

# Mari Petroleum Company Limited

KATS: MARI  
Bloomberg: MARI PA

Price: PKR 2,685  
Fair Value: PKR 2,511

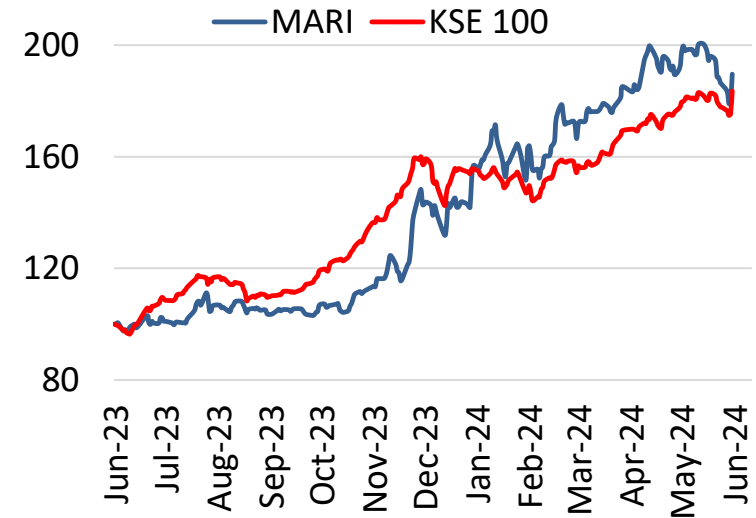
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## Corporate Briefing Session 9MFY24 – Key Takeaways

14 June 2024

- **9MFY24 Result.** EPS: PKR 387.02 (+28% Y/Y) | DPS: PKR 98.00 (+10% Y/Y).
- **2<sup>nd</sup> largest E&P company.** MPCL is the highest gas producer in the country, ensuring food security as 90% of urea production in Pakistan is based on gas supplied from MPCL.
- **Highest ever 9M hydrocarbon sales.** Company’s net hydrocarbon production increased by 13% in 9MFY24 to 29.93 MMBOE, wherein 11% of the jump came from continuous operations of SGPC.
- **CD to result in a strategy shift.** MPCL hopes for better recovery against gas sales from SNGP moving forward (vs. 85% receivables stuck against gas sales in 3QFY24). Otherwise, the company might shift its strategy to extracting more oil in the future, if the problem persists.
- **Mari D&P lease expiry.** MARI’s development and production lease is set to expire by Nov 10, 2024, for which the government has already approved a renewal for 5 years. However, MPCL will be subject to pay additional amount equivalent to 15% of the wellhead value from MARI D&PL.
- **Security issues – a headache.** Hostile security environment remains a huge problem for MPCL, resulting in a delay in laying ~2 km of pipeline at Waziristan block, from which the company expects 70 mmcf/d of gas production. The above reason has also resulted in stoppage of 2D seismic data acquisition at Nareli block as well.
- **Outlook.** With the significant oil discovery of 1,040 BPD at Shawal-1 (MD-22), and Ghazij-3 well under drilling (with 4 current wells producing 25 mmcf/d), future prospects of the company look promising.

### Total Return Comparison



Source: Zakheera, Optimus Research

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## Earnings Snapshot

PKR MN	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Q/Q	Y/Y	9MFY24	9MFY23	Y/Y
Net Sales	48,247	45,539	48,206	46,930	37,838	6%	28%	141,992	98,840	44%
Royalty	5,800	5,756	5,991	5,192	4,674	1%	24%	17,547	12,356	42%
Operating Expenses	8,199	4,287	5,143	7,379	5,170	91%	59%	17,628	12,016	47%
<b>Gross Profit</b>	<b>30,949</b>	<b>32,761</b>	<b>34,597</b>	<b>30,804</b>	<b>26,523</b>	<b>-6%</b>	<b>17%</b>	<b>98,307</b>	<b>70,306</b>	<b>40%</b>
Exploration & Prospecting exp.	15,527	1,465	1,791	6,478	3,816	960%	307%	18,783	9,539	97%
<b>Operating Profit</b>	<b>15,422</b>	<b>31,295</b>	<b>32,807</b>	<b>24,326</b>	<b>22,707</b>	<b>-51%</b>	<b>-32%</b>	<b>79,523</b>	<b>60,767</b>	<b>31%</b>
Other/Finance Income	2,063	2,402	2,612	2,613	4,472	-14%	-54%	7,077	6,100	16%
Finance Cost	716	702	731	452	451	2%	59%	2,150	1,323	62%
WPPF	1,186	2,137	2,251	1,619	1,630	-45%	-27%	5,574	4,175	34%
Share of Profit/(Loss) in Associate	(186)	(356)	(241)	175	(447)	-48%	-58%	(783)	(566)	38%
<b>Profit before Tax</b>	<b>15,397</b>	<b>30,502</b>	<b>32,196</b>	<b>25,044</b>	<b>24,651</b>	<b>-50%</b>	<b>-38%</b>	<b>78,095</b>	<b>60,803</b>	<b>28%</b>
Tax	1,273	12,141	13,053	9,207	8,221	-90%	-85%	26,466	20,512	29%
<b>Profit after Tax</b>	<b>14,124</b>	<b>18,361</b>	<b>19,143</b>	<b>15,837</b>	<b>16,430</b>	<b>-23%</b>	<b>-14%</b>	<b>51,629</b>	<b>40,291</b>	<b>28%</b>
EPS	105.88	137.64	143.50	118.72	123.16			387.02	302.03	
DPS	-	98.00	-	58.00	-			98.00	89.00	
Gross Margins	64.1%	71.9%	71.8%	65.6%	70.1%			69.2%	71.1%	
Net Margin	29.3%	40.3%	39.7%	33.7%	43.4%			36.4%	40.8%	
Effective Tax Rate	8.3%	39.8%	40.5%	36.8%	33.4%			33.9%	33.7%	

Source: Company Accounts, Optimus Research

## Analyst Certification

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