

Day Break

Thursday, February 2, 2023

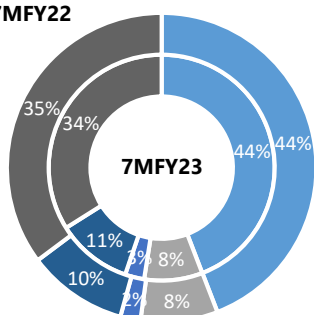
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MS Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

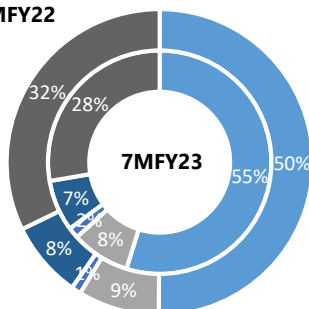
7MFY22



HSD Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

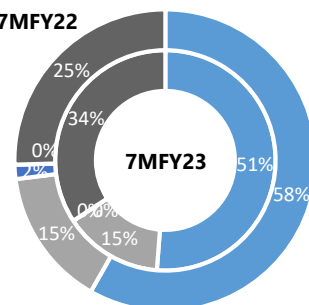
7MFY22



FO Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

7MFY22



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Oil & Gas Marketing Companies

Jan-23: Volumes drop by 20%/y/y as higher prices continue to take a toll

- Industry volumes for oil marketing companies for the month of Jan-23 declined by 20%/y/y to 1.44mn ton bringing industry volumes for 7MFY23 to 10.48mn ton down by 19%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 45%/21%/13%/y/y during Jan-23.
- During the 7MFY23, FO/HSD/MS sales dropped by 26%/23%/15%/y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 21%/20%/17%/6%/y/y decline in total sales. Market share for HASCOL, APL and SHEL remained relatively unchanged during 7MFY23 against same period last year, while PSO reported 1.2% increase in market share.
- 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 and taxes. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash position for PSO..

Jan-23: POL sales drop by 20%/y/y to 1.44mn ton

Industry volumes for oil marketing companies for the month of Jan-23 declined by 20%/y/y to 1.44mn ton bringing industry volumes for 7MFY23 to 10.48mn ton down by 19%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 45%/21%/13%/y/y during Jan-23. On a monthly basis, industry volumes improved by +8%/m/m to 1.44mn ton during Jan-23 on the back of +16%/+12%/+4%/m/m incline in FO/HSD/MS sales.

During the 7MFY23, FO/HSD/MS sales dropped by 26%/23%/15%/y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 21%/20%/17%/6%/y/y decline in total sales. Market share for HASCOL, APL and SHEL remained relatively unchanged during 7MFY23 against same period last year, while PSO reported 1.2% increase in market share.

MS

MS sales dropped by 13%/y/y to 0.65mn ton during Jan-23, while on sequential basis, volumes are up by +4%/m/m. PSO posted +1%/y/y growth in volumes, while HASCOL, APL and SHEL recorded 36%/y/y, 9%/y/y and 8%/y/y drop in volumes respectively during Jan-23. For 7MFY23, MS volumes plummeted by 15%/y/y to 4.48mn ton. During 7MFY23, PSO, SHEL

and APL posted 15%/y, 12%/y and 12%/y decline in volumes respectively, whereas, HASCOL recorded +11%/y growth in total MS sales with market share rising to 2.8%. PSO's market share, however, remained unchanged at 44% during 7MFY23. SHEL and APL witnessed slight uptick in market share.

HSD

HSD sales plummeted by 21%/y to 0.58mn ton in Jan-23 and on monthly basis volumes are up by +12%/m. This brings total 7MFY23 sales at 3.95mn ton down by 23%/y. For 7MFY23, SHEL, APL and PSO posted 29%/y, 24%/y and 15%/y drop in sales with market share for PSO and HASCOL increasing to 54.8% and 1.6% respectively. Market share for SHEL dropped by 0.7% to 7.4%. HASCOL recorded +20%/y growth in total HSD sales during 7MFY23.

FO

FO volumes dropped by 45%/y during Jan-23 to 0.14mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are up by +16%/m during Jan-23. Total FO volumes are down by 26%/y during 7MFY23 to 1.59mn ton. For 7MFY23, APL and PSO reported 35%/y and 28%/y decline in sales with APL's market share dropping to 14% compared to 14.5% in 7MFY22, whereas, PSO's market share declined to 51.2% from 58.2% 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 and taxes. FO sales are likely to remain strong in coming months owing to higher demand from IPPs amid gas shortage. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash position for PSO.

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

000'tons	Jan-23	Dec-22	MoM	Jan-22	YoY	FY23TD	FY22TD	YoY
Industry								
MS	648.3	621.8	4%	744.8	-13%	4,482.8	5,257.5	-15%
HSD	584.1	522.2	12%	740.3	-21%	3,947.3	5,105.7	-23%
FO	143.1	123.2	16%	258.2	-45%	1,589.7	2,159.7	-26%
Others	67.8	67.5	0%	59.1	15%	456.8	390.3	17%
Total	1,443.3	1,334.7	8%	1,802.4	-20%	10,476.7	12,913.1	-19%
PSO								
MS	315.9	263.5	20%	311.9	1%	1,979.2	2,320.3	-15%
HSD	314.9	299.3	5%	407.7	-23%	2,163.9	2,557.8	-15%
FO	13.3	3.3	310%	91.7	-85%	814.6	1,257.5	-35%
Others	60.2	59.7	1%	48.6	24%	390.9	300.0	30%
Total	704.3	625.8	13%	859.9	-18%	5,348.6	6,435.6	-17%
APL								
MS	54.1	53.3	1%	59.7	-9%	373.8	424.3	-12%
HSD	49.4	46.5	6%	68.2	-28%	334.9	438.8	-24%
FO	33.9	18.4	84%	29.7	14%	231.0	319.4	-28%
Others	2.6	2.7	-6%	2.7	-3%	29.0	22.9	27%
Total	139.9	121.0	16%	160.2	-13%	968.7	1,205.3	-20%
HASCOL								
MS	14.1	16.7	-16%	22.0	-36%	123.3	110.8	11%
HSD	11.8	8.8	34%	7.0	68%	62.4	52.2	20%
FO	-	-	0%	-	0%	-	33.2	-100%
Others	0.1	0.1	17%	0.1	-37%	0.6	1.4	-55%
Total	26.0	25.6	2%	29.2	-11%	186.3	197.6	-6%
SHEL								
MS	71.8	69.3	4%	78.2	-8%	484.8	550.8	-12%
HSD	41.6	39.4	6%	53.2	-22%	292.8	412.2	-29%
FO	-	-	0%	-	n/m	-	-	0%
Others	1.8	1.6	16%	4.2	-56%	15.7	39.6	-60%
Total	115.2	110.3	4%	135.5	-15%	793.3	1,002.6	-21%

Source: IGI Research, OCAC

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