

Flash Note

Thursday, 18 October 2018

Oil & Gas - Exploration Companies

Mari Petroleum Company Limited (MARI)

Higher exploration expense restricted earnings growth, EPS up +42%YoY to PKR 46.64

- Mari Petroleum Company Limited (MARI) announced its financial results for 1QFY19 with earnings clocking in at PKR 5.14bn (EPS PKR 46.64, Diluted PKR 42.40) as compared to PKR 3.61bn (EPS PKR 32.77, Diluted PKR 29.79) in the same period last year, up +42%YoY. On quarterly basis, earnings are up by +12%QoQ.
- We attribute this substantial growth in earnings during 1QFY19 to a) bi-annual unwinding of discounts to 93.3% of total wellhead gas price for Mari field, b) +51%YoY rise in oil prices and 17%YoY PKR depreciation against greenback and, c) +2%YoY rise in gas flows from Mari field.
- Net Revenues increased by +54%YoY to PKR 14.34bn during 1QFY19, likely on the back of higher gas price owing to unwinding of discounts and PKR depreciation and improved gas flows from Mari field.
- Operating costs augmented by +43%YoY to PKR 2.77bn during 1QFY19 as against PKR 1.93bn in the same period last year.
- Exploration expense inclined by +6.8xYoY to PKR 1.68bn during 1QFY19 compared to PKR 0.25bn in the corresponding period last year likely owing to higher prospecting expense in respect of Bannu West and dry well cost incurred at Qamar X-01 (Hala Block).
- MARI reported other income of PKR 0.24bn in 1QFY19 as against loss of PKR 0.36bn in the same period last year likely owing to higher income from Mari Seismic Unit.
- Effective tax rate stood at 33.2% during 1QFY19 as against 29.0% in the same period last year (4QFY18: 13.2%).

Exhibit:

Financial Highlights

PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	14,341	9,335	54%	12,085	19%
Royalty	1,828	1,187	54%	1,542	18%
Operating Expense	2,768	1,932	43%	2,998	-8%
Exploration Expense	1,676	245	583%	2,052	-18%
Gross Profit	7,483	5,626	33%	5,114	46%
Other Income	239	(359)	n/m	(246)	-197%
EBIT	7,722	5,268	47%	4,868	59%
Finance Income	268	119	124%	277	-3%
Finance Cost	288	296	-3%	(146)	-296%
PBT	7,702	5,091	51%	5,291	46%
PAT	5,142	3,613	42%	4,590	12%
EPS (PKR) - Basic	46.64	32.77		41.63	
EPS (PKR) - Diluted @ 121.28mn	42.40	29.79		37.85	
DPS (PKR)	-	-		2.50	

Source: IGI Research and Company Financials

No of Shares: 121.28mn

Analyst

Abdullah Farhan

abdullah.farhan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 912

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Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Ejaz Rana	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	ejaz.rana@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, PSX Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2,
Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 35777863-70, 35876075-76
Fax: (+92-42) 35763542

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-992) 408243 - 44

Peshawar Office

2nd Floor, The Mall Tower,
35 The Mall Peshawar Cantt.
Tel: (92-91) 5253035, 5278448

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871653-6, 5871652
Fax: (+92-68) 5871651

Abbottabad Office

Ground Floor, Al Fatah Shopping Center,
Opp. Radio Station, Mansehra Road
Tel: (+92-99) 2408243 - 44

Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,
Mubarik Pura
Tel: (+92-52) 3258437, 3258762

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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