



MARI - Highest ever quarterly bottom-line



AKD Securities Limited

Mari Petroleum Company Limited (MARI) reported its 1QFY24 earnings earlier today, wherein the company posted Profit After Tax (PAT) of PkR19.14bn (EPS: PkR143.5) for the quarter, higher by 20%/51% QoQ/YoY — largely in-line with our estimates of EPS: PkR140.4/sh for the first quarter. This is the highest-ever bottom line in the company's history, attributed to ever rising hydrocarbon production levels alongside revenue hedge linked to USD and international crude oil prices.

- Net sales stood at PkR48.2bn for the first quarter (up by 3%QoQ/51%YoY). The said increase is majorly due to: i) higher offtakes from the MARI field (up 4%QoQ/25% YoY), and, ii) Higher avg. PkR/USD parity (up 2.1%QoQ) alongside higher well-head prices
- Opex stood at PkR7.6bn (down 30%QoQ), lower due to higher base in the quarter before amidst commissioning of GTH capacity in 4QFY23. Overall, company's OPEX/BOE remained robust during the quarter, estimated at US\$1.80/BOE (vs. FY23 average: US\$2.18/BOE)
- On the exploration front, exploration expenses fell to PkR1.8bn (down 72%QoQ) during the period. Furthermore, finance income continues to exhibit growth, driven by higher cash balances accumulated in the quarter before
- On the taxation front, effective tax clocked in at 40.5% during the quarter (vs. 37%/34% during 4QFY23/SPLY.
- MARI remains our top pick from the sector, with a June'24 target price of PkR2,750/sh on the stock, offering upside potential of 80% over the last close. In addition to this, the stock provides an FY24 dividend yield of 12.0%. MARI is currently trading at a FY24/FY25 P/E of 2.92/2.51, compared to the long-run averages of 9.70x

MARI - Income Statement

(PKRmn)	1QFY24	4QFY23	QoQ	1QFY23	YoY
Net Sales	48,206	46,930	3%	31,825	51%
Royalty	5,991	5,192	15%	4,004	50%
Op. Exp.	7,618	10,934	-30%	5,854	30%
Exploration Exp.	1,791	6,478	-72%	1,380	30%
Operating profit	32,807	24,326	35%	20,588	59%
Finance cost	731	452	62%	440	66%
Finance Income	2,492	2,217	12%	1,022	144%
Other charges	2,251	1,565	44%	1,319	71%
PAT	19,143	15,891	20%	12,715	51%
EPS-Adjusted	143.5	119.1	-	95.3	-
DPS-Adjusted	-	58.00	-	-	-

Source: Company Report & AKD Research

Muhammad Ali
ali.muhammad@akdsi.com
+92-21-111253111 EXT:637