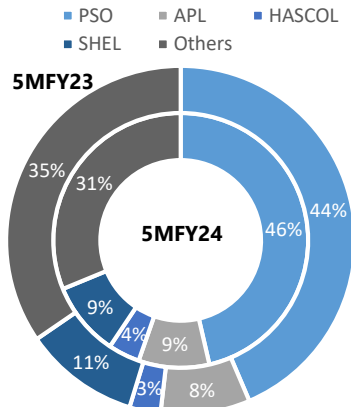


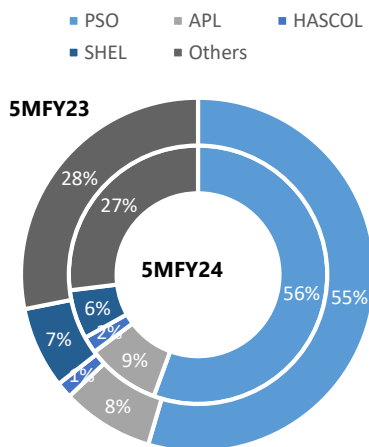
Day Break

Tuesday, December 5, 2023

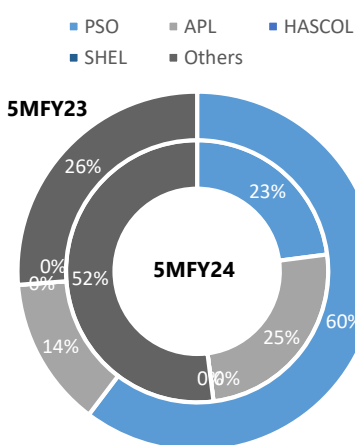
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Oil & Gas Marketing Companies

Nov-23: POL Sales Down by 11%/y/y; Up on Monthly Basis Due to Higher HSD Sales

- Industry volumes for oil marketing companies for the month of Nov-23 declined by 11%/y/y to 1.37mn ton bringing industry volumes for 5MFY24 to 6.45mn ton down by 16%/y/y. Furnace Oil (FO) / Motor Spirit (MS) / High Speed Diesel (HSD) sales were down by 40%/15%/3%/y/y during Nov-23.
- During the 5MFY24, HSD/MS sales declined by 7%/y/y each while FO sales plummeted by 64%/y/y. Company wise SHEL/PSO/APL witnessed 20%/19%/8%/y/y decline in total sales whereas HASCOL reported +31%/y/y growth. Market share for PSO, dropped by 1.7% to 50% during 5MFY24 against 52% in the same period last year, while HASCOL and APL reported 1.0% and 0.9% incline in market share respectively during 5MFY24. Market share for SHEL remained relatively unchanged.
- Volumes picked up on monthly basis due to substantial drop in domestic prices in Oct/Nov-23. We expect prices to drop going forward owing to volatility in international oil prices due to middle east conflict and slowdown in global demand. Increase in power tariff and hike in gas prices would improve cash flow for PSO going forward and may unlock valuations.

Nov-23: POL sales drop by 11%/y/y to 1.37mn ton

Industry volumes for oil marketing companies for the month of Nov-23 declined by 11%/y/y to 1.37mn ton bringing industry volumes for 5MFY24 to 6.45mn ton down by 16%/y/y. Furnace Oil (FO) / Motor Spirit (MS) / High Speed Diesel (HSD) sales were down by 40%/15%/3%/y/y during Nov-23. On a monthly basis, industry volumes picked up by +9%/m/m to 1.37mn ton during Nov-23 on the back of 54%/16%/m/m incline in FO/HSD sales.

During the 5MFY24, HSD/MS sales declined by 7%/y/y each while FO sales plummeted by 64%/y/y. Company wise SHEL/PSO/APL witnessed 20%/19%/8%/y/y decline in total sales whereas HASCOL reported +31%/y/y growth. Market share for PSO, dropped by 1.7% to 50% during 5MFY24 against 52% in the same period last year, while HASCOL and APL reported 1.0% and 0.9% incline in market share respectively during 5MFY24. Market share for SHEL remained relatively unchanged.

MS

MS sales decreased by 15%/y/y to 0.57mn ton during Nov-23 while on sequential basis volumes are down by 2%/m/m. SHEL, HASCOL, PSO and APL recorded 20%/y/y, 13%/y/y, 10%/y/y and 1%/y/y drop in volumes respectively during Nov-23. For 5MFY24, MS volumes are down by 7%/y/y to 3.0mn ton. During 5MFY24, HASCOL and APL posted +30%/y/y and +1%/y/y rise in volumes respectively, whereas, SHEL and PSO recorded 18%/y/y and 1%/y/y drop in total MS sales. PSO's market share increased to 46.4% during 5MFY24 from 43.6% in the same period last year. HASCOL and APL witnessed uptick in market share to 4.0% and 9.0% respectively while SHEL's market share declined by 1.3% to 9.4%.

HSD

HSD sales dropped by 3%/y/y to 0.65mn ton in Nov-23 and on monthly basis volumes depicted a growth of +16%/m/m likely owing to higher demand during Rabi sowing season. This brings total 5MFY24 sales at 2.65mn ton down by 7%/y/y. For 5MFY24, HASCOL and APL posted +33%/y/y and +3%/y/y incline in sales with market share for PSO, APL and HASCOL increasing to 55.6%, 9.3% and 2.1% respectively. Market share for SHEL dropped by 1.3% to 6.2%.

FO

FO volumes dropped by 40%/y/y during Nov-23 to 0.08mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are up by +54%/m/m during Nov-23 likely owing to higher demand due to RLNG/Gas shortage. Total FO volumes are down by 64%/y/y during 5MFY24 to 0.48mn ton. For 5MFY24, PSO and APL reported 86%/y/y and 32%/y/y decline in sales with PSO's market share dropping to 22.9% compared to 60.3% in 5MFY23, whereas, APL's market share improved to 25.1% from 13.5% in the same period last year.

Outlook

Volumes picked up on monthly basis due to substantial drop in domestic prices in Oct/Nov-23. We expect prices to drop going forward owing to volatility in international oil prices due to middle east conflict and slowdown in global demand. Lower automobile sales is likely to keep demand growth on the lower side. 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 (Nov-23)

000'tons	Nov-23	Oct-23	MoM	Nov-22	YoY	CY23TD	CY22TD	YoY	FY24TD	FY23TD	YoY
Industry											
MS	569.3	580.6	-2%	672.6	-15%	6,579.7	7,654.0	-14%	2,996.1	3,212.7	-7%
HSD	649.3	560.2	16%	669.5	-3%	5,655.7	7,347.9	-23%	2,646.5	2,841.1	-7%
FO	82.3	53.5	54%	136.5	-40%	1,091.6	3,464.7	-68%	482.4	1,323.4	-64%
Others	71.1	69.0	3%	66.6	7%	700.3	716.0	-2%	324.5	321.5	1%
Total	1,372.0	1,263.4	9%	1,545.1	-11%	14,027.3	19,182.6	-27%	6,449.4	7,698.7	-16%
PSO											
MS	258.6	247.6	4%	288.0	-10%	3,032.5	3,366.3	-10%	1,389.6	1,399.7	-1%
HSD	368.7	314.6	17%	423.4	-13%	3,077.0	3,995.1	-23%	1,470.4	1,549.7	-5%
FO	23.0	5.3	337%	40.2	-43%	188.5	2,100.1	-91%	110.7	798.0	-86%
Others	64.4	60.8	6%	58.3	10%	617.2	596.6	3%	285.6	271.0	5%
Total	714.8	628.3	14%	809.9	-12%	6,915.2	10,058.0	-31%	3,256.3	4,018.4	-19%
APL											
MS	52.3	53.5	-2%	52.7	-1%	575.4	632.5	-9%	269.1	266.4	1%
HSD	51.2	51.6	-1%	51.6	-1%	508.1	620.1	-18%	245.0	239.0	3%
FO	14.6	15.3	-4%	25.4	-43%	293.4	472.5	-38%	120.9	178.7	-32%
Others	3.2	3.7	-13%	3.3	-3%	34.3	42.6	-19%	15.7	23.8	-34%
Total	121.4	124.1	-2%	133.1	-9%	1,411.3	1,767.7	-20%	650.6	707.8	-8%
HASCOL											
MS	16.8	32.7	-49%	19.3	-13%	280.1	160.6	74%	120.3	92.5	30%
HSD	15.3	7.9	94%	4.7	229%	153.6	78.6	95%	55.4	41.8	33%
FO	-	-	0%	-	0%	-	-	0%	-	-	0%
Others	0.1	0.1	13%	0.0	209%	0.5	1.6	-70%	0.3	0.5	-38%
Total	32.3	40.8	-21%	24.0	34%	434.2	240.8	80%	176.0	134.8	31%
SHEL											
MS	55.1	54.4	1%	68.9	-20%	649.0	823.9	-21%	281.9	343.7	-18%
HSD	36.4	34.0	7%	43.5	-16%	362.6	580.5	-38%	163.1	211.8	-23%
FO	-	-	0%	-	n/m	3.7	-	0%	-	-	0%
Others	1.1	1.5	-26%	1.9	-41%	20.3	38.6	-47%	9.3	12.3	-24%
Total	92.6	89.9	3%	114.3	-19%	1,035.6	1,443.0	-28%	454.3	567.8	-20%

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 2023 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
-----------------	------------------	------------------------------------	----------------------------

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 2023 IGI Finex Securities Limited