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30 October, 2024

## MARI: 1QFY25 EPS clocks in at PKR 15.99, 0% YoY, DPS 0.00

### Mari Petroleum Limited

PSX: MARI | Bloomberg: MARI PA | Reuters: MGAS.PSX

- Mari Petroleum Company Limited (MARI) announced the 1QFY25 financial result on 30 October 2024, reporting an unconsolidated EPS of PKR 15.99, maintaining its last year's levels (0% YoY).
- Net sales clocked in at PKR 45.3bn during 1QFY25, compared to PKR 48.2bn in the SPLY, down by 6% YoY on the back of PKR appreciation against the greenback (5% YoY) and a decline in gas production (-1.8% YoY).
- The company posted exploration expenditures of PKR 3.0bn (+68% YoY) for 1QFY25 against PKR 1.8bn for the SPLY due to increased exploration activity.
- The company reported finance income of PKR 3.4bn (+35% YoY) owing to an increase in cash and bank balances.
- The effective tax rate clocked in at 34.0% for 1QFY25 against 40.5% for the SPLY.
- We maintain a 'Hold' recommendation on the stock based on a Jun-25 price target (PT) of PKR 375/share which provides a capital downside of 11% along with a dividend yield of 3.8%.

#### Key Data

PSX Ticker	MARI
Target Price (PKR)	375
Current Price (PKR)	419
Upside/(Downside) (%)	-11%
Dividend Yield (%)	3.8%
Total Return (%)	-7%
12-month High (PKR)	2,855
12-month Low (PKR)	1,515
Outstanding Shares (mn)	133
Market Cap (PKR mn)	345,379

Source: Company Accounts, Akseer Research

Financial Estimates (PKR mn)	1QFY24	1QFY25E	YoY	FY24	FY25E	YoY
Sales	48,206	45,297	-6%	181,829	187,511	3%
Operating expenses	7,618	8,067	6%	35,904	36,768	2%
Royalties	5,990	5,522	-8%	22,098	40,502	83%
<b>Gross profit</b>	<b>34,598</b>	<b>31,709</b>	<b>-8%</b>	<b>123,827</b>	<b>110,240</b>	<b>-11%</b>
Exploration expenditure	1,791	3,001	68%	12,924	7,967	-38%
Finance income	2,492	3,376	35%	9,209	13,294	44%
Finance cost	731	835	14%	2,864	2,761	-4%
<b>Profit before tax</b>	<b>32,197</b>	<b>29,102</b>	<b>-10%</b>	<b>110,363</b>	<b>105,530</b>	<b>-4%</b>
Taxation	13,053	9,901	-24%	33,075	42,212	28%
<b>Profit after tax</b>	<b>19,144</b>	<b>19,201</b>	<b>0%</b>	<b>77,288</b>	<b>63,318</b>	<b>-18%</b>
EPS (adjusted)	15.95	15.99	-	64.37	52.74	-
DPS (adjusted)	0.00	0.00	-	25.78	16.00	-

Source: Company Accounts, Akseer Research

Key Financial Ratios	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F
EPS (PKR)	27.5	46.7	64.4	52.7	49.1	53.5
EPS Growth	5.1%	69.8%	37.7%	-18.1%	-6.9%	9.0%
DPS (PKR)	13.8	16.3	25.8	16.0	15.0	16.0
BVPS	109.0	140.3	187.3	224.5	259.0	297.0
PER	15.2	9.0	6.5	7.9	8.5	7.8
Dividend Yield	29.6%	35.1%	55.4%	3.8%	3.6%	3.8%
EV/EBITDA	4.6	2.9	1.9	23.3	23.4	20.9
P/B	2.4	1.8	1.4	10.3	9.0	7.8
ROE	26.8%	37.5%	39.3%	25.6%	20.3%	19.2%

Source: Company Accounts, Akseer Research

### Valuation Basis

Our PT for Mari Petroleum Company Limited (MARI) has been computed on a reserve based free cash flow to equity (FCFE) method. We have used a risk-free rate of 14%, a beta of 1.0, and a market risk premium of 6%.

### Risks

Key downside risks to our investment thesis are 1) lower than expected production from Mari HRL reservoir, 2) volatility in oil prices, 3) lower than expected currency devaluation, and 4) lower-than-estimated life of main reserves.

### Investment Thesis

We have a 'Hold' recommendation on the stock based on our Jun-25 PT of PKR 375/share which results in a downside of 11% along with a dividend yield of 3.8%. Our investment case on MARI is based on (1) sustainability of HRL flows, (2) currency devaluation along with high oil prices, and (3) diversification plans to reduce reliance on core operations.

### Company Description

Mari Petroleum Company Limited (MARI) explores, produces, and sells hydrocarbons - natural gas, crude oil, condensate, and LPG. It primarily manages Mari gas field located at Daharki, Sindh. The company was formerly known as Mari Gas Company Limited and renamed to Mari Petroleum Company Limited in Nov-12.

### Financial Highlights - MARI

Income Statement (PKR mn)	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F
Net sales	95,134	145,770	181,829	187,511	200,477	218,788
Operating expenses	17,403	27,112	35,904	36,768	38,944	40,444
Royalties	12,000	17,548	22,098	40,502	52,953	57,790
<b>Operating profit</b>	<b>51,226</b>	<b>78,937</b>	<b>104,302</b>	<b>95,281</b>	<b>92,760</b>	<b>103,722</b>
Other income	4,531	8,713	9,350	13,442	8,989	7,155
Other charges	3,623	5,794	6,742	7,140	7,634	8,331
Finance cost	980	1,775	2,864	2,761	3,037	3,341
<b>Profit before tax</b>	<b>52,116</b>	<b>85,847</b>	<b>110,363</b>	<b>105,530</b>	<b>98,272</b>	<b>107,089</b>
Taxation	19,053	29,718	33,075	42,212	39,309	42,836
<b>Profit after tax</b>	<b>33,063</b>	<b>56,129</b>	<b>77,288</b>	<b>63,318</b>	<b>58,963</b>	<b>64,253</b>

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F
PPE	60,441	81,736	97,355	113,531	131,323	150,663
Other LT assets	38,684	49,065	73,380	87,358	103,103	119,678
Non-current assets	99,125	130,802	170,735	200,889	234,426	270,340
Current assets	86,015	123,795	175,837	193,145	207,385	222,835
<b>Total assets</b>	<b>185,140</b>	<b>254,597</b>	<b>346,572</b>	<b>394,034</b>	<b>441,811</b>	<b>493,175</b>
Non-current liabilities	16,268	23,535	58,718	61,677	64,985	68,691
Current liabilities	38,013	62,635	62,946	62,826	65,809	67,877
<b>Total liabilities</b>	<b>54,281</b>	<b>86,170</b>	<b>121,665</b>	<b>124,503</b>	<b>130,794</b>	<b>136,568</b>
Equity	130,859	168,426	224,908	269,531	311,017	356,607
<b>Total equity &amp; liabilities</b>	<b>185,140</b>	<b>254,597</b>	<b>346,572</b>	<b>394,034</b>	<b>441,811</b>	<b>493,175</b>

Source: Company Accounts, Akseer Research

Cashflow statement (PKR mn)	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F
Net income	33,063	56,129	77,288	63,318	58,963	64,253
Non-cash charges	4,064	7,716	9,882	13,203	14,832	16,612
Operating cash flows	40,382	51,352	86,565	87,459	62,729	67,278
<b>FCFF</b>	<b>5,563</b>	<b>14,823</b>	<b>43,370</b>	<b>45,776</b>	<b>16,202</b>	<b>16,778</b>
Net borrowings	-	-	-	-	-	-
<b>FCFE</b>	<b>5,693</b>	<b>13,704</b>	<b>41,313</b>	<b>43,971</b>	<b>14,379</b>	<b>14,773</b>
Net change in cash	(12,045)	(4,857)	20,506	25,276	(3,099)	(3,890)
<b>Closing cash</b>	<b>36,561</b>	<b>31,704</b>	<b>52,210</b>	<b>77,486</b>	<b>74,388</b>	<b>70,498</b>

Source: Company Accounts, Akseer Research

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