

Flash Note

Monday, 16 April 2018

Oil & Gas - Exploration Companies

MARI: Higher oil price, improved flows from Mari field and PKR depreciation lifts 3QFY18 EPS by +2.3xYoY to PKR 36.00

- Mari Petroleum Company Limited (MARI) announced financial results for 3QFY18 with earnings clocking in at PKR 3.97bn (EPS PKR 36.00) as compared to PKR 1.70bn (EPS PKR 15.37) in the same period last year, up +2.3xYoY.
- We attribute this to a) 2.9% increase in gas production from Mari field, b) unwinding of discounts to wellhead gas price for Mari field to 86.6% compared to 59.8% in the same period last year, c) +24%YoY rise in oil prices and, d) 5% PKR depreciation in Mar-18. This brings 9MFY18 earnings to PKR 10.78bn (EPS PKR 97.82) up by +71YoY compared to PKR 6.31bn (EPS PKR 57.21) in the same period last year.
- Net Revenues increased by +55%YoY to PKR 10.58bn, likely on the back of 24%YoY increase in oil price, 5% PKR depreciation in Mar-18 and 2.9%YoY rise in gas production from Mari field.
- Operating costs augmented by +44%YoY to PKR 2.33bn during 3QFY18 as compared to PKR 1.62bn in the corresponding period last year likely owing to higher depreciation and amortization, maintenance costs and field service cost.
- Exploration cost declined by 83%YoY to PKR 0.28bn during 3QFY18 in the absence of dry well cost and lower prospecting expense.
- The Company incurred other expense of PKR 0.27bn down by 11%YoY during 3QFY18 as the company recorded lower income from Mari Seismic Unit (MSU) which acquired only 82L.kms of data compared to 539L.kms in 2QFY18 where the company booked PKR 1.04bn income from MSU.
- Effective tax rate increase by 15.8ppts to 33% during 3QFY18 compared to 17% reported in the corresponding period last year.

Exhibit:

Financial Highlights

PKRmn	3QFY18	3QFY17	YoY	9MFY18	9MFY17	YoY
Net Sales	10,575	6,806	55%	28,592	19,866	44%
Royalty	1,350	894	51%	3,638	2,528	44%
Operating Expense	2,326	1,615	44%	6,988	5,118	37%
Exploration Expense	282	1,667	-83%	1,637	2,565	-36%
Gross Profit	6,208	2,496	149%	15,258	9,117	67%
Other Income	(269)	(302)	n/m	39	(433)	n/m
EBIT	5,939	2,194	171%	15,297	8,684	76%
Finance Income	185	82	126%	489	168	190%
Finance Cost	177	224	-21%	786	637	23%
PBT	5,947	2,053	190%	15,000	8,216	83%
PAT	3,969	1,695	134%	10,784	6,307	71%
EPS (PKR)	36.00	15.37		97.82	57.21	
DPS (PKR)	-	-		3.20	3.00	

Source: IGI Research and Company Financials

No of Shares: 110.25mn

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