

Foundation Alert

MARI: Analyst Briefing Takeaways

Event

- Mari Petroleum Company Limited (MARI PA) held its analyst briefing session today which was organized by Foundation Securities. Management of the company discussed its financial/operational performance of 9MFY22 and future outlook of the company. Following are the key takeaways of the briefing.

Impact

- Management covered the following in their presentation including (1) brief corporate history, (2) operational achievements, (3) financial performance and (4) outlook of the company.
- MARI profitability clocked in at Rs27.5bn in 9MFY22 (EPS Rs205.8, up 17.5% YoY) as compared to profit of Rs23.4bn (EPS Rs175.08) in 9MFY21. Management attributed increase in company's profitability to higher gas/crude oil/condensate production.
- Mari has completed the first two phases of Tipu gas processing plant and is expecting to complete last phase by the end of CY22 that will add additional 90 mmcf pipeline quality gas.
- Furthermore, company has taken exit from its 20% stake in National Resource Limited (NRL) after Gov't decision to bring in SOE's.
- Company's current exploration and production portfolio is spread across Pakistan. Furthermore, MARI has also expanded its portfolio internationally and participated as a part of consortium in recent Abu Dhabi offshore block auction. The consortium in which company was a part has been awarded the contract of Offshore Block 5 in Abu Dhabi.
- To highlight, Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of Abu Dhabi city.
- Furthermore, company has also made first-ever oil & gas discovery in North Waziristan (bannu west block). The flows are tested at 25/1.6 mmscf from Lockhart/Hangu well formation. Moreover, condensate flow of 300bpd are tested from Lockhart formation.
- SNGPL has started work on laying gas pipeline from well to national grid which is likely to be completed in next 12 months. However, commencement of flows are dependent on the development of well and installation of gas processing facility along with security situation.

Outlook

- Materialization of lower Goru-B reserves, enhanced probability of continuation of flows on incremental pricing from HRL, development of Bannu west block, immunity to circular debt, aggressive exploration drive in Hydrocarbon rich areas and expanding offshore compel us to have "Outperform" rating for the stock.

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 Ext 338

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If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.