

August 3, 2021

Monthly POL Sales

July 2021: Growth rebounded +16%/y to 1.94mn tons led by growth in FO sales

Industry volumes for oil marketing companies for the month of Jul-21 witnessed a growth of +16%YoY to 1.94mn ton bringing industry volumes for 7MCY21 to 11.63mn ton up by +25%YoY. Furnace Oil (FO) / Motor Spirit (MS) / High Speed Diesel (HSD) sales were up by +54%/+13%/+7%YoY during Jul-21. On a monthly basis, industry volumes remained flat in Jul-21 on the back of +8%/+4%MoM incline in FO/MS sales while HSD sales declined by 7%MoM.

- During the 7MCY21, FO/HSD/MS sales increased by +75%/+20%/+17%YoY. Company wise PSO/SHEL/APL led the charts by posting +38%/+33%/+4%YoY incline in total sales while HASCOL witnessed 43%YoY plunge in total volumes with market share for APL and HASCOL dropping by 2% and 4% to 8% and 3% respectively. However PSO's market share increased by +4% to 47%.
- **MS:** MS sales inclined by +13%YoY to 0.81mn ton in Jul-21, while on sequential basis, volumes are up by +4%MoM. APL, PSO and SHEL posted +22%YoY, +17%YoY and +14%YoY growth in volumes respectively, while HASCOL reported 83%YoY decline during Jul-21. For 7MCY21, MS volumes are up by +17%YoY to 8.24mn ton. During 7MCY21, PSO and SHEL led the chart by posting +25%YoY and +21%YoY rise in volumes with PSO and SHEL's market share rising to 43% and 11% respectively, while HASCOL registered 44%YoY decline in sales with market share dropping to 4%.

Analyst

Abdullah FarhanAbdullah.farhan@igi.com.pk

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

August 3, 2021

- **HSD:** HSD sales increased by +7%YoY to 0.72mn ton in Jul-21, while on monthly basis volumes are down by 7%MoM. This brings total 7MCY21 sales at 4.67mn ton up by +20%YoY. For 7MCY21, SHEL, PSO and APL led the charts with +45%YoY, +18%YoY and +5%YoY growth in sales with market share for SHEL increasing to 8% while PSO and APL market share decline by 1% each to 47% and 7% respectively. HASCOL registered 48%YoY decline in volumes during 7MCY21 with market share coming down to 3% from 7% in 7MCY20.
- **FO:** FO volumes increased by +54%YoY during Jul-21 to 0.37mn ton likely attributable to higher demand from IPPs compared to last year. Volumes are up by +8%MoM in Jul-21. As a result, total FO volumes are up by +75%YoY in 7MCY21 to 1.73mn ton. For 7MCY21, PSO, HASCOL and APL reported +3.6xYoY, +2.8xYoY and +2%YoY incline in sales with PSO's market share standing at 56% compared to 27% in 7MCY20.

Outlook: MS sales are likely to remain strong during 2HCY21 as automobile sales pick up along with introduction of new vehicles by new entrants such as KIA & Hyundai. HSD sales are likely to remain elevated amid pick up in commercial activity however rise in grey market sales and extended lockdowns may likely hurt volumetric growth. FO sales are likely to remain strong in coming months.

August 3, 2021

BRP 009

Exhibit: OMC's Monthly Sales Volume (Jul-21)

Industry								
000'tons	Jul-21	Jun-21	MoM	Jul-20	YoY	7MCY21	7MCY20	YoY
MS	808.3	776.1	4%	718.4	13%	4,934.8	4,219.9	17%
HSD	720.9	775.9	-7%	675.7	7%	4,672.9	3,900.4	20%
FO	367.3	339.1	8%	238.3	54%	1,730.5	991.0	75%
Others	41.6	41.0	2%	31.5	32%	296.5	199.3	49%
Total	1,938.1	1,932.0	0%	1,663.9	16%	11,634.8	9,310.6	25%

PSO								
000'tons	Jul-21	Jun-21	MoM	Jul-20	YoY	5MCY21	5MCY20	YoY
MS	384.2	321.8	19%	327.8	17%	2,122.6	1,702.0	25%
HSD	340.1	354.9	-4%	342.4	-1%	2,193.6	1,864.0	18%
FO	255.1	212.4	20%	114.1	123%	962.0	266.1	261%
Others	29.0	28.4	2%	22.5	29%	211.7	150.9	40%
Total	1,008.4	917.5	10%	806.8	25%	5,489.9	3,983.0	38%

APL								
000'tons	Jul-21	Jun-21	MoM	Jul-20	YoY	5MCY21	5MCY20	YoY
MS	62.4	56.5	10%	51.2	22%	371.3	358.9	3%
HSD	57.4	58.4	-2%	48.5	18%	345.2	329.9	5%
FO	39.5	44.1	-11%	62.9	-37%	241.2	236.1	2%
Others	3.2	3.9	-18%	3.8	-16%	24.4	22.4	9%
Total	162.5	162.9	0%	166.5	-2%	982.0	947.3	4%

August 3, 2021

Exhibit: OMC's Monthly Sales Volume (Jul-21)

HASCOL								
000'tons	Jul-21	Jun-21	MoM	Jul-20	YoY	7MCY21	7MCY20	YoY
MS	8.4	39.3	-78%	48.8	-83%	185.4	333.2	-44%
HSD	8.4	32.8	-74%	40.5	-79%	143.4	273.7	-48%
FO	31.9	0.0	0%	2.5	1175%	31.9	32.8	-3%
Others	0.1	0.4	-70%	0.1	-23%	3.5	1.2	184%
Total	48.9	72.5	-33%	91.9	-47%	364.2	641.0	-43%

SHEL								
000'tons	Jul-21	Jun-21	MoM	Jul-20	YoY	7MCY21	7MCY20	YoY
MS	83.6	81.6	2%	73.5	14%	530.3	437.7	21%
HSD	54.2	65.2	-17%	49.7	9%	378.4	261.2	45%
FO	0.0	0.0	0%	0.0	n/m	0.0	0.2	-100%
Others	6.1	5.2	17%	1.8	233%	30.4	9.4	223%
Total	143.9	152.0	-5%	125.0	15%	939.1	708.5	33%

Source: IGI Research, OCAC

Source: OCAC, IGI Research

August 3, 2021

Exhibit: MS Market Share

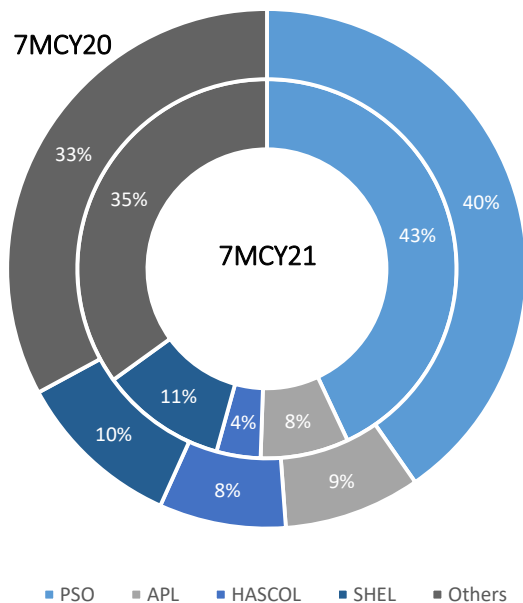


Exhibit: HSD Market Share

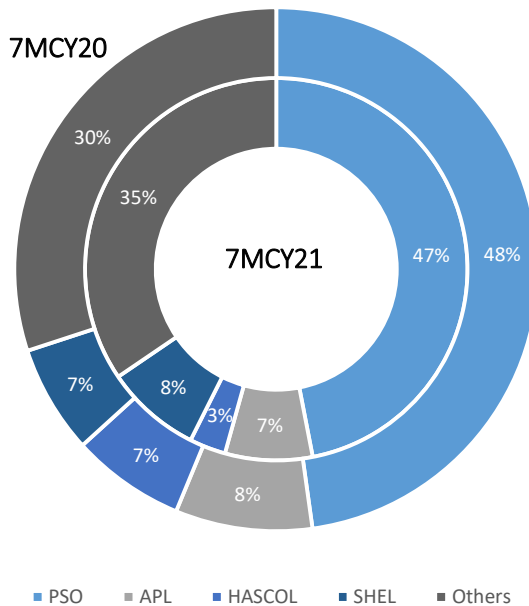
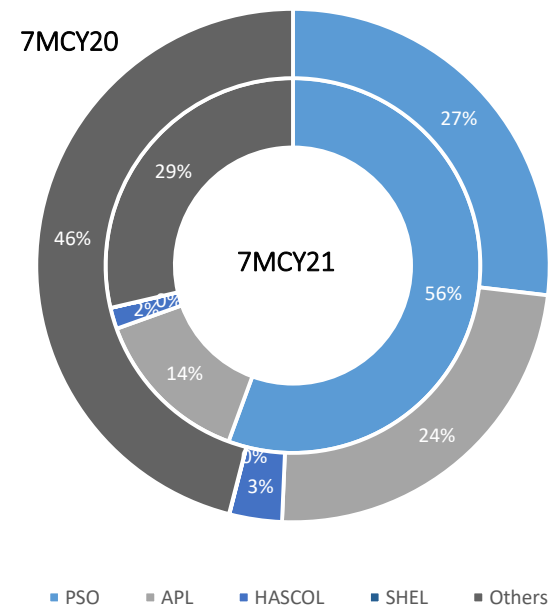


Exhibit: FO Market Share



Source: OCAC, IGI Research

Important Disclaimer and Disclosures

August 3, 2021

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)

Time Horizon: Dec – 2021

Valuation Methodology: The analyst(s) has used following valuation methodology to arrive at the target price of the said security (ies):

RBDCF (Reserve Based DCF Valuation)

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 2021 IGI Finex Securities Limited

Contact Details

August 3, 2021

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
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Areesha Ishrat	Trainee Analyst	Tel: (+92-21) 111-234-234 Ext: 810	areesha.ishrat@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
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Irfan Ali	Equity Sales (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (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

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaquat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

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

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651