

28 March 2025

Corp

Ticker **PMG:AIM**

Oil & Gas

Shares in issue (m) 109.3
Next results FY JunPrice **13.3p**Target price 66.5p
Upside 402%Enterprise value **£4.9m**Net cash/(debt) £9.6m
Other EV adjustments £0.0mMarket cap **£14.5m**

What's changed? From To

Target price 66.5 n/c

Share price performance



%	1M	3M	12M
Actual	-15.9	-30.3	-23.2

Company description

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

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Parkmead Group*

Interim results provide platform for future growth

PMG's interim results place the Group in a strong position to pursue value adding acquisitions and make further investments in the Company's existing gas and renewable energy projects – all without the need for shareholder dilution. The completion of the sale of PMG's UK offshore oil portfolio to Serica is on track for 2Q25. Completion will unlock £14m in cash (12.8p/share) over the next two years, with up to an additional £120m of contingent consideration potentially payable should approvals be obtained on the Skerryvore and Fynn Beaully developments. PMG 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. Finally, given the operational performance of the Dutch portfolio, PMG and its JV partners are assessing several low-cost, quick payback exploration prospects, which could deliver the potential for the sanction of up to four wells in 2025.

- **Serica deal on track:** Completion of the sale of the PMG UK offshore oil portfolio to Serica is expected to complete in 2Q25. Completion will result in an upfront cash payment of £7m to PMG, with two further cash payments totalling £7m to be paid over the next two years. Two contingent payments of up to £120m are linked to the development of the Fynn Beaully and Skerryvore projects, allowing PMG to retain a significant share of the upside should either/both developments proceed, but without any risk or financial commitment (this includes an estimated £16m liability associated with the drilling of the Skerryvore prospect in 2H25).
- **Growing its renewables portfolio:** PMG continues to develop its renewables business, with a goal of generating 50% of Group revenues from renewable assets. The Group's strategic land at Pitreadie is part of the potential Glenskinnan Renewable Energy Park. First round public consultations are currently ongoing, ahead of the developer submitting a planning application to the Scottish government before the end of 2025. PMG's renewable energy team is also analysing the potential to develop a 30MW solar energy farm.
- **Resilient balance sheet:** European gas prices remained at elevated levels at €38.16/MWh in 1H25 (1H24: €38.6/MWh). Revenue in 1H25 was £2.1m (1H24: £3.4m), with the reduction from the prior period due to lower gas and condensate sales in the Netherlands. 1H25 unit operating costs remained low at £18.6/boe. Cash at the end of the period remaining healthy at £6.8m (6.3p/share), with the Company due to receive £7m from Serica on completion of the sale of PMG's UK offshore oil portfolio. Two further deferred payments totalling £7m over the next 2 years will further strengthen the Company's balance sheet. Together with existing cash, these payments provide a platform by which PMG can pursue further growth without the need for shareholder dilution.
- **Operational performance:** PMG reported 1H25 net production from its Dutch gas business of 181boepd (1H24: 289boepd). The c37% YoY reduction was primarily due to flush production from the LDS-01 well in 1H24. The Kempstone Hill wind farm in Scotland also continues to perform well, generating electricity sales of £0.3m (1H24: £0.3m) and achieving an increase in average operational uptime of over 99% in the period (1H24: 91%).

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	1.2	1.4	0.4	0.3	0.9
EV/EBIT (adj)	x	-10.1	-3.2	0.7	-0.2	3.6
P/E (adj)	x	29.1	-5.9	11.3	4.4	3.3
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-32.7%	-13.7%	-6.2%	-75.4%	-8.4%

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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	2	1.4%	22	12.8%
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Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	137	96.5%	148	86.0%

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Billington Holdings	2,6,8,9,10,11	21 September 22	Corp	185.0p	270.0p
Parkmead Group	2,6,8,9,10,11	20 November 20	Corp	30.0p	155.0p
Plexus Holdings	2,6,8,9,10,11,12	29 November 23	Corp	19.7p	30.0p

Source: Cavendish

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