

## Sector Update

### OMC Sales Data for Apr-20

#### MS Volumes (000' tons)

	Apr-20	YoY	10MFY20	YoY
PSO	143.7	-46%	2,288.8	0%
APL	39.8	-38%	542.0	-9%
HASCOL	45.9	-3%	440.2	-27%
SHEL	37.9	-57%	683.0	-12%
Industry	435.9	-36%	5,953.0	-4%

#### HSD Volumes (000' tons)

	Apr-20	YoY	10MFY20	YoY
PSO	227.5	-13%	2,235.4	-4%
APL	41.8	-35%	520.3	-19%
HASCOL	30.8	-45%	380.6	-50%
SHEL	43.0	-16%	399.4	-12%
Industry	546.8	-16%	5,105.9	-16%

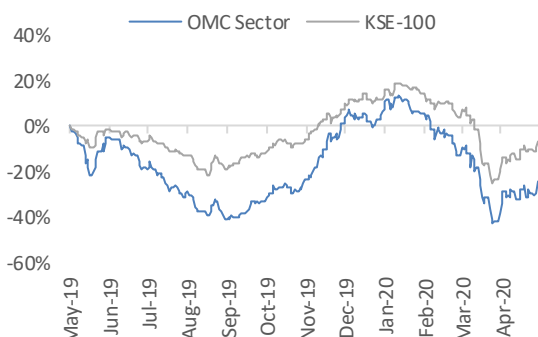
#### FO Volumes (000' tons)

	Apr-20	YoY	10MFY20	YoY
PSO	6.6	-96%	754.5	-33%
APL	10.4	-73%	310.8	-12%
HASCOL	5.6	-71%	60.9	-83%
SHEL	-	n/m	0.2	-70%
Industry	69.3	-75%	1,666.8	-32%

#### Others Volumes (000' tons)

	Apr-20	YoY	10MFY20	YoY
PSO	11.4	-77%	467.4	-4%
APL	3.5	0%	31.8	-16%
HASCOL	0.0	-90%	2.8	-57%
SHEL	0.3	-83%	13.4	-55%
Industry	16.0	-72%	535.5	-8%

### Relative Performance to KSE 100



### Analyst

#### Abdullah Farhan

abdullah.farhan@igi.com.pk

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

## Oil & Gas - Marketing Companies

### Apr-20: Volumes remained depressed amid extended lockdown despite substantial price drop

- ✓ Industry volumes for oil marketing companies for the month of Apr-20 witnessed a decline of 36% YoY to 1.07mn ton bringing industry volumes for 10MFY20 to 13.26mn ton down by 13% YoY,
- ✓ MS sales declined by 36% YoY in Apr-20, while on sequential basis, volumes are down by 20% MoM likely on the back of lockdown across the country amid Covid-19 break out,
- ✓ HSD sales dropped by 16% YoY to 0.55mn ton in Apr-20, while on monthly basis volumes are up by +42% MoM. The drop in sales is likely attributable to grey market sales and impact of Covid-19 lockdown,
- ✓ FO volumes depicted a decline of 75% YoY to 0.07mn ton in Apr-20 as demand remained muted despite lower prices. On a sequential basis, FO volumes are up by +9% MoM.

### Volumes depict 36% YoY decline in Apr-20 to 1.07mn ton

Industry volumes for oil marketing companies for the month of Apr-20 witnessed a decline of 36% YoY to 1.07mn ton bringing industry volumes for 10MFY20 to 13.26mn ton down by 13% YoY. Furnace Oil (FO) / Motor Spirit (MS) / High Speed Diesel (HSD) sales registered drop of 75%/36%/16% YoY during Apr-20. On a monthly basis, industry volumes are up by +5% MoM in Apr-20 on the back of +42%/+9% MoM rise in HSD/FO sales while MS sales were down by 20% MoM. For 10MFY20, volumes decreased owing to 32%/16%/4% YoY contraction in FO/HSD/MS sales. To highlight, during 10MFY20 PSO led the charts by posting only 8% YoY decline in total sales while HASCOL/APL/SHEL witnessed 49%/14%/13% YoY plunge in total volumes with market share for PSO increasing by 3% to 43% whereas SHEL and APL retained their market shares at 8% and 11% respectively; however HASCOL market share dropped to 7% from 11% same period last year.

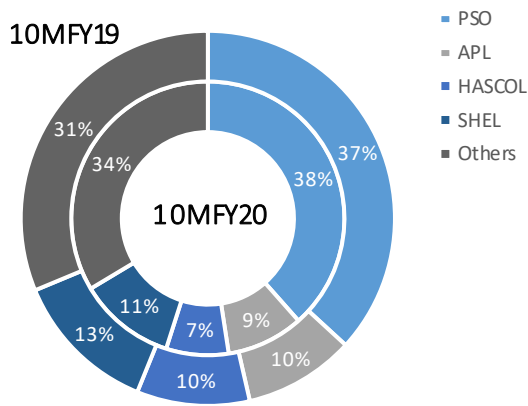
### MS: Volumes down by 36% YoY during Apr-20

MS sales declined by 36% YoY in Apr-20, while on sequential basis, volumes are down by 20% MoM likely on the back of lockdown across the country amid Covid-19 break out. This was despite a cumulative of PKR 20/ltr cut in price of MS during Mar-20. However, as lockdown are gradually easing, we expect recovery in volumes in the coming months. For 10MFY20, MS volumes are down by 20% YoY to 5.95mn ton. During 10MFY20, PSO led the chart by posting flattish volumes with market share rising to 38%, while HASCOL/SHEL/APL registered 27%/12%/9% YoY decline in sales with market share dropping to 7%/11%/9%.

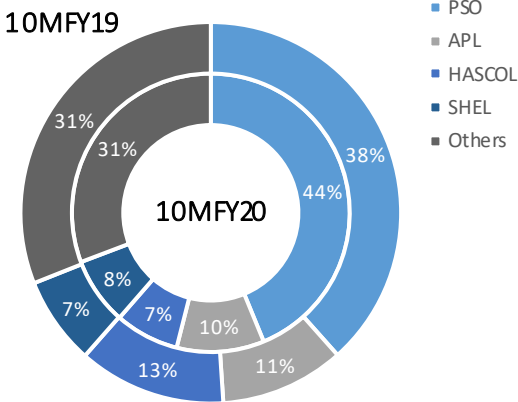
### HSD: Volumes down by 16% YoY during Apr-20

HSD sales dropped by 16% YoY to 0.55mn ton in Apr-20, while on monthly basis volumes are up by +42% MoM. The drop in sales is likely attributable to grey market sales and impact of Covid-19 lockdown – despite cumulative price decline of PKR 20/ltr. This brings total 10MFY20 sales at 5.11mn ton down by 16% YoY. For 10MFY20, PSO posted only 4% YoY decline in sales with market share increasing to 44%. HASCOL/APL/SHEL registered 50%/19%/12% YoY decline

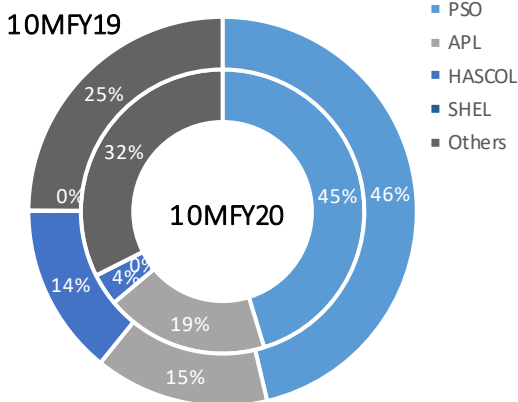
**Exhibit: MS Market Share - Company wise (10MFY20)**



**Exhibit: HSD Market Share - Company wise (10MFY20)**



**Exhibit: FO Market Share - Company wise (10MFY20)**



Source: Company Financials, IGI Research

in volumes during 10MFY20 with HASCOL/APL/SHEL market share coming down to 7%/10%/8% from 13%/11%/7% in 10MFY19.

**FO: Lower demand drags sales by 75%YoY in Apr-20**

FO volumes depicted a decline of 75% YoY to 0.07mn ton in Apr-20 as demand remained muted despite lower prices. On a sequential basis, FO volumes are up by +9% MoM likely owing to slightly higher generation by FO based plants. As a result, total FO volumes are down by 32% YoY in 10MFY20 to 1.67mn ton. For 10MFY20, HASCOL reported 83% YoY drop in sales with market share dropping to 4%, while APL's market share increased to 19%. PSO reported 33% YoY drop in FO sales while market share dropping from 46% to 45%.

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

000'tons	Apr-20	Mar-20	MoM	Apr-19	YoY	10MFY20	10MFY19	YoY
<b>Industry</b>								
MS	435.9	545.0	-20%	676.6	-36%	5,953.0	6,200.6	-4%
HSD	546.8	385.7	42%	650.7	-16%	5,105.9	6,055.9	-16%
FO	69.3	63.8	9%	274.4	-75%	1,666.8	2,445.4	-32%
Others	16.0	26.8	-40%	57.3	-72%	535.5	583.0	-8%
Total	1,067.9	1,021.3	5%	1,659.0	-36%	13,261.3	15,284.8	-13%
<b>PSO</b>								
MS	143.7	202.3	-29%	268.0	-46%	2,288.8	2,282.8	0%
HSD	227.5	152.1	50%	261.9	-13%	2,235.4	2,325.2	-4%
FO	6.6	10.9	-40%	153.9	-96%	754.5	1,132.6	-33%
Others	11.4	21.0	-46%	49.1	-77%	467.4	485.1	-4%
Total	389.2	386.3	1%	733.0	-47%	5,746.1	6,225.7	-8%
<b>APL</b>								
MS	39.8	49.0	-19%	64.1	-38%	542.0	593.9	-9%
HSD	41.8	41.2	1%	64.0	-35%	520.3	639.2	-19%
FO	10.4	19.7	-47%	39.2	-73%	310.8	355.0	-12%
Others	3.5	3.3	7%	3.5	0%	31.8	37.8	-16%
Total	95.4	113.1	-16%	170.8	-44%	1,404.8	1,625.8	-14%
<b>HASCOL</b>								
MS	45.9	44.6	3%	47.4	-3%	440.2	605.6	-27%
HSD	30.8	38.2	-19%	56.2	-45%	380.6	760.7	-50%
FO	5.6	2.6	114%	19.1	-71%	60.9	348.1	-83%
Others	0.0	0.2	-84%	0.4	-90%	2.8	6.4	-57%
Total	82.4	85.7	-4%	123.1	-33%	884.4	1,720.8	-49%
<b>SHEL</b>								
MS	37.9	59.0	-36%	87.4	-57%	683.0	779.8	-12%
HSD	43.0	31.4	37%	51.4	-16%	399.4	452.7	-12%
FO	-	-	0%	-	n/m	0.2	0.6	-70%
Others	0.3	0.9	-60%	2.1	-83%	13.4	29.9	-55%
Total	81.3	91.2	-11%	140.8	-42%	1,096.0	1,263.1	-13%

Source: IGI Research, OCAC

**Outlook**

We expect some recovery in MS and HSD sales in the coming month amid price decline and gradual 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. However, once lockdown is completely lifted, MS sales are likely to recover to 1HFY20 levels gradually whereas further growth is likely to be restricted amid demand slow down. 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 how long the lockdown period lasts.

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IGI Finex Securities Limited

**Research Analyst(s)**

Research Identity Number: BRP009

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**Jama Punji**  
 سرمایہ کاری سمجھداری کے ساتھ  
<http://www.jamapunji.pk>

## 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
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@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
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk

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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

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