



31-Oct-13

KSE 100 Index 22,775.85(+465.25)

MARI Statistics

Avg Volume (52 Weeks)	0.26mn
Close	158.00
52 Weeks High	293.23
52 Weeks Low	90
Market Capitalization	14.6bn
Beta	1.2
Total No of Shares	91.88mn
Free-Float Shares	14.70mn

Source: SCS Research

MARI Petroleum Company

(Rupee; in mn)	FY13	FY12	Change
Gross sales	63,270	47,425	33%
Develop & infrast. surcharge	51,492	39,869	29%
Net sales	11,778	7,556	56%
Royalty	1,531	969	58%
Operating expenses	7,343	5,218	41%
Other income	952	356	167%
Operating profit	3,855	1,726	123%
Finance Cost-net	367	323	13%
PBT	3,488	1,402	149%
Provision for Taxation	1,067	287	271%
NPAT	2,421	1,115	117%
EPS	26.35	12.14	117%
EPS- Distributable	5.51	4.94	12%
DPS	3.71	2.37	57%

Source: Company announcement

MARI Petroleum Company

(Rupee; in mn)	1QFY14	1QFY13	Change
Gross sales	16,816	15,287	10%
Develop & infrast. surcharge	12,993	13,176	-1%
Net sales	3,823	2,111	81%
Royalty	495	281	76%
Operating expenses	1,537	1,080	42%
Other income	228	17	1216%
Operating profit	2,019	767	163%
Finance Income-net	73	57	27%
PBT	2,092	824	154%
Provision for Taxation	515	445	16%
NPAT	1,578	380	316%
EPS	17.17	4.13	316%
EPS- Distributable	1.62	1.35	20%
DPS	NIL	NIL	n/a

Source: Company announcement

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Mari Petroleum: Hinges on privatization...

Dividend calculation formula...Mari Petroleum (MARI) cannot give return to shareholders more than Rs4.5/share which is partly improved from FY12 i.e. Rs3.0/share. In FY13 MARI passed on dividend of Rs 3.71/share on the basis of financial results. The actual formula for the calculation of dividend distribution is as follows:

➤ 1% for every 20 mmcf of gas or equivalent oil produced, prorated on annual basis.

In FY14, this capacity of paying dividend to shareholders is expected to increase up to Rs 5.5/share based on increase in gas production numbers since scope of Mari Petroleum has enhanced and now it could go with other joint venture partners and explore other blocks. One such success is Karak.

Low caloric feedstock gas supplier... Though traditionally, Mari is an old field which is producing low caloric value feedstock gas. This Mari Field gas reservoir is situated at District Ghotki, Sindh. This field supplies feedstock gas at subsidized rates to Fauji Fertilizer urea plant (91.2mmcf) and also old & new plant of Engro Fertilizer (33.5mmcf) in Daharki. It was also providing gas to Fatima Fertilizer (33.8mmcf). The total supplies from Mari structure alone is not more than 205 – 206 mmcf and newly acquired Karak block supplies 86mmcf.

1QFY14 operations & new scope...Mari reported net sales of Rs3.8bn netting off development surcharge. The net profits reported at Rs1.57bn which translates into EPS of Rs17.17. However no dividend is given this quarter. After change of business scope Mari is in the process of farming new wells. However, new wells should not be dry ones otherwise it could hit reputation of this E&P owned by Fauji Foundation Group (FF). Recently, Mari is also added in the list of privatization i.e. it is anticipated that FF shall acquire holdings of the company.

Main triggers in light of privatization... It is not clear whether Mari would subject to old formula of adjusting development surcharge & secondly whether government would allocate capital expenditure funds in finance bills to Mari which also forms current basis of growth.

Mari Petroleum - shareholding

Shareholder	Shareholding	Paid-up Capital Rsmn	%age
Fauji Found.	36.75	367.5	40.0%
GoP	16.721	167.21	18.2%
OGDC	18.375	183.75	20.0%
General Public	20.029	200.29	21.8%
Source: Mari	91.875	918.75	100%