

BUY (N/C)

Price 62p
Target 176 (N/C)

Reuters/BBG Index	PMG.L / PMG LN
Sector	FTSE AIM Oil & Gas
Market Cap	£61.3m

Marketing Communication

This document has not been prepared in accordance with legal requirements designed to promote the independence of investment research.

Analyst Brendan Long, CFA

FLASH COMMENT

Parkmead

2016 interim results

Parkmead's 2016 interim results are in line with our expectations and we reiterate our BUY recommendation and our 176 p/share target price.

- 1H Revenue of £7.0 million (prior year: £10.1 million). The revenue changes highlight the Group's strategy to curtail production offshore the UK in anticipation of an oil price recovery. We expect that the curtailment of production at Athena combined with the growing low-cost production in the Netherlands will improve financial statement performance going forward.
- The company's cash balance of £29.6 million reflects that the payables vs receivables balance reported at 30 June 2015 (liability of £9.9 million, which had been factored into our valuation) has been normalised (now £0.3 million). The company has very limited work commitments and we believe it is uniquely well positioned amongst its peer group to make acquisitions as it has no debt, an unrivalled acquisition track record and a leading technical understanding of the UK North Sea and the Netherlands.
- Parkmead stated that significant progress has been made on the development planning for the Platypus gas discovery (a new minimal platform concept). The company also indicated its intention to advance its assets in the Netherlands with new wells at Geesbrug and Wijk en Aalburg (gas fields) in addition to a low-risk exploration well at the the Rotliegendes De Mussels prospect. We believe this reflects a shift towards both natural gas and extremely efficient (low cost) production.

Disclosures

WH Ireland Recommendation Definitions

Buy

Expected to outperform the FTSE All Share by 15% or more over the next 12 months.

Outperform

Expected to outperform the FTSE All Share by 5/15% over the next 12 months.

Market Perform

Expected to perform in line with the FTSE All Share over the next 12 months.

Underperform

Expected to underperform the FTSE All Share by 5/15% or more over the next 12 months.

Sell

Expected to underperform the FTSE All Share by 15% or more over the next 12 months.

Speculative Buy

The stock has considerable level of upside but there is a higher than average degree of risk.

Disclaimer

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Share Price Target

The share price target is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon.

Stock Rating Distribution

As at the quarter ending 31 Dec 2015 the distribution of all our published recommendations is as follows:

Recommendation	Total Stocks	Percentage %	Corporate
Buy	53	73.6	40
Speculative Buy	15	20.8	14
Outperform	1	1.4	0
Market Perform	1	1.4	1
Underperform	1	1.4	0
Sell	1	1.4	0
Total	72	100	55

This table demonstrates the distribution of WH Ireland recommendations. The first column illustrates the distribution in absolute terms with the second showing the percentages.

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