

# Flash Note

Wednesday, August 9, 2023

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Securities

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## Oil & Gas Exploration Companies

### Mari Petroleum Company Limited

**Earnings:** Mari Petroleum Company Limited (MARI) announced its 4QFY23 result. The Company reported 4QFY23 earnings of PKR 15.84bn (EPS PKR 118.72), up by +2.8x/y compared to PKR 5.60bn (EPS PKR 42.01) in the similar period last year. On a quarterly basis, profitability is down by 4%/y. This brings total FY23 profitability to PKR 56.13bn (EPS PKR 420.75), up by +70%/y.

**Dividend/Payout:** The Company announced a cash dividend of PKR 58.0/share along with the result bringing total cash payout to PKR 147/share for FY23.

**Operating Performance:** During the period under review, MARI reported a +71%/y increase in revenue during 4QFY23 on the back of PKR depreciation against greenback and higher oil/gas production. However, earnings growth was limited by higher other charges and lower oil prices. Exploration cost increased by +1%/y to PKR 6.48bn during 4QFY23 likely owing to higher dry well expense. Operating expenses augmented by +96%/y to PKR 10.93bn during 4QFY23 compared to PKR 5.58bn in the corresponding period last year. On a quarterly basis, earnings dropped by 4%/y mainly due to lower oil revenue, higher exploration cost and higher tax expense. Effective tax stood at 36.8% during 4QFY23 (3QFY23: 33.4%) compared to 55.5% in the same period last year bringing total effective tax rate for FY23 to 34.6% compared to 36.6% in the similar period last year..

Exhibit: MARI Financial Highlights								
For the period 4QFY23								
PKRmn	4QFY23	4QFY22	y/y	3QFY23	q/q	FY23	FY22	y/y
Net Sales	46,930	27,517	71%	37,838	24%	145,770	95,134	53%
Royalty	5,192	3,356	55%	4,674	11%	17,548	12,000	46%
Operating Expense	10,934	5,581	96%	6,641	65%	27,112	17,403	56%
Exploration Expense	6,478	6,413	1%	3,816	70%	16,017	10,932	47%
Gross Profit	22,707	11,175	103%	21,076	8%	79,299	51,178	55%
Other Income / (loss)	396	(97)	n/m	(172)	n/m	(363)	48	n/m
EBIT	23,103	11,077	109%	20,905	11%	78,937	51,226	54%
Finance Income	2,217	1,918	16%	4,644	-52%	9,075	4,483	102%
Finance Cost	452	392	15%	451	0%	1,775	980	81%
PBT	25,044	12,585	99%	24,651	2%	85,847	52,116	65%
PAT	15,837	5,604	2.8x	16,430	-4%	56,129	33,063	70%
<b>EPS (PKR)</b>	<b>118.72</b>	<b>42.01</b>		<b>123.16</b>		<b>420.75</b>	<b>247.84</b>	
DPS (PKR)	58.0	60.0		0.0		147.0	122.0	

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

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