

Sector Update

OMC Sales Data for May-20

MS Volumes (000' tons)

	May-20	YoY	11MFY20	YoY
PSO	247.6	-2%	2,536.5	0%
APL	57.4	5%	599.4	-8%
HASCOL	55.1	47%	495.3	-23%
SHEL	63.5	-18%	746.4	-13%
Industry	636.8	5%	6,589.8	-3%

HSD Volumes (000' tons)

	May-20	YoY	11MFY20	YoY
PSO	351.6	3%	2,587.0	-3%
APL	49.9	-18%	570.1	-19%
HASCOL	58.5	10%	439.0	-46%
SHEL	35.6	-36%	435.0	-14%
Industry	687.5	-3%	5,793.4	-14%

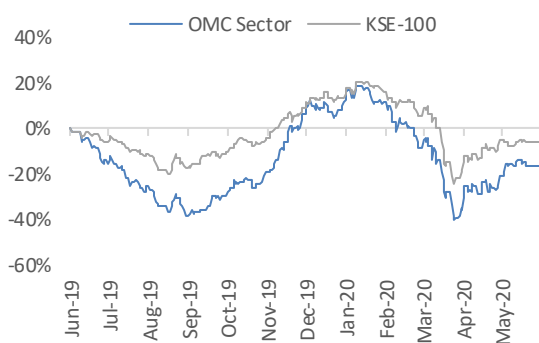
FO Volumes (000' tons)

	May-20	YoY	11MFY20	YoY
PSO	12.7	-93%	767.2	-42%
APL	28.7	23%	339.5	-10%
HASCOL	4.0	-87%	64.8	-83%
SHEL	-	n/m	0.2	-70%
Industry	144.9	-51%	1,811.7	-34%

Others Volumes (000' tons)

	May-20	YoY	11MFY20	YoY
PSO	10.3	-84%	477.7	-13%
APL	2.7	-26%	34.5	-17%
HASCOL	0.1	-69%	2.9	-57%
SHEL	0.9	-43%	14.4	-54%
Industry	15.6	-78%	551.1	-16%

Relative Performance to KSE 100



Source: Bloomberg, PSX & IGI Research

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Oil & Gas - Marketing Companies

May-20: Substantial price drop and eased lockdowns lift retail segment sales on monthly basis

- ✓ Industry volumes for oil marketing companies for the month of May-20 witnessed a decline of 12%YoY to 1.48mn ton bringing industry volumes for 11MFY20 to 14.75mn ton down by 13%YoY,
- ✓ MS sales inclined by +5%YoY in May-20, while on sequential basis, volumes are up by +46%MoM likely on the back of ease in lockdown across the country amid and substantial cut in MS prices (cumulatively down by PKR 42.1/ltr since Feb-20),
- ✓ HSD sales dropped by 3%YoY to 0.69mn ton in May-20, while on monthly basis volumes are up by +26%MoM. The drop in sales is likely attributable to grey market sales and impact of Covid-19 lockdown,
- ✓ FO volumes depicted a decline of 51%YoY to 0.14mn ton in May-20 as demand remained muted despite lower prices. On a sequential basis, FO volumes are up by +109%MoM.

Volumes depict 12%YoY decline in May-20 to 1.48mn ton

Industry volumes for oil marketing companies for the month of May-20 witnessed a decline of 12%YoY to 1.48mn ton bringing industry volumes for 11MFY20 to 14.75mn ton down by 13%YoY. Furnace Oil (FO) / High Speed Diesel (HSD) sales registered drop of 51%/3%YoY while Motor Spirit (MS) sales improved by +5%YoY during May-20. On a monthly basis, industry volumes are up by +39%MoM in May-20 on the back of +109%/+46%/+26%MoM rise in FO/MS/HSD sales. For 11MFY20, volumes decreased owing to 34%/14%/3%YoY contraction in FO/HSD/MS sales. To highlight, during 11MFY20 PSO led the charts by posting only 10%YoY decline in total sales while HASCOL/SHEL/APL witnessed 46%/14%/13%YoY plunge in total volumes with market share for PSO increasing by 1% to 43% whereas SHEL and APL retained their market shares at 8% and 10% respectively; however HASCOL market share dropped to 7% from 11% same period last year.

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

MS sales inclined by +5%YoY in May-20, while on sequential basis, volumes are up by +46%MoM likely on the back of ease in lockdown across the country amid and substantial cut in MS prices (cumulatively down by PKR 42.1/ltr since Feb-20). With lockdowns further eased in Jun-20, we expect volumes to remain healthy whereas current shortage of MS may slightly act as drag on total volumes. For 11MFY20, MS volumes are down by 3%YoY to 6.59mn ton. During 11MFY20, PSO led the chart by posting flattish volumes with market share rising to 38%, while HASCOL/SHEL/APL registered 23%/13%/8%YoY decline in sales with market share dropping to 8%/11%/9%.

HSD: Volumes down by 3%YoY during May-20

HSD sales dropped by 3%YoY to 0.69mn ton in May-20, while on monthly basis volumes are up by +26%MoM. The drop in sales is likely attributable to grey market sales and impact of Covid-19 lockdown, however on monthly basis recovery is attributable to eased lockdowns, higher demand due to harvesting season and cumulative price decline of PKR 47.1/ltr since Feb-20. This brings total 11MFY20 sales at 5.79mn ton down by 14%YoY. For 11MFY20, PSO posted only 3%YoY decline in sales with market share increasing to 45%.

Exhibit: MS Market Share - Company wise (11MFY20)

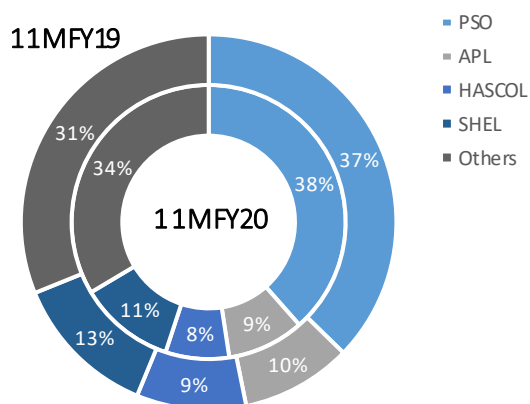


Exhibit: HSD Market Share - Company wise (11MFY20)

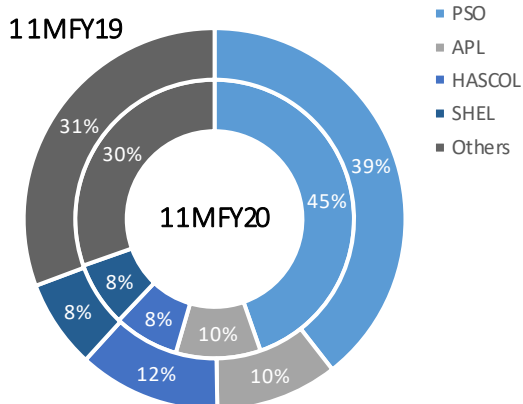
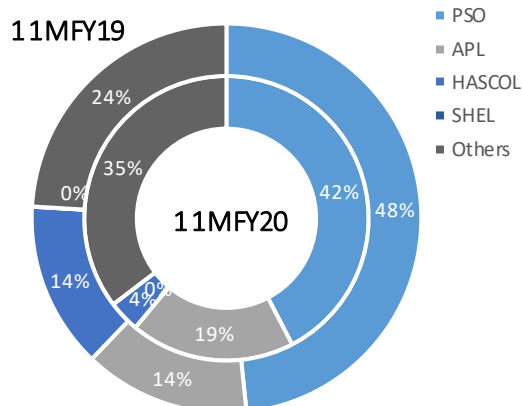


Exhibit: FO Market Share - Company wise (11MFY20)



HASCOL/APL/SHEL registered 46%/19%/14%YoY decline in volumes during 11MFY20 with HASCOL/APL/SHEL market share coming down to 8%/10%/8% from 12%/10%/8% in 11MFY19.

FO: Lower demand drags sales by 51%YoY in May-20

FO volumes depicted a decline of 51%YoY to 0.14mn ton in May-20 as demand remained muted despite lower prices. On a sequential basis, FO volumes are up by +109%MoM likely owing to slightly higher generation by FO based plants. As a result, total FO volumes are down by 34%YoY in 11MFY20 to 1.81mn ton. For 11MFY20, HASCOL reported 83%YoY drop in sales with market share dropping to 4%, while APL's market share increased to 19%. PSO reported 42%YoY drop in FO sales while market share dropping from 48% to 42%.

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

	000'tons	May-20	Apr-20	MoM	May-19	YoY	11MFY20	11MFY19	YoY
Industry									
MS	636.8	435.9	46%	604.1	5%	6,589.8	6,804.7	-3%	
HSD	687.5	546.8	26%	706.2	-3%	5,793.4	6,762.1	-14%	
FO	144.9	69.3	109%	295.0	-51%	1,811.7	2,740.4	-34%	
Others	15.6	16.0	-2%	72.7	-78%	551.1	655.6	-16%	
Total	1,484.8	1,067.9	39%	1,678.0	-12%	14,746.1	16,962.8	-13%	
PSO									
MS	247.6	143.7	72%	251.9	-2%	2,536.5	2,534.6	0%	
HSD	351.6	227.5	55%	340.5	3%	2,587.0	2,665.7	-3%	
FO	12.7	6.6	94%	192.3	-93%	767.2	1,324.9	-42%	
Others	10.3	11.4	-10%	65.0	-84%	477.7	550.1	-13%	
Total	622.2	389.2	60%	849.6	-27%	6,368.3	7,075.3	-10%	
APL									
MS	57.4	39.8	44%	54.9	5%	599.4	648.8	-8%	
HSD	49.9	41.8	19%	61.1	-18%	570.1	700.2	-19%	
FO	28.7	10.4	175%	23.3	23%	339.5	378.2	-10%	
Others	2.7	3.5	-22%	3.7	-26%	34.5	41.5	-17%	
Total	138.7	95.4	45%	142.9	-3%	1,543.6	1,768.7	-13%	
HASCOL									
MS	55.1	45.9	20%	37.4	47%	495.3	643.0	-23%	
HSD	58.5	30.8	90%	53.1	10%	439.0	813.8	-46%	
FO	4.0	5.6	-30%	30.2	-87%	64.8	378.3	-83%	
Others	0.1	0.0	187%	0.3	-69%	2.9	6.7	-57%	
Total	117.7	82.4	43%	121.1	-3%	1,002.0	1,841.9	-46%	
SHEL									
MS	63.5	37.9	67%	77.5	-18%	746.4	857.3	-13%	
HSD	35.6	43.0	-17%	55.5	-36%	435.0	508.2	-14%	
FO	-	-	0%	-	n/m	0.2	0.6	-70%	
Others	0.9	0.3	169%	1.6	-43%	14.4	31.6	-54%	
Total	100.0	81.3	23%	134.7	-26%	1,195.9	1,397.8	-14%	

Source: IGI Research, OCAC

Outlook

We expect some recovery in MS and HSD sales in the coming month amid price decline and further ease in lockdown. HSD sales are likely to remain elevated amid higher demand during the harvesting season and gradual resumption of operations for industries as lockdown eases. As lockdowns are further eased throughout the country, MS sales are likely to remain upbeat however further growth may likely be restricted as virus impact may likely impact new car sales. For HSD, sales are likely to have an extended recovery phase as some industries might close down while others would take time. Much is dependent on demand contraction and impact on global economy.

Source: Company Financials, IGI Research

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