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Parkmead's savvy dealing

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Tom Sieber

In the best tradition of its founder and executive chairman Tom Cross, **Parkmead (PMG:AIM)** continues to execute on its buy-and-build strategy in North Sea oil.

The shares are up 11% to 54.5p as proved and probable reserves (2P) increase by nearly a fifth to 27 million barrels of oil equivalent through an increase its interest in the Perth and Dolphin fields from 52% to 60.05%.

The company has not disclosed the cost of the transaction.

The fields form part of a proposed Perth/Dolphin/Lowlander (PDL) hub in the Moray Firth – with the economics of the project improved by shared infrastructure.

Cross established Dana as an M&A-led play in the North Sea in the mid-1990s before it was eventually acquired for £1.5 billion by the Korean state vehicle KNOC in 2010.

The company recently completed another deal in the vicinity of the PDL hub and still has a strong balance sheet underpinned by growing Netherlands gas production.

Cross comments: 'Parkmead is working intensively to evaluate and execute further value-adding opportunities in its core areas of the UK and Netherlands.'

FinnCap reiterates its 'buy' recommendation and its 80p price target. Analyst Dougie Youngson outlines the investment case: 'In essence, the company is trading at cash with no recognition for the substantial and growing Netherlands gas business or for the extensive North Sea portfolio. Consequently, we view this as a very undervalued business given the size of its portfolio.'

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