

20 November 2015

Equity Research  
Colin Smith



# OIL & GAS PRODUCERS FLASH PARKMEAD

## Diever West onstream, FY14/15 results

Parkmead announced the start-up of gas production from its Diever West gas field, onshore the Netherlands, together with its results for the year to 30 June. New Dutch production is expected to treble current gas production levels. Parkmead reported a loss for FY14/15 of £31.4m, including a £12.9m impairment charge, generating a loss per share of 35.2p. Cash and net cash ended the year at £41.1m and £40.7m respectively.

- ▶ Parkmead generated revenue for the year to 30 June of £18.6m, down 24% YoY mainly reflecting the weaker oil price and declining production at Athena. Cost of sales was under pressure, which together with the impairment charge, partly offset by a credit in administrative expenses, resulted in a pre-tax loss of £30.8m. There was a net cash outflow from operations of £2.2m and investing activities totalled £12.1m. Costs at Athena are expected to fall substantially following new terms that became effective from June.
- ▶ The Diever West discovery has been brought onstream, just over a year since discovery in September 2014. Parkmead expects Diever West to treble its gas production in conjunction with further low cost drilling at Geesbrug. The Dutch portfolio offers further enhanced production opportunities and helps hedge the oil price.
- ▶ Parkmead reported 2P reserves of 26.1mmboe at 30 June and saw its contingent resources increase by 129% to 41.9mmboe. During the year Parkmead was awarded a total of nine prospective new licences under the UK 28<sup>th</sup> Licensing Round aligned with its hub strategy and it continued to progress its 80+mmbbl PDL project.
- ▶ While this was a tough year financially for the Company, Parkmead ended it with a strong balance sheet and a lower cost base at Athena. The Company continues to evaluate further acquisition opportunities to take advantage of the low oil price environment and is also planning a dynamic work programme.



(Remains Unchanged)

Target Price: 294p

Share Price: 71p

(Price at close 19 November 2015)

Stock Codes PMG.L / PMG LN

Market Cap £70m

Last Published Research: 12 August 2015

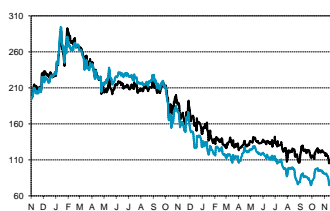
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**Absolute & Relative Performance**



— Absolute

— Relative to DS Oil & Gas

Source Datastream

Year End June	Sales (£m)	PBTA (£m)	EPS (p)	DPS ord (p)	P/E (x)	EV/EBITDA (x)	Yield (%)
2014A	24.7	5.6	1.6	0.0	44.0	4.6	0.0
2015E	16.9	(7.5)	(28.1)	0.0	n/a	(4.2)	0.0
2016E	16.1	(3.2)	(11.7)	0.0	n/a	(20.9)	0.0

Source Company Data, Panmure Gordon

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Overall Global Distribution (Banking Client*)			<b>Buy</b>	Total return of >10% in next 12 months
<b>Buy</b>	<b>Hold</b>	<b>Sell</b>	<b>Hold</b>	Total return >-10% and <+10% in next 12 months
71% (41%)	22% (4%)	7% (0%)	<b>Sell</b>	Total return <-10% in next 12 months

\* Indicates the percentage of each category in the overall distribution that were banking and/or corporate broking clients

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