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MARI: 4QFY24 EPS clocks in at PKR 192, up by 62% YoY, DPS PKR 134

Mari Petroleum Limited

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

- MARI announced its financial result on Thursday, 8th August 2024, where it reported an unconsolidated EPS of PKR 192 during 4QFY24, up by 62% YoY. This is mainly on account of 1) reversal in exploration cost and 2) lower effective tax rate. Along with the result, the company announced a final dividend of PKR 134/share, taking the FY24 dividend payout to PKR 232/share.
- Cumulative sales for 4QFY24 clocked in at PKR 39.8 bn compared to PKR 46.9 bn, down by 15% YoY, primarily due to decline in gas production (8% YoY).
- The company's bottom line increased due to exploration cost reversal during 4QFY24 to the tune of PKR 5.9 bn vs an expense of PKR 6.5 bn during SPLY. Further details are awaited.
- Additionally, ETR for 4QFY24 came in at 21% compared to 37% during SPLY further boosting the company's profitability.
- For FY24, profitability increased by 38% YoY mainly due to increased hydrocarbon production (7% YoY), decline in exploration cost (19% YoY), and a lower effective tax rate at 30%.
- We revise our stance to 'HOLD' based on a Jun-25 price target (PT) of PKR 2,901/share which provides an upside of 2% along with a dividend yield of 5%.

Key Data

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PSX Ticker	MARI
Target Price (PKR)	2,901
Current Price (PKR)	2,858
Upside/(Downside) (%)	2%
Dividend Yield (%)	5%
Total Return (%)	7%
12-month High (PKR)	2,859
12-month Low (PKR)	2,339
Outstanding Shares (mn)	133
Market Cap (PKR mn)	381,264

Source: Company Accounts, Akseer Research

Financial Estimates (PKR mn)	4QFY23	4QFY24	YoY	FY23	FY24	YoY
Sales	46,930	39,836	-15%	145,770	181,829	25%
Operating expenses	10,934	9,765	-11%	27,112	35,904	32%
Royalties	5,192	4,551	-12%	17,548	22,098	26%
Gross profit	30,804	25,520	-17%	101,110	123,827	22%
Exploration expenditure	6,478	(5,859)	NM	16,017	12,924	-19%
Other income	396	(832)	NM	(363)	141	NM
Finance Cost	452	715	58%	1,775	2,864	61%
Profit before tax	25,044	32,268	29%	85,847	110,363	29%
Taxation	9,207	6,609	-28%	29,718	33,075	11%
Profit after tax	15,837	25,659	62%	56,129	77,288	38%
EPS	119	192	62%	421	579	38%
DPS	58	134		147	232	

Source: Company Accounts, Akseer Research

Key Financial Ratios	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F
EPS	247.8	420.7	579.4	523.4	487.2	479.1
EPS Growth	5.1%	69.8%	37.7%	-9.7%	-6.9%	-1.7%
DPS	124.0	147.0	232.0	157.0	146.0	144.0
BVPS	11.5	6.8	4.9	5.5	5.9	6.0
PER	4.3%	5.1%	8.1%	5.5%	5.1%	5.0%
Dividend Yield	4.6	2.9	2.1	2.1	2.2	2.1
P/B	2.4	1.8	1.4	1.2	1.0	0.9
ROE	26.8%	37.5%	40.3%	29.1%	22.6%	19.2%

Source: Company Accounts, Akseer Research

Valuation Basis

Our PT for Mari Petroleum 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 0.9, and a market risk premium of 6%.

Investment Thesis

We have a 'HOLD' recommendation on the stock based on our Jun-25 PT of PKR 2,901/share which provides an upside of 2% along with a dividend yield of 5%.

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.

Company Description

Mari Petroleum Company Limited (MARI) explores for, 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	FY25F	FY26F	FY27F
Net sales	95,134	145,770	181,829	206,226	220,798	223,652
Operating Expenses	17,403	27,112	35,904	40,113	43,997	47,348
Royalties	12,000	17,548	22,098	43,800	58,321	59,075
Operating Profit	51,226	78,937	104,302	103,529	98,926	97,370
Other income	4,531	8,713	9,350	6,147	3,031	2,692
Other charges	3,623	5,794	6,742	8,249	8,832	8,946
Finance cost	980	1,775	2,864	2,450	2,107	1,854
Profit before tax	52,116	85,847	110,363	106,794	99,411	97,760
Taxation	19,053	29,718	33,075	36,970	34,414	33,843
Profit after tax	33,063	56,129	77,288	69,824	64,997	63,918

Source: Company Accounts, Akseer Research

Balance Sheet (PKR mn)	FY22A	FY23A	FY24E	FY25F	FY26F	FY27F
PPE	60,441	81,736	105,618	132,074	152,453	161,311
Other LT assets	38,684	49,065	58,262	66,106	73,945	81,862
Non-Current Assets	99,125	130,802	163,879	198,180	226,398	243,173
Current assets	86,015	123,795	131,281	142,232	161,143	191,280
Total Assets	185,140	254,597	295,160	340,412	387,541	434,453
Non-Current liabilities	16,268	23,535	21,340	19,193	17,571	16,892
Current liabilities	38,013	62,635	58,538	56,525	59,208	61,527
Total Liabilities	54,281	86,170	79,878	75,718	76,779	78,419
Equity	130,859	168,426	215,282	264,694	310,762	356,034
Total Equity & liabilities	185,140	254,597	295,160	340,412	387,541	434,453

Source: Company Accounts, Akseer Research

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Rating	Expected Total Return
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