

1 May 2025

Corp

Ticker	PMG:AIM
Oil & Gas	
Shares in issue (m)	109.3
Next results	FY Jun

Price	14.0p
Target price	66.5p
Upside	375%

Enterprise value	£5.7m
Net cash/(debt)	£9.6m
Other EV adjustments	£0.0m
Market cap	£15.3m

What's changed?	From	To
Adjusted EPS	-1.1	n/c
Target price	66.5	n/c

Share price performance



%	1M	3M	12M
Actual	0.0	-16.4	-11.1

Company description

Parkmead has four divisions offering a broad set of growth opportunities in oil, gas and renewables.

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Parkmead Group*

Serica deal enables Parkmead to pursue future growth

Parkmead has completed the previously announced transaction to sell its UK offshore oil portfolio to Serica Energy. Parkmead has received an upfront cash payment of £7.3m, providing a platform from which it can pursue future growth without the need for shareholder dilution and whilst also retaining its revenue-generating Dutch natural gas assets and its UK wind farm. Two additional firm cash payments totalling £7m are payable over the next two years, which will further strengthen the Company's balance sheet. Deferred consideration of up to £120m is linked to the development of the Fynn Beaully and Skerryvore projects, allowing the Company to retain a significant share of the upside should either/both developments proceed, but without any risk or financial commitment (this included an estimated near-term £16m liability associated with the drilling of the Skerryvore prospect in 3Q/4Q25). Pro-forma, Parkmead has a significantly improved balance sheet from which it can pursue both organic and inorganic growth opportunities.

- **No risk, high upside value:** The sale consists of £14m of firm cash consideration and up to £120m of contingent cash consideration. An initial payment of £7.3m has been received (inclusive of working capital adjustments). Two further deferred firm payments totalling £7m are payable in instalments of £3.1m and £3.9m on the 27 February 2026 and 27 February 2027, respectively. Two contingent payments are payable upon receipt by Serica of approval by the North Sea Transition Authority of any field development plan (FDP) relating to any development on licence P2400 (containing the Skerryvore prospect) or licence P2634 (containing the Fynn Beaully oil discovery). These payments are to be calculated based on £0.8/bbl of the 2P reserves contained within the respective FDP net to Parkmead's 50% working interest in each licence, subject to caps of £30m (in relation to licence P2400) and £90m (in relation to licence P2634).
- **Well-funded without shareholder dilution:** The firm near-term cash consideration of £14m, together with Parkmead's existing cash (1H25: £6.8m), means the Group is well funded to pursue the next phase of its growth plans in natural gas, renewables and international E&P. In the Netherlands, the co-partners are working to identify several short-cycle, rapid-payback drilling and workover opportunities. Parkmead continues to develop its renewables business, with public consultations ongoing for the development of the Glenskinnan Renewable Energy Park, where PMG is working with the Glenskinnan developer on commercial agreements for PMG's land at Pitreadie to be part of this project. PMG is working with the developer to finalise mutual commercial arrangements ahead of planning application being submitted later in 2025. Parkmead is also well positioned to pursue value-adding acquisition opportunities. The Board is focused on targeting the acquisition of further cashflow-generating renewable energy assets onshore UK and on international E&P opportunities, with the aim of delivering value for shareholders.
- **Dutch to ramp up natural gas production:** The Netherlands government has signed an agreement to ramp up domestic gas production in the wake of increased geopolitical uncertainty and the slower than expected transition away from fossil fuels. The new agreement also envisages joint project planning between industry and government as well as faster and more transparent permitting processes to facilitate production increases. This upbeat sentiment is a positive for Parkmead, and highlights the growing importance the nations are putting on domestic energy supply.

Key estimates		2020A	2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun	Jun
Revenue	£m	4.1	3.6	12.1	14.8	5.7
Adj EBITDA	£m	0.3	-0.9	8.2	-21.5	2.4
Adj EBIT	£m	-0.5	-1.5	7.5	-22.2	1.4
Adj PBT	£m	-0.7	-2.6	6.3	-22.3	1.1
Adj EPS	p	0.46	-2.2	1.2	3.0	4.1
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2020A	2021A	2022A	2023A	2024A
EV/sales	x	1.4	1.6	0.5	0.4	1.0
EV/EBIT (adj)	x	-11.8	-3.8	0.8	-0.3	4.2
P/E (adj)	x	30.7	-6.3	11.9	4.7	3.4
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-31.0%	-13.0%	-5.8%	-71.3%	-7.9%

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Definition of research recommendations

Expected absolute returns

BUY is an expected return greater than 10%

HOLD is an expected return -10% - +10%

SELL is an expected return less than -10%

UNDER REVIEW: recommendation and/or forecasts are under review pending further clarity as to the company's financial and/or operational position

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Buy	1	0.8%	22	14.4%
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Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	122	96.8%	131	85.6%

Temporary movements by stocks across the boundaries of these categories due to share price volatility will not necessarily trigger a recommendation change. All recommendations are based on 12-month time horizon unless otherwise stated.

Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Antipa Minerals	9	19 October 23	Corp	A\$0.14	A\$0.50
Clean Power Hydrogen	2,6,7,8,9,10,11	21 September 23	Corp	19.8p	97.0p
Eleco	2,6,8,9,10,11	5 May 15	Corp	25.0p	35.0p
Ilika	2,3,6,8,9,10,11	7 January 25	Corp	21.3p	83.0p
Intercede	2,6,8,9,10,11	14 December 10	Corp	78.5p	70.0p
Parkmead Group	2,6,8,9,10,11	20 November 20	Corp	30.0p	155.0p
Pulsar Group	2,6,8,9,10,11	15 July 19	Corp	58.5p	84.0p

Source: Cavendish

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