

Sector Update

OMC Sales Data for Sep-20

MS Volumes (000' tons)

	Sep-20	YoY	1QFY21	YoY
PSO	259.2	-1%	886.3	12%
APL	47.8	-17%	147.6	-13%
HASCOL	39.2	24%	136.3	55%
SHEL	70.2	-10%	212.0	-11%
Industry	641.8	-1%	2,057.0	8%

HSD Volumes (000' tons)

	Sep-20	YoY	1QFY21	YoY
PSO	216.2	-14%	804.9	17%
APL	37.9	-32%	119.6	-27%
HASCOL	25.7	-26%	90.8	7%
SHEL	34.0	-24%	119.8	-6%
Industry	469.5	-14%	1,653.0	10%

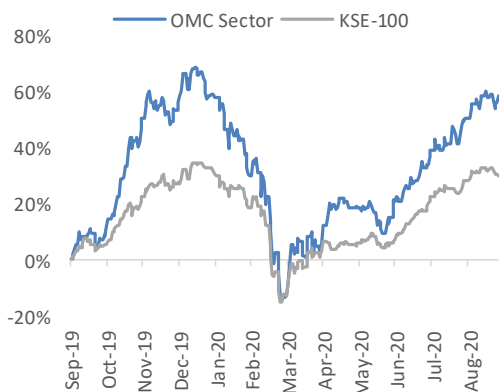
FO Volumes (000' tons)

	Sep-20	YoY	1QFY21	YoY
PSO	198.6	57%	498.3	28%
APL	76.2	43%	179.3	47%
HASCOL	-	-100%	4.7	-83%
SHEL	-	n/m	-	0%
Industry	373.7	58%	923.4	29%

Others Volumes (000' tons)

	Sep-20	YoY	1QFY21	YoY
PSO	24.4	-56%	69.9	-59%
APL	6.0	96%	16.0	92%
HASCOL	0.3	-40%	0.8	-32%
SHEL	3.4	71%	7.5	57%
Industry	39.6	-38%	277.7	-43%

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

Sep-20: Volumes up by +2%YoY primarily led by elevated FO sales amid higher demand from IPPs

- Industry volumes for oil marketing companies for the month of Sep-20 witnessed a growth of +2% YoY to 1.52mn ton bringing industry volumes for 1QFY21 to 1.52mn ton up by +10% YoY.
- High Speed Diesel (HSD) / Motor Spirit (MS) sales registered decline of 14%/1% YoY while Furnace Oil (FO) sales were up substantially by +58% YoY during Sep-20.
- During 1QFY21 HASCOL/PSO led the charts by posting only +16%/+10% YoY incline in total sales while SHEL witnessed 8% YoY plunge in total volumes with market share for APL and SHEL dropping by 1% each to 10% and 7% respectively whereas PSO and HASCOL retained their market shares at 48% and 5% respectively.

Volumes depict +2%YoY growth in Sep-20 to 1.52mn ton

Industry volumes for oil marketing companies for the month of Sep-20 witnessed a growth of +2% YoY to 1.52mn ton bringing industry volumes for 1QFY21 to 1.52mn ton up by +10% YoY. High Speed Diesel (HSD) / Motor Spirit (MS) sales registered decline of 14%/1% YoY while Furnace Oil (FO) sales were up substantially by +58% YoY during Sep-20. On a monthly basis, industry volumes are down by 2% MoM in Sep-20 on the back of 8% MoM each drop in HSD/MS sales despite +20% MoM surge in FO volumes. For 1QFY21, volumes increased owing to +29%/+10%/+8% YoY incline in FO/HSD/MS sales. To highlight, during 1QFY21 HASCOL/PSO led the charts by posting only +16%/+10% YoY incline in total sales while SHEL witnessed 8% YoY plunge in total volumes with market share for APL and SHEL dropping by 1% each to 10% and 7% respectively whereas PSO and HASCOL retained their market shares at 48% and 5% respectively.

MS: Volumes down by 1%YoY during Sep-20

MS sales inclined by 1% YoY to 0.64mn ton in Sep-20, while on sequential basis, volumes are down by 8% MoM. HASCOL posted +24% YoY growth in volumes while APL/SHEL/PSO reported 17%/10%/1% YoY decline during Sep-20. For 1QFY21, MS volumes are up by 8% YoY to 2.06mn ton. During 1QFY21, HASCOL/PSO led the chart by posting +55%/+12% YoY rise in volumes with market share rising to 43%/7%, while APL/SHEL registered 13%/11% YoY decline in sales with market share dropping to 10%/7% respectively.

HSD: Sales down by 14%YoY during Sep-20

HSD sales plummeted by 14% YoY to 0.47mn ton in Sep-20, while on monthly basis volumes are down by 8% MoM. This brings total 1QFY21 sales at 1.65mn ton up by +10% YoY. For 1QFY21, PSO/HASCOL led the charts with +17%/+7% YoY growth in sales with market share increasing to 49%. APL/SHEL registered 27%/6% YoY decline in volumes during 1QFY21 with HASCOL/APL/SHEL market share coming down to 5%/7%/7% from 6%/11%/9% in 1QFY20.

Exhibit: MS Market Share - Company wise

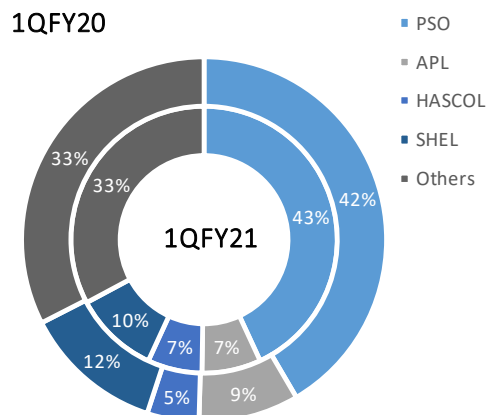


Exhibit: HSD Market Share - Company wise

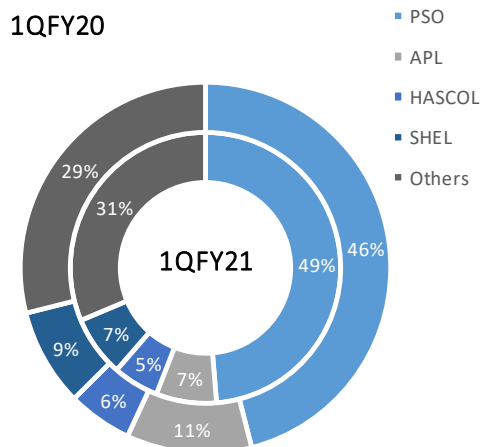
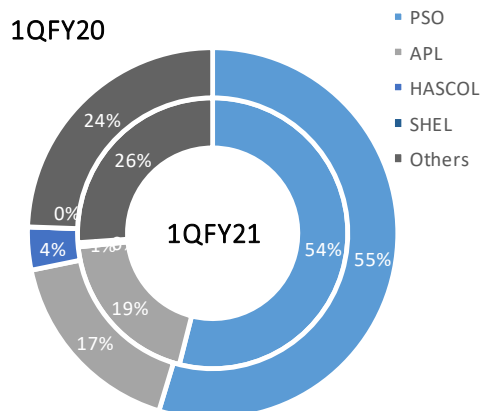


Exhibit: FO Market Share - Company wise



Source: Company Financials, IGI Research

FO: Higher demand lifts volumes up by +58%YoY

FO volumes increased by +58% YoY during Sep-20 to 0.37mn ton likely attributable to higher demand from IPPs during summer season. Volumes are up by +20% MoM in Sep-20. As a result, total FO volumes are up by +29% YoY in 1QFY21 to 0.92mn ton. For 1QFY21, APL and PSO reported +47% YoY and +28% YoY incline in sales respectively with market share for PSO dropping to 54%, while APL's market share increased to 19%.

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

000'tons	Sep-20	Aug-20	MoM	Sep-19	YoY	1QFY21	1QFY20	YoY
Industry								
MS	641.8	696.9	-8%	647.2	-1%	2,057.0	1,911.3	8%
HSD	469.5	507.9	-8%	546.6	-14%	1,653.0	1,500.1	10%
FO	373.7	311.4	20%	236.8	58%	923.4	714.2	29%
Others	39.6	38.8	2%	64.0	-38%	109.9	191.8	-43%
Total	1,524.6	1,555.0	-2%	1,494.6	2%	4,743.4	4,317.4	10%
PSO								
MS	259.2	299.3	-13%	263.0	-1%	886.3	794.2	12%
HSD	216.2	246.3	-12%	250.9	-14%	804.9	689.7	17%
FO	198.6	185.6	7%	126.8	57%	498.3	390.6	28%
Others	24.4	23.0	6%	55.7	-56%	69.9	170.7	-59%
Total	698.4	754.2	-7%	696.4	0%	2,259.4	2,045.3	10%
APL								
MS	47.8	48.6	-2%	57.3	-17%	147.6	170.0	-13%
HSD	37.9	33.2	14%	55.6	-32%	119.6	164.1	-27%
FO	76.2	40.1	90%	53.1	43%	179.3	122.3	47%
Others	6.0	6.2	-3%	3.1	96%	16.0	8.4	92%
Total	167.9	128.1	31%	169.1	-1%	462.6	464.8	0%
HASCOL								
MS	39.2	48.3	-19%	31.7	24%	136.3	88.0	55%
HSD	25.7	24.6	4%	34.6	-26%	90.8	84.6	7%
FO	-	2.2	-100%	4.2	-100%	4.7	26.7	-83%
Others	0.3	0.3	0%	0.5	-40%	0.8	1.2	-32%
Total	65.2	75.4	-14%	71.0	-8%	232.6	200.4	16%
SHEL								
MS	70.2	68.3	3%	77.7	-10%	212.0	237.6	-11%
HSD	34.0	36.1	-6%	44.6	-24%	119.8	127.8	-6%
FO	-	-	0%	-	n/m	-	-	0%
Others	3.4	2.3	44%	2.0	71%	7.5	4.8	57%
Total	107.5	106.7	1%	124.3	-13%	339.2	370.2	-8%

Source: IGI Research,

Outlook

We expect MS and HSD sales to remain healthy however price hike for Jul/Aug-20 is likely to keep a lid on volumetric growth. MS sales are likely to remain strong during winter season as gas will be diverted to domestic consumers while expensive LNG will be supplied to CNG stations. 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 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 2020 IGI Finex Securities Limited



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
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

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

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2020 IGI Finex Securities Limited