

CORPORATE BRIEFING SESSION

(June 11, 2019)



SECP

Securities and Exchange Commission
of Pakistan



MARI PETROLEUM COMPANY LIMITED



DISCLAIMER

✓ During the course of this presentation we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Mari Petroleum does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than that as required by applicable laws, the listing rules, the Pakistani Capital Market's authority or the Pakistan Stock Exchange.

✓ When relying on forward looking statements you should carefully consider the political, economic, social and legal environment in which MPCL operates. The documents filed from time to time with the listing authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.

1.	Overall Business Environment
2.	Brief History & Profile of Mari Petroleum
3.	MPCL Business Model
4.	Production Profile
5.	Exploration Activities
6.	Mari Services Division (MSD)
7.	Financial Performance
8.	MPCL's Strategy Re-Orientation
9.	Awards and Recognitions
10.	Questions & Answers

OVERALL BUSINESS ENVIRONMENT

- **Regulatory issues (only one bidding round since 2013)**
 - **No significant increase in National oil and gas production**
 - **Shift to imported LNG (impact on pipeline availability and pressure issues)**
 - **High security costs especially in frontier regions**
- **CSR Challenges**
 - **Adverse/exploitative local dynamics – unions, tribal chiefs, strikes, unfair demands**
 - **IOCs/Service companies leaving Pakistan/curtailing their operations (Tullow, OMV, Premier Oil, Baker Hughes etc.)**
 - **Improvement in Crude Oil Price**

BRIEF HISTORY & PROFILE

- Mari Gas Field was discovered in 1957 by Esso Eastern Inc. of USA.
- In 1983, Fauji Foundation acquired Esso's entire business in Pakistan.
- In 1984, Mari Gas Company Limited was incorporated with the following shareholding:

Fauji Foundation	: 40%
GoP	: 40%
OGDCL	: 20%

<u>Current Shareholding</u>	
Fauji Foundation	: 40.00%
GoP	: 18.39%
OGDCL	: 20.00%
General Public	: 21.61%
- The three shareholders signed a Participation and Shareholder's Agreement whereby Management Rights were vested in Fauji Foundation.

1. **2nd Largest Gas Producer in the Country; 157 Producing wells**
2. **Custodian of Highest Remaining Gas Reserves at a Single Field
i.e. Mari Gas Field with 4.60 TCF**
3. **Not even a single hour of gas supply interruption/suspension from Mari
Field for over the last 5 decades**
4. **Highest Exploration Success Rate of **70%** (Local 33%; International 15%)**
5. **Most Cost Efficient E&P Company (**OPEX less than 10% of Gross Sales**)**
6. **Lowest TRCF of 0.10 up to May 31, 2019 [Target FY 2018-19: 0.40]
lowest number of recorded HSE related incidents**
7. **Included in the top 25 companies by PSX for 2017 (16th)**

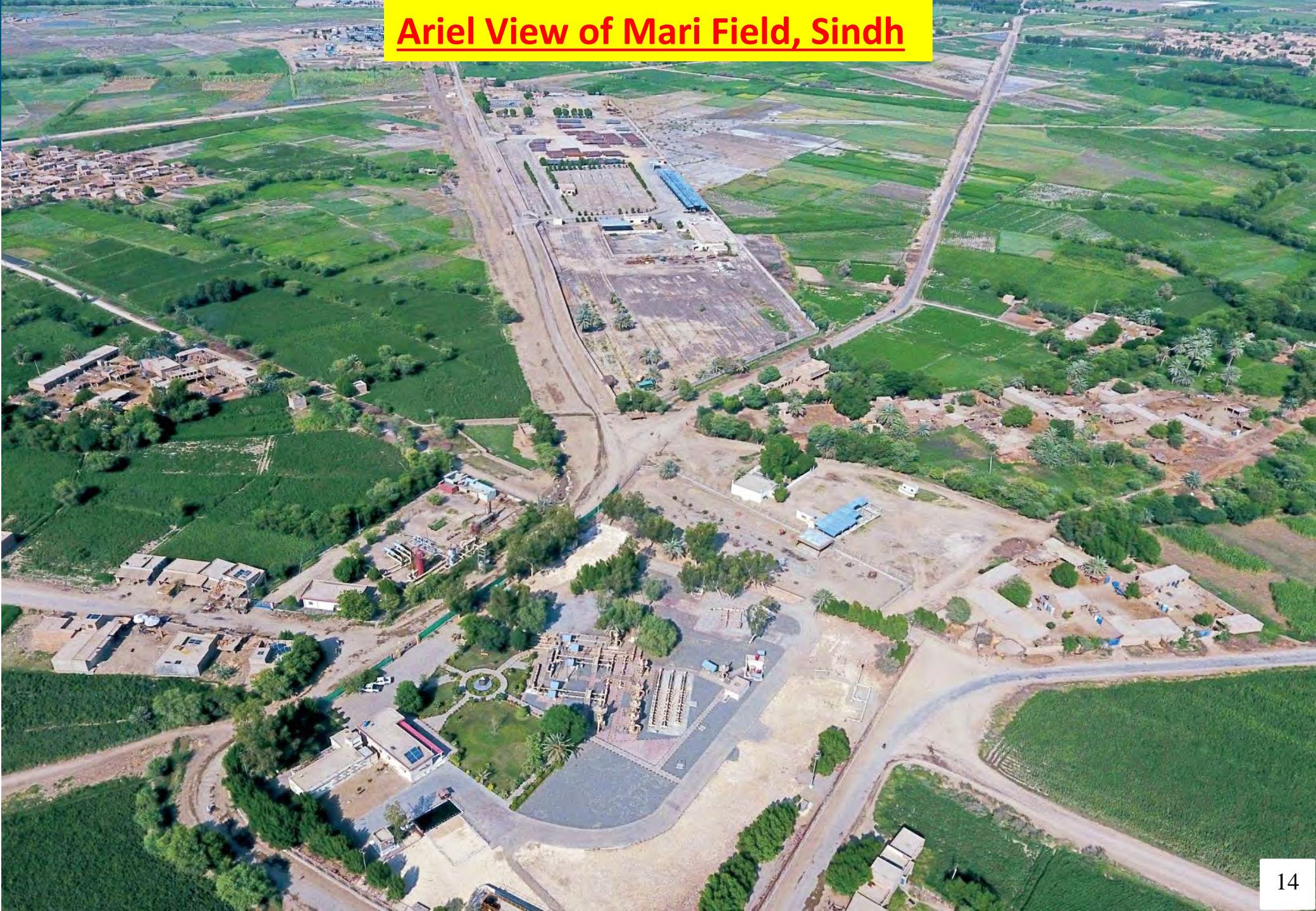
8.	Highest Number of ISO Certifications (<u>for Quality, Environment, Information Security, Occupational Health & Safety and CSR</u>)
9.	Declared <u>Fastest Growing Company</u> for last two consecutive years
10.	Declared <u>Best Company of the year</u> for last three consecutive years
11.	<u>Recognized as the Company with Best Employment Practices</u> for the last two consecutive years
12.	Winner of 1 st Prize for the <u>Best Management Practices</u> in Oil & Gas Sector consecutively for the last three years
13.	Winner of <u>Best Corporate Report Awards, SAFA Award</u>

PICTORIAL DEPICTION OF MPCL

MPCL Head Office Buildings



Ariel View of Mari Field, Sindh





Aerial View of Central Manifold- Mari Gas Field



MPCL Colony at Mari Field

SUJAWAL GAS & CONDENSATE FIELD- SINDH



SUJAWAL GAS & CONDENSATE FIELD- SINDH



KOONJ GAS FIELD- SUKKUR



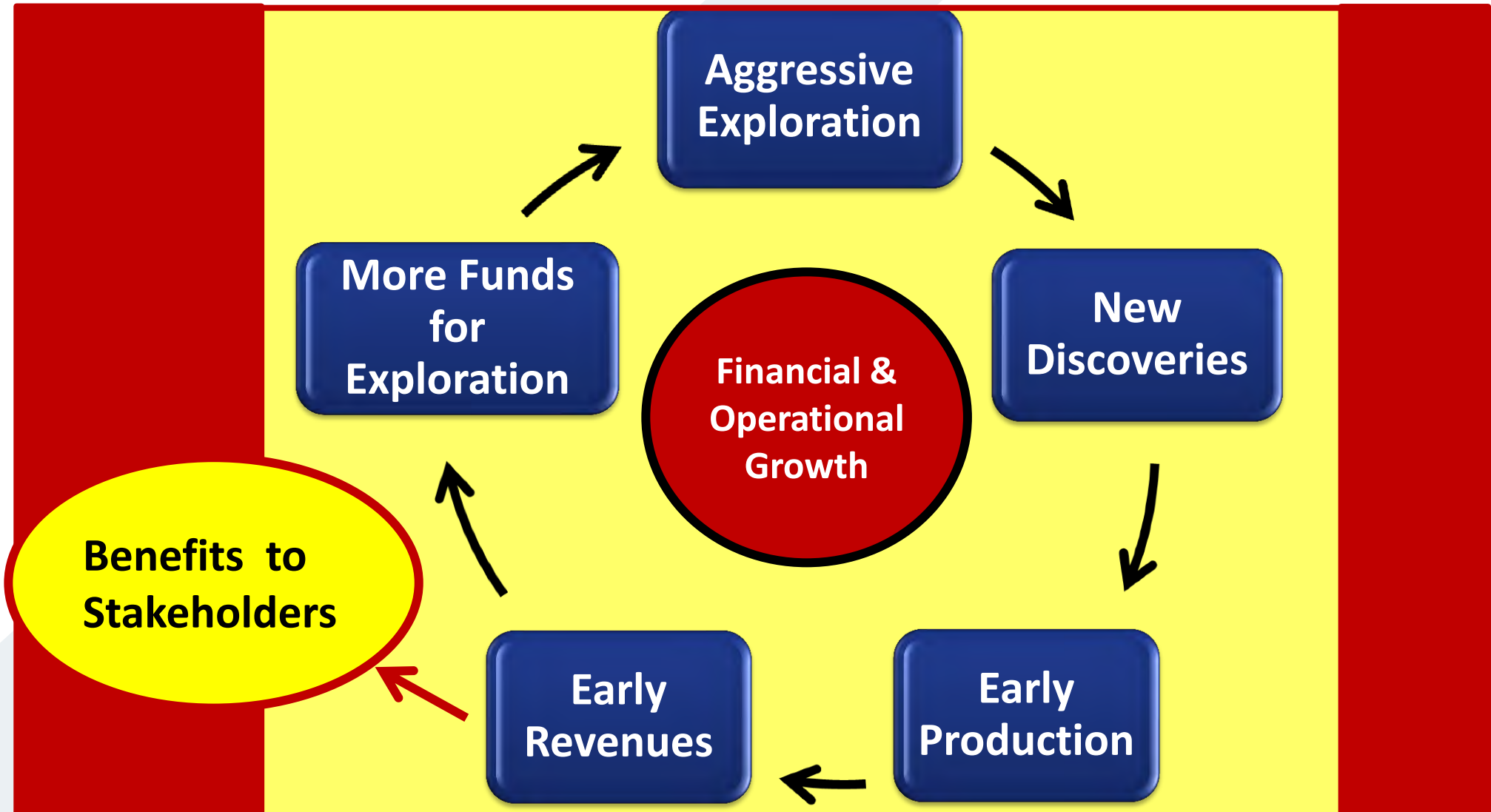
ZARGHUN GAS FIELD- BALOCHISTAN





KARAK BLOCK- PUNJAB/KPK





IS THE CORE BUSINESS AT RISK?

E&P Industry:

- According to the studies conducted by Exxon, BP etc., it is **expected that renewable energy sources will take an increasing share of energy mix. However, it is also forecasted that Oil and Gas will still remain the world's primary energy source towards 2050. Therefore, the E&P business is not at risk.**

MPCL Initiatives:

- Increasing exploration budget.
- Aggressive exploratory efforts; resulting in better Reserves Replacement and Exploration Success Ratios.
- Acquisition of highly prospective blocks (Bannu West, Block-28, Wali West, Taung, Kalchas)
- 5 Years Exploration Program targeting 100% RRR.
- International Exploration

MPCL'S CONCESSIONS AND WORKING INTERESTS

MPCL PARTICIPATION IN BIDDING ROUND 2018 FOR NEW EXPLORATION BLOCKS

- **Bids for 10 new Exploration Blocks opened on November 26, 2018.**
- **MPCL won the following 2 blocks:**

BLOCK	LOCATION	AREA
Wali West	Bannu, Tank, North & South Waziristan	1,610 sq. km
Taung	Jamshoro, Sindh	152 sq. km

PRODUCTION PROFILE

FIELD WISE CURRENT PRODUCTION

Field/Block	Gas (MMSCFD)	Oil (BBLs/D)	Condensate (BBLs/D)
Mari D&P Lease	714	-	50
Zarghun D&P Lease	14.6	-	05
Halini - Karak Block	1.5	1,100	-
Kalabagh - Karak Block	3.8	-	100
Ghuri Block	-	250	-
Sujawal D&P Lease	17.5	-	160
Koonj - Sukkur Block	0.4	-	-
Ziarat Block (*Potential)	-	800*	-
Total Production	752	2,150	315

MPCL CUSTOMERS AND THEIR ALLOCATION

S#	CUSTOMERS	Allocation (MMSCFD)
1.	Engro Fertilizer Ltd	173
2.	Fauji Fertilizer Company Ltd Mirpur Mathello (FFC III)	279.5
4.	Fatima Fertilizer Company Ltd (FFCL)	110
5.	Sui Southern Gas Company Ltd (SSGCL)	1.6
6.	WAPDA – Guddu (HRL)	110
7.	Foundation Power Company Daharki Ltd (Goru B)	65
8.	Pakarab Fertilizer Limited	75
9.	SSGCL (from Zarghun South Gas Field)	25
10.	Koonj Field to SNGPL	10
11.	Attock Refinery Limited	7,000 BPD
12.	PRL/PARCO/NRL	250 BPD

SIGNIFICANT EXPLORATION ACTIVITIES

SUMMARY OF WELLS (2018-19)

Wells Planned	12 (10 Exploratory & 2 Appraisals) + (18 HRL Development Wells)
Wells Drilled	06 Operated: 04 Non-operated: 02
	18 HRL Development Wells
Drilling in Progress	03 Operated: 01 Non-operated: 02
Wells Delayed	02 (Surghar X-1, Bannu West X-1)
Wells Dropped	01 (5 th Exploratory Well in Sujawal Block)

- Due to continuous production for the last 5 decades, production from HRL Reservoir was projected to decline from 2019 onwards.
- Hence, HRL Phase-X Development Project was conceived consisting of drilling of 19 development wells, laying of pipelines, and debottlenecking of surface facilities.
- Drilling of 19 wells has been completed. While acidization of the wells, laying of pipelines and debottlenecking is in progress.
- The Project will ensure improvement in delivery point pressure and extension of HRL plateau period till May 2023, for stable supply of gas to Fertilizer Sector thereby ensuring food security of the Country.

SEISMIC ACTIVITIES

The company is currently undertaking, directly and indirectly, the following seismic projects:

Directly through MSU:

- Acquisition of 2D data in Zarghun South-Block 28 (Balochistan).
- Acquisition of 3D data in Bannu West Block (North Waziristan).

Indirectly through Third Parties

- ✓ M/s BGP is acquiring seismic data in Ghauri Block and Sukkur Block.
- ✓ M/s OGDCL in Kulchas Block.

SEISMIC ACTIVITIES - BANNU WEST



SEISMIC ACTIVITIES - BANNU WEST



Zarghun South, Balochistan



Zarghun South, Balochistan



SHALE GAS

To supplement it's CORE BUSINESS, the Company is considering to undertake activities with regard to exploration of Shale Gas

MARI SERVICES DIVISION

**The Company owns and operates a
State of the Art Seismic Data
Acquisition Unit, Seismic Processing
Center and Drilling Unit**

MARI RIGS



Rig Skytop (300 HP)



Rig Mari-3 (2500 HP)



Rig Mari-1 (1500 HP)

Drilling Capacity

1,000 M

7,000 M

4,500 M

MARI SEISMIC UNIT (MSU)

A Leading Pakistani Land 2D & 3D
Seismic Data Acquisition Unit





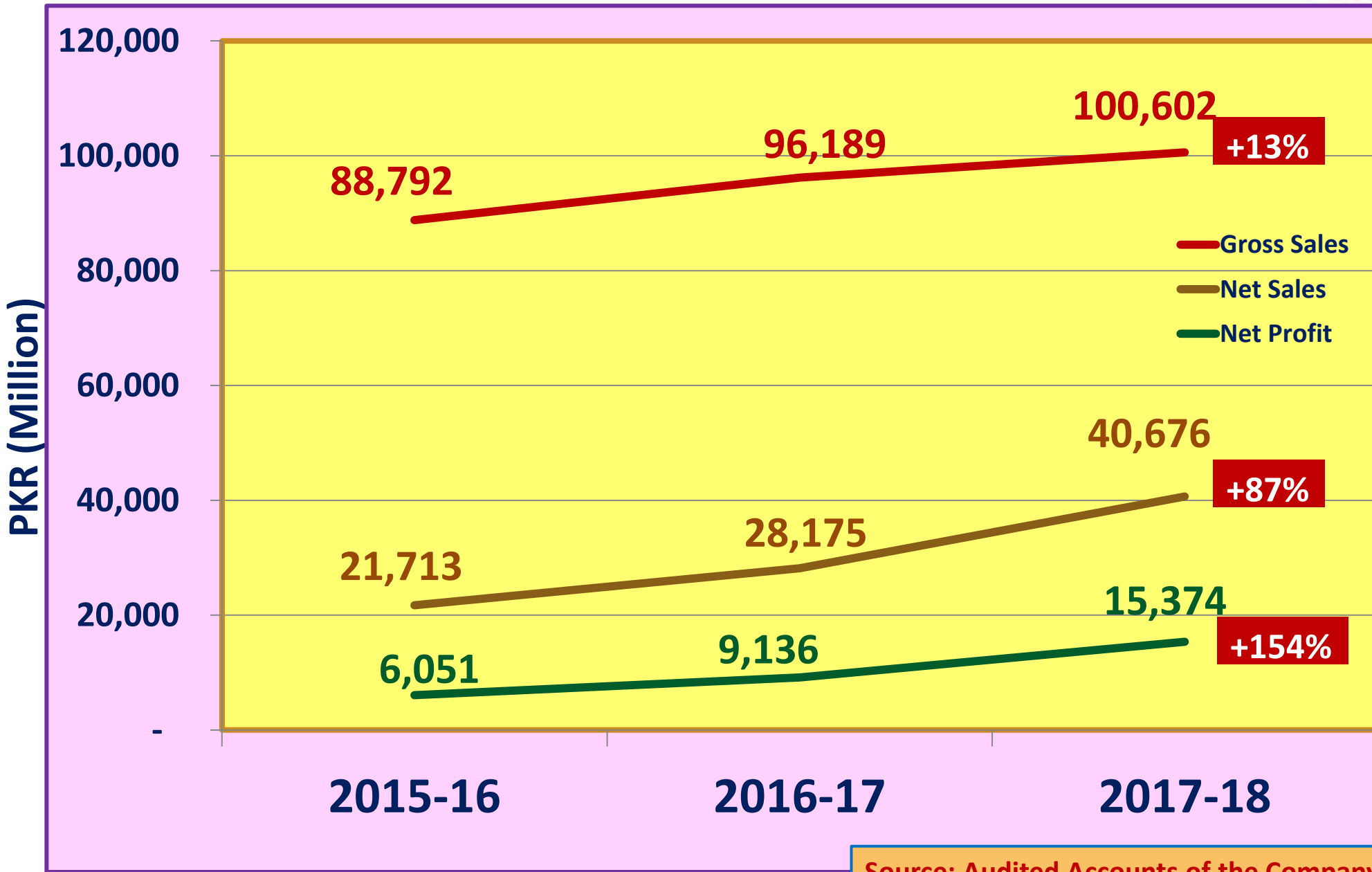
FINANCIAL PERFORMANCE
NINE MONTHS TO MARCH 2019
(Comparison with the same period last year)

NINE MONTHS FINANCIAL PERFORMANCE

(Comparison with the same period last year)

Indicators	9 Months Jul 2018 to Mar 2019	9 Months Jul 2017 to Mar 2018	%Δ
Gross Sales (Rs. in million)	86,994	72,368	+20%
Net Sales (Rs. in million)	43,507	28,592	+52%
Net Profit (Rs. in million)	16,809	10,784	+56%
Contribution to Government Exchequer (Rs. in million)	57,600	52,409	+10%
EPS (Rs. per share)	138.61	88.92	+56%
Share Price (Rs.) Current 1,168	1,245	1,481	-16%

FINANCIAL PERFORMANCE – (OVER THE LAST 03 YEARS)



Source: Audited Accounts of the Company



TOP TEN STOCKS ON PSX

March 31, 2019

www.mpcl.com.pk

S#	Company Name	Share Price (Rs)
1.	Unilever Pakistan Foods Ltd	7,400
2.	Nestle Pakistan Ltd	7,032
3.	Rafhan Maize Products Ltd	7,045
4.	Philip Morris (Pakistan) Ltd	4,000
5.	Pakistan Tobacco Co Ltd	2,646
6.	Colgate Palmolive (Pak) Ltd	2,000
7.	Island Textile Mills Ltd	1,767
8.	Bata Pakistan Ltd	1,652
9.	Indus Motor Company Ltd	1,300
10.	Mari Petroleum Company Ltd	1,245

	FF, GoP & OGDCL	General Public
Total Holding (Shares)	97.02 Million	24.26 Million
Total Investment (Rs)	294 Million	134 Million
Current Worth of Holding (Rs)	107 Billion	27 Billion
Yearly Dividend (approx.)	582 Million	146 Million

TOTAL VALUE ADDITION

Actual Investment : 428 Million

Current Worth : 134 Billion

MPCL'S STRATEGY RE-ORIENTATION

- **MPCL is strategically focused on value maximization through investments in lucrative domestic and international oil & gas value chain to secure long-term growth and higher profitability for the Company.**

Upstream

- **Globally, MPCL is scouting for acquisition of high-grade farm-in/new venture opportunities in its core business of upstream petroleum exploration and production assets.**

Downstream and Related Sectors

- **MPCL is planning to venture into diversified businesses including but not limited to pipelines, power generation, refinery, and LNG.**

HEALTH, SAFETY AND ENVIRONMENT

TOTAL RECORDABLE CASE FREQUENCY (TRCF)

Target (FY 2018-19) : 0.40

Actual (As of May 31, 2019) : 0.10

“Lowest in the history of the Company”

ISO 9001: 2015

- Quality Management System

ISO 14001: 2015

- Environmental Management System

OHSAS 18001: 2007

- Occupational Health and Safety Assessment Series

ISO 27001: 2013

- Information Security Management System



CORPORATE SOCIAL RESPONSIBILITY

- **MPCL is focused on sustainable service delivery to the communities inhabiting the areas of its operations all across Pakistan. This is a priority area, we consider it to be our moral/social responsibility.**
- **The Company has contributed significantly towards CSR initiatives in the areas of Health, Education, Sports, Sanitation, Infrastructure and Clean Water.**



MPCL Primary School, Dilwani, Balochistan



Free Medical Camp at Daharki, Sindh



Karkan Primary School, Zarghun, Balochistan



Free Medical Dispensary, Dilwani, Balochistan

CORPORATE MATTERS

- **GoP is in the process of divesting its remaining 18.39% shares in MPCL.**
- **GoP has to re-issue the Transfer Notice to FF and OGDCL as they have the first right of refusal.**

AWARDS & RECOGNITIONS



MPCL has been included in the Top 25 Companies on Pakistan Stock Exchange for the Year 2017.

MPCL has been placed at No. 16 among companies currently listed on PSX.



“Overall Platinum Award”

at the

“14th EFP Best Practices Awards on Occupational Safety and Health”

by the Employers’ Federation of Pakistan



MPCL Annual Report 2017 was awarded a Certificate of Merit

in the category of

“SAARC Anniversary Award for Corporate Governance 2017”



CEO of the Year 2017
at
6th Employer of the Year Award
by Employers' Federation of
Pakistan

"1st Prize for Best Employment Practices
at
6th Employer of the Year Award
by Employers' Federation of
Pakistan

MPCL won three prestigious CSR Awards
at
11th National Forum for Environment & Health (NFEH) CSR Awards 2019



2nd Position (Fuel & Energy Sector) at Best Corporate and Sustainability Report Awards 2017



“Premier Award” “Company of the Year” & “Fastest Growing Company” Awards by Rawalpindi Chamber of Commerce & Industry, 2018



MPCL Annual Report 2016 Wins 2nd Runner-up Position in “SAARC Anniversary Award for Corporate Governance” by South Asian Federation of Accountants

AWARDS AND RECOGNITIONS



**1st Prize (Oil & Gas Sector)
for Best Management
Practices
at
33rd Corporate Excellence
Awards**



**1st Position for Best HRM
Practices
at
5th Employer of the Year
Awards 2017**



**2nd Prize for Occupational
Safety & Health Practices
at
13th Best Practices Award
on Occupational Safety &
Health 2017**

MPCL IN THE NEWS



Prime Minister acclaim's MPCL performance

NAVEED AHMAD KHAN

ISLAMABAD

Mari Petroleum Company (MPCL) has played an active role in alleviating the energy deficiency in the country, said Prime Minister Shahid Khaqan Abbasi, during the annual function of MPCL held in Islamabad.

The honourable Prime Minister commended Mari Petroleum for undertaking production enhancement initiatives in Mari Field and other Blocks to help country in bridging the ever increasing gap between demand and supply of energy.

He further said that the company's effort to provide uninterrupted gas supply to downstream customers for the last five decades is an un-

matched achievement that has made Mari Field a model for all other operators in the country to follow.

Earlier, during his welcome speech MD Mari Petroleum, LT Gen Ishfaq Nadeem Ahmad III (M) (Retd) thanked the Prime Minister for gracing the occasion with his presence and said that it was Prime Minister's vision and unwavering support without which MPCL would not have been able to demonstrate such outstanding performance.

While summing up the achievements of MPCL during the recently concluded financial year, the Managing Director revealed that the company produced 32.32 million barrels of oil equivalent (BOEs) energy compared with 30.48 million

BOEs produced in the last year. He said that we continued with our strong financial performance and the gross sales reached the highest ever level of Rs. 96.78 billion from 94.99 billion in the last year. Similarly, net sales, which is true reflection of the Company's operational performance, reached unprecedented level of Rs. 28.28 billion from Rs.21.71 billion in the last year.

The MD MPCL further said that the Company also contributed Rs. 74.3 billion to the Government exchequer in the form of royalty, taxes, levies and duties.

It is worth mentioning that around 80% of the Company's Gross Revenues are contributed to the Government exchequer.

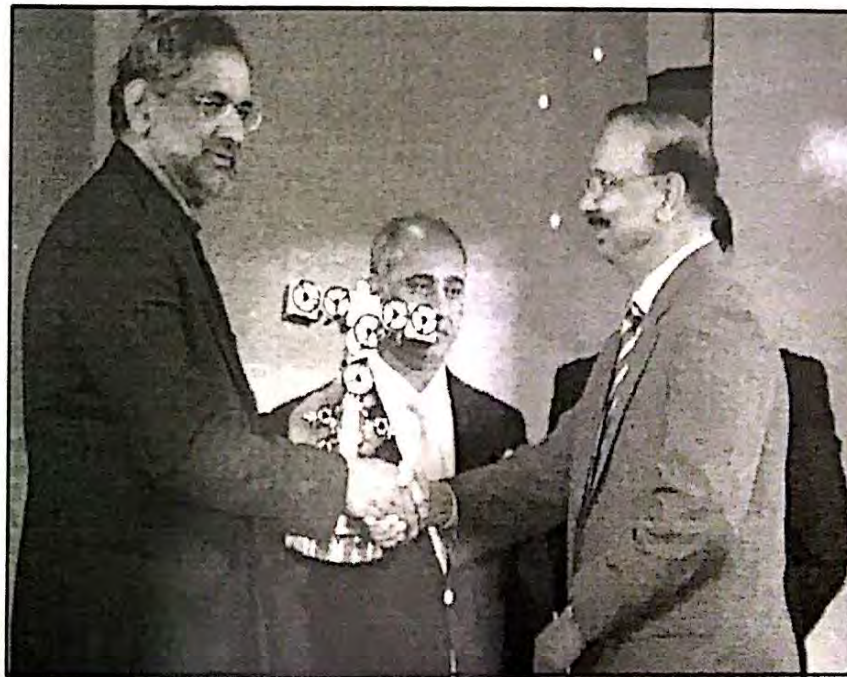
The Managing Director

informed that MPCL's outstanding financial and operational performance over the years and particularly during the difficult time for E&P industry worldwide has caught the eye of the world and MPCL has emerged as a blue-chip company at the stock exchange.

The Company has won a number of awards from various independent bodies not only for its financial and operational performance and reporting but also for its management, HSE, HR and CSR practices.

Earlier, the chief guest distributed awards among the outstanding employees of the Company and the best field award of the year 2017, was awarded to Halini Oil Field for demonstrating the highest professional standards.

Corporate World



ISLAMABAD: Prime Minister Shahid Khaqan Abbasi awarding best field trophy to Halini field of Mari Petroleum Company Limited on annual award giving function 2017 of MPCL.—Photo by Sultan Bashir

MPCL wins two prestigious awards



ISLAMABAD: Brig Abdul Ghaffar Khan (Retd) GM HR MPCL, receiving best employment practice & CEO of the year award from Syed Zulfiqar Abbas Bukhari Special Assistant to Prime Minister and Minister of State for Overseas Pakistanis.

STAFF REPORTER

KARACHI

MPCL has won two prestigious awards i.e. 1st Prize for Best Employment Practices and CEO of the Year Award, in the category of Large National Companies, at 6th Employer of the Year Awards. The Award Ceremony was organized by Employers' Federation of Pakistan on November 28, 2018, in Karachi.

Mr. Sayed Zulfiqar Abbas Bukhari, Special Assistant to PM and Minister of State for Overseas Pakistanis & HRD was the Chief Guest on the Occasion.

The Awards recognize MPCL's excellence in Management, HRM & Employment Practices; Labor Laws & Core ILS Compliance; Working Conditions;

CSR; Skill & Vocational Training; Compliance with Social Protection Floor; and Adherence to MNE Declaration.

This is the second year in a row that MPCL has won 1st Prize for Best Employment Practices. In addition, this year the Company also won CEO of the Year Award, on the basis of getting highest scores in all areas of competition.

MPCL takes pride in creating a safe work environment which is conducive for management and development of talent. The Company makes all efforts to attract, develop and retain top-of-the-line professionals from the market.

As a result of pro-active and employee-friendly policies and practices, MPCL has emerged as an employer of choice for fresh talent and experienced professionals alike.

BUSINESS

RECORDER

Islamabad, Saturday 15 September 2018, 4 Muharram 14

Oil discovered at Bolan East-1

ISLAMABAD: By the Grace of Almighty Allah, the Joint Venture of Ziarat Exploration License comprising of Mari Petroleum Company Limited (MPCL) as operator (60%) together with Pakistan Petroleum Limited (PPL)-Europe has discovered Oil from its Exploratory Well Bolan East-1 ST-1 which is located near Mach City in Kachhi District of Balochistan.

This is the first-ever oil discovery in Chiltan and Moro/Mughal Kot Formations in Balochistan Province and a historic event since presently there is no oil being produced in Balochistan.

The said well was spotted-in on 22nd May, 2018 with the objectives to test the hydrocarbon potential of Dungan, Moro/Mughal Kot and Chiltan Formations. The well has been successfully drilled down to the depth of 1,500 meters. The Drill Stem Tests carried out in Chiltan

Formation which flowed 810 Barrels Per Day (BBL/D) of 15.6° American Petroleum Institute (API) gravity oil with WHFP of 134-167 psi @ 32/64 inch choke size. Another Drill Stem Test in Moro/Mughal Kot Formation tested 690 Barrel/Day oil of 15.6° API gravity oil with WHFP of 142-158 psi @ 32/64 inch choke size during pre-acid well test operations; however, it is expected that oil flow rate from Moro/Mughal Kot Formation will increase after acid stimulation job. The discovery is being further evaluated from a commercial perspective.

The discovery of Bolan East-1 ST-1 is the result of an aggressive exploration strategy adopted by the Company. It has opened a new avenue and would add to the hydrocarbon reserves base of MPCL and of country.—PR

CORPORATE RESULT

Mari Petroleum's profit soars 73.5% in Oct-Dec quarter

Net sales increase 50% to Rs8.68 billion

OUR CORRESPONDENT
KARACHI

Mari Petroleum Limited's profit soared 73.5% to Rs3.20 billion in the quarter ended December 31, 2017 due to higher net sales and realisation of other income.

In the same three months of previous year, the company had registered a profit of Rs1.85 billion. Earnings per share came in at Rs29.05 in the Oct-Dec 2017 quarter compared to Rs16.75 in the corresponding period of previous year.

Board of directors of the company recommended first interim cash dividend of Rs3.50 per share. The entitlement will be paid to the shareholders whose names will appear in the register of members on March 14, 2018. Mari Petroleum's share price improved 0.54%, or Rs8.40, to close at Rs1,563.59 with 5,080 shares changing hands at the PSX. The com-

pany recorded net sales of Rs8.68 billion, which was 50% higher than Rs5.79 billion. It realised other income of Rs667 million against other expenses of Rs94 million. On the flip side, exploration and prospecting expenditure surged 2.6 times to Rs1.11 billion compared to Rs423 million.

However, the company paid gas development surcharge worth Rs3.12 billion in the Oct-Dec quarter, which was almost half the Rs6.09 billion paid in the same quarter of previous year.

Moreover, it paid general sales tax amounting to Rs2.70 billion, which was 20% lower than Rs3.83 billion.

A significant reduction in surcharge and sales tax payments helped the company book higher net sales. Gross sales were, however, 3% lower at Rs23.05 billion compared to Rs23.79 billion. Topline Securities' analyst Nabeel Khurshid said in post-result comments net earnings were

"slightly below expectations due to higher expenses".

Net sales showed a considerable growth thanks to higher Arab Light oil prices, up 25%, unwinding of entitlement factor of Mari gas field price (80% in 2HFY18 vs 67% in 2HFY17), higher gas production from Mari field, up 3% to 632 million cubic feet per day (mmcf) and higher price benefit on incremental production in 2QFY18, he said. Production exceeding 10% from 525 mmcf is eligible for higher pricing under the Petroleum Policy 2012.

Key risks to the company include its inability to meet the set benchmark of incremental production to get benefit of higher pricing, slowdown in demand from the fertiliser sector (80% of fertiliser production depends on gas supplied by Mari), lower-than-anticipated international oil prices and delay in settlement of the company's dues by its customers due to circular debt, he said.

MPCL bags three awards



'RCCI Premier Award', 'Company of the Year' and 'Fastest Growing Company of the Year' at 31st Rawalpindi Chamber of Commerce and Industry (RCCI) International Achievement Awards 2018. The awards were conferred at a prestigious ceremony held on Friday in Baku, Azerbaijan.

This is the third time in a row that MPCL bagged 'Company of the Year' award. In addition, this year the Company has also grabbed 'Fastest Growing Company of the Year' for the consecutive

years. A press release issued here on Friday.

The awards are organised by the RCCI to recognize the performance of local businesses and businessmen and their contributions in strengthening the Country's economy. The Awards also promote healthy competition among local businesses and act as catalyst for trade activities. Arranging awards ceremonies in other countries also help in improving bilateral trade and promoting soft image of Pakistan.

The awards won by MPCL

are a testament to the excellence in activities and contributions made by the employees. The momentum from the previous years was carried into the current year as the Company continued climbing the path of corporate success. Drilling success rate, production of hydrocarbons, revenues, profits, return to the shareholders and share price saw healthy growth.

The excellent financial and operational results over the years are a manifestation of MPCL's sound business strategy and management's dedication.—PR

MPCL plants 14,000 trees

STAFF REPORTER

ISLAMABAD

Mari Petroleum Company Limited (MPCL) being as part of 2018 tree plantation campaign carried out a massive drive, planting over 14,000 saplings in its seven different field locations spread over 4 provinces across the country.

MPCL realizing its social obligation under took a gigantic effort of planting seasonal saplings in the field areas including Daharki, Sujawal and Koonj fields in Sindh, Halini and Kalabagh in KPK, Khost and Zarghun in Balochistan and Ghauriold field in Punjab province.

MPCL undertook this mammoth exercise under the directions of its MD/CEO

Lt Gen Ishfaq Nadeem Ahmad (Retd). While planting the seasonal trees, MPCL management location ensured that the saplings planted matches local soil and atmospheric conditions in each field location.

The management of MPCL has also ensured the protection and nourishment of planted saplings with the involvement of local communities in tree plantation campaign.

Lt Gen Ishfaq Nadeem Ahmad, congratulated the MPCL management and its employees for undertaking a successful tree plantation and directed them in look after the planted saplings, thus making the campaign successful and sustainable to contribute for a healthy clean environment necessary for future generations.



Thank You