

## PAKISTAN



## September 2021: Pakistan's Oil Sales

Sales (000 tons)

	IND	PSO	APL	SHEL	HASCOL
MS	805	361	63	82	19
HSD	707	348	57	59	10
FO	400	237	83	-	-
Others	51	40	3	5	0
Total	1,962	986	205	146	29

Source: OCAC, FSL research, October 2021

## YoY Growth

	IND	PSO	APL	SHEL	HASCOL
MS	25%	39%	31%	17%	-53%
HSD	51%	61%	50%	75%	-59%
FO	7%	20%	9%	N/A	N/A
Others	28%	63%	-50%	132%	-16%
Total	29%	41%	22%	38%	-55%

Source: OCAC, FSL research, October 2021

## Market share

	PSO	APL	SHEL	HASCOL
MS	45%	8%	10%	2%
HSD	49%	8%	8%	1%
FO	59%	21%	0%	0%
Others	79%	6%	9%	1%
Total	50%	10%	7%	1%

Source: OCAC, FSL research, October 2021

## Analyst

Zeeshan Azhar      zeeshan@fs.com.pk  
 +92 213 5612290      Ext 331

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## Oil Marketing Companies

## Petroleum sales continue robust upward trend

## Event

Domestic petroleum products sales increased by 29% YoY in September'21 (flat MoM). To highlight, petroleum sales displayed robust YoY growth amid accelerating economic activity with growth recorded across all major products (MS/HSD/FO up by 25/51/7% YoY) in September'21. Playerwise analysis reveals that PSO/APL/SHEL sales recorded growth of 41/22/38% YoY during the month. Whereas HASCOL witnessed decline of 55% YoY during September'21. We maintain outperform stance on the sector with PSO and APL as our preferred player.

## Impact

**All major products continued recording positive volumetric growth:** Domestic petroleum sales (ex-non Energy) rose by 29% YoY (flat MoM) in September'21. Productwise analysis reveals that during the month of September'21, volumetric growth was seen in all major products. MS depicted an increase of 25% YoY (↑ 9% MoM) to 805KT given (1) higher vehicle sales and (2) accelerating economic activity. HSD surged to 707KT, up by 51% YoY (↑ 6% MoM) on the back of (1) accelerating economic activity as evidenced by 2.3/14.9% YoY surge in large scale manufacturing (LSM) during July'21/FY21 and (2) increase in international trade activity (3M-moving average of goods exports/imports ↑1/17% 3M-o-3M). In black oil segment, FO sales rose by 7% YoY (↓ 21% MoM) to clock in at 400KT due to increasing mix of FO in power generation given constrained supply of gas and RLNG.

**PSO volumes continued exhibiting stellar growth:** In September'21, sales volume of PSO clocked in at 986KT depicting an increase of 41% YoY (↓ 4% MoM). The increase in sales was due to increase in all major products. MS/HSD/FO sales were up by 39/61/20% YoY due to (1) accelerating economic activity and (2) higher demand in power generation. This translated into PSO's market share increasing by 4/3/6ppts YoY in MS/HSD/FO to 45/49/59%.

**APL volumes rise across all major products:** APL recorded an overall incline of 22/3% YoY/MoM as its petroleum sales clocked in at 205KT. Product wise analysis reveals that MS/HSD/FO inclined by 31/50/9% YoY. Moreover, APL's market share in MS/HSD/FO remained flat YoY to stand at 8/8/21%.

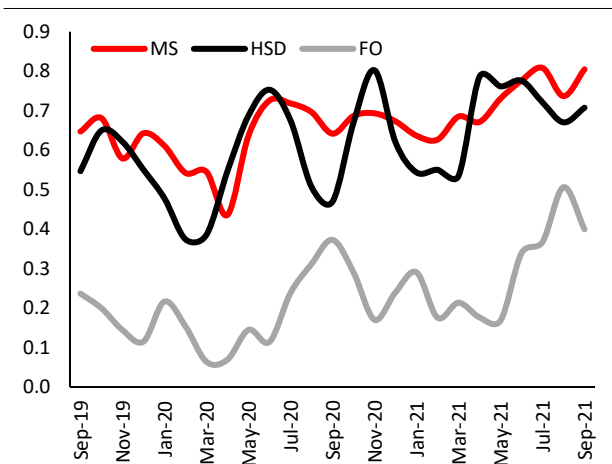
**SHEL volumes jumped:** During September'21, SHEL's volumes clocked in at 146KT and were up by 38/7% YoY/MoM. Product wise breakdown shows MS/HSD were up by 17/75% YoY. The company's market share in MS/HSD declined/inclined by 1/1% YoY to stand at 10/8%.

**HASCOL volumes declined again:** HASCOL's volumes decreased by 55% YoY (↓ 88% MoM) to clock in at 29KT with decline recorded in MS/HSD of 53/59% YoY. The company did not sell any FO during the month. The company's market share declined by 4/4ppts YoY in MS/HSD to 2/1%.

## Outlook

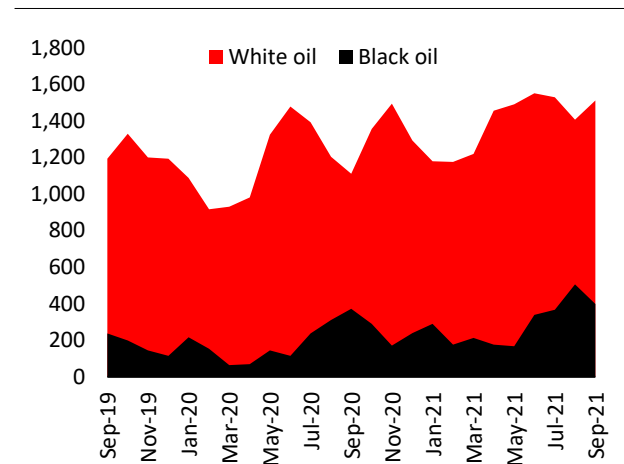
We have an outperform stance on the sector due to (1) accelerating economic growth, (2) boom in construction sector and (3) resolution of circular debt given renegotiation of IPP agreements which would improve cashflow situation of PSO. Our top picks in the sector are PSO and APL.

**Fig 01: OMC sales trending upwards (mn ton)**



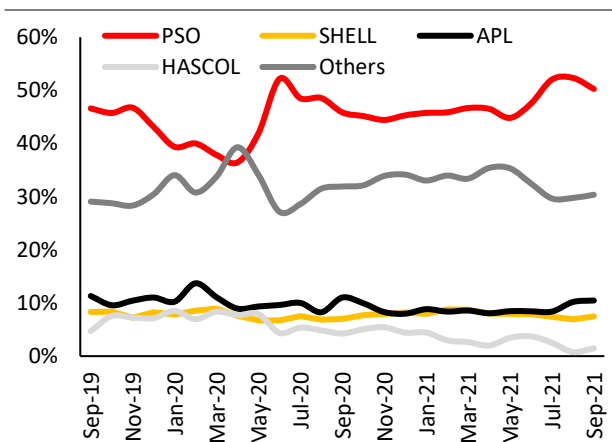
Source: OCAC, Foundation Research, Oct 2021

**Fig 02: White oil still the major contributor (000 ton)**



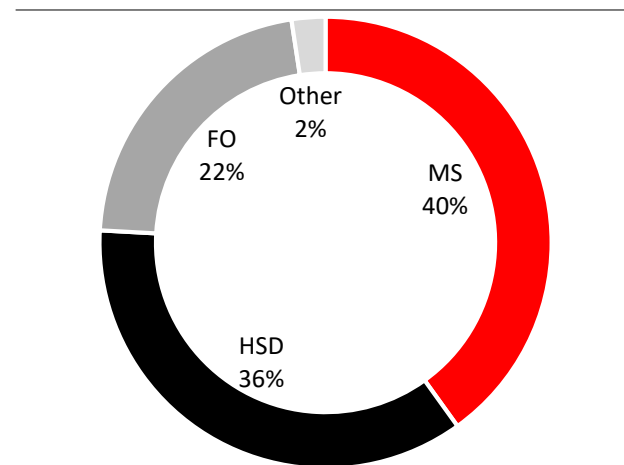
Source: OCAC, Foundation Research, Oct 2021

**Fig 03: PSO market share trending downwards...**



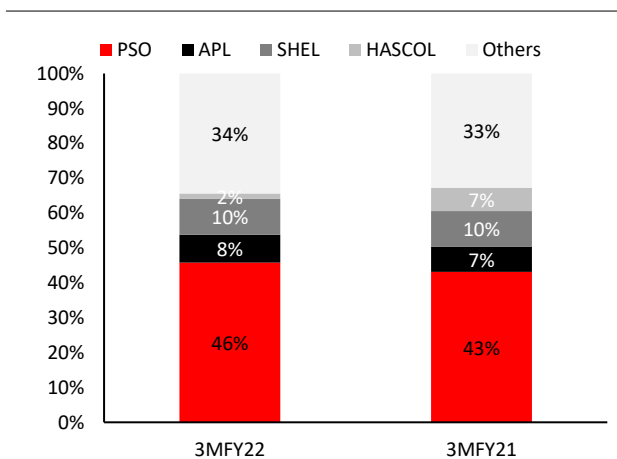
Source: OCAC, Foundation Research, Oct 2021

**Fig 04: Product wise share during 3MFY22...**



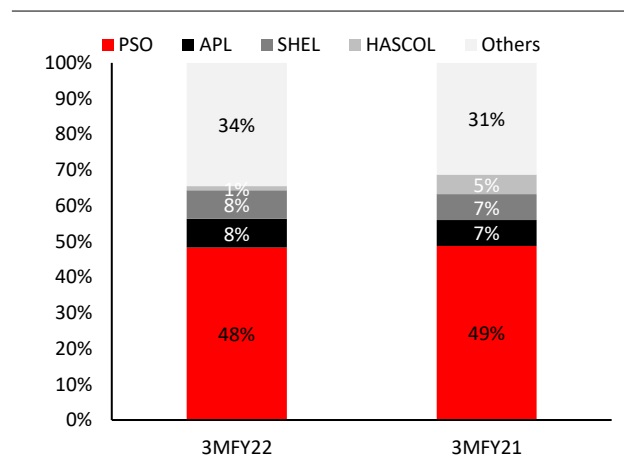
Source: OCAC, Foundation Research, Oct 2021

**Fig 05: PSO share in MS ↑ 3ppts YoY in 3MFY22**



Source: OCAC, FSL Research, Oct 2021

**Fig 06: PSO share in HSD ↓ 1ppt YoY in 3MFY22**



Source: OCAC, Foundation Research, Oct 2021

Fig 1: 3MFY21 Pakistan's Oil Sales

	Sales (000 tons)					YoY					Market share			
	IND	PSO	SHEL	APL	HAS	IND	PSO	SHEL	APL	HAS	PSO	SHEL	APL	HAS
MS	2,350	1,076	242	187	36	14%	21%	14%	27%	-74%	46%	10%	8%	2%
HSD	2,099	1,014	167	169	25	27%	26%	40%	41%	-73%	48%	8%	8%	1%
FO	1,273	827	-	202	33	38%	66%	N/A	13%	1399%	65%	0%	16%	3%
Others	142	105	17	10	1	29%	50%	175%	-39%	-2%	74%	12%	7%	1%
<b>Total</b>	<b>5,863</b>	<b>3,022</b>	<b>426</b>	<b>568</b>	<b>94</b>	<b>24%</b>	<b>34%</b>	<b>26%</b>	<b>23%</b>	<b>-59%</b>	<b>52%</b>	<b>7%</b>	<b>10%</b>	<b>2%</b>

Source: OCAC, Foundation Research, October 2021

## Acronyms

CNG	Compressed Natural Gas
FO	Furnace Oil
HSD	High Speed Diesel
MoM	Month-on-Month
MS	Motor Spirit (also known as gasoline or petrol)
OMC	Oil Marketing Companies
YoY	Year-on-year

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## Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.