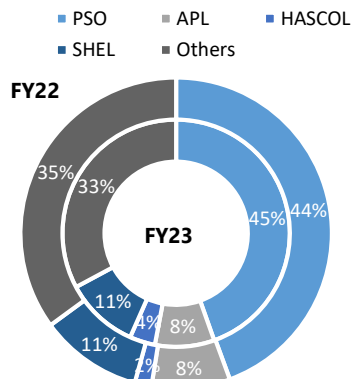


# Day Break

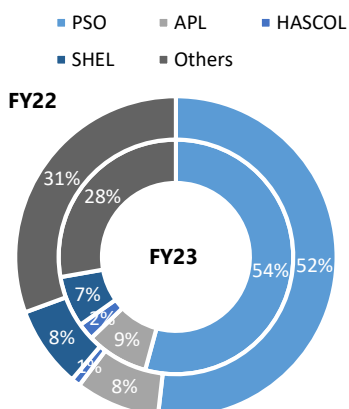
Wednesday, July 5, 2023



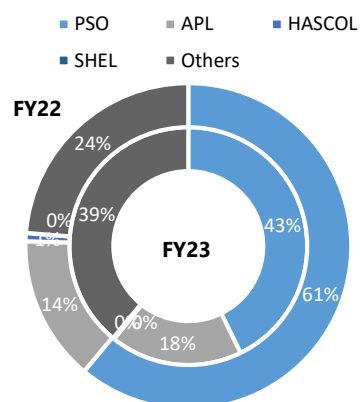
## MS Market Share – Company wise



## HSD Market Share – Company wise



## FO Market Share – Company wise



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## Oil & Gas Marketing Companies

### Jun-23: Volumes Shrink by 31%y/y Owing to Sluggish Demand; Down by 26%y/y in FY23

- Industry volumes for oil marketing companies for the month of Jun-23 declined by 31%y/y to 1.35mn ton bringing industry volumes for FY23 to 16.61mn ton down by 26%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 78%/24%/9%y/y during Jun-23.
- During the FY23, FO/HSD/MS sales dropped by 49%/28%/17%y/y. Company wise PSO/SHEL/APL witnessed 29%/28%/24%y/y decline in total sales whereas HASCOL reported +53%y/y growth. Market share for APL and SHEL remained relatively unchanged during FY23 against same period last year, while PSO reported 1.4% decline in market share HASCOL market share improved by 1.3% during FY23.
- 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 and taxes and declining automobile sales. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash flow positive for PSO going forward.

### Jun-23: POL sales drop by 31%y/y to 1.35mn ton

Industry volumes for oil marketing companies for the month of Jun-23 declined by 31%y/y to 1.35mn ton bringing industry volumes for FY23 to 16.61mn ton down by 26%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 78%/24%/9%y/y during Jun-23. On a monthly basis, industry volumes inclined by +4%y/y to 1.35mn ton during Jun-23 on the back of 10%/7%y/y incline in FO/MS sales while HSD volumes remained flat.

During the FY23, FO/HSD/MS sales dropped by 49%/28%/17%y/y. Company wise PSO/SHEL/APL witnessed 29%/28%/24%y/y decline in total sales whereas HASCOL reported +53%y/y growth. Market share for APL and SHEL remained relatively unchanged during FY23 against same period last year, while PSO reported 1.4% decline in market share HASCOL market share improved by 1.3% during FY23.

### MS

MS sales dropped by 9%y/y to 0.64mn ton during Jun-23 while on sequential basis volumes are up by +7%y/y. HASCOL posted +3.3xy/y growth in volumes, while SHEL, PSO and APL recorded 20%y/y, 8%y/y and

7%/y drop in volumes respectively during Jun-23. For FY23, MS volumes plummeted by 17%/y to 7.42mn ton. During FY23, SHEL, PSO and APL posted 18%/y, 17%/y and 14%/y decline in volumes respectively, whereas, HASCOL recorded +72%/y growth in total MS sales with market share rising to 3.6%. PSO's market share increased to 44.6% during FY23 from 44.4% in the same period last year. SHEL and APL witnessed slight uptick in market share.

### HSD

HSD sales plummeted by 24%/y to 0.54mn ton in Jun-23 and on monthly basis volumes remained flat. This brings total FY23 sales at 6.37mn ton down by 28%/y. For FY23, SHEL, APL and PSO posted 38%/y, 27%/y and 25%/y drop in sales with market share for PSO and HASCOL increasing to 54.2% and 2.3% respectively. Market share for SHEL dropped by 1.1% to 7.1%. HASCOL recorded +81%/y growth in total HSD sales during FY23.

### FO

FO volumes dropped by 78%/y during Jun-23 to 0.1mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are up by +10%/m during Jun-23. Total FO volumes are down by 49%/y during FY23 to 2.06mn ton. For FY23, PSO and APL reported 64%/y and 37%/y decline in sales with PSO's market share dropping to 42.8% compared to 61.0% in FY22, whereas, APL's market share improved to 18.0% from 14.4% 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 and taxes and declining automobile sales. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash flow positive for PSO going forward.

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

000'tons	Jun-23	May-23	MoM	Jun-22	YoY	CY23TD	CY22TD	YoY	FY23	FY22	YoY
<b>Industry</b>											
MS	642.4	602.5	7%	702.3	-9%	3,583.5	4,441.3	-19%	7,418.1	8,954.0	-17%
HSD	544.4	544.9	0%	713.0	-24%	3,009.2	4,506.8	-33%	6,372.5	8,872.3	-28%
FO	99.6	90.7	10%	452.6	-78%	609.3	2,141.3	-72%	2,055.8	4,042.7	-49%
Others	58.7	57.6	2%	68.5	-14%	375.8	394.5	-5%	764.8	725.7	5%
Total	1,345.0	1,295.8	4%	1,936.4	-31%	7,577.9	11,483.9	-34%	16,611.2	22,594.6	-26%
<b>PSO</b>											
MS	290.1	256.9	13%	314.9	-8%	1,642.9	1,966.6	-16%	3,306.2	3,975.0	-17%
HSD	295.6	278.3	6%	377.6	-22%	1,606.5	2,445.4	-34%	3,455.5	4,595.5	-25%
FO	9.4	13.0	-28%	289.4	-97%	77.8	1,302.1	-94%	879.1	2,467.9	-64%
Others	50.9	51.0	0%	54.0	-6%	331.6	325.5	2%	662.4	577.0	15%
Total	646.1	599.3	8%	1,035.9	-38%	3,658.9	6,039.6	-39%	8,303.1	11,615.4	-29%
<b>APL</b>											
MS	55.7	49.0	14%	59.6	-7%	306.4	366.1	-16%	626.1	730.7	-14%
HSD	49.3	46.8	5%	62.1	-21%	263.1	381.1	-31%	548.7	751.7	-27%
FO	41.6	24.1	72%	76.4	-46%	172.5	293.8	-41%	369.6	583.5	-37%
Others	3.3	3.3	2%	3.4	0%	18.7	18.8	-1%	45.1	39.1	15%
Total	150.0	123.2	22%	201.5	-26%	760.7	1,059.9	-28%	1,589.4	2,105.0	-24%
<b>HASCOL</b>											
MS	36.5	34.8	5%	11.0	232%	159.8	68.0	135%	269.0	156.8	72%
HSD	23.6	31.9	-26%	9.5	150%	98.1	36.8	167%	148.8	82.0	81%
FO	-	-	0%	-	0%	-	-	0%	-	33.2	-100%
Others	0.0	0.1	-79%	0.2	-93%	0.2	1.1	-83%	0.7	2.4	-70%
Total	60.2	66.8	-10%	20.6	192%	258.1	106.0	144%	418.5	274.4	53%
<b>SHEL</b>											
MS	61.4	57.3	7%	76.6	-20%	367.1	480.3	-24%	780.1	952.9	-18%
HSD	32.3	30.3	7%	69.2	-53%	199.6	368.6	-46%	450.8	727.7	-38%
FO	-	-	0%	-	n/m	3.7	-	0%	3.7	-	0%
Others	1.6	1.3	22%	6.4	-74%	10.9	26.3	-58%	24.8	61.8	-60%
Total	95.3	89.0	7%	152.2	-37%	581.4	875.2	-34%	1,259.4	1,742.3	-28%

Source: IGI Research, OCAC

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