

Flash Note

Friday, 19 April 2019

Oil & Gas - Exploration Companies

Mari Petroleum Company Limited (MARI)

Wellhead gas price incentive along with PKR depreciation lifts 3QFY19 EPS to PKR 47.43, up by +45%YoY

- Mari Petroleum Company Limited (MARI) announced its financial results for 3QFY19 with earnings clocking in at PKR 5.75bn (EPS PKR 47.43) as compared to PKR 3.97bn (EPS PKR 32.73) in the same period last year, up by +45%YoY. This brings total earnings for 9MFY19 to PKR 16.81bn (EPS PKR 138.61) compared to PKR 10.78bn (EPS PKR 88.92) in the similar period last year.
- We attribute this substantial growth in earnings during 3QFY19 to a) bi-annual unwinding of discounts to 100% of total wellhead gas price for Mari field compared to 86.6% in 3QFY18 and, b) 25%YoY average PKR depreciation against greenback.
- Net Revenues increased by +37%YoY to PKR 14.52bn during 3QFY19, likely on the back of higher gas price owing to unwinding of discounts and PKR depreciation and improved gas flows from Mari field.
- Operating costs augmented by +43%YoY to PKR 3.33bn during 3QFY19 as against PKR 2.33bn in the same period last year likely owing to rise in oil prices.
- Exploration expense leaped up by +3.3xYoY to PKR 0.93bn during 3QFY19 compared to PKR 0.28bn in the corresponding period last year likely owing to higher prospecting expense.
- MARI reported other expense of PKR 0.30bn in 3QFY19 as against PKR 0.27bn in the same period last year likely owing to lower income from Mari Seismic Unit.
- Finance income increased by +2.9xYoY to PKR 0.54bn during 3QFY19 likely owing to rise in interest rates while finance cost dropped by 11%YoY to PKR 0.16bn likely on the back of retirement of long term debt.
- Effective tax rate stood at 27.8% during 3QFY19 as against 33.3% in the same period last year (2QFY19: 32.3%). This brings total effective tax for 9MFY19 to 31.1% compared to 28.1% during 9MFY18.

Exhibit:

Financial Highlights

PKRmn	3QFY19	3QFY18	YoY	2QFY19	QoQ	9MFY19	9MFY18	YoY
Net Sales	14,521	10,575	37%	14,646	-1%	43,507	28,592	52%
Royalty	1,837	1,350	36%	1,857	-1%	5,522	3,638	52%
Operating Expense	3,329	2,326	43%	2,889	15%	8,985	6,988	29%
Exploration Expense	927	282	229%	971	-5%	3,573	1,637	118%
Gross Profit	7,889	6,208	27%	8,317	-5%	23,688	15,258	55%
Other Income	(304)	(269)	13%	132	-331%	67	39	71%
EBIT	7,585	5,939	28%	8,449	-10%	23,755	15,297	55%
Finance Income / (Expense)	539	185	191%	336	60%	1,143	489	134%
Finance Cost	159	177	-11%	51	211%	497	786	-37%
PBT	7,965	5,947	34%	8,734	-9%	24,400	15,000	63%
PAT	5,751	3,969	45%	5,916	-3%	16,809	10,784	56%
EPS (PKR)	47.43	32.73		48.78		138.61	88.92	
DPS (PKR)	-	-		4.00		4.00	3.50	

Source: IGI Research and Company Financials

No of Shares: 121.28mn

Analyst

Abdullah Farhan

abdullah.farhan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 912