

PAKISTAN OMCs

MARKET VISTA

REP-019

OMC sales for Sep'21 increased by 29%YoY

- OMC sales for Sep'21 clocked in at 2.0mn tons, up 29%YoY majorly due to low base as COVID-19 related restrictions kept the base low in Sep'20 however on MoM basis, sales remained flat. The YoY increase was led by HSD increasing by 51%YoY while MS witnessed an increase of 25%YoY.
- Overall, for 1QFY22, OMC sales have increased by 24%YoY where FO led the pack with an increase of 38%YoY while MS/HSD posted an increase of 14/27%YoY.
- PSO turned out to be the clear winner for Sep'21 with an increase of 41%YoY against 29% YoY for the industry where company clearly outperformed peers in retail fuel segment with an increase of 49%YoY against 36%YoY for the industry
- We expect OMC volumes to tread the same path with economic activity picking up pace while we believe the incentives provided in FY22 Budget to agriculture sector along with focus on infrastructure spending can provide a significant uplift to volumes in medium term.

OMC sales increased by 24%YoY for 1QFY21: OMC sales for Sep'21 clocked in at 2.0mn tons, up 51%YoY majorly due to low base as COVID-19 related restrictions kept the base low in Sep'20 however on MoM basis, sales remained flat. The YoY increase was led by HSD increasing by 29% YoY where apart from increased economic activity, decrease in influx of grey product must have played a part while increased power production on HSD cannot be ruled out either as global energy commodities witness a surge in prices. MS continues to witness phenomenal growth where apart from a 25%YoY increase, fuels' sales grew by 9% on MoM basis, signaling continued strength of overall economic activity. HOBC has been the major casualty of increase in prices as fuel witnessed a decline of 8/16% YoY/MoM despite the differential between MS and HOBC remaining low. Furnace oil sales have posted an increase of 7%YoY majorly due to increased share of FO based power production in the mix after coal and LNG prices globally have increased substantially due to global energy crunch. Overall, for 1QFY22, OMC sales have increased by 24%YoY where FO led the pack with an increase of 38%YoY while MS/HSD posted an increase of 14/27%YoY.

PSO – the clear winner: PSO turned out to be the clear winner for Sep'21 with an increase of 41%YoY against 29%YoY for the industry where company clearly outperformed peers in retail fuel segment with an increase of 49%YoY against 36%YoY for the industry as company goes aggressively into expanding its footprint across the country while company has also recovered its lost market share to HASCOL. Resultantly, company's overall market share for Sep'21 has increased to 50% against 46% for Sep'20 while in retail fuel segment, market share stands at 47% against 43% for Sep'20. HASCOL continues to remain strangled due to its financial difficulties as the company's market share has declined to 1% for Sep'21 against 4% for Sep'20. APL's volumes witnessed an increase of 22%YoY to 205k tons for Sep'21 where again HSD led the pack with an increase of 50%YoY followed by MS which witnessed an increase of 31%YoY. Unlisted players lost market share by 0.5/0.8ppts on YoY/MoM basis with their share for Sep'21 standing at 33.9% for Sep'21.

Outlook: We expect OMC volumes to tread the same path with economic activity picking up pace while we believe the incentives provided in FY22 Budget to agriculture sector along with focus on infrastructure spending can provide a significant uplift to volumes in medium term. Additionally, government's continued vow to increase curbs on influx of grey product provided an additional uplift to volumes of HSD in particular and continuation of the same can keep HSD volumes uplifted. We expect MS/HSD to post a growth of 10/9%YoY for FY22. Even though PSO remains our top pick from the sector, we would like to advise cautiousness in near term as LNG prices continue to climb up which can result in significant buildup of receivables on PSO's balance sheet. However, medium term outlook remains strong as company continues to improve its retail footprint while it is also making heavy inroads into the lubricant segment.

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Volume Based Marketshare

PSO	Sep'21	Sep'20	1QFY22	1QFY21
FO	59%	53%	65%	54%
HSD	49%	46%	48%	49%
MOGAS	45%	40%	46%	43%
Total	50%	46%	52%	48%
APL				
FO	21%	20%	16%	19%
HSD	8%	8%	8%	7%
MOGAS	8%	7%	8%	7%
Total	10%	11%	10%	10%
HASCOL				
FO	0%	0%	3%	0%
HSD	1%	5%	1%	5%
MOGAS	2%	6%	2%	7%
Total	1%	4%	2%	5%
SHEL				
HSD	8%	7%	8%	7%
MOGAS	10%	11%	10%	10%
HOBC	46%	18%	47%	12%
Total	7%	7%	7%	7%

Source: OCAC & AKD Research



AKD Securities Limited

Industry Volumetric Snapshot (000 Tonnes)

Industry	Sep'21	Sep'20	YoY	Aug'21	MoM	1QFY22	1QFY21	YoY
FO	400	374	7%	506	-21%	1,273	923	38%
HSD	707	469	51%	670	6%	2,099	1,653	27%
MOGAS	805	642	25%	737	9%	2,350	2,057	14%
HOBC	10	11	-8%	12	-16%	34	30	13%
JP	32	19	63%	29	10%	85	56	52%
KERO	6	8	-22%	7	-3%	17	20	-15%
LDO	2	1	139%	2	50%	6	4	48%
Total	1,962	1,525	29%	1,963	0%	5,863	4,743	24%
PSO								
FO	237	199	20%	334	-29%	827	498	66%
HSD	348	216	61%	326	7%	1,014	805	26%
MOGAS	361	259	39%	331	9%	1,076	886	21%
HOBC	3	3	-11%	3	-20%	9	10	-14%
JP	31	18	75%	28	11%	83	51	61%
KERO	5	3	41%	4	13%	11	7	52%
LDO	2	0	257%	1	163%	3	2	91%
Total	986	698	41%	1,027	-4%	3,022	2,259	34%
APL								
FO	83	76	9%	80	4%	202	179	13%
HSD	57	38	50%	55	4%	169	120	41%
MOGAS	63	48	31%	62	2%	187	148	27%
HOBC	1	1	-46%	1	-2%	2	2	-22%
JP	1	0	126%	0	61%	1	1	39%
KERO	1	4	-70%	2	-29%	5	12	-57%
LDO	1	0	66%	1	-31%	2	2	29%
Total	205	168	22%	200	3%	568	463	23%
HASCOL								
FO	0	0	NM	1	-100%	33	2	1402%
HSD	10	26	-59%	6	80%	25	91	-73%
MOGAS	19	39	-53%	9	113%	36	136	-74%
HOBC	0	0	-16%	0	-30%	1	0	42%
Total	29	65	-55%	16	88%	94	230	-59%
SHEL								
HSD	59	34	75%	54	11%	167	120	40%
MOGAS	82	70	17%	76	8%	242	212	14%
HOBC	5	2	133%	6	-22%	16	4	340%
Total	146	108	36%	136	7%	426	339	26%

Source: OCAC & AKD Research

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