

Day Break

Wednesday, 02 September 2020

Sector Update

OMC Sales Data for Aug-20

MS Volumes (000' tons)

	Jul-20	YoY	CY20TD	YoY
PSO	299.3	12%	2,001.3	3%
APL	48.6	-16%	407.5	-11%
HASCOL	48.3	35%	381.5	4%
SHEL	68.3	-14%	506.0	-21%
Industry	696.9	10%	4,916.8	-1%

HSD Volumes (000' tons)

	Jul-20	YoY	CY20TD	YoY
PSO	246.3	35%	2,110.3	12%
APL	33.2	-34%	363.1	-22%
HASCOL	24.6	12%	298.4	-27%
SHEL	36.1	2%	297.3	-18%
Industry	507.9	25%	4,408.3	-1%

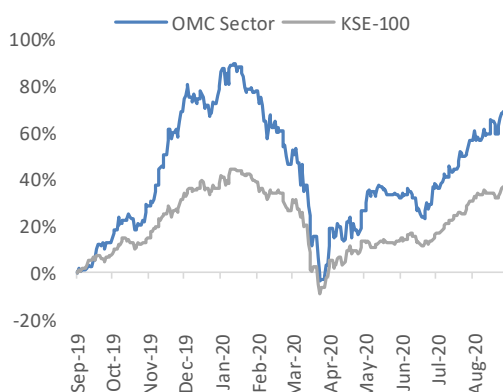
FO Volumes (000' tons)

	Jul-20	YoY	CY20TD	YoY
PSO	185.6	105%	451.7	-59%
APL	40.1	29%	276.3	1%
HASCOL	2.2	-56%	35.0	-82%
SHEL	-	n/m	0.2	0%
Industry	311.4	71%	1,302.4	-36%

Others Volumes (000' tons)

	Jul-20	YoY	CY20TD	YoY
PSO	23.0	-60%	173.9	-60%
APL	6.2	84%	28.6	6%
HASCOL	0.3	6%	1.6	-46%
SHEL	2.3	75%	11.8	-13%
Industry	38.8	-40%	238.1	-52%

Relative Performance to KSE 100



Source: Bloomberg, PSX & IGI Research

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Oil & Gas Marketing Companies

Aug-20: Volumes up by +21%YoY on account of improving business activity

- Industry volumes for oil marketing companies for the month of Aug-20 witnessed a growth of +21% YoY to 1.56mn ton bringing industry volumes for CY20TD to 10.87mn ton down by 9% YoY.
- High Speed Diesel (HSD) / Motor Spirit (MS) sales registered increase of +25%/+10% YoY while Furnace Oil (FO) sales were up substantially by +71% YoY during Aug-20.
- During CY20TD APL/PSO led the charts by posting only 12% YoY decline in total sales each while HASCOL/SHEL witnessed 27%/20% YoY plunge in total volumes with market share for PSO and HASCOL dropping by 1% each to 44% and 7% respectively whereas SHEL and APL retained their market shares at 8% and 10% respectively.

Volumes depict +21%YoY growth in Aug-20 to 1.56mn ton

Industry volumes for oil marketing companies for the month of Aug-20 witnessed a growth of +21% YoY to 1.56mn ton bringing industry volumes for CY20TD to 10.87mn ton down by 9% YoY. High Speed Diesel (HSD) / Motor Spirit (MS) sales registered increase of +25%/+10% YoY while Furnace Oil (FO) sales were up substantially by +71% YoY during Aug-20. On a monthly basis, industry volumes are down by 7% MoM in Aug-20 on the back of 25%/3% MoM drop in HSD/MS sales despite +31% MoM surge in FO volumes. For CY20TD, volumes decreased owing to 36%/1%/1% YoY contraction in FO/HSD/MS sales. To highlight, during CY20TD APL/PSO led the charts by posting only 12% YoY decline in total sales each while HASCOL/SHEL witnessed 27%/20% YoY plunge in total volumes with market share for PSO and HASCOL dropping by 1% each to 44% and 7% respectively whereas SHEL and APL retained their market shares at 8% and 10% respectively.

MS: Volumes up by +10%YoY during Aug-20

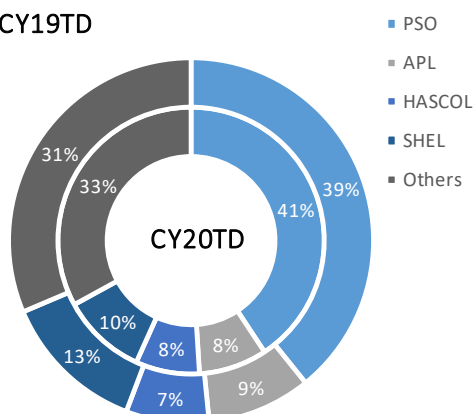
MS sales inclined by +10% YoY to 0.70mn ton in Aug-20, while on sequential basis, volumes are down by 3% MoM. On monthly basis, volumes dropped slightly despite removal of lockdowns owing to hike in MS prices and travel disruptions due to heavy rains. HASCOL/PSO posted +35%/+12% YoY growth in volumes while APL/SHEL reported 16%/14% YoY decline during Aug-20. For CY20TD, MS volumes are down by 1% YoY to 4.92mn ton. During CY20TD, HASCOL/PSO led the chart by posting +4%/+3% YoY rise in volumes with market share rising to 41%/8%, while SHEL/APL registered 21%/11% YoY decline in sales with market share dropping to 10%/8% respectively.

HSD: Higher demand lifts sales up by +25%YoY during Aug-20

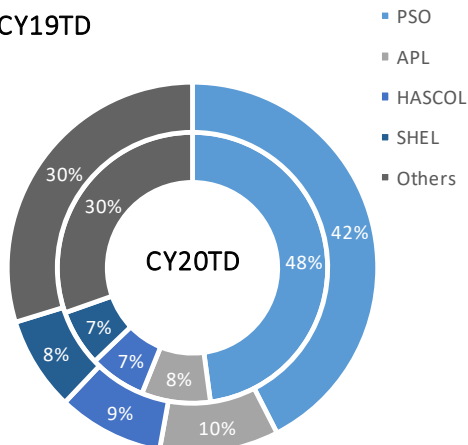
HSD sales augmented by +25% YoY to 0.51mn ton in Aug-20, while on monthly basis volumes are down by 25% MoM. Increase in sales is likely attributable to higher demand during harvesting season and reduction in grey market sales. However, price hike for Jul-20 by PKR 5/ltr led to a decline of 25% MoM during Aug-20. This brings total CY20TD sales at 4.41mn ton down by 1% YoY. For CY20TD, PSO led the charts

Exhibit: MS Market Share - Company wise

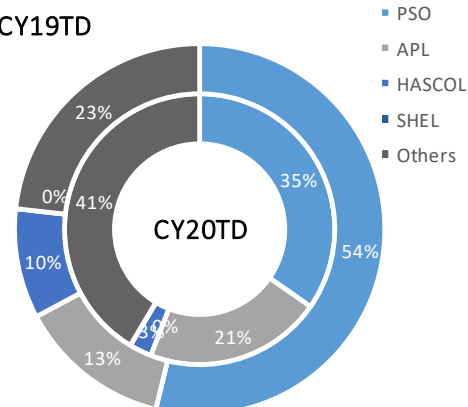
CY19TD

**Exhibit: HSD Market Share - Company wise**

CY19TD

**Exhibit: FO Market Share - Company wise**

CY19TD



with +12%YoY growth in sales with market share increasing to 48%. HASCOL/APL/SHEL registered 27%/22%/18% YoY decline in volumes during CY20TD with HASCOL/APL/SHEL market share coming down to 7%/8%/7% from 9%/10%/8% in CY19TD.

FO: Higher demand lifts volumes up by +71%YoY

FO volumes increased by +71%YoY during Aug-20 to 0.31mn ton likely attributable to higher demand from IPPs during summer season. Volumes are up by +31%MoM in Aug-20. As a result, total FO volumes are down by 36%YoY in CYTD20 to 1.30mn ton. For CY20TD, HASCOL and PSO reported 82%YoY and 59%YoY drop in sales respectively with market share dropping to 35% and 3%, while APL's market share increased to 21%.

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

000'tons	Aug-20	Jul-20	MoM	Aug-19	YoY	CY20TD	CY19TD	YoY
Industry								
MS	696.9	718.4	-3%	633.8	10%	4,916.8	4,975.4	-1%
HSD	507.9	675.7	-25%	407.2	25%	4,408.3	4,453.8	-1%
FO	311.4	238.3	31%	182.6	71%	1,302.4	2,042.7	-36%
Others	38.8	31.5	23%	64.8	-40%	238.1	493.6	-52%
Total	1,555.0	1,663.9	-7%	1,288.5	21%	10,865.6	11,965.5	-9%
PSO								
MS	299.3	327.8	-9%	266.1	12%	2,001.3	1,950.0	3%
HSD	246.3	342.4	-28%	183.1	35%	2,110.3	1,891.0	12%
FO	185.6	114.1	63%	90.7	105%	451.7	1,099.2	-59%
Others	23.0	22.5	2%	57.8	-60%	173.9	432.9	-60%
Total	754.2	806.8	-7%	597.7	26%	4,737.2	5,373.1	-12%
APL								
MS	48.6	51.2	-5%	57.8	-16%	407.5	458.6	-11%
HSD	33.2	48.5	-31%	50.4	-34%	363.1	463.3	-22%
FO	40.1	62.9	-36%	31.0	29%	276.3	273.2	1%
Others	6.2	3.8	61%	3.4	84%	28.6	27.1	6%
Total	128.1	166.5	-23%	142.6	-10%	1,075.5	1,222.3	-12%
HASCOL								
MS	48.3	48.8	-1%	35.8	35%	381.5	366.9	4%
HSD	24.6	40.5	-39%	22.0	12%	298.4	411.3	-27%
FO	2.2	2.5	-13%	4.9	-56%	35.0	195.7	-82%
Others	0.3	0.1	131%	0.3	6%	1.6	2.9	-46%
Total	75.4	91.9	-18%	63.0	20%	716.4	976.8	-27%
SHEL								
MS	68.3	73.5	-7%	79.4	-14%	506.0	639.3	-21%
HSD	36.1	49.7	-27%	35.2	2%	297.3	363.9	-18%
FO	-	-	0%	-	n/m	0.2	-	0%
Others	2.3	1.8	26%	1.3	75%	11.8	13.5	-13%
Total	106.7	125.0	-15%	115.9	-8%	815.2	1,016.6	-20%
Source: IGI Research, OCAC								

Source: IGI Research, OCAC

Outlook

We expect MS and HSD sales to remain healthy amid eased lockdowns however price hike for Jul/Aug-20 is likely to keep a lid on volumetric growth. HSD sales are likely to remain elevated amid higher demand during the harvesting season, decline in grey market sales and gradual pickup in operations of industries as lockdown are removed. FO sales are likely to remain upbeat in the coming months due to higher demand from IPPs during peak demand in summer season.

Source: Company Financials, IGI Research

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