drilling this week, the most ambitious of the three well appraisal program (looking to extend play north). We might expect initial well results in ~6 weeks. It is possible the appraisal campaign could see a 2C resource increase, but we caution the appraisal campaign may be largely to firm up the existing 2C estimate with greater confidence (being already 130% higher than [WGO's independent 2C certification](#)).

Appraisal wells could see resource upside over coming months

Figure 5: West Erregulla could see upside post appraisal wells over coming months



Source: Company data, Credit Suisse estimates

Risk JV alignment could modestly delay FID

We see JV alignment as the most salient near-term downside risk, which could risk a modest delay to phase 1 FID. The JV relationship can appear to us as amongst the most difficult in the Australian oil and gas sector (and that's really saying something), which risks STX and 50% JV partner WGO competing in equity, gas, and infrastructure contractor markets alongside complicating procurement and project finance efforts. Ultimately, we don't see JV misalignment as likely to derail STX's material value drivers (and we hope the appointment of new Australian CEO David Biggs to WGO may help reset relationship) but we do see risk of modest delay to WE phase 1 FID (STX target end-2020). Other key risks include WA gas prices (upside and downside), resource appraisal (WGO certified 2C remains ~50% below STX 2C for same field), and project execution and financing.

JV misalignment should be resolved, but risks delay of FID into early 2021

Exploration upside catalysts in 2021?

We expect STX might pursue an exploration well in 'South Erregulla' acreage in CY21, and note material overlap with BPT's seismic activity at neighbouring acreage which may be indicative of a level of prospectivity. STX considers South Erregulla to have a prospective resource of 1600 Tcf with a 50% POS. Like any good small oil and gas explorer, management always think their next well will discover Atlantis, and we prefer to take a much more conservative view.

That being so, **given the high potential for the Basin, we do consider it appropriate to incorporate some value for STX's exploration acreage.** If STX were to discover another West Erregulla like play in South Erregulla (STX 100% vs 50% at West Erregulla) and we assume a development from 2026 at a A\$4/GJ price (acknowledging a further big discovery could be reliant on new demand at lower price point), and risk it at 10% chance of success (well below STX 50%), it **adds A\$0.04/sh** which we add to our valuation.

Conservative valuation of South Erregulla is worth ~A\$0.04/sh in our view with ~A\$0.36/sh upside should exploration be fully successful.

Balance sheet sound to fund through to WE phase 1 FID; an equity raise to fund post FID plans a possibility

Balance sheet to fund through to WE phase 1 FID appears sound, especially after favourable R&D credit ruling which we expect to add ~A\$6mn to cash in 2H CY20.

We model STX gearing approaching 40% post FID to execute phase 1 alone (assuming no other capex). So if STX is to pursue additional growth in CY21 (e.g., a South Erregulla exploration well or phase 2 pre-FEED work) and prefer to provide a little more headroom for phase 1 execution, then we might expect a modest equity raise is needed (<A\$30mn depending on scope of exploration ambition); We would think it best to time any raise around FID once project finance arrangements are in place and phase 1 is derisked, which we think may receive ample support from equity markets.

We expect the market may be supportive of a raise once phase 1 is derisked around FID, to accelerate growth exploration in CY21.

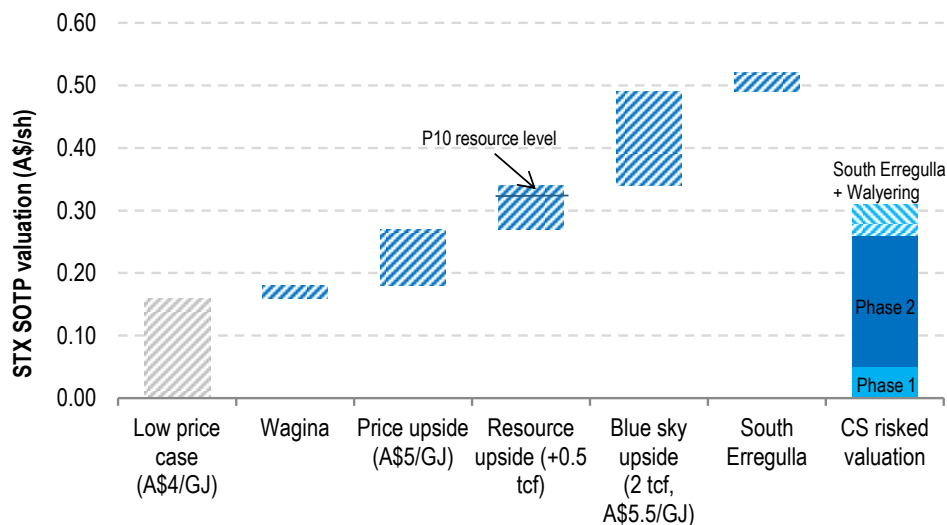
Model changes

Since our last update we have made the following model changes:

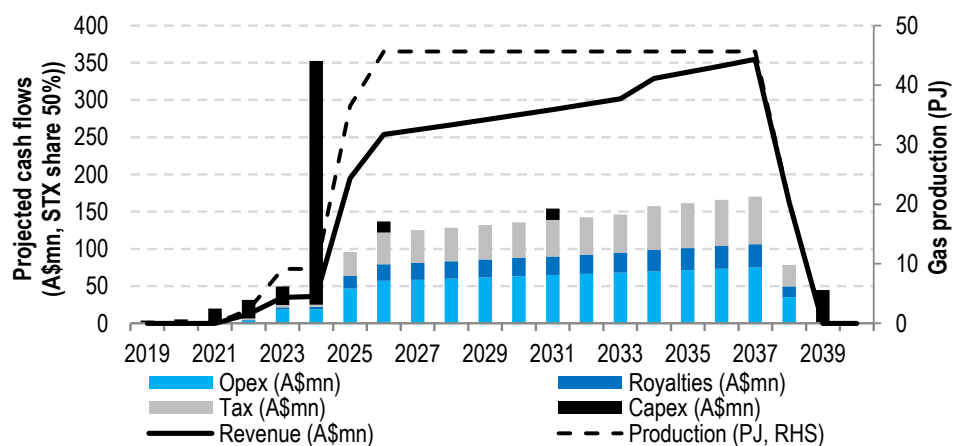
1. Updated FY20 results;
2. Revised and shifted capex forecasts for WE Phase 1, specifically A\$12mn capex pre-FID, and A\$36mn capex between FID and Phase 1 start up, in line with STX guidance; net result is ~A\$20mn higher SXT share capex than our prior estimates;
3. Assumed A\$6mn R&D refund received in 1H FY21;

Our increased SOTP valuation is driven by additional value assigned to STX's Perth Basin exploration acreage, notably South Erregulla (A\$+0.04/sh), based on 10% risking of 1,600 bcf P50 resource estimate at A\$4/GJ price.

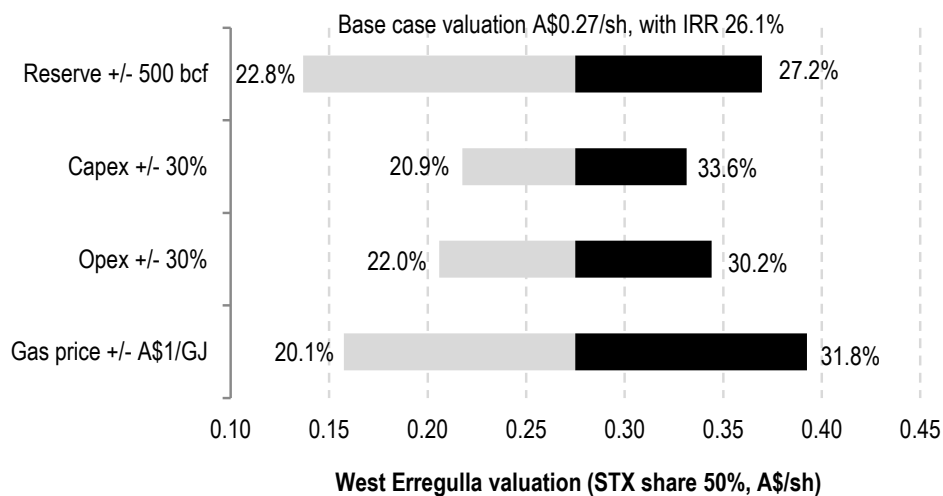
Figure 6: Strike Energy SOTP valuation upside



Source: Credit Suisse estimates

Figure 7: West Erregulla project economics

Source: Credit Suisse estimates

Figure 8: West Erregulla valuation is robust to downside risks

Source: Credit Suisse estimates

Figure 9: Strike Energy Perth Basin asset summary

Portfolio	West Erregulla	Other Perth Basin exploration prospects
Classification	Deep onshore conventional gas	Onshore conventional gas
Status	Appraisal	Exploration
Operator	Strike	Strike
Ownership	Strike (50%) Warrego (50%)	Strike (100%)
Timeline	Phase 1: FEED in 2020, FID by end-2020, First gas in 2022 Phase 2: FEED in early 2022, FID by end- 2022, First gas in 2024 (CSe)	Appraisal & exploration from 2021
Location	Perth Basin (EP 469), adjacent to Waitsia gas field, close to two transmission pipelines, amongst existing gas plants (Mondarra, MLV93) and on unallocated crown land	Perth Basin (EPA 82, EPA 98, EPA 99, EP 495, EP 488, EP 447, EP 489, EP 447)
Acreage size	Kingia Sandstone: 25 km ² High Cliff Sandstone: 25 km ² Wagina Sandstone: 23 km ²	~2,700 km ² of net acreage
Resource size (STX share)	Kingia 2C: 502 bcf High Cliff 2C: 91 bcf Wagina P50: 137 bcf	South Erregulla P50: 1,600 bcf Walyering 2C: 86 bcf Ocean Hill 2C: 360 bcf
Development strategy	Start Phase 1 production as early as possible; Secure gas offtake contracts to underpin Phase 1 Secure senior debt funding	South Erregulla waiting for WE and Trieste appraisals; Walyering appraisal drilling in CY21 in partnership with Talon; Seeking partnership at Ocean Hill
Production plan	Phase 1: ~25-75 TJ/d from 2022 Phase 2: ~100-200 TJ/d from 2024	N/A (likely expansion/extension of WE Phase 2)
Marketing strategy	Volumes could go to WA power generation, WA chemicals & manufacturing, NWS backfill/LNG expansion, and broader WA/Pilbara gas market	Similar to West Erregulla
Contracts (STX share)	An offtake option with CSBP has been converted to GSA to supply 80-100 PJ gas at maximum 25TJ/d from the commencement of West Erregulla production. CSBP will use the gas for industrial and small-scale LNG purposes.	N/A
Pricing assumptions (2019 real-term)	A\$3.5/GJ for the CSBP offtake option A\$5/GJ for uncontracted WA gas price	A\$4-5/GJ to underpin new manufacturing (CSe) A\$5-6/GJ+ if LNG backfill is achieved (CSe)
Opex assumptions (STX share, 2019 real-term)	Phase 1 gas processing tariff: A\$1/GJ Variable production cost: A\$0.5/GJ Fixed opex per year: A\$13mn	
Capex assumptions (STX share, 2019 real-term)	A\$398mn (cost from now to Phase 2 production)	N/A
Fiscal and regulatory	Royalty 11.25% (before deductions) Corporate tax 27.5% for FY20, 26% for FY21, 25% for FY21-24, 30% from FY25	Royalty 11.25% (before deductions) Corporate tax 27.5% for FY20, 26% for FY21, 25% for FY21-24, 30% from FY25
Breakeven gas price	A\$2.5/GJ	
CS valuation (A\$mn, STX share)	489	71
CS valuation per share (A\$/sh)	0.27 ex-Wagina which we ascribe A\$0.02/sh	0.04
Discount rate	10%	

Source: Company data, Credit Suisse estimates

Increase TP to A\$0.31/sh and maintain OUTPERFORM

We increase STX TP by A\$0.04/sh to incorporate some exploration upside (with potential associated well catalysts in CY21). We see STX with a lineup of catalysts ahead, including progress to WE Phase 1 FID, WE appraisal well results, exploration at South Erregulla, alongside beginning of phase 2 plans at WE in CY21. And unlike peers, STX is unlikely to experience material negative impacts from COVID, and STX catalysts aren't likely to be dependent on global oil market conditions.

We see upsides from STX's low cost West Erregulla project delivery alongside exploration potential as more than offsetting risks posed by JV alignment (could delay FID into early CY21), alongside resource, project execution, key management and funding risk. Given STX strong share price performance of late, our main area of caution would be toward STX pricing in too much growth upside too early in our view (counting too many growth chickens before they hatch), but we don't think we are at that risk point just yet. We think an equity raise around WE phase 1 is possible, which should receive ample support from equity markets, including perhaps providing an opportunity for those seeking to secure a material stake.

Figure 10: Strike Energy SOTP valuation summary

	Risked A\$m	Risked A\$/sh	Risking
West Erregulla	489	0.27	100%
Wagina	34	0.02	25%
Walayering + South Erregulla	71	0.04	10%
Net cash	13	0.01	100%
Corporate adjustment	-64	-0.04	100%
Target price	544	0.31	

Source: Company data, Credit Suisse estimates

Valuation, Methodology and Risks

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Strike Energy (STX.AX)

Method: We set our A\$0.31/sh target price based primarily on a Discount Cash Flow (DCF) valuation. Our valuation is derived based on a DCF of free cash flows generated from STX's future gas production in Perth Basin (West Erregulla 2C resource) using a discount rate of 10%, adjusted for net cash, corporate costs, restoration provisions along with risked values for STX's other onshore gas prospects. Oil, gas and LNG netback price assumptions are critical valuation and earnings drivers. Our OUTPERFORM rating is primarily driven by Credit Suisse's rating system (total return vs share price), and factoring in upside and downside risks.

Risk: We rate Strike Energy OUTPERFORM. Most upside in Strike Energy lies with its ability to develop and market the West Erregulla gas project in Perth Basin, possible higher WA gas price in the long term, and exploration/appraisal particularly in Perth Basin and Cooper Basin. We see upside particularly from STX achieving milestones in West Erregulla development, possible rising WA gas prices, exploration and appraisal success, and possibly presenting a takeover target, more than offsetting downside risks including soft Western Australia domestic gas pricing, project execution, exploration risks. Risks to our A\$0.31/sh target price include commodity price risk (oil, domestic gas, LNG prices), project execution and operational risk, Joint Venture alignment, costs, funding, key management personnel loss risk, M&A, abandonment costs.

Reference Appendix

Our new **“Total return forecast in perspective”** chart helps visualize Credit Suisse and consensus views of a company's 12-month return within the context of forecasting risks and its historical trading pattern:

12mth Volatility is calculated as the annualised standard deviation of weekly total return series over the past 12 months. It illustrates variability of stock returns; in other words, risk. The way to think about it is that one would rather take 10% forecast return from a stock that has 20% volatility, than from the stock that has 40% volatility. The shaded area shows the one standard deviation range based on past 12 months volatility. In statistical terms, once you make a number of brave assumptions, there is a 68% probability that the share price will end up inside that range in 12 months' time.

52wk Hi-Lo is maximum and minimum daily closing price over the past 52 weeks. It is often handy to know the price momentum especially when the stock is trading close to its highs and lows: Is the stock trading close to its peak? Is the momentum against the stock?

***Consensus is IBES consensus supplied by Refinitiv.** IBES is a survey of sell side research analysts, collecting a few dozen data points such as EPS, DPS, Sales, Target Price, ROE and so on. ***Mean is the average of target returns**, while the shaded area around the mean represents the range of estimates from the lowest to the highest estimate. This aids visualisation of a number of important factors such as: the range of analyst estimates; where Credit Suisse's estimates on this stock sit relative to consensus; and where the share price is relative to consensus mean and consensus range target.

Target return is calculated as capital gain plus forecast dividend yield (net) over the next 12 months. For "CS tgt" we have used Credit Suisse's target price and Credit Suisse forecast for 12-month forward dividend, grossed up for franking. For the consensus mean and range, we have used consensus target price and consensus dividend forecasts for 12 month forward.

Companies Mentioned (Price as of 25-Sep-2020)**Beach Energy** (BPT.AX, A\$1.36)**Strike Energy** (STX.AX, A\$0.26, OUTPERFORM[V], TP A\$0.31)**Warrego Energy** (WGO.AX, A\$0.24)**Wesfarmers** (WES.AX, A\$45.65)

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3-Year Price and Rating History for Strike Energy (STX.AX)

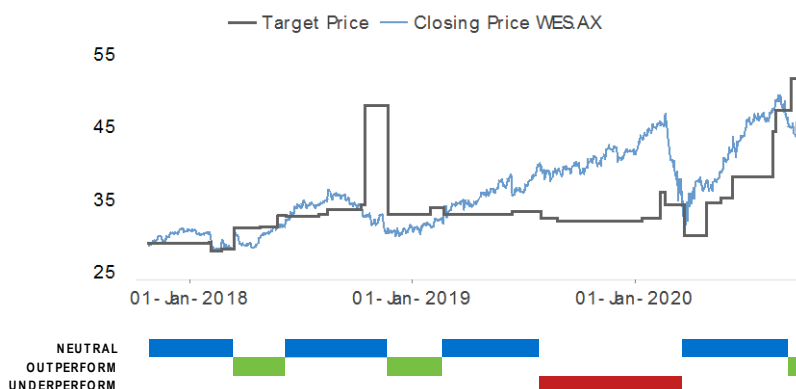
STX.AX	Closing Price	Target Price	
Date	(A\$)	(A\$)	Rating
18-Dec-19	0.21	0.28	O *
20-Jan-20	0.19	0.27	

* Asterisk signifies initiation or assumption of coverage.



3-Year Price and Rating History for Wesfarmers (WES.AX)

WES.AX	Closing Price	Target Price	
Date	(A\$)	(A\$)	Rating
25-Oct-17	28.69	28.92	N
02-Feb-18	30.53	29.17	
05-Feb-18	29.15	27.96	
21-Feb-18	29.04	28.11	
14-Mar-18	28.27	31.10	O
26-Apr-18	29.82	31.26	
25-May-18	31.48	32.75	
07-Jun-18	32.14	32.71	N
31-Jul-18	34.20	33.00	
15-Aug-18	36.10	33.54	
09-Oct-18	33.74	34.21	
15-Oct-18	32.62	47.89	
22-Nov-18	30.32	32.98	O
30-Jan-19	31.45	33.86	
21-Feb-19	33.85	33.00	N
13-Jun-19	36.15	33.29	
31-Jul-19	39.05	32.43	U
27-Aug-19	38.96	32.04	
13-Jan-20	43.44	32.39	
12-Feb-20	45.22	36.02	
19-Feb-20	46.38	34.30	
23-Mar-20	30.91	29.96	N
28-Apr-20	37.59	34.52	
22-May-20	38.72	35.19	
09-Jun-20	41.62	38.11	
14-Aug-20	47.44	44.31	
20-Aug-20	48.60	47.30	
14-Sep-20	44.92	51.59	O



* Asterisk signifies initiation or assumption of coverage.

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Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

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