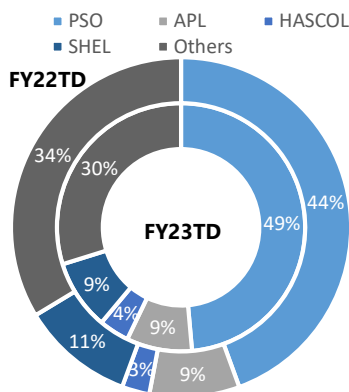


# Day Break

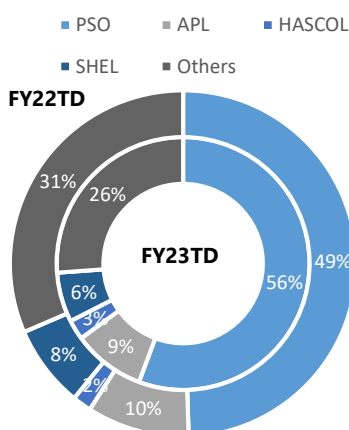
Monday, September 4, 2023



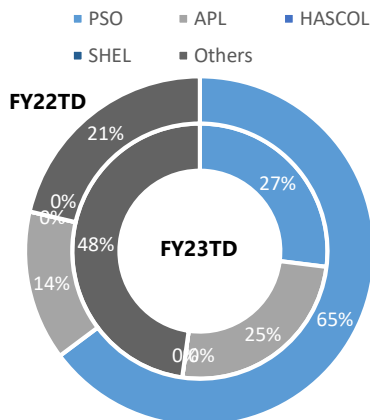
## MS Market Share – Company wise



## HSD Market Share – Company wise



## FO Market Share – Company wise



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## Oil & Gas Marketing Companies

### Aug-23: Lower FO Sales Drags Sales Down by 8%/y Despite Recovery in Retail Segment

- Industry volumes for oil marketing companies for the month of Aug-23 declined by 8%/y to 1.41mn ton bringing industry volumes for FY23TD to 2.76mn ton down by 7%Y/y. Furnace Oil (FO) sales were down by 64%/y, whereas High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +11%/+5%/y during Aug-23.
- During the FY23TD, HSD/MS sales increased by +11%/+8%/y while FO sales dropped by 61%/y. Company wise PSO/SHEL/APL witnessed 10%/9%/5%/y decline in total sales whereas HASCOL reported +60%/y growth. Market share for PSO, dropped by 1.3% to 51% during FY23TD against same period last year, while HASCOL reported 1.2% incline in market share during FY23TD. Market share for APL and SHEL remained relatively unchanged.
- We expect MS and HSD volumes to remain under pressure owing to higher domestic prices, which are likely to stay elevated due to imposition of levy/taxes and PKR depreciation. Volumes are further expected to take a hit due to decline in automobile sales. Potential hike in OMC margins for FY24 would provide some cushion against decline in sales.

### Aug-23: POL sales drop by 8%/y to 1.41mn ton

Industry volumes for oil marketing companies for the month of Aug-23 declined by 8%/y to 1.41mn ton bringing industry volumes for FY23TD to 2.76mn ton down by 7%Y/y. Furnace Oil (FO) sales were down by 64%/y, whereas High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +11%/+5%/y during Aug-23. On a monthly basis, industry volumes improved by +4%/m to 1.41mn ton during Aug-23 on the back of +11%/+2%/m incline in HSD/MS sales while FO volumes dropped by 18%/m.

During the FY23TD, HSD/MS sales increased by +11%/+8%/y while FO sales dropped by 61%/y. Company wise PSO/SHEL/APL witnessed 10%/9%/5%/y decline in total sales whereas HASCOL reported +60%/y growth. Market share for PSO, dropped by 1.3% to 51% during FY23TD against same period last year, while HASCOL reported 1.2% incline in market share during FY23TD. Market share for APL and SHEL remained relatively unchanged.

## MS

MS sales improved by +5%/y to 0.67mn ton during Aug-23 while on sequential basis volumes are up by +2%m/m. SHEL posted 13%/y decline in volumes, while HASCOL, PSO and APL recorded +64%/y, +15%/y and +6%/y growth in volumes respectively during Aug-23. For FY23TD, MS volumes inclined by +8%/y to 1.33mn ton. During FY23TD, HASCOL, APL and PSO posted +61%/y, +18%/y and +8%/y rise in volumes respectively, whereas, SHEL recorded 8%/y drop in total MS sales with market share declining to 9.1%. PSO's market share increased to 48.6% during FY23TD from 44.4% in the same period last year. HASCOL witnessed uptick in market share to 3.9% while APL's market share remained flat at 8.6%.

## HSD

HSD sales increased by +11%/y to 0.55mn ton in Aug-23 and on monthly basis volumes depicted a growth of +11%m/m. This brings total FY23TD sales at 1.04mn ton up by +11%/y. For FY23TD, HASCOL, PSO and APL posted +60%/y, +25%/y and +7%/y incline in sales with market share for PSO and HASCOL increasing to 55.7% and 2.6% respectively. Market share for APL dropped by 0.3% to 9.3%. SHEL recorded 8%/y decline in total HSD sales during FY23TD.

## FO

FO volumes dropped by 64%/y during Aug-23 to 0.12mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 18%m/m during Aug-23. Total FO volumes are down by 61%/y during FY23TD to 0.26mn ton. For FY23TD, PSO and APL reported 84%/y and 30%/y decline in sales with PSO's market share dropping to 27.0% compared to 64.8% in FY23TD, whereas, APL's market share improved to 25.2% from 13.9% in the same period last year.

## Outlook

We expect MS and HSD volumes to remain under pressure owing to higher domestic prices, which are likely to stay elevated due to imposition of levy/taxes and PKR depreciation. Volumes are further expected to take a hit due to decline in automobile sales. Potential hike in OMC margins for FY24 would provide some cushion against decline in sales. Increase in power tariff, hike in gas prices and recent payment to IPPs would improve cash flow for PSO going forward.

<b>Exhibit: OMC's Monthly Sales Volume (Aug-23)</b>											
000'tons	Aug-23	Jul-23	MoM	Aug-22	YoY	CY23TD	CY22TD	YoY	FY24TD	FY23TD	YoY
<b>Industry</b>											
MS	672.2	655.9	2%	637.7	5%	4,911.6	5,673.0	-13%	1,328.1	1,231.7	8%
HSD	548.5	494.3	11%	495.6	11%	4,052.0	5,446.8	-26%	1,042.8	939.9	11%
FO	117.8	144.2	-18%	327.4	-64%	871.3	2,819.1	-69%	262.0	677.8	-61%
Others	67.3	55.5	21%	65.0	4%	498.7	512.8	-3%	122.8	118.3	4%
Total	1,405.8	1,349.9	4%	1,525.7	-8%	10,333.6	14,451.6	-28%	2,755.7	2,967.7	-7%
<b>PSO</b>											
MS	331.8	313.5	6%	288.7	15%	2,288.2	2,513.9	-9%	645.2	547.3	18%
HSD	305.7	274.9	11%	232.1	32%	2,187.1	2,910.6	-25%	580.6	465.2	25%
FO	29.8	40.9	-27%	214.7	-86%	148.5	1,741.2	-91%	70.7	439.1	-84%
Others	58.2	48.8	19%	55.8	4%	438.7	425.5	3%	107.1	100.0	7%
Total	725.5	678.1	7%	791.3	-8%	5,062.5	7,591.2	-33%	1,403.6	1,551.5	-10%
<b>APL</b>											
MS	58.1	55.5	5%	55.0	6%	420.0	471.6	-11%	113.7	105.5	8%
HSD	53.1	43.4	22%	42.2	26%	359.6	471.2	-24%	96.5	90.0	7%
FO	35.7	30.4	17%	52.9	-32%	238.7	387.8	-38%	66.2	94.0	-30%
Others	3.1	2.5	25%	3.5	-11%	24.2	24.9	-3%	5.5	6.1	-9%
Total	150.1	131.8	14%	153.5	-2%	1,042.5	1,355.5	-23%	281.9	295.6	-5%
<b>HASCOL</b>											
MS	28.1	24.2	16%	17.1	64%	212.1	100.4	111%	52.3	32.4	61%
HSD	7.2	19.4	-63%	10.5	-31%	124.8	53.4	134%	26.6	16.6	60%
FO	-	-	0%	-	0%	-	-	0%	-	-	0%
Others	-	0.1	-100%	0.1	-100%	0.2	1.3	-82%	0.1	0.2	-73%
Total	35.4	43.6	-19%	27.8	27%	337.1	155.2	117%	79.0	49.2	60%
<b>SHEL</b>											
MS	59.9	61.2	-2%	68.6	-13%	488.1	612.3	-20%	121.0	132.0	-8%
HSD	35.2	31.1	13%	38.9	-10%	265.9	441.0	-40%	66.3	72.4	-8%
FO	-	-	0%	-	n/m	3.7	-	0%	-	-	0%
Others	2.8	1.6	72%	2.9	-2%	15.4	32.8	-53%	4.4	6.4	-31%
Total	97.9	93.9	4%	110.4	-11%	773.1	1,086.1	-29%	191.8	210.8	-9%

Source: IGI Research, OCAC

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