

22 July 2025

Corp

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

Price	14.4p
Target price	66.5p
Upside	362%

Enterprise value	£3.4m
Net cash/(debt)	£12.3m
Other EV adjustments	£0.0m
Market cap	£15.7m

What's changed?	From	To
Target price	66.5	n/c

Share price performance



%	1M	3M	12M
Actual	-7.1	-0.7	10.8

Company description

Parkmead offers a broad set of growth opportunities in natural gas and renewables

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Parkmead Group*

Low downside risk, high upside potential

At £16.4m, Parkmead is trading at only a small premium to its last reported cash balance of £13m at 30 June 2025. With a further £7m of firm cash payments due into the business over the next 19 months and potential payments of up to a further £120m as a result of the recently completed Serica transaction, Parkmead offers a low-risk investment opportunity with significant upside potential. The Company made strong progress across all elements of its business in 1H25, including delivering solid operational performance at both the Kempstone Hill wind farm and its Dutch gas business, and the advancement of the Company's flagship Glenskinnan Renewable Energy Park, where a planning application is to be submitted in 4Q25.

- **Low risk, high value upside:** Parkmead is in a strong financial position, with cash of £13m as at 30 June 2025 (79% of Parkmead's market cap) following the completion of the sale of subsidiary Parkmead E&P to Serica Energy. In addition to the £7m already received from Serica, Parkmead will be receiving additional deferred firm cash payments totalling £7m, payable in instalments of £3.1m and £3.9m on 27 February 2026 and 27 February 2027, respectively. Two further contingent payments of up to £30m and £90m are conditional on future field development approvals on the Skerryvore and Fynn licences, respectively, providing the Company and its shareholders with the potential to realise significant additional upside in the future – all without any shareholder dilution and at zero cost to Parkmead.
- **Strong operational performance:** In 1H25, Parkmead's Dutch fields delivered an average net production of 155boepd (2H24: 181boepd). The Dutch business benefited from stronger market conditions with average realised pricing of €41.86/MWh in 1H25 (2H24: €38.16/MWh). Parkmead's 100% owned and operated Kempstone Hill wind farm continued to perform strongly in 1H25, with operational efficiencies of 96-99% over the past 12 months.
- **Balance sheet provides platform for future growth:** Parkmead's strong balance sheet provides a platform by which it can fund the next phase of its growth plans in natural gas, renewables and international E&P. In the Netherlands, the co-venturers are working to identify several short-cycle, rapid-payback drilling and workover opportunities with a view to boosting future production. At the flagship Glenskinnan renewable energy project, public consultations were completed in April 2025, with Parkmead and developer Galileo Empower now working to finalise mutual commercial arrangements ahead of submitting a planning application to the Scottish Government in 4Q25. 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.
- **The potential to generate meaningful free cash flow:** Parkmead's strategic land position at Pitreadie forms a core part of the potential Glenskinnan Renewable Energy Park in Aberdeenshire. The integrated scheme is being designed to deliver 98MW of wind generated capacity across 14 turbines, alongside 20MW of solar PV and 30MW of battery storage. In our view, even at €60/MWh, Glenskinnan has the potential to generate significant net cash flow to Parkmead (c€3m per annum), which with a largely fixed cost base has the potential to increase to up to c€5m per annum at €90/MWh.

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	0.8	1.0	0.3	0.2	0.6
EV/EBIT (adj)	x	-7.0	-2.3	0.5	-0.2	2.5
P/E (adj)	x	31.6	-6.5	12.3	4.8	3.5
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-30.1%	-12.6%	-5.7%	-69.4%	-7.7%

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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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	Corporate client no.	Corporate client %	Total no.	Total %
Buy	1	0.8%	23	15.4%
Hold	0	0.0%	1	0.7%
Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	117	96.7%	125	83.9%

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Parkmead Group	2,6,8,9,10,11	20 November 20	Corp	30.0p	155.0p

Source: Cavendish

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