

# Flash Note

Monday, 19 October 2020

Oil & Gas - Exploration Companies

## Mari Petroleum Company Limited (MARI)

### Higher gas production, lower exploration cost and PKR depreciation lifts 1QFY21 EPS to PKR 67.96

- Mari Petroleum Company Limited (MARI) announced its financial results for 1QFY21 with earnings clocking in at PKR 9.07bn (EPS PKR 67.96) as compared to PKR 7.46bn (EPS PKR 55.94) in the same period last year, up by +21% YoY. On a sequential basis, earnings are up by +28% QoQ.
- We attribute this growth in earnings during 1QFY21 due to a) higher gas production from Mari field, b) lower exploration cost on account of lower seismic activity during the quarter and, c) PKR depreciation of nearly ~5% YoY. However, earnings growth was limited as MARI reported other loss of PKR 0.5bn during 1QFY21 as compared to other income of PKR 0.3bn in the same period last year.
- **Net Revenues** increased by +14% YoY to PKR 20.37bn during 1QFY21, likely on the back of higher gas production and PKR depreciation.
- **Operating costs** declined by 7% YoY to PKR 3.02bn during 1QFY21 as against PKR 3.26bn in the same period last year.
- **Exploration expense** plummeted by 40% YoY to PKR 1.22bn during 1QFY21 compared to PKR 2.04bn in the corresponding period last year likely owing to lower seismic activity during the quarter. There was no dry well reported in our view for 1QFY21 similar to 1QFY20.
- The Company reported **other loss** of PKR 0.5bn for 1QFY21 compared to other income of PKR 0.3bn in the same period last year likely owing to lower income from Mari Seismic Unit.
- **Effective tax rate** stood at 29.6% during 1QFY21 as against 30.3% in the same period last year (4QFY20: 19.2%).

#### Exhibit: MARI Financial Highlights

PKRmn	1QFY21	1QFY20	YoY	4QFY20	QoQ
Net Sales	20,373	17,849	14%	18,486	10%
Royalty	2,540	2,256	13%	2,064	23%
Operating Expense	3,023	3,255	-7%	3,464	-13%
Exploration Expense	1,221	2,043	-40%	4,519	-73%
Gross Profit	12,681	9,486	34%	8,016	58%
Other Income	(507)	289	n/m	(60)	n/m
EBIT	12,174	9,775	25%	7,956	53%
Finance Income	938	1,183	-21%	1,072	-13%
Finance Cost	225	248	-9%	251	-10%
PBT	12,886	10,709	20%	8,777	47%
PAT	9,066	7,463	21%	7,088	28%
EPS (PKR)	67.96	55.94		53.13	
DPS (PKR)	-	-		2.00	

Source: IGI Research and Company Financials

No of Shares: 133.40mn

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IGI Finex Securities Limited

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Research Identity Number: BRP009

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