

# Day Break

Monday, 04 January 2021

## Sector Update

### OMC Sales Data for Dec-20

#### MS Volumes (000' tons)

	Dec-20	YoY	1H FY21	YoY
PSO	284.2	15%	1,720.8	13%
APL	51.8	-12%	302.0	-12%
HASCOL	42.5	-19%	268.6	8%
SHEL	71.4	0%	426.8	-5%
Industry	673.5	5%	4,110.4	8%

#### HSD Volumes (000' tons)

	Dec-20	YoY	1H FY21	YoY
PSO	296.9	22%	1,795.6	19%
APL	45.8	-22%	265.9	-23%
HASCOL	27.7	-36%	207.8	-13%
SHEL	53.8	32%	288.8	11%
Industry	622.1	13%	3,746.9	13%

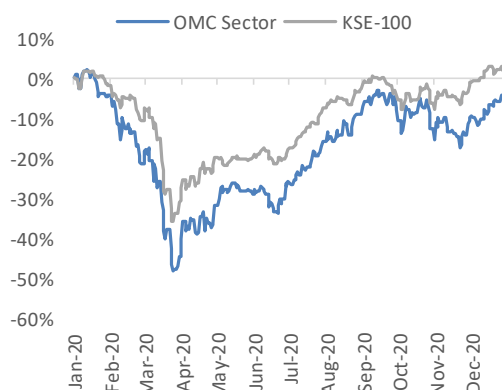
#### FO Volumes (000' tons)

	Dec-20	YoY	1H FY21	YoY
PSO	105.0	146%	815.9	26%
APL	25.6	-19%	306.0	44%
HASCOL	-	-100%	4.7	-86%
SHEL	-	n/m	-	0%
Industry	239.8	108%	1,624.2	38%

#### Others Volumes (000' tons)

	Dec-20	YoY	1H FY21	YoY
PSO	35.0	-40%	177.7	-51%
APL	4.0	45%	27.0	48%
HASCOL	2.8	951%	4.3	120%
SHEL	6.0	441%	23.1	150%
Industry	59.3	-8%	438.9	-33%

#### Relative Performance to KSE 100



Source: Bloomberg, PSX & IGI Research

#### Analyst

**Abdullah Farhan**

abdullah.farhan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 912

## Oil & Gas Marketing Companies

### Dec-20: Upbeat FO demand and healthy retail volumes keep overall sales growth in double digit

- Industry volumes for oil marketing companies for the month of Dec-20 witnessed a growth of +5% YoY to 1.60mn ton bringing industry volumes for 1H FY21 to 9.75mn ton up by +12% YoY.
- Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +2.1x/+13%/+5% YoY during Dec-20. On a monthly basis, industry volumes are down by 7% MoM in Dec-20 on the back of 22%/3% MoM decline in HSD/MS sales despite +41% MoM increase in FO volumes.
- For 1H FY21, volumes increased owing to +38%/+13%/+8% YoY incline in FO/HSD/MS sales. To highlight, during 1H FY21 PSO/SHEL led the charts by posting +12%/+2% YoY incline in total sales while HASCOL/APL witnessed 7%/2% YoY plunge in total volumes with market share for APL, SHEL and HASCOL dropping by 1% each to 9%, 8% and 5% respectively whereas PSO maintained its market share at 46%.

#### Volumes depict +5% YoY growth in Dec-20 to 1.60mn ton

Industry volumes for oil marketing companies for the month of Dec-20 witnessed a growth of +5% YoY to 1.60mn ton bringing industry volumes for 1H FY21 to 9.75mn ton up by +12% YoY. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were up by +2.1x/+13%/+5% YoY during Dec-20. On a monthly basis, industry volumes are down by 7% MoM in Dec-20 on the back of 22%/3% MoM decline in HSD/MS sales despite +41% MoM increase in FO volumes. For 1H FY21, volumes increased owing to +38%/+13%/+8% YoY incline in FO/HSD/MS sales. To highlight, during 1H FY21 PSO/SHEL led the charts by posting +12%/+2% YoY incline in total sales while HASCOL/APL witnessed 7%/2% YoY plunge in total volumes with market share for APL, SHEL and HASCOL dropping by 1% each to 9%, 8% and 5% respectively whereas PSO maintained its market share at 46%.

#### MS: Volumes up by +5% YoY during Dec-20

MS sales inclined by +5% YoY to 0.67mn ton in Dec-20, while on sequential basis, volumes are down by 3% MoM. PSO posted +15% YoY growth in volumes while HASCOL and APL reported 19% YoY and 12% YoY decline during Dec-20. For 1H FY21, MS volumes are up by +8% YoY to 4.11mn ton. During 1H FY21, PSO /HASCOL led the chart by posting +13%/+8% YoY rise in volumes with market share rising to 42%/7%, while APL/SHEL registered 12%/5% YoY decline in sales with market share dropping to 7%/10% respectively.

#### HSD: Sales up by +13% YoY during Dec-20

HSD sales increased by +13% YoY to 0.62mn ton in Dec-20, while on monthly basis volumes are down by 22% MoM. This brings total 1H FY21 sales at 3.75mn ton up by +13% YoY. For 1H FY21, PSO and SHEL led the charts with +19% YoY and +11% YoY growth in sales with market share increasing to 48% and 8% respectively

Exhibit: MS Market Share - Company wise

1HFY20

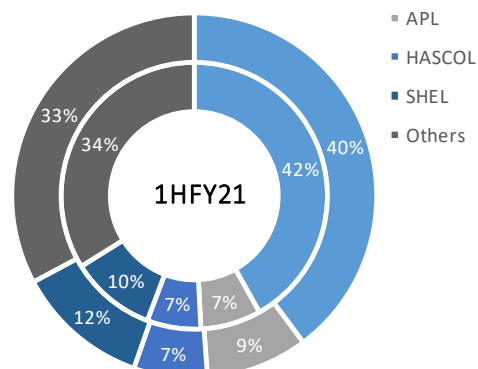


Exhibit: HSD Market Share - Company wise

1HFY20

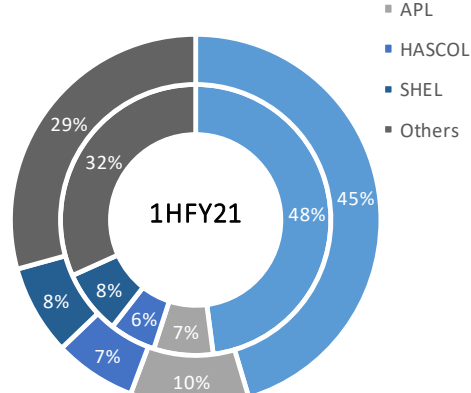
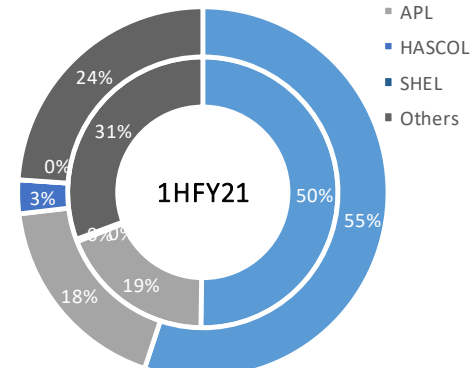


Exhibit: FO Market Share - Company wise

1HFY20



Source: Company Financials, IGI Research

APL/HASCOL registered 23%/13% YoY decline in volumes during 1HFY21 with APL/HASCOL market share coming down to 7% each from 10%/7% in 1HFY20.

**FO: Higher demand lifts volumes up by +2.1xYoY**

FO volumes increased by +2.1xYoY during Dec-20 to 0.24mn ton likely attributable to higher demand from IPPs during winter season as hydel generation slows down. Volumes are down by 41% MoM in Dec-20. As a result, total FO volumes are up by +38% YoY in 1HFY21 to 1.62mn ton. For 1HFY21, APL and PSO reported +44% YoY and +26% YoY incline in sales respectively with market share for PSO dropping to 50%, while APL's market share increased to 19%.

Exhibit: OMC's Monthly Sales Volume (Dec-20)

	000'tons	Dec-20	Dec-20	MoM	Dec-19	YoY	CY20	YoY	1HFY21	YoY
<b>Industry</b>										
MS	673.5	693.2	-3%	642.9	5%	7,611.9	1%	4,110.4	8%	
HSD	622.1	802.5	-22%	550.3	13%	6,971.6	2%	3,746.9	13%	
FO	239.8	170.3	41%	115.1	108%	2,376.9	-13%	1,624.2	38%	
Others	59.3	49.5	20%	64.6	-8%	438.9	-43%	271.1	-33%	
Total	1,594.7	1,715.5	-7%	1,372.9	16%	17,399.4	-3%	9,752.6	12%	
<b>PSO</b>										
MS	284.2	282.7	1%	248.2	15%	3,095.0	5%	1,720.8	13%	
HSD	296.9	390.1	-24%	243.3	22%	3,317.2	12%	1,795.6	19%	
FO	105.0	54.3	93%	42.6	146%	967.9	-35%	815.9	26%	
Others	35.0	35.1	0%	57.9	-40%	306.1	-55%	177.7	-51%	
Total	721.0	762.2	-5%	591.9	22%	7,686.1	-5%	4,509.9	12%	
<b>APL</b>										
MS	51.8	50.5	3%	58.5	-12%	609.7	-12%	302.0	-12%	
HSD	45.8	50.8	-10%	58.4	-22%	547.3	-22%	265.9	-23%	
FO	25.6	37.7	-32%	31.7	-19%	479.2	15%	306.0	44%	
Others	4.0	3.2	22%	2.7	45%	45.6	14%	27.0	48%	
Total	127.1	142.2	-11%	151.4	-16%	1,681.8	-9%	900.9	-2%	
<b>SHEL</b>										
MS	42.5	43.1	-1%	52.4	-19%	553.0	-1%	268.6	8%	
HSD	27.7	50.3	-45%	42.9	-36%	441.0	-26%	207.8	-13%	
FO	-	-	0%	3.0	-100%	35.0	-83%	4.7	-86%	
Others	2.8	0.4	643%	0.3	951%	5.4	27%	4.3	120%	
Total	73.0	93.7	-22%	98.6	-26%	1,034.4	-25%	485.4	-7%	
<b>Source: IGI Research, OCAC</b>										

**Outlook**

MS sales are likely to remain strong during 2HFY21 as automobile sales picks up whereas. HSD sales are likely to remain elevated amid pick up in commercial activity however rise in grey market sales may likely hurt volumetric growth. FO sales are likely to remain upbeat in the coming month due to higher demand from IPPs as Hydel generation slows down during winter season.

## 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 2021 IGI Finex Securities Limited

## Contact Details

### Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

### 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
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@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

### 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  
Website: www.igisecurities.com.pk

### 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

<b>Lahore Office</b> Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559	<b>Islamabad Office</b> 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
<b>Faisalabad Office</b> Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815	<b>Rahim Yar Khan Office</b> Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651
<b>Multan Office</b> Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183	

IGI Finex Securities Limited

### Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2021 IGI Finex Securities Limited