

Flash Note

Thursday, January 26, 2023



Oil & Gas Exploration Companies

Mari Petroleum Company Limited

Earnings: Mari Petroleum Company Limited (MARI) announced its 2QFY23 result. The Company reported 2QFY23 earnings of PKR 11.15bn (EPS PKR 83.56), up by +49%y/y compared to PKR 7.47bn (EPS PKR 56.0) in the similar period last year. On a quarterly basis, profitability is down by 12%y/y. This brings total 1H FY23 profitability to PKR 23.86bn (EPS PKR 178.87), up by +44%y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 89.0/share along with the result.

Operating Performance: During the period under review, MARI reported a +35%y/y increase in revenue during 2QFY23 on the back of a rise in average oil prices and PKR depreciation against the greenback. However, earnings growth was limited by lower oil & gas production and higher exploration cost. Exploration cost increased by +4.9x/y to PKR 4.34bn during 2QFY23, likely owing to higher prospecting expense and dry well cost. Operating expenses declined by 10%y/y to PKR 3.68bn during 2QFY23 compared to PKR 4.11bn in the corresponding period last year. On a quarterly basis, earnings surged by 12%y/y mainly due to lower oil revenue and higher exploration cost. Effective tax stood at 33.8% during 2QFY23 (1QFY23: 34.2%) compared to 34.9% in the same period last year, bringing total effective tax rate for 1H FY23 to 34.0% compared to 32.4% in the similar period last year..

Exhibit: MARI Financial Highlights								
For the period 2QFY23								
PKRmn	2QFY23	2QFY22	y/y	1QFY23	q/q	1H FY23	1H FY22	y/y
Net Sales	29,177	21,692	35%	31,825	-8%	61,002	42,418	44%
Operating Expense	3,683	4,105	-10%	5,854	-37%	9,537	7,377	29%
Exploration Expense	4,344	895	4.9x	1,380	3.2x	5,723	2,644	2.2x
Gross Profit	16,247	13,134	24%	19,269	-16%	35,516	25,410	40%
Other Income / (loss)	(124)	161	n/m	(463)	-73%	n/m	179	n/m
EBIT	16,123	13,295	21%	18,806	-14%	34,928	25,589	36%
Finance Income	1,192	854	40%	1,022	17%	2,214	1,720	29%
Finance Cost	432	244	77%	440	-2%	872	343	2.5x
PBT	16,827	11,481	47%	19,325	-13%	36,152	24,528	47%
PAT	11,147	7,471	49%	12,715	-12%	23,862	16,570	44%
EPS (PKR)	83.56	56.00		95.31		178.87	124.21	
DPS (PKR)	89.0	62.0		0.0		89.0	62.0	
Source: IGI Research and Company Financials						No of Shares: 133.40mn		

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