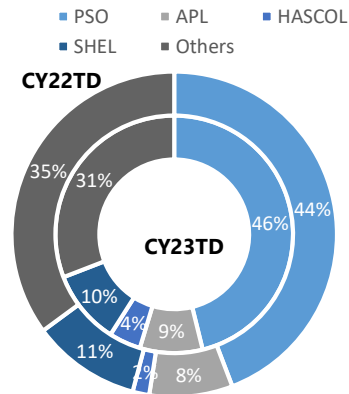


Day Break

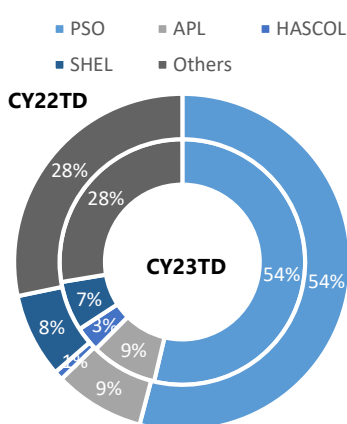
Wednesday, August 2, 2023



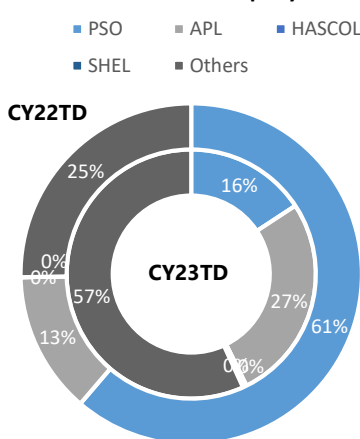
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



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Oil & Gas Marketing Companies

Jul-23: Volumes Shrink by 6%/y Owing to Lower FO sales Despite Growth in Retail Segment

- Industry volumes for oil marketing companies for the month of Jul-23 declined by 6%/y to 1.35mn ton bringing industry volumes for CY23TD to 8.93mn ton down by 31%Y/y. Furnace Oil (FO) sales were down by 59%/y/y, whereas High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +11%/+10%/y/y during Jul-23.
- During the CY23TD, FO/HSD/MS sales dropped by 70%/29%/16%/y/y. Company wise PSO/SHEL/APL witnessed 36%/31%/26%/y/y decline in total sales whereas HASCOL reported +137%/y/y growth. Market share for PSO, dropped by 4.1% to 48.6% during CY23TD against same period last year, while HASCOL reported 2.4% incline in market share during CY23TD.
- 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.

Jul-23: POL sales drop by 6%/y to 1.35mn ton

Industry volumes for oil marketing companies for the month of Jul-23 declined by 6%/y to 1.35mn ton bringing industry volumes for CY23TD to 8.93mn ton down by 31%Y/y. Furnace Oil (FO) sales were down by 59%/y/y, whereas High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +11%/+10%/y/y during Jul-23. On a monthly basis, industry volumes remained flat at 1.35mn ton during Jul-23 on the back of +45%/+2%/m/m incline in FO/MS sales while HSD volumes dropped by 9%/m/m.

During the CY23TD, FO/HSD/MS sales dropped by 70%/29%/16%/y/y. Company wise PSO/SHEL/APL witnessed 36%/31%/26%/y/y decline in total sales whereas HASCOL reported +137%/y/y growth. Market share for PSO, dropped by 4.1% to 48.6% during CY23TD against same period last year, while HASCOL reported 2.4% incline in market share during CY23TD. Market share for APL and SHEL remained relatively unchanged.

MS

MS sales improved by +10%/y/y to 0.66mn ton during Jul-23 while on sequential basis volumes are up by +2%/m/m. SHEL posted 4%/y/y decline in volumes, while HASCOL, PSO and APL recorded +58%/y/y, +21%/y/y and

+10%/y/y growth in volumes respectively during Jul-23. For CY23TD, MS volumes plummeted by 16%/y/y to 4.24mn ton. During CY23TD, SHEL, APL and PSO posted 21%/y/y, 13%/y/y and 12%/y/y decline in volumes respectively, whereas, HASCOL recorded +121%/y/y growth in total MS sales with market share rising to 4.3%. PSO's market share increased to 46.1% during CY23TD from 44.2% in the same period last year. APL witnessed slight uptick in market share while SHEL recorded a decline of 0.7% in market share.

HSD

HSD sales increased by +11%/y/y to 0.50mn ton in Jul-23 and on monthly basis volumes depicted a decline of 9%/m/m. This brings total CY23YD sales at 3.50mn ton down by 29%/y/y. For CY23TD, SHEL, PSO and APL posted 43%/y/y, 30%/y/y and 29%/y/y drop in sales with market share for HASCOL and APL increasing to 3.4% and 8.7% respectively. Market share for SHEL dropped by 1.5% to 6.6%. HASCOL recorded +174%/y/y growth in total HSD sales during CY23TD.

FO

FO volumes dropped by 59%/y/y during Jul-23 to 0.14mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are up by +45%/m/m during Jul-23. Total FO volumes are down by 70%/y/y during CY23TD to 0.75mn ton. For CY23TD, PSO and APL reported 92%/y/y and 39%/y/y decline in sales with PSO's market share dropping to 15.8% compared to 61.3% in CY22TD, whereas, APL's market share improved to 26.9% from 13.4% 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.

Exhibit: OMC's Monthly Sales Volume (Jul-23)

000'tons	Jul-23	Jun-23	MoM	Jul-22	YoY	CY23TD	CY22TD	YoY
Industry								
MS	655.9	642.4	2%	594.0	10%	4,239.4	5,035.3	-16%
HSD	494.3	544.4	-9%	444.4	11%	3,503.5	4,951.2	-29%
FO	144.2	99.6	45%	350.4	-59%	753.5	2,491.7	-70%
Others	55.5	58.7	-5%	53.3	4%	431.3	447.8	-4%
Total	1,349.9	1,345.0	0%	1,442.0	-6%	8,927.8	12,925.9	-31%
PSO								
MS	313.5	290.1	8%	258.6	21%	1,956.4	2,225.1	-12%
HSD	274.9	295.6	-7%	233.1	18%	1,881.4	2,678.5	-30%
FO	40.9	9.4	333%	224.4	-82%	118.7	1,526.5	-92%
Others	48.8	50.9	-4%	44.1	11%	380.4	369.7	3%
Total	678.1	646.1	5%	760.2	-11%	4,337.0	6,799.8	-36%
APL								
MS	55.5	55.7	0%	50.5	10%	361.9	416.6	-13%
HSD	43.4	49.3	-12%	47.9	-9%	306.5	429.0	-29%
FO	30.4	41.6	-27%	41.1	-26%	202.9	334.9	-39%
Others	2.5	3.3	-27%	2.6	-7%	21.1	21.5	-2%
Total	131.8	150.0	-12%	142.1	-7%	892.5	1,202.0	-26%
HASCOL								
MS	24.2	36.5	-34%	15.3	58%	184.0	83.3	121%
HSD	19.4	23.6	-18%	6.1	220%	117.6	42.9	174%
FO	-	-	0%	-	0%	-	-	0%
Others	0.1	0.0	382%	0.1	-40%	0.2	1.2	-80%
Total	43.6	60.2	-27%	21.4	103%	301.8	127.4	137%
SHEL								
MS	61.2	61.4	0%	63.4	-4%	428.3	543.7	-21%
HSD	31.1	32.3	-4%	33.5	-7%	230.6	402.1	-43%
FO	-	-	0%	-	n/m	3.7	-	0%
Others	1.6	1.6	0%	3.6	-54%	12.6	29.9	-58%
Total	93.9	95.3	-1%	100.4	-7%	675.3	975.7	-31%

Source: IGI Research, OCAC

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