

Sector Update

OMC Sales Data for Jun-20

MS Volumes (000' tons)

	Jun-20	YoY	FY20	YoY
PSO	356.2	58%	2,892.7	5%
APL	52.7	-8%	652.1	-8%
HASCOL	38.4	38%	533.8	-20%
SHEL	68.4	-7%	814.8	-12%
Industry	725.8	28%	7,315.6	-1%

HSD Volumes (000' tons)

	Jun-20	YoY	FY20	YoY
PSO	441.5	125%	3,028.4	6%
APL	54.9	-6%	625.0	-18%
HASCOL	32.1	46%	471.2	-44%
SHEL	37.6	1%	472.6	-13%
Industry	753.0	68%	6,546.4	-9%

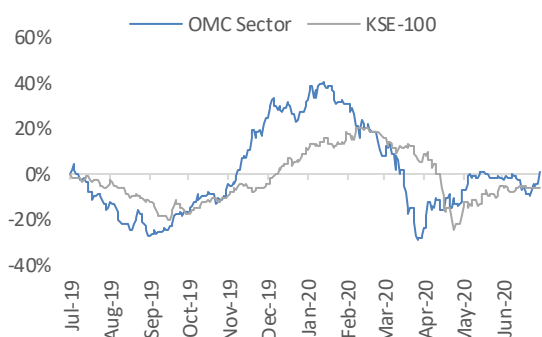
FO Volumes (000' tons)

	Jun-20	YoY	FY20	YoY
PSO	31.2	-81%	798.4	-46%
APL	45.5	33%	385.0	-7%
HASCOL	-	-100%	64.8	-84%
SHEL	-	n/m	0.2	-70%
Industry	114.2	-59%	1,925.9	-36%

Others Volumes (000' tons)

	Jun-20	YoY	FY20	YoY
PSO	13.5	-77%	491.2	-19%
APL	2.3	-21%	36.9	-17%
HASCOL	0.2	-50%	3.1	-57%
SHEL	2.5	86%	16.8	-49%
Industry	22.5	-65%	573.6	-20%

Relative Performance to KSE 100



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Oil & Gas - Marketing Companies

Jun-20: Volumes up by +28%YoY as eased lockdowns and lower domestic prices lift retail

- ✓ Industry volumes for oil marketing companies for the month of Jun-20 witnessed a growth of +19%YoY to 1.62mn ton bringing industry volumes for FY20 to 16.36mn ton down by 11%YoY,
- ✓ MS sales inclined by +28%YoY to 0.73mn ton in Jun-20, while on sequential basis, volumes are up by +14%MoM likely on the back of ease in lockdown across the country and substantial cut in MS prices however fuel shortage during Jun-20 kept a lid on volumes growth,
- ✓ HSD sales leaped up by +68%YoY to 0.75mn ton in Jun-20, while on monthly basis volumes are up by +10%MoM. Increase in sales is likely attributable to higher demand during harvesting season, eased lockdown and substantial drop in domestic prices,
- ✓ FO volumes depicted a decline of 59%YoY to 0.11mn ton in Jun-20 as lower upliftment by OMCs from refineries led to shortage of FO along with ban on imports

segment sales

Volumes depict +19%YoY growth in Jun-20 to 1.62mn ton

Industry volumes for oil marketing companies for the month of Jun-20 witnessed a growth of +19%YoY to 1.62mn ton bringing industry volumes for FY20 to 16.36mn ton down by 11%YoY. High Speed Diesel (HSD) / Motor Spirit (MS) sales registered increase of +68%/+28%YoY while Furnace Oil (FO) sales declined by 59%YoY during Jun-20. On a monthly basis, industry volumes are up by +9%MoM in Jun-20 on the back of +14%/+10%MoM rise in MS/HSD sales whereas FO sales dropped by 21%MoM. For FY20, volumes decreased owing to 36%/9%/1%YoY contraction in FO/HSD/MS sales. To highlight, during FY20 PSO led the charts by posting only 7%YoY decline in total sales while HASCOL/SHEL/APL witnessed 44%/14%/12%YoY plunge in total volumes with market share for PSO increasing by 2% to 44% whereas SHEL and APL retained their market shares at 8% and 10% respectively; however HASCOL market share dropped to 7% from 10% same period last year.

MS: Volumes up by +28%YoY during Jun-20

MS sales inclined by +28%YoY to 0.73mn ton in Jun-20, while on sequential basis, volumes are up by +14%MoM likely on the back of ease in lockdown across the country and substantial cut in MS prices (cumulatively down by PKR 42.1/ltr since Feb-20) however fuel shortage during Jun-20 kept a lid on volumes growth whereby PSO posted +44%MoM growth in volumes while HASCOL/APL reported 30%/8%MoM decline. With lockdowns further eased in Jun-20 and smart lockdown in place, we expect volumes to remain healthy. For FY20, MS volumes are down by 1%YoY to 7.32mn ton. During FY20, PSO led the chart by posting +5%YoY rise in volumes with market share rising to 40%, while HASCOL/SHEL/APL registered 20%/12%/8%YoY decline in sales with market share dropping to 7%/11%/9%.

HSD: Lower domestic prices and eased lockdowns lift HSD sales by +68%YoY during Jun-20

Exhibit: MS Market Share - Company wise (FY20)

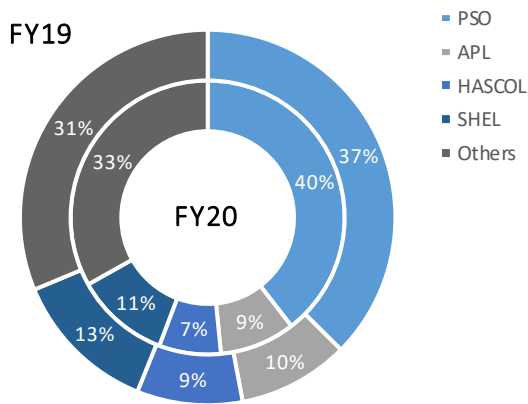


Exhibit: HSD Market Share - Company wise (FY20)

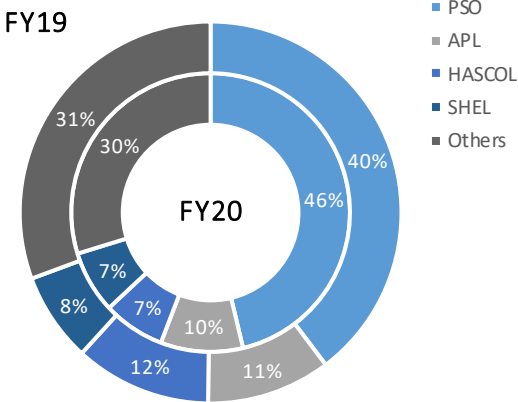
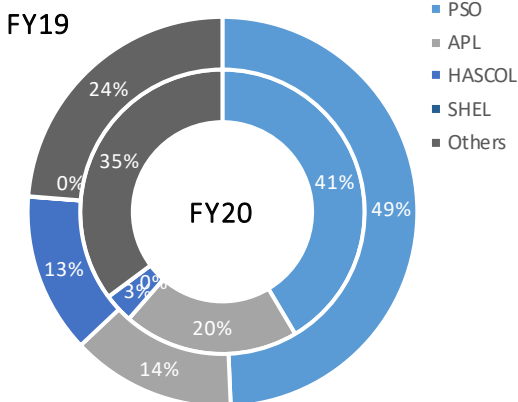


Exhibit: FO Market Share - Company wise (FY20)



Source: Company Financials, IGI Research

HSD sales leaped up by +68%YoY to 0.75mn ton in Jun-20, while on monthly basis volumes are up by +10%MoM. Increase in sales is likely attributable to higher demand during harvesting season, eased lockdown and substantial drop in domestic prices (cumulatively down by PKR 47.1/ltr since Feb-20). This brings total FY20 sales at 6.55mn ton down by 9%YoY. For FY20, PSO led the charts with +6%YoY growth in sales with market share increasing to 46%. HASCOL/APL/SHEL registered 44%/18%/13%YoY decline in volumes during FY20 with HASCOL/APL/SHEL market share coming down to 7%/10%/7% from 12%/11%/8% in FY19.

FO: Fuel shortage drags sales by 59%YoY in Jun-20

FO volumes depicted a decline of 59%YoY to 0.11mn ton in Jun-20 as lower upliftment by OMCs from refineries led to shortage of FO along with ban on imports. On a sequential basis, FO volumes are down by 21%MoM. As a result, total FO volumes are down by 36%YoY in FY20 to 1.93mn ton. For FY20, HASCOL reported 84%YoY drop in sales with market share dropping to 3%, while APL's market share increased to 20%. PSO reported 46%YoY drop in FO sales while market share dropping from 49% to 41%.

Exhibit: OMC's Monthly Sales Volume (Jun-20)

	000'tons	Jun-20	May-20	MoM	Jun-19	YoY	FY20	FY19	YoY
Industry									
MS	725.8	636.8	14%	567.5	28%	7,315.6	7,372.1	-1%	
HSD	753.0	687.5	10%	448.3	68%	6,546.4	7,210.4	-9%	
FO	114.2	144.9	-21%	279.4	-59%	1,925.9	3,019.8	-36%	
Others	22.5	15.6	44%	64.3	-65%	573.6	719.9	-20%	
Total	1,615.4	1,484.8	9%	1,359.4	19%	16,361.5	18,322.2	-11%	
PSO									
MS	356.2	247.6	44%	224.7	58%	2,892.7	2,759.4	5%	
HSD	441.5	351.6	26%	196.5	125%	3,028.4	2,862.1	6%	
FO	31.2	12.7	146%	164.5	-81%	798.4	1,489.4	-46%	
Others	13.5	10.3	31%	57.7	-77%	491.2	607.8	-19%	
Total	842.4	622.2	35%	643.4	31%	7,210.7	7,718.7	-7%	
APL									
MS	52.7	57.4	-8%	57.4	-8%	652.1	706.2	-8%	
HSD	54.9	49.9	10%	58.6	-6%	625.0	758.9	-18%	
FO	45.5	28.7	58%	34.1	33%	385.0	412.4	-7%	
Others	2.3	2.7	-15%	2.9	-21%	36.9	44.4	-17%	
Total	155.3	138.7	12%	153.1	1%	1,698.9	1,921.8	-12%	
HASCOL									
MS	38.4	55.1	-30%	27.8	38%	533.8	670.8	-20%	
HSD	32.1	58.5	-45%	22.0	46%	471.2	835.8	-44%	
FO	-	4.0	-100%	22.5	-100%	64.8	400.8	-84%	
Others	0.2	0.1	65%	0.4	-50%	3.1	7.1	-57%	
Total	70.7	117.7	-40%	72.6	-3%	1,072.8	1,914.5	-44%	
SHEL									
MS	68.4	63.5	8%	73.7	-7%	814.8	931.1	-12%	
HSD	37.6	35.6	6%	37.4	1%	472.6	545.6	-13%	
FO	-	-	0%	-	n/m	0.2	0.6	-70%	
Others	2.5	0.9	166%	1.3	86%	16.8	32.9	-49%	
Total	108.5	100.0	9%	112.5	-4%	1,304.4	1,510.2	-14%	

Source: IGI Research, OCAC

Outlook

We expect MS and HSD sales to remain healthy amid eased lockdowns however price hike for Jul-20 is likely to keep a lid on volumetric growth. HSD sales are likely to remain elevated amid higher demand during the harvesting season and gradual resumption of operations for industries as lockdown eases. FO sales are

likely to pick up in the coming months due to higher demand by IPPs and resolution of fuel shortage is also likely to provide push to retail segment sales.

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