

Company Report

Thursday, 21 July 2016

Initiation Report

Mari Petroleum Company Limited

Oil & Gas Exploration Companies

Recommendation	BUY
Target Price	1,286.1
Last Closing	979.4
Upside	31%

Market Data

Bloomberg Tkr.	MARI PA
Shares (mn)	110.3
Market Cap (PKRbn USDmn)	108.0 1,029.9
Exchange	KSE 100

Price Info.	90D	180D	365D
Abs. Return	42.8	67.3	109.1
Low	698.5	580.5	363.2
High	997.9	997.9	997.9

Key Company Financials

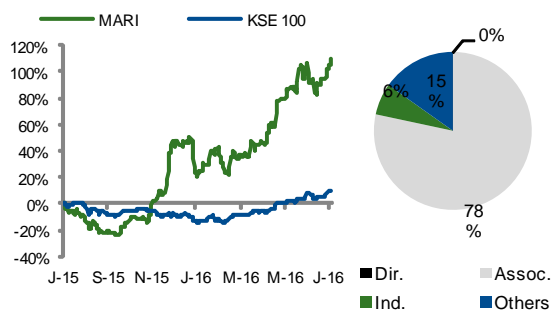
Period End: Jun

PKRbn	FY15A	FY16E	FY17F	FY18F
Total Revenue	19.4	23.1	31.3	38.2
Net Income	5.7	5.8	9.7	12.7
EPS (PKR)	51.3	52.6	88.4	115.1
DPS (PKR)	5.2	5.4	17.7	47.7
Total Assets	65.7	75.1	85.9	105.0
Total Equity	11.5	19.6	25.9	34.6

Key Financial Ratios

ROE (%)	49%	30%	38%	37%
P/E (x)	19.1	18.6	11.1	8.5
P/B (x)	9.4	5.5	4.2	3.1
DY (%)	0.5	0.6	1.8	4.9

Relative Price Performance & Shareholding



About the Company

The Company is a public limited company incorporated in Pakistan in 1984. The principal activity of the company exploration, production and sale of hydrocarbons. The company was listed on all stock exchanges in Pakistan when GoP divested 50% of its stake to Fauji Foundation.

Source: Bloomberg, KSE 100 & IGI Research

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Mari Petroleum Company Limited Revised GPA and Early Redemption; Turning Tides For MARI

Initiating Coverage with a 'BUY' call, offering +31% upside

We initiate our coverage on Mari Petroleum Company Limited (MARI) using Reserve based Discounted Cash Flow approach for our valuation, with a Dec-16 target price of PKR 1,286/share, offering a +31% return from its last closing price of PKR 979/share. We expect company's profitability to post 5yr CAGR of +23% from FY16E-FY21F. The scrip is currently trading at forward FY17 P/E multiple of 11.1x.

A) Revised GPA for Mari gas field offers gradual up lift in wellhead price

Under the revised GPA, Mari gas field's cost plus pricing formula has been replaced with international crude price linked formula, at a stated discount to price under Petroleum Policy 2001 (PP01). The discount would gradually decrease every six months to offer higher wellhead gas price. Based on our estimates, this alone will result in incremental earnings of PKR 12.3/share (14% of FY17 EPS).

B) Incremental production to be priced under PP12

Under the agreement, production exceeding by 10% from benchmark of 525mmcf (including 10%) is entitled for higher gas price under Petroleum Policy 2012 (PP12). For FY16E, production from Mari gas field would stand at 601mmcf, which is ~14% above benchmark. We expect production to go up by 112mmcf reaching at 637mmcf by FY19F.

C) Additional production to contribute about 17% to FY17 earning

Additional Oil and Gas discoveries from Kalabagh 1A (60% stake), Halini Deep (60% stake) and Fazl X-1 (35% stake) will take current production level from 39.1mnboe to 43.0mnboe by FY19, contributing nearly PKR 8.7/share from oil discoveries and PKR 2.5/share from gas production. Oil discovery from Halini Deep alone is expected to increase earnings by PKR 5.5/share in FY17F.

Healthy Dividend Payout expected post redemption of Preference shares

Board has recently given approval of early redemption of preference shares which were earlier due in FY24. This is anticipated to lift the covenants restricting payouts and result in higher dividends, going forward. Based on early redemption approval by the board, we have incorporated following assumptions in our model; a) PKR 9.67bn preference shares redemption in FY17, b) borrowing of PKR 5bn in FY17 at Kibor plus 1.5% for 5 years and c) hefty dividend payment of PKR 17.70/PKR 47.70 in FY17/FY18.

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Double digit earnings growth expected in next 5yrs

Double digit earning growth - Production and Policy

We forecast profitability to grow by 5yr CAGR of +23% from FY16E-FY21F owing to a) gradual decline in discount to wellhead price after every six months leading to 100% of wellhead gas price by FY19, b) increase in production from 601mmcf in FY16E to 637mmcf by FY19F and, c) 10% incremental production over 525mmcf (including 10%) to be priced under PP12. We estimate +68%YoY jump in earnings in FY17 to the tune of PKR 9.7bn (EPS PKR 88.37).

Exhibit: Earnings to show double digit growth over next five year

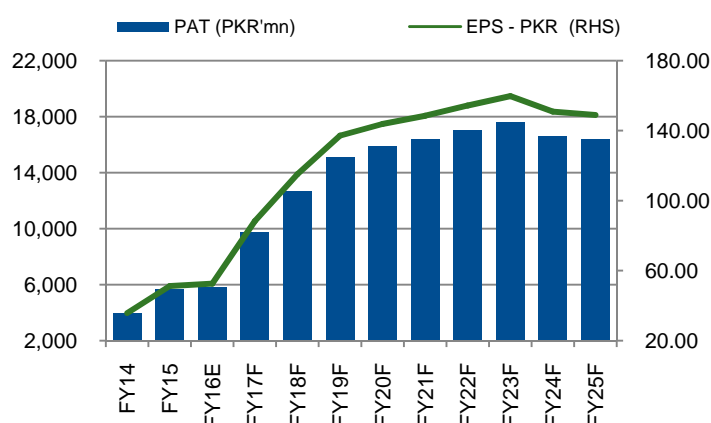
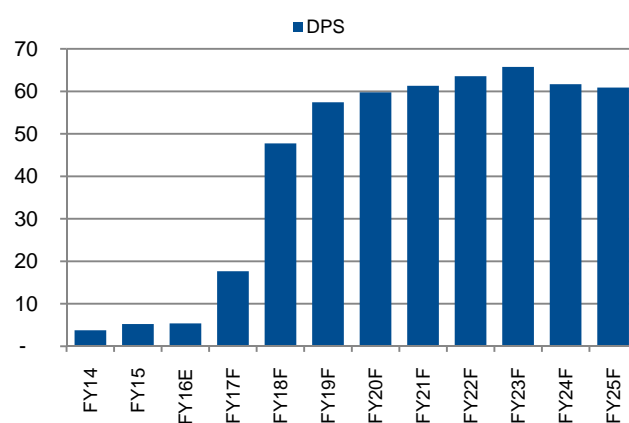


Exhibit: Higher dividends expected post redemption of preference shares (PKR/share)



Source: IGI Research, Company's Financials

Exhibit: Comparative EPS in E&P sector and 5Yr CAGR earnings growth

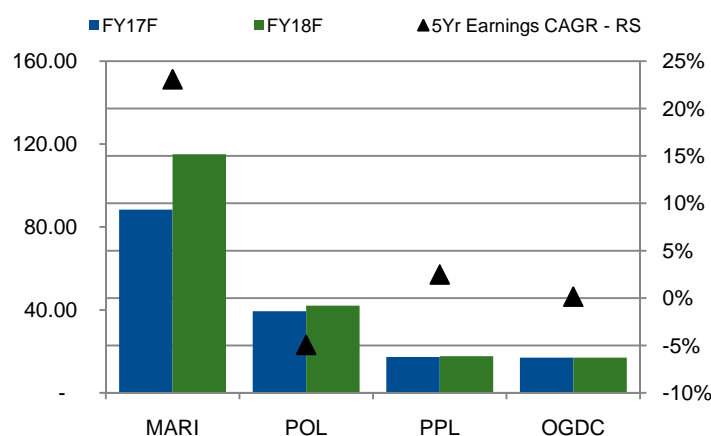
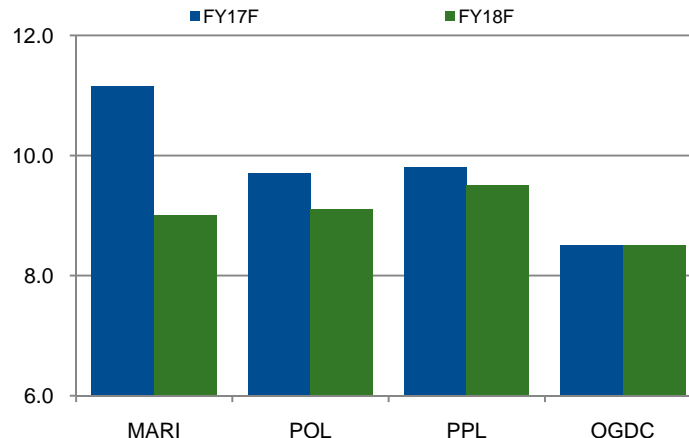


Exhibit: FY17F P/E (x) comparison of IGI E&P universe



Source: IGI Research, Company's Financials

Valuation and Recommendation

Investment Case

Our investment case is based on a) revised Gas Price Agreement (GPA) for Mari Gas field, b) incremental production to be priced under Petroleum Policy 2012 (PP12), and c) additional production from Halini Deep, Fazl X-1 and Kalabagh.

Valuation

Using Reserve based Discounted Cash Flow approach, our Dec-16 Target Price of PKR 1,286/share, with a cost of equity of 14.0% (risk-free rate = 6.25%, beta 1.19 and risk premium 6.50%). The scrip offers +31% return from its last closing price of PKR 979/share.

Valuation Parameters

Risk free Rate	6.25%
Beta (3yr)	1.19
Risk Premium	6.50%
CoE	14.0%

Exhibit: Valuation Snapshot

PKRmn	Jun-17 F	Jun-18 F	Jun-19 F	Jun-20 F	Jun-21 F	Jun-22 F	Jun-23 F	Jun-24 F	Jun-25 F	Jun-26 F	Jun-27 F	Jun-28 F	Jun-29 F	Jun-30 F
Exchange Rate	106.4	108.5	110.7	112.9	115.2	117.5	119.8	122.2	124.7	127.1	129.7	132.3	134.9	137.6
Arab Light (USD/bbl)	45.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Total Oil Revenue	3,965	4,398	4,486	4,575	4,667	4,760	4,419	1,719	443	64	65	66	36	-
Total Gas Revenue	27,334	33,753	38,418	39,212	39,420	39,934	40,732	40,669	41,483	42,203	43,047	43,908	44,787	29,375
Total Revenue	31,323	38,173	42,927	43,811	44,109	44,717	45,174	42,411	41,949	42,290	43,135	43,997	44,846	29,398
Less Royalty	4,072	4,963	5,581	5,696	5,735	5,813	5,873	5,514	5,454	5,498	5,608	5,720	5,830	3,822
Less Operating Expense	8,843	10,893	12,216	12,466	12,547	12,712	12,829	12,053	11,908	11,979	12,185	12,391	12,588	8,287
Less Taxation	2,011	2,802	3,440	3,633	3,768	3,938	4,093	3,837	3,780	3,786	3,936	4,098	4,238	2,366
Other Income	994	640	422	377	366	331	288	201	192	121	115	139	48	109
Net Cash flow	17,391	20,155	22,111	22,393	22,425	22,584	22,667	21,209	20,998	21,148	21,521	21,928	22,237	15,032
PV of Cashflows	16,298	16,571	15,949	14,165	12,445	10,996	9,682	7,945	6,901	6,097	5,444	4,864	4,328	2,566
Sum of cashflows	134,250													
Cash	4,901													
Outstanding Shares	110.25													
Sum of Cashflows (PKR/Share)	1,242													
Cash (PKR/Share)	44													
Fair Value (PKR/Share)	1,286													

A) Revised GPA for Mari gas field offers gradual up lift in wellhead price

Limited Profitability and Capped Exploration Expense under Previous GPA

As applicable under previous GSA, 'Cost plus Pricing Formula' based on cost plus designated return to shareholders, restricted company's ability to avail higher profitability amid rising oil prices. Whereas exploratory expenses which were upper capped at USD 20mn, restrained company's ability to spend on exploration activities. However, enhancement to USD 40mn in 2012 led to aggressive exploratory activities thus leading to discoveries in other fields.

Exhibit: Exploration cost

PKRmn	FY10A	FY11A	FY12A	FY13A	FY14A	FY15A	FY16E	FY17F	FY18F	FY19F
Exploration & Prospecting Expense	745	379	1,639	2,496	3,116	3,194	6,646	6,721	6,840	6,953
Mari E&D expense	-	-	-	6	345	1,777	2,665	2,719	2,773	2,828
E&D Cost (USDmn)	8.88	4.43	18.35	25.78	30.28	31.50	63.71	63.17	63.03	62.81

Source: IGI Research and Company Financials, E&D=Exploration and Development

Crude Price Linked Formula – New GPA

The new GPA which is applicable from Jul-15, has linked wellhead gas prices to international crude oil prices, effectively uncapping the limited profitability. While, removal of upper limit on exploration activities by GoP, is believed to bring in aggressive spending on exploration and development activities. In FY17F, MARI is foreseen to spend USD 63.7mn for exploration.

Key highlights of new terms of the agreement include;

- Crude price linked formula for Mari gas field
- Dividend distribution in line with previous ROE based formula until redemption of preference shares
- No exploration fund to the company from GoP, and
- Residual profit post dividend distribution, to be reinvested in exploration and development activities

Exhibit: Earnings under old and new pricing formula

	FY17E	FY18F	FY19F	FY20F
EPS (Old formula)	76.11	89.23	99.46	102.50
Incremental EPS (New formula)	12.26	25.89	37.72	41.36
Total EPS	88.37	115.12	137.18	143.85
Mari Wellhead Price - (USD/mmbtu)	0.97	1.20	1.40	1.45

Source: IGI Research

What new GPA means for MARI

The shifting from Cost Plus to crude price linked formula for wellhead price provides Mari gas field higher benefit with a stated discount to price under PP01. However, under the new GPA, the discount would shrink after every six months reaching 100% of wellhead gas price under PP01 by FY19.

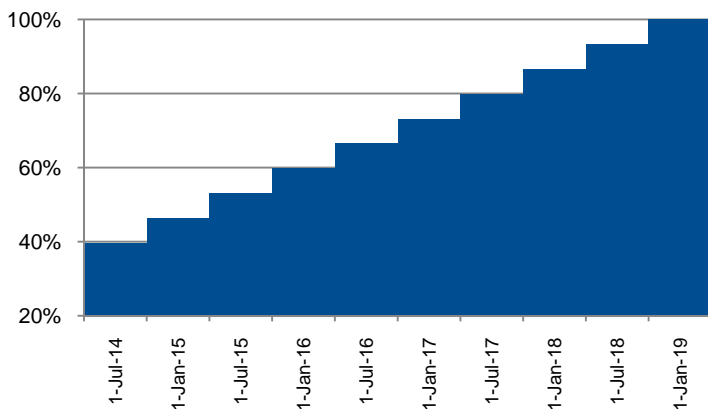
Exhibit: Mari Wellhead Gas Price Formula (Revised GPA)

	Jul-14	Jan-15	Jul-15	Jan-16	Jul-16	Jan-17	Jul-17	Jan-18	Jul-18	Jan-19
Macro-Assumption										
Oil Price (USD/bbl)	88.9	56.1	45.2	35.8	45.0	45.0	50.0	50.0	50.0	50.0
PKR/USD	101.2	101.6	103.9	104.7	105.8	106.8	107.9	109.0	110.1	111.2
Mari Wellhead Gas Price (USD/mmbtu)										
Price under PP01 at 50% discount	1.92	1.52	1.39	1.27	1.39	1.39	1.45	1.45	1.45	1.45
Applicable Discount	39.7%	46.4%	53.1%	59.8%	66.5%	73.2%	79.9%	86.6%	93.3%	100.0%
Post Discount Price (USD/mmbtu)	0.76	0.71	0.74	0.76	0.92	1.02	1.16	1.25	1.35	1.45

Source: IGI Research and Company Financials

Exhibit: Discount to gradually decrease every six months

■ Applicable Discount %



Source: IGI Research and Company Financials

B) Incremental production to be priced under PP12

Higher price incentive for Mari field for incremental production under PP12

According to criteria for eligibility of higher wellhead gas price under PP12, the company has to increase its gas production by =>10% from benchmark level of 525mmcf. Current production as of FY16E from Mari gas field is anticipated at 601mmcf which is 76mmcf or ~14% above benchmark level of 525mmcf, probable to be priced under PP12 at USD 4.23/mmbtu given USD 45/bbl oil price.

Exhibit: Gas Production from Mari and other fields

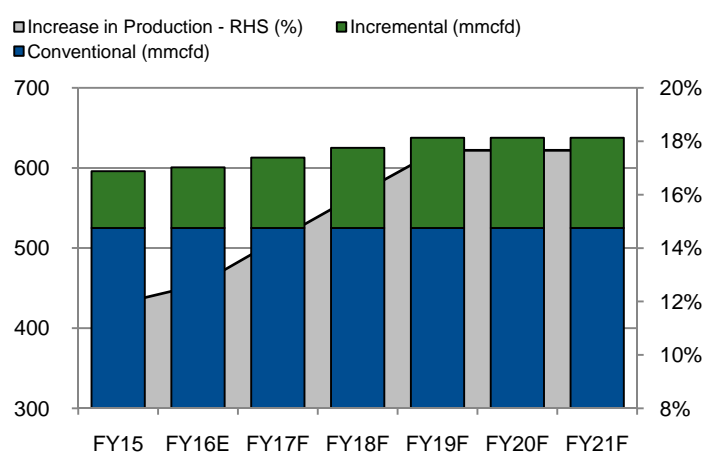
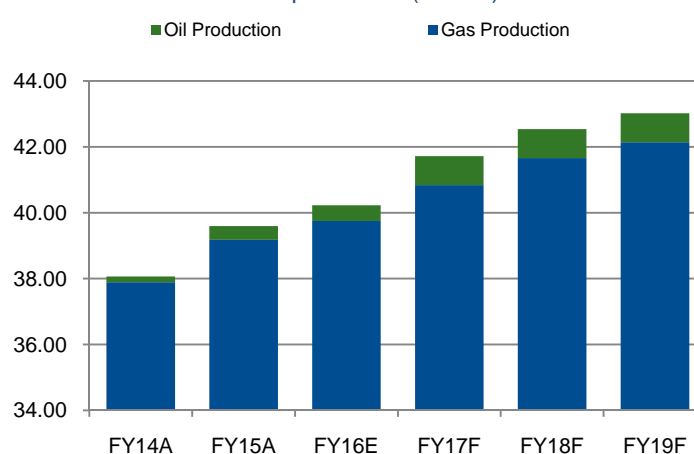


Exhibit: Total Oil and Gas production (mnboe)



Source: IGI Research, Company's Financials

Production from Mari Gas Field to reach 637mmcf by FY19

We foresee Mari gas field to increase its production by +7.3% or 112mmcf in FY16E-FY19F, which would be priced under PP12. For FY17F, we estimate production above benchmark to arrive at 87.9mmcf (17% above 525mmcf), leading to +54% rise in earnings (PKR 31.06/share).

Exhibit: Mari Incremental Production to be priced under PP12

mmcf	FY15	FY16E	FY17F	FY18F	FY19F	FY20F	FY21F
Oil Price (USD/bbl)	72.53	40.00	45.00	50.00	50.00	50.00	50.00
Mari Production	596	601	613	625	638	638	638
Conventional	525	525	525	525	525	525	525
Incremental	71	76	88	100	113	113	113
PKR/USD	101	104	106	109	111	113	115
PP12 Gas Price (PKR/mmbtu)	5.24	3.97	4.23	4.51	4.51	4.51	4.51
Incremental earnings	-	26.64	31.06	36.24	39.12	39.28	40.07

Source: IGI Research and Company Financials

C) Additional production to provide vital uptick in earnings

Additional production to contribute 13% to FY17 earnings

Additional Oil and gas discoveries from Karak Block with a stake of 60% (Kalabagh 1A and Halini Deep) and Hala Block having 35% stake (Fazl X-1) will take current oil production level from 0.41mnboe to 0.88mnboe by FY17 (55% of total oil production), contributing nearly PKR 8.7/share from oil discoveries and PKR 2.5/share from gas production to profitability. Oil discovery from Halini Deep alone is forecasted to contribute PKR 5.5/share towards earnings in FY17F.

Incremental Production from Oil and Gas to take Total Production to 43mnboe by FY19

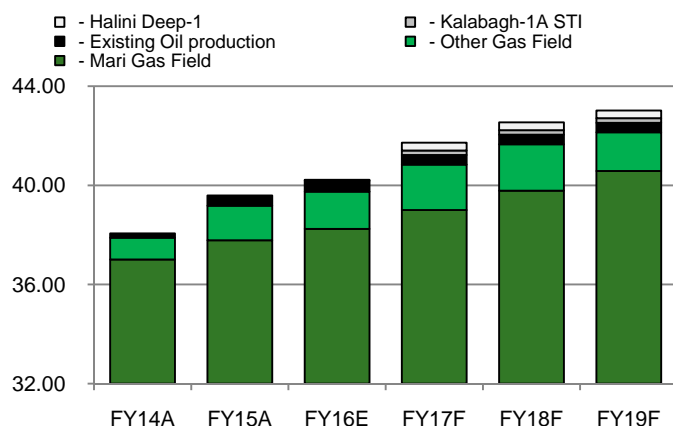
We estimate total production to increase from 40.2mnboe in FY16E to 43.0mnboe by FY19F on the back of higher oil and gas production where key upcoming productions include Halini Deep-1 and Kalabagh-1A adding 0.5mnboe from FY17 onwards.

Exhibit: Production sheet

mnBoe	FY14A	FY15A	FY16E	FY17F	FY18F	FY19F
Gas Production	37.89	39.18	39.75	40.84	41.66	42.14
- Mari Gas Field	37.01	37.78	38.24	39.00	39.78	40.58
- Other Gas Field	0.88	1.40	1.51	1.83	1.87	1.56
Oil Production	0.18	0.41	0.48	0.88	0.88	0.88
- Kalabagh-1A STI	-	-	-	0.18	0.18	0.18
- Halini Deep-1	-	-	0.04	0.31	0.31	0.31
- Existing Oil production	0.18	0.41	0.44	0.38	0.38	0.38
Total Production	38.06	39.59	40.23	41.72	42.54	43.02

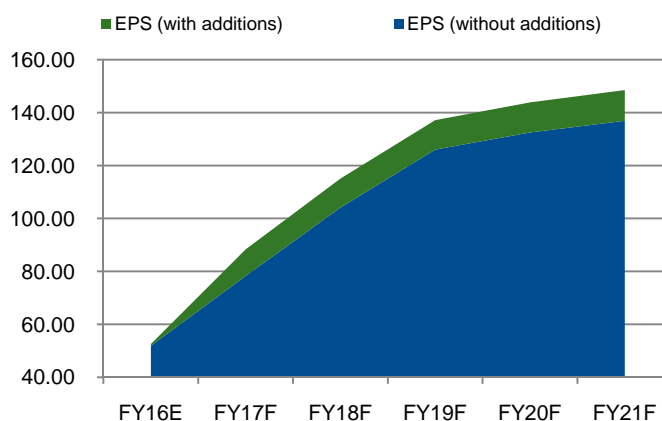
Source: IGI Research, Company Financials, PPIS

Exhibit: Gas Production from Mari and other fields



Source: IGI Research, Company's Financials

Exhibit: Earnings with/without additions - (PKR/share)



Redemption of preference shares

Issuance of Preference shares

In FY14, Company converted liability of PKR 9.67bn into preference shares to be redeemed in FY24 with covenant of capping the dividend payment. This converted amount was owed to GoP in lieu of dividends not paid in earlier years due to cash constraints.

Capital Redemption Reserve

In order to make the bullet payment of PKR 9.67bn in FY24, company has created a specialized Capital redemption reserve. As of 9MFY16, MARI has accumulated PKR 2.07bn under the reserve.

Early Redemption; Possibility of Higher Dividend payout

As mentioned earlier, Board has approved option of early redemption which leads us to our assumption of early payment by the end of Dec-16. In order to pay PKR 9.67bn, we estimate company to opt for 5-yr debt at cost of Kibor plus 1.5% to the tune of PKR 5bn, in tandem with PKR 2.4bn from capital redemption reserve and PKR 2.3bn from cash flow from operations in 1HFY17. With early redemption, not only company would save the Kibor plus 3% to be paid on preference shares, but also uncap the dividend payments.

Keeping this in perspective, we expect the company to pay dividend of PKR 17.7/share/PKR 47.7/share in FY17F/FY18F as compared to a dividend of PKR 5.4/share in FY16E. This translates into dividend yield offering of 1.8%/4.9% in FY17F/FY18F.

Exhibit: Dividend estimates for E&P sector (Pakistan)

DPS (PKR)	FY16E	FY17F	FY18F	FY19F	FY20F	FY21F
MARI (base case)	5.4	5.5	5.6	5.7	5.6	5.6
MARI (post redemption FY16)	5.4	17.7	47.7	57.4	59.7	61.3
POL	35.0	40.0	41.0	40.0	37.0	25.0
PPL	5.0	6.8	7.8	7.5	7.0	6.0
OGDC	5.0	6.0	6.5	6.0	5.8	5.8
Dividend Yld. (%)	FY16E	FY17F	FY18F	FY19F	FY20F	FY21F
MARI (base case)	0.6	0.6	0.6	0.6	0.6	0.6
MARI (post redemption FY16)	0.6	1.8	4.9	5.9	6.1	6.3
POL	9.2	10.5	10.8	10.5	9.7	6.6
PPL	3.0	4.1	4.7	4.5	4.2	3.6
OGDC	3.4	4.1	4.5	4.1	4.0	4.0

Source: IGI Research, Bloomberg

Oil Prices to Remain Subdued Going Forward

Uncertainty in oil prices continues

Oil prices have remained volatile and declined by 22% in FY16 to USD 47.18/bbl and bottomed out at USD 21.34/bbl in Jan-16 as international oil supply glut widened. Since Feb-16, oil prices have increased by +55% owing to a) substantial drop in US crude inventories, b) increase in global oil demand, c) production from Iran resumed as sanctions were lifted and, d) disruption in production from Nigeria and Canada.

Exhibit: World oil supply and demand

mnbpd	2012	2013	2014	2015	1Q16
Total Oil Demand	89.10	90.50	91.40	93.00	93.10
Total Oil supply	89.60	90.20	92.40	95.10	95.50
OPEC Oil Production	31.90	31.00	30.80	31.80	32.30
Non-OPEC	57.70	59.20	61.60	63.30	63.20
China demand	9.70	10.10	10.50	10.80	10.70

Source: OPEC

Long-term Oil assumption at USD 50/bbl

We believe a) changes in US production data, b) China growth outlook, and c) Iran's and Saudi Arabia ability to further increase its oil production will be key fundamental factors to monitor in terms of oil price movements. Since Apr-16, oil prices have increased by +26% owing to decline in US crude inventories, increase in global oil demand by 1.6mnbpd and disruption in Nigeria and Canada. With oil touching USD 50/bbl in recent times, oil rig counts have started to increase in US which has had a temporary negative effect on oil prices. Based on this, we have assumed oil price of USD 45/bbl for FY17 and USD 50/bbl as our long term price.

Exhibit: EPS and Target Price Sensitivity to Oil Prices

Scenarios	Oil Assumption (USD/bbl)			EPS (PKR)			Target Price (PKR) - Dec16
	FY17	FY18	FY19	FY17	FY18	FY19	
Bear	40.0	45.0	45.0	81.5	107.3	128.4	1,232.7
Base	45.0	50.0	50.0	88.4	115.1	137.2	1,286.1
Bull	50.0	55.0	55.0	95.3	121.6	144.5	1,331.3

Source: IGI Research

Financials

Mari Petroleum Company Limited (MARI)

Current Price (PKR):	979.4					Target Price (PKR):	1,286.1					Upside	31%					Recommendation	BUY
Jun-end	FY15A	FY16E	FY17F	FY18F	FY19F	Jun-end	FY15A	FY16E	FY17F	FY18F	FY19F	Jun-end	FY15A	FY16E	FY17F	FY18F	FY19F		
Income Statement Items (PKRmn)						Valuation Ratios													
Net Sales	19,376	23,131	31,323	38,173	42,927	EPS (PKR)	51.3	52.6	88.4	115.1	137.2	DPS (PKR)	5.2	5.4	17.7	47.7	57.4		
Royalty	2,519	3,007	4,072	4,963	5,581	BVPS (PKR)	104.3	177.7	235.1	313.6	404.6	P/E (x)	19.1	18.6	11.1	8.5	7.1		
Operating Expenses	5,396	6,262	9,087	11,090	12,399	P/EBIT (x)	13.8	13.5	9.3	7.2	6.2	D/Y (%)	0.5%	0.6%	1.8%	4.9%	5.9%		
Exploration & Prospecting Exp	3,194	6,646	6,721	6,840	6,953	P/B (x)	9.4	5.5	4.2	3.1	2.4	Earnings Growth (%)	43%	3%	68%	30%	19%		
Gross Profit	7,768	6,621	10,637	14,298	16,889	ROE	120%	79%	84%	82%	73%	ROA	27%	25%	26%	29%	23%		
Other Income	55	1,352	994	640	422	Cash / Share	44.5	70.8	38.3	100.8	165.7	Margins							
Finance Income	517	483	800	1,276	1,951	Gross Margins (%)	40%	29%	34%	37%	39%	EBITDA Margins (%)	46%	41%	43%	44%	46%		
Finance Cost	1,788	1,625	676	720	698	Net Profit Margins (%)	29%	25%	31%	33%	35%	Macro- Assumption							
Pre-tax Profits	6,552	6,831	11,754	15,494	18,564	Oil (USD/bbl)	72.53	40.47	45.00	50.00	50.00	PKR/USD	101.40	104.31	106.39	108.52	110.69		
Taxation	902	1,033	2,011	2,802	3,440	Production (Units) '000						Total Production (boe)	39,594	40,226	41,719	42,539	43,021		
Post- Tax Profits	5,650	5,799	9,743	12,692	15,124	Oil (bbl)	414	478	881	881	881	Gas (boe)	39,179	39,749	40,838	41,658	42,140		
Balance Sheet Items (PKRmn)																			
PPE	9,775	10,868	11,809	11,958	12,383														
D/P Asset	2,188	2,752	3,252	3,608	4,057														
Expl & Eval Assets	9,400	11,178	12,129	13,348	14,587														
Non-Current Assets	23,786	27,466	30,252	31,209	32,696														
Trade Debts	32,355	34,600	45,191	55,602	63,079														
Cash	4,901	7,802	4,224	11,117	18,267														
Current Assets	41,868	47,675	55,682	73,803	89,095														
Total Assets	65,654	75,141	85,933	105,012	121,792														
Preference Shares	9,290	9,290	-	-	-														
Trade & Other Payables	36,656	38,416	49,311	60,199	68,044														
Total Liabilities	54,158	55,547	60,009	70,443	77,190														
Share Capital	1,103	1,103	1,103	1,103	1,103														
Total Equity	11,496	19,593	25,924	34,570	44,602														
Cash Flow Items (PKRmn)																			
Operating CF	6,805	5,615	10,258	14,791	16,945														
Investing CF	(5,947)	(5,259)	(4,611)	(3,003)	(3,711)														
Financing CF	(576)	2,546	(9,225)	(4,895)	(6,083)														

Source: IGI Research, Company Financials

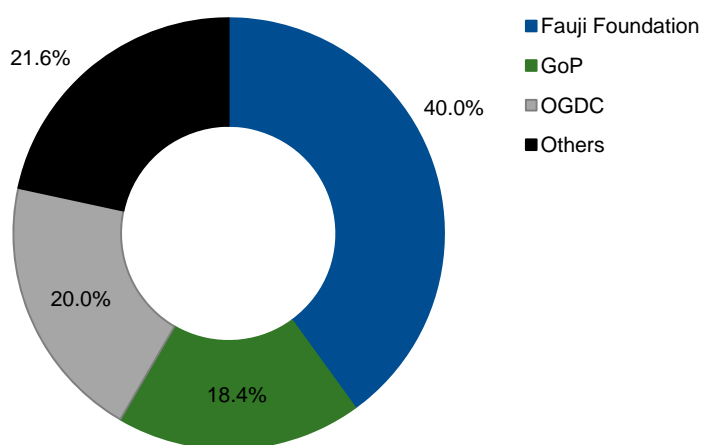
About the Company

Mari Petroleum Company Limited (MARI) is a public limited company incorporated in Pakistan on December 4, 1984 under the Companies Ordinance, 1984. The shares of the Company are listed on the Karachi, Lahore and Islamabad stock exchanges in Pakistan. The Company is principally engaged in exploration, production and sale of hydrocarbons. The registered office of the Company is situated at 21 Mauve Area, 3rd Road, G-10/4, Islamabad.

Background

- Mari gas field was originally owned by Stanvac Petroleum Project which was a joint venture formed in 1957 between Government of Pakistan (GoP) and M/s Esso Eastern Incorporated having 49% and 51% stake.
- Mari gas Company Limited was incorporated in 1984 with Fauji Foundation, GoP and Oil and Gas Development Company (OGDC) holding 40%, 40% and 20% stake.
- The company was listed on all stock exchanges in Pakistan when GoP divested 50% of its stake.
- The Company primarily operated as a production company, developing in phases the already discovered Habib Rahi Reservoir in Mari Gas Field for supply of gas to new fertilizer plants. In 2001 the company expanded its operations by entering in to exploration.
- The name of the Company was changed from “Mari Gas Company Limited” to “Mari Petroleum Company Limited” (MPCL) in November 2012.

Exhibit: Shareholding Pattern



Source: IGI Research, Company's Financials

Analyst Certification

The analyst[^] hereby certify that the views about the company/companies and the security/securities discussed in this report are accurately expressed and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

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IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation	Rating System
Buy	If return on aforementioned security(ies) is more than 10%, from its last closing price(s)
Hold	If return on aforementioned security(ies) is in between -10% and 10%, from its last closing price(s)
Sell	If return on aforementioned security(ies) is more than -10%, from its last closing price(s)

Valuation Methodology

The analyst[^] has used following valuation methodology to arrive at the target price of the said security (ies):

- Reserve based Discounted Cash Flow (DCF)

Time Horizon

- Dec-16

Risk

- Changes in State Bank of Pakistan Policy Rate
- Changes in USD/PKR
- Change in Oil price

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