

# AHL Alert: E&P

## Mari Petroleum Company Limited

### Result Review: Highest ever yearly earnings and dividend

#### Profitability surged by 62% YoY to PKR 192.34/share in 4QFY24

Mari Petroleum Company Limited (MARI) announced its financial result today, posting a bottom line of PKR 77,288mn (EPS: PKR 579.36) during FY24 against PKR 56,129mn (EPS: PKR 420.75) in FY23, up by 38% YoY. On a quarterly basis, the company's profitability arrived at PKR 25,659mn (EPS: PKR 192.34), up by 62% YoY). In addition to the result the company announced final cash dividend of PKR 134/share (PKR 232/share in FY24) and bonus of 800%.

#### Result Highlights

- Topline in FY24 increased by 25% YoY, settling at PKR 181,829mn compared to PKR 145,770mn in SPLY amid i) 9% and 12% YoY jump in gas and oil production, respectively, ii) 19% YoY hike in the wellhead price of Mari Gas Field, and iii) 12% YoY devaluation of PKR against USD. During 4QFY24, the net sales declined by 15% YoY, arriving at PKR 39,836mn given i) gas production from Mari HRL below the threshold level of 577.5 mmcf during 4QFY24 and ii) 3% YoY Pak Rupee appreciation against greenback.
- The exploration cost declined by 19% YoY to PKR 12,924mn in FY24. Meanwhile, the company booked a reversal of PKR 5,859mn in exploration cost in 4QFY24 against exploration cost of PKR 6,478mn in SPLY, despite incurring dry well (Halini-2) during the quarter. We await disclosure of detail financial accounts for clarity in this regard.
- The finance income arrived at PKR 9,209mn in FY24, up by 1% YoY. Whereas, finance income during 4QFY24 settled at PKR 3,104mn, depicting a decline of 40% YoY on account of higher income on cash and cash balances.
- The company booked effective taxation at 20% in 4QFY24 vis-à-vis 37% in 4QFY23.

#### Exhibit: Financial Highlights

(PKR mn)	FY24a	FY23a	YoY	4QFY24a	4QFY23a	YoYQoQ
Net Sales	181,829	145,770	25%	39,836	46,930	-15% -17%
Operating Costs	35,904	27,112	32%	9,765	10,934	-11% -15%
Gross Profit	123,827	101,110	22%	25,520	30,804	-17% -18%
Exploration Cost	12,924	16,017	-19%	(5,859)	6,478	nm nm
Finance Income	9,209	9,075	1%	3,104	2,217	40% 55%
Net Profit	77,288	56,129	38%	25,659	15,837	62% 82%
EPS (PKR)*	579.36	420.75		192.34	118.72	
DPS (PKR)	232.00	89.00		134.00	58.00	

Source (s): Company Financials, AHL Research \*@ 133mn shares

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- The government has extended Mari D&P lease by 5-Yr, renewing the MARI's rights on the lease until Nov'29 with an additional payment of 15% wellhead value. Moreover, the new amendments in the PP12 allows the company to extend the lease until the field production remains commercially viable.
- The construction of early production facilities in Waziristan Block and SNGP gas transmission pipeline are completed. At present, pipeline hydro testing is ongoing after which production is expected to commence.
- During FY24, the company made discoveries at Shawal-1, Shewa-2, Maiwand X-1, and Jhim East X-1.
- Furthermore, MARI has increased its exploration acreage by acquiring working interests in Nareli (27.55%), Zarghun South (40%), and Kalchas South (44%) blocks.
- Towards the end of Jun'24, MARI's 2P reserves stood at 704 mnBOE (Reserves Replacement Ratio of 423%).
- The appraisal program of Ghazij gas discovery was concluded in FY24, in which 4 appraisal wells were drilled, tested, and commenced test production.
- During FY24, 4 development wells were drilled and connected to production line such as MD-20, HRL-124H, Adam-2 and Togh-2.
- MARI's subsidiary Mari Mining Co. (Pvt) Ltd was awarded two mineral exploration licenses in Chaghi district of Balochistan.

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