

# Flash Note

Thursday, October 26, 2023

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## Oil & Gas Exploration Companies

### Mari Petroleum Company Limited

**Earnings:** Mari Petroleum Company Limited (MARI) announced its 1QFY24 result. The Company reported 1QFY24 earnings of PKR 19.14bn (EPS PKR 143.5), up by +51%/y/y compared to PKR 12.72bn (EPS PKR 95.31) in the similar period last year. On a quarterly basis, profitability is up by +21%/y/y.

**Dividend/Payout:** The Company did not announce any cash dividend along with the result in line with its payout policy.

**Operating Performance:** During the period under review, MARI reported a +51%/y/y increase in revenue during 1QFY24 on the back of PKR depreciation against greenback and higher gas production. Earnings growth was mainly driven by PKR depreciation, higher gas production from Mari field and improved finance income. However, earnings growth was limited by higher exploration cost, oil prices and taxation. Exploration cost increased by +30%/y/y to PKR 1.79bn during 1QFY24 likely owing to higher prospecting expense. Operating expenses augmented by +30%/y/y to PKR 7.62bn during 1QFY24 compared to PKR 5.85bn in the corresponding period last year. Finance income increased by +2.4x/y/y to PKR 2.49bn during 1QFY24 likely owing to higher markup income. On a quarterly basis, earnings increased by +21%/y/y mainly due to higher oil prices, PKR depreciation, lower operating expense and drop in exploration cost. Effective tax stood at 40.5% during 1QFY24 (4QFY23: 36.8%) compared to 34.2% in the same period last year.

Exhibit: MARI Financial Highlights					
For the period 1QFY24					
PKRmn	1QFY24	1QFY23	y/y	4QFY23	q/q
Net Sales	48,206	31,825	51%	46,930	3%
Royalty	5,991	4,004	50%	5,192	15%
Operating Expense	7,618	5,854	30%	10,934	-30%
Exploration Expense	1,791	1,380	30%	6,478	-72%
Gross Profit	30,556	19,269	59%	22,707	35%
Other Income / (loss)	120	(463)	n/m	396	-70%
EBIT	30,676	18,806	63%	23,103	33%
Finance Income	2,492	1,022	144%	2,217	12%
Finance Cost	731	440	66%	452	62%
PBT	32,196	19,325	67%	25,044	29%
PAT	19,143	12,715	51%	15,837	21%
<b>EPS (PKR)</b>	<b>143.50</b>	<b>95.31</b>		<b>118.72</b>	
DPS (PKR)	0.0	0.0		58.0	

Source: IGI Research and Company Financials No of Shares: 133.40mn

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