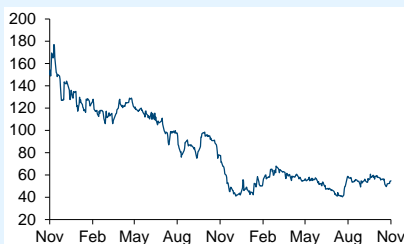


18 November 2016

<b>Ticker</b>	PMG	
<b>Price</b>	54.8p	
<b>Target Price</b>	80.0p	
<b>Upside</b>	46.0%	
<b>Market Cap</b>	£54.2m	
<b>Index</b>	FTSE AIM All Share	
<b>Sector</b>	Oil & Gas	
<b>Net Cash</b>	£41.1m	
<b>Shares in Issue</b>	98.9m	
<b>Next Results</b>	November - prelims	
<b>What's changed</b>	<b>From</b>	<b>To</b>
<b>Adj. EPS (FD)</b>	-0.4p	n/c
<b>Recommendation</b>	Buy	n/c
<b>Target Price</b>	80.0p	n/c

## Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	-8.0	-6.6	-40.0
Relative	-5.3	-5.3	-43.4

## Company Description

independent oil and gas, exploration and production company.

### Analyst:

Dougie Youngson

### Sales:

Rhys Williams

Christian Hobart

Stephen Joseph

Tony Quirke

Malar Velaigam

### Sales Traders:

STX

## Preliminary results

**BUY**

**Parkmead continues to expand its portfolio and its focus on gas in the Netherlands is yielding significant results. The North Sea portfolio continues to expand with new acreage West of Shetland and the company has identified a low cost development at the Platypus gas field.**

- ▶ Netherlands.** The company fast tracked the Diever West field into production 14 months after discovery. The Diever-2 well is now producing at 34mmcf/d, an exceptional result for an onshore field. Collectively the four fields in the portfolio have an operating cost of US\$14/boe ensuring significant cash flow generation in a strong gas price environment. The Groningen field is entering accelerated decline due to seismic issues and Parkmead is ideally placed to replace this production.
- ▶ North Sea.** The company was awarded a new licence West of Shetland which holds the Sanda North and Sanda South prospects which are estimated to hold 280mmbbl of recoverable resources. Given the success of Hurricane's ongoing drilling programme the West of Shetland is becoming more prominent as an exciting opportunity in the North Sea. Parkmead has identified a low cost development option for its Platypus gas project which could add new production to the portfolio.
- ▶ Outlook.** The company has an extensive portfolio of assets in the Netherlands and North Sea. The company is well capitalised with £28.3m of cash and no debt. On the assumption that oil prices continue to improve as we move into 2017 Parkmead is ideally placed to progress its portfolio in the North Sea taking advantage of the lower cost base associated with development.

Year ending July (£m)	2014A	2015A	2016E	2017E
<b>Data</b>				
Sales (£m)	24.7	18.6	16.3	19.6
Adj EBITDA (£m)	2.1	-32.7	-1.0	2.3
Adj PBT (£m)	1.0	-30.8	-0.3	3.5
Tax rate (%)	nm	nm	nm	3
Adj EPS (FD) (p)	1.6	-35.2	-0.4	3.5
DPS (p)	0.0	1.0	2.0	3.0
<b>Ratios</b>				
EV/Sales (x)	0.5	0.7	0.8	0.7
EV/EBITDA (x)	6.3	n/a	n/a	5.7
P/E (x)	33.8	n/a	n/a	15.8
Yield (%)	0.0	1.8	3.7	5.5
Cash flow yield (%)	0.7	-61.4	3.3	12.2
EPS growth (%)	n/a	-2,274.1	98.9	987.8