

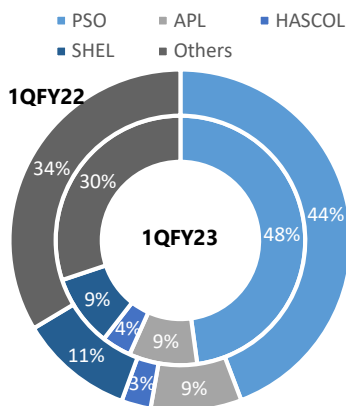
Day Break

Tuesday, October 3, 2023

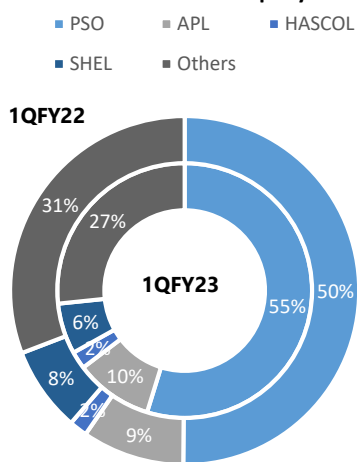


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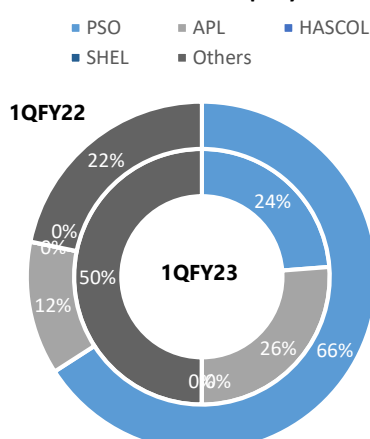
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



Analyst

Abdullah Farhan

Abdullah.farhan@igi.com.pk

Oil & Gas Marketing Companies

Sep-23: Substantial Hike in Domestic Price Takes a Toll on Local Retail Segment

- Industry volumes for oil marketing companies for the month of Sep-23 declined by 31%/y to 1.06mn ton bringing industry volumes for 1QFY24 to 3.81mn ton down by 15%/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 74%/20%/19%/y during Sep-23.
- During the 1QFY24, HSD/MS sales declined by 2%/1%/y while FO sales plummeted by 65%/y. Company wise PSO/SHEL/APL witnessed 19%/16%/7%/y decline in total sales whereas HASCOL reported +35%/y growth. Market share for PSO, dropped by 2.3% to 50% during 1QFY24 against same period last year, while HASCOL and APL reported 1.0% and 0.9% incline in market share respectively during 1QFY24.
- 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, increase in margins and hike in international oil prices. Volumes are further expected to take a hit due to decline in automobile sales amid sluggish demand. Hike in OMC margins for FY24 would provide some cushion against decline in sales.

Sep-23: POL sales drop by 31%/y to 1.06mn ton

Industry volumes for oil marketing companies for the month of Sep-23 declined by 31%/y to 1.06mn ton bringing industry volumes for 1QFY24 to 3.81mn ton down by 15%/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 74%/20%/19%/y during Sep-23. On a monthly basis, industry volumes dropped by 25%/m to 1.06mn ton during Sep-23 on the back of 28%/28%/23%/m decline in FO/HSD/MS sales.

During the 1QFY24, HSD/MS sales declined by 2%/1%/y while FO sales plummeted by 65%/y. Company wise PSO/SHEL/APL witnessed 19%/16%/7%/y decline in total sales whereas HASCOL reported +35%/y growth. Market share for PSO, dropped by 2.3% to 50% during 1QFY24 against same period last year, while HASCOL and APL reported 1.0% and 0.9% incline in market share respectively during 1QFY24. Market share for SHEL remained relatively unchanged.

MS

MS sales decreased by 19%/y/y to 0.52mn ton during Sep-23 while on sequential basis volumes are down by 23%/m/m. HASCOL posted +8%/y/y incline in volumes, while SHEL, PSO and APL recorded 25%/y/y, 18%/y/y and 10%/y/y drop in volumes respectively during Sep-23. For 1QFY24, MS volumes inched down by 1%/y/y to 1.85mn ton. During 1QFY24, HASCOL, PSO and APL posted +37%/y/y, +7%/y/y and +2%/y/y rise in volumes respectively, whereas, SHEL recorded 14%/y/y drop in total MS sales with market share declining to 9.3%. PSO's market share increased to 47.8% during 1QFY24 from 44.2% in the same period last year. HASCOL witnessed uptick in market share to 3.8% while APL's market share remained flattish at 8.8%.

HSD

HSD sales dropped by 20%/y/y to 0.39mn ton in Sep-23 and on monthly basis volumes depicted a decline of 28%/m/m. This brings total 1QFY24 sales at 1.44mn ton down by 2%/y/y. For 1QFY23, HASCOL, PSO and APL posted +31%/y/y, +8%/y/y and +3%/y/y incline in sales with market share for PSO, APL and HASCOL increasing to 54.8%, 9.9% and 2.2% respectively. Market share for SHEL dropped by 1.4% to 6.5%.

FO

FO volumes dropped by 74%/y/y during Sep-23 to 0.08mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 28%/m/m during Sep-23. Total FO volumes are down by 65%/y/y during 1QFY24 to 0.35mn ton. For 1QFY23, PSO and APL reported 87%/y/y and 25%/y/y decline in sales with PSO's market share dropping to 23.8% compared to 65.9% in 1QFY23, whereas, APL's market share improved to 26.3% from 12.3% 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, increase in margins and hike in international oil prices. Volumes are further expected to take a hit due to decline in automobile sales amid sluggish demand. Hike in OMC margins for FY24 would provide some cushion against decline in sales. Increase in power tariff and potential hike in gas prices would improve cash flow for PSO going forward.

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

| 000'tons | Sep-23 | Aug-23 | MoM | Aug-22 | YoY | CY23TD | CY22TD | YoY | FY24TD | FY23TD | YoY |
|-----------------|---------|---------|------|---------|-------|----------|----------|------|---------|---------|------|
| Industry | | | | | | | | | | | |
| MS | 518.2 | 672.2 | -23% | 637.7 | -19% | 5,429.8 | 6,301.4 | -14% | 1,846.3 | 1,860.1 | -1% |
| HSD | 394.2 | 548.5 | -28% | 495.6 | -20% | 4,446.2 | 5,966.9 | -25% | 1,437.0 | 1,460.1 | -2% |
| FO | 84.5 | 117.8 | -28% | 327.4 | -74% | 955.8 | 3,123.7 | -69% | 346.5 | 982.4 | -65% |
| Others | 61.5 | 67.3 | -9% | 65.0 | -5% | 560.1 | 584.4 | -4% | 184.3 | 189.9 | -3% |
| Total | 1,058.3 | 1,405.8 | -25% | 1,525.7 | -31% | 11,391.9 | 15,976.3 | -29% | 3,814.1 | 4,492.4 | -15% |
| PSO | | | | | | | | | | | |
| MS | 238.1 | 331.8 | -28% | 288.7 | -18% | 2,526.3 | 2,788.9 | -9% | 883.4 | 822.4 | 7% |
| HSD | 206.4 | 305.7 | -32% | 232.1 | -11% | 2,393.6 | 3,177.4 | -25% | 787.1 | 731.9 | 8% |
| FO | 11.7 | 29.8 | -61% | 214.7 | -95% | 160.2 | 1,949.5 | -92% | 82.4 | 647.4 | -87% |
| Others | 53.4 | 58.2 | -8% | 55.8 | -4% | 492.0 | 481.2 | 2% | 160.4 | 155.7 | 3% |
| Total | 509.7 | 725.5 | -30% | 791.3 | -36% | 5,572.1 | 8,396.9 | -34% | 1,913.3 | 2,357.3 | -19% |
| APL | | | | | | | | | | | |
| MS | 49.7 | 58.1 | -15% | 55.0 | -10% | 469.7 | 526.0 | -11% | 163.3 | 159.9 | 2% |
| HSD | 45.7 | 53.1 | -14% | 42.2 | 8% | 405.3 | 519.6 | -22% | 142.2 | 138.5 | 3% |
| FO | 24.8 | 35.7 | -30% | 52.9 | -53% | 263.5 | 414.9 | -36% | 91.0 | 121.0 | -25% |
| Others | 3.2 | 3.1 | 3% | 3.5 | -9% | 27.4 | 36.0 | -24% | 8.7 | 17.1 | -49% |
| Total | 123.3 | 150.1 | -18% | 153.5 | -20% | 1,165.9 | 1,496.5 | -22% | 405.2 | 436.6 | -7% |
| HASCOL | | | | | | | | | | | |
| MS | 18.5 | 28.1 | -34% | 17.1 | 8% | 230.6 | 119.8 | 92% | 70.8 | 51.8 | 37% |
| HSD | 5.5 | 7.2 | -24% | 10.5 | -48% | 130.3 | 61.3 | 113% | 32.2 | 24.5 | 31% |
| FO | - | - | 0% | - | 0% | - | - | 0% | - | - | 0% |
| Others | - | - | 0% | 0.1 | -100% | 0.2 | 1.4 | -83% | 0.1 | 0.3 | -82% |
| Total | 24.0 | 35.4 | -32% | 27.8 | -14% | 361.1 | 182.5 | 98% | 103.0 | 76.5 | 35% |
| SHEL | | | | | | | | | | | |
| MS | 51.3 | 59.9 | -14% | 68.6 | -25% | 539.5 | 681.6 | -21% | 172.4 | 201.3 | -14% |
| HSD | 26.4 | 35.2 | -25% | 38.9 | -32% | 292.3 | 483.7 | -40% | 92.7 | 115.0 | -19% |
| FO | - | - | 0% | - | n/m | 3.7 | - | 0% | - | - | 0% |
| Others | 2.2 | 2.8 | -20% | 2.9 | -22% | 17.6 | 34.8 | -49% | 6.7 | 8.5 | -21% |
| Total | 80.0 | 97.9 | -18% | 110.4 | -28% | 853.1 | 1,200.1 | -29% | 271.8 | 324.8 | -16% |

Source: IGI Research, OCAC

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

| | | | |
|----------------------|--|---------------------------|----------------------------|
| Faisal Jawed Khan | Head of Equities | Tel: (+92-21) 35301779 | faisal.jawed@igi.com.pk |
| Zaeem Haider Khan | Regional Head (North) | Tel: (+92-42) 38303559-68 | 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 | Deputy Head of Research | Tel: (+92-21) 111-234-234 Ext: 912 | abdullah.farhan@igi.com.pk |
| Aariz Raza | Analyst | Tel: (+92-21) 111-234-234 Ext: 810 | Aariz.raza@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

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office

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

Faisalabad Office

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

Multan Office

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

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

Rahim Yar Khan Office

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

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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