

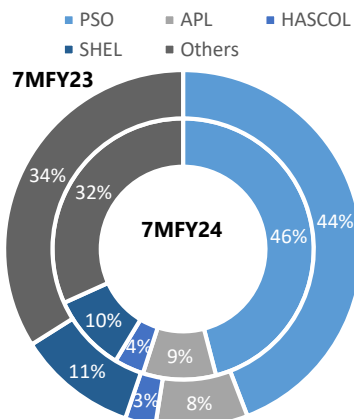
Day Break

Friday, February 2, 2024

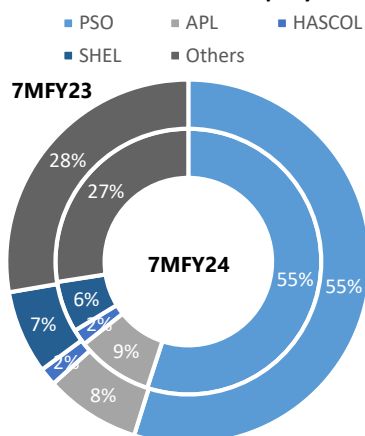


SERVING YOU SINCE 1994

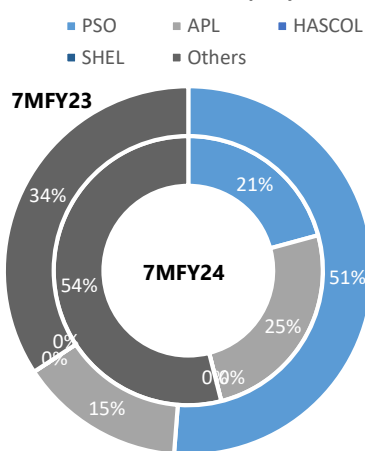
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Oil & Gas Marketing Companies

Jan-24: Volumes Depict a Decline of 4%/y/y to 1.38mn tons

- Industry volumes for oil marketing companies for the month of Jan-24 declined by 4%/y/y to 1.38mn ton bringing industry volumes for 7MFY24 to 9.07mn ton down by 13%Y/y. Motor Spirit (MS) / High Speed Diesel (HSD) sales were down by 12%/5%/y/y during Jan-24 whereas Furnace Oil (FO) volumes were up by +28%/y/y.
- During the 7MFY24, MS/HSD sales declined by 7%/y/y each while FO sales plummeted by 53%/y/y. Company wise SHEL/PSO/APL witnessed 19%/16%/4%/y/y decline in total sales whereas HASCOL reported +21%/y/y growth. Market share for PSO, dropped by 1.3% to 50% during 7MFY24 against 51% in the same period last year, while HASCOL and APL reported 0.7% and 1.0% incline in market share respectively during 7MFY24. Market share for SHEL dropped by 0.5% to 7%.
- International oil prices are likely to remain on the lower side owing to slowdown in global demand which is likely to translate in to domestic prices. Lower automobile sales and relatively higher prices are likely to keep demand growth restricted. Hike in OMC margin is likely support earnings amid depressed demand. Increase in power tariff and hike in gas prices would improve cash flow for PSO going forward.

Jan-24: POL sales drop by 4%/y/y to 1.38mn ton

Industry volumes for oil marketing companies for the month of Jan-24 declined by 4%/y/y to 1.38mn ton bringing industry volumes for 7MFY24 to 9.07mn ton down by 13%Y/y. Motor Spirit (MS) / High Speed Diesel (HSD) sales were down by 12%/5%/y/y during Jan-24 whereas Furnace Oil (FO) volumes were up by +28%/y/y. On a monthly basis, industry volumes improved by 12%/m/m to 1.38mn ton during Jan-24 on the back of +2.3x/+8%/m/m increase in FO/MS sales.

During the 7MFY24, MS/HSD sales declined by 7%/y/y each while FO sales plummeted by 53%/y/y. Company wise SHEL/PSO/APL witnessed 19%/16%/4%/y/y decline in total sales whereas HASCOL reported +21%/y/y growth. Market share for PSO, dropped by 1.3% to 50% during 7MFY24 against 51% in the same period last year, while HASCOL and APL reported 0.7% and 1.0% incline in market share respectively during 7MFY24. Market share for SHEL dropped by 0.5% to 7%.

MS

MS sales decreased by 5%/y/y to 0.61mn ton during Jan-24 while on sequential basis volumes improved by +8%/m/m. SHEL and PSO recorded

12%/y/y and 11%/y/y drop in volumes respectively during Jan-24 while HASCOL and APL recorded +9%/y/y and +6%/y/y growth respectively. For 7MFY24, MS volumes are down by 7%/y/y to 4.18mn ton. During 7MFY24, HASCOL posted +25%/y/y rise in volumes, whereas, SHEL and PSO recorded 17%/y/y and 3%/y/y drop in total MS sales. PSO's market share increased to 45.9% during 7MFY24 from 44.2% in the same period last year. HASCOL and APL witnessed uptick in market share to 3.7% and 9.0% respectively while SHEL's market share declined by 1.2% to 9.6%.

HSD

HSD sales dropped by 12%/y/y to 0.51mn ton in Jan-24 and on monthly basis volumes depicted slight uptick of +0.2%/m/m. This brings total 7MFY24 sales at 3.67mn ton down by 7%/y/y. For 7MFY24, HASCOL and APL posted +16%/y/y and +2%/y/y incline in sales with market share for PSO, APL and HASCOL increasing to 55.0%, 9.3% and 2.0% respectively. Market share for SHEL dropped by 1.2% to 6.2%.

FO

FO volumes augmented by +28%/y/y during Jan-24 to 0.18mn ton likely attributable to higher demand from IPPs compared to last year. Volumes are up substantially by +2.3x/m/m during Jan-24. Total FO volumes are down by 53%/y/y during 7MFY24 to 0.75mn ton. For 7MFY24, PSO and APL reported 81%/y/y and 18%/y/y decline in sales with PSO's market share dropping to 20.8% compared to 51.2% in 7MFY23, whereas, APL's market share improved to 25.3% from 14.5% in the same period last year.

Outlook

International oil prices are likely to remain on the lower side owing to slowdown in global demand which is likely to translate in to domestic prices. Lower automobile sales and relatively higher prices are likely to keep demand growth restricted. Hike in OMC margin is likely support earnings amid depressed demand. Increase in power tariff and hike in gas prices would improve cash flow for PSO going forward and may unlock valuations.

Exhibit: OMC's Monthly Sales Volume (Jan-24)

000'tons	Jan-24	Dec-23	MoM	Jan-23	YoY	CY24TD	CY23TD	YoY	7MFY24	7MFY23	YoY
Industry											
MS	614.9	571.7	8%	648.3	-5%	614.9	648.3	-5%	4,182.7	4,482.8	-7%
HSD	513.0	512.2	0%	584.1	-12%	513.0	584.1	-12%	3,671.6	3,947.3	-7%
FO	183.8	79.2	132%	143.1	28%	183.8	143.1	28%	745.4	1,589.7	-53%
Others	70.6	72.4	-3%	67.8	4%	70.6	67.8	4%	467.4	456.8	2%
Total	1,382.2	1,235.6	12%	1,443.3	-4%	1,382.2	1,443.3	-4%	9,067.2	10,476.7	-13%
PSO											
MS	279.8	252.1	11%	315.9	-11%	279.8	315.9	-11%	1,921.5	1,979.2	-3%
HSD	273.5	275.9	-1%	314.9	-13%	273.5	314.9	-13%	2,019.8	2,163.9	-7%
FO	41.2	2.9	1316%	13.3	209%	41.2	13.3	209%	154.8	814.6	-81%
Others	63.2	64.8	-2%	60.2	5%	63.2	60.2	5%	413.6	390.9	6%
Total	657.7	595.6	10%	704.3	-7%	657.7	704.3	-7%	4,509.6	5,348.6	-16%
APL											
MS	57.4	51.8	11%	54.1	6%	57.4	54.1	6%	378.3	373.8	1%
HSD	46.4	51.2	-9%	49.4	-6%	46.4	49.4	-6%	342.6	334.9	2%
FO	46.1	21.6	114%	33.9	36%	46.1	33.9	36%	188.6	231.0	-18%
Others	3.1	3.5	-13%	2.6	20%	3.1	2.6	20%	22.3	29.0	-23%
Total	153.0	128.1	19%	139.9	9%	153.0	139.9	9%	931.7	968.7	-4%
HASCOL											
MS	15.4	17.9	-14%	14.1	9%	15.4	14.1	9%	153.6	123.3	25%
HSD	7.6	9.2	-17%	11.8	-36%	7.6	11.8	-36%	72.2	62.4	16%
FO	-	-	0%	-	0%	-	-	0%	-	-	0%
Others	-	-	0%	0.1	-100%	-	0.1	-100%	0.3	0.6	-53%
Total	23.0	27.1	-15%	26.0	-11%	23.0	26.0	-11%	226.1	186.3	21%
SHEL											
MS	62.9	56.4	12%	71.8	-12%	62.9	71.8	-12%	401.2	484.8	-17%
HSD	33.4	32.7	2%	41.6	-20%	33.4	41.6	-20%	229.2	292.8	-22%
FO	-	-	0%	-	0%	-	-	0%	-	-	0%
Others	1.6	1.3	22%	1.8	-14%	1.6	1.8	-14%	12.2	15.7	-22%
Total	97.9	90.4	8%	115.2	-15%	97.9	115.2	-15%	642.6	793.3	-19%

Source: IGI Research, OCAC

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited