

Flash Note

Thursday, 30 August 2018

Oil & Gas - Exploration Companies

Mari Petroleum Company Limited (MARI)

Improved flows from Mari along with PKR depreciation outweighs higher tax, EPS up +62%YoY to PKR 41.63

- Mari Petroleum Company Limited (MARI) announced its financial results for 4QFY18 with earnings clocking in at PKR 4.59bn (EPS PKR 41.63) as compared to PKR 2.83bn (EPS PKR 25.66) in the same period last year, up +62%YoY. The company announced cash dividend of PKR 2.5/share bring total cash payout to PKR 6.0/share, along with a bonus issue of 10%. This brings FY18 earnings to PKR 15.37bn (EPS: PKR 139.45) up by +68%YoY compared to PKR 9.14bn (EPS: PKR 82.87) in the similar period last year.
- We attribute this substantial growth in earnings during 4QFY18 to a) a rise in oil prices and PKR depreciation leading to higher oil/gas revenues and, b) +7%YoY rise in gas production led by +7%YoY growth in gas flows from Mari field.
- Net Revenues increased by +45%YoY to PKR 12.09bn during 4QFY18, likely on the back of higher oil prices and improved gas flows from Mari field. This brings total FY18 revenues to PKR 40.68bn up by +44%YoY.
- Operating costs increased by +29%YoY to PKR 3.0bn during 4QFY18 as against PKR 2.33bn in the same period last year bringing total operating cost for FY18 to PKR 9.99bn, up by +34%YoY.
- Exploration expense inclined by +56%YoY to PKR 2.05bn during 4QFY18 compared to PKR 1.32bn in the corresponding period last year likely owing to higher prospecting expense. This brings total exploration cost to PKR 3.69bn in FY18 down by 5%YoY.
- Finance income augmented by +4.3xYoY to PKR 0.28bn during 4QFY18 likely due to exchange gains bringing total FY18 finance income to PKR 0.77bn up by 3.3xYoY.
- Effective tax rate increased by 9.68pps to 13.2% during 4QFY18 compared to 3.6% reported in the corresponding period last year, bringing total effective tax rate for FY18 to 24.2% (FY17: 18.1%).

Exhibit:

MARI Financial Highlights

PKRmn	4QFY18	4QFY17	YoY	FY18	FY17	QoQ
Net Sales	12,085	8,310	45%	40,676	28,175	44%
Royalty	1,542	1,056	46%	5,181	3,584	45%
Operating Expense	2,998	2,332	29%	9,985	7,450	34%
Exploration Expense	2,052	1,315	56%	3,690	3,881	-5%
Gross Profit	5,114	3,418	50%	20,372	12,535	63%
Other Income	(246)	(387)	-36%	(207)	(820)	-75%
EBIT	4,868	3,031	61%	20,166	11,715	72%
Finance Income	277	65	328%	766	233	229%
Finance Cost	(146)	161	-191%	640	798	-20%
PBT	5,291	2,934	80%	20,292	11,149	82%
PAT	4,590	2,829	62%	15,374	9,136	68%
EPS (PKR)	41.63	25.66		139.45	82.87	
EPS – (PKR) at 121.3mn shares	37.85	23.33		126.77	75.33	
Bonus Issue	10%	0%		10%	0%	
DPS (PKR)	2.50	2.20		6.00	5.20	

Source: IGI Research and Company Financials

No of Shares: 110.25mn

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
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@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

Lahore Office

5-F.C.C. Ground Floor,
Syed Maratib Ali Road, Gulberg II
Tel: (+92-42) 35777863-70, 35876075-76
Fax: (+92-42) 35763542

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

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

Faisalabad Office

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

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

Multan Office

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

Abbottabad Office

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

Stock Exchange Office

Room # 719, 7th Floor, PSX Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Peshawar Office

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

Sialkot Office

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