

Flash Note

Thursday, 22 February 2018

Oil & Gas – Exploration Companies

MARI: Higher gas price incentive for mari field lifts earnings up by +73%YoY to PKR 29.05/share in 2QFY18

- Mari Petroleum Company Limited (MARI) announced financial results for 2QFY18 with earnings clocking in at PKR 3.20bn (EPS PKR 29.05) up by +73%YoY as compared to PKR 1.85bn (EPS PKR 16.75) in the same period last year. This brings cumulative earnings for 1HFY18 to PKR 6.82bn (EPS PKR 61.82) compared to PKR 4.61bn (EPS PKR 41.83) in the corresponding period last year.
- The company announced cash dividend of PKR 3.50/share along with the result.
- Revenues leaped up by +50%YoY to PKR 8.68bn during 2QFY18 likely on the back of a) unwinding of discounts to wellhead gas price for Mari field, b) lower benchmark for Petroleum Policy 2012 (PP12) gas price incentive during closure of customers plants leading to availability of higher gas price incentive during low demand and; c) +25%YoY rise in oil prices.
- Operating expenses leaped up substantially by +42%YoY to PKR 2.73bn during 2QFY18 compared to PKR 1.93bn.
- Exploration expense augmented by +2.6xYoY to PKR 1.11bn in 2QFY18 compared to PKR 0.42bn in the corresponding period last year likely owing to higher prospecting expense.
- Other income increased to PKR 0.67bn during 2QFY18 likely on the back profits from Mari seismic unit.
- Effective tax rate stood at 19.2% during 2QFY18 as compared to 21.7% in the corresponding period last year.

Exhibit:

Financial Highlights

PKRmn	2QFY18	2QFY17	YoY	1HFY18	1HFY17	YoY
Net Sales	8,682	5,797	50%	18,017	13,060	38%
Royalty	1,101	725	52%	2,288	1,633	40%
Operating Expense	2,730	1,925	42%	4,662	3,502	33%
Exploration Expense	1,110	423	163%	1,356	898	51%
Gross Profit	3,424	2,606	31%	9,051	6,621	37%
Other Income	667	(94)	n/m	308	(131)	n/m
EBIT	4,091	2,512	63%	9,359	6,490	44%
Finance Income	184	53	251%	304	86	251%
Finance Cost	313	207	51%	609	413	47%
PBT	3,963	2,357	68%	9,054	6,163	47%
PAT	3,202	1,846	73%	6,815	4,612	48%
EPS (PKR)	29.05	16.75		61.82	41.83	
DPS (PKR)	3.50	3.00		3.50	3.00	

Source: IGI Research and Company Financials

No of Shares: 110.25mn

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