

## PAKISTAN


**March 2023: Pakistan's Oil Sales**  
 Sales (000 tons)

	IND	PSO	APL	SHEL	HASCOL
MS	558	251	48	59	30
HSD	397	208	36	29	13
FO	86	16	27	-	-
Others	66	60	3	1	0
<b>Total</b>	<b>1,107</b>	<b>535</b>	<b>113</b>	<b>89</b>	<b>43</b>

Source: OCAC, Foundation Research, Apr 2023

## YoY Growth

	IND	PSO	APL	SHEL	HASCOL
MS	-28%	-26%	-21%	-30%	259%
HSD	-43%	-45%	-39%	-46%	211%
FO	-70%	-91%	-32%	N/A	N/A
Others	-10%	-2%	-22%	-74%	-97%
<b>Total</b>	<b>-39%</b>	<b>-44%</b>	<b>-30%</b>	<b>-38%</b>	<b>237%</b>

Source: OCAC, Foundation Research, Apr 2023

## Market share

	PSO	APL	SHEL	HASCOL
MS	45%	9%	10%	5%
HSD	52%	9%	7%	3%
FO	19%	31%	0%	0%
Others	90%	5%	2%	0%
<b>Total</b>	<b>48%</b>	<b>10%</b>	<b>8%</b>	<b>4%</b>

Source: OCAC, Foundation Research, Apr 2023

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# Oil Marketing Companies

## The tumble continues

### Event

▪ The downward dynamics in POL sales continued for the ninth consecutive month with domestic sales down by 39% on YoY basis (down by 9% MoM) to 1.1mn tons in Mar'23 due to (1) slowdown in domestic demand and economic activity amid high interest rates and record floods, and (2) elevated prices of MS and HSD. Decline of 28/43/70% YoY was recorded in MS/HSD/FO sales during Mar'23. Company wise analysis reveals that PSO/APL/SHEL volumes down by 44/30/38% YoY during Feb'23.

### Impact

▪ **Volumetric decline continues:** Domestic petroleum sales (ex-non Energy) declined by 39% YoY (down by 9% MoM) in Mar'23. Product-wise analysis reveals that during Mar'23, volumetric slowdown was seen in MS/HSD of 28/43% YoY (up/down by 1/17% MoM) due to (1) slowdown in domestic demand and economic activity amid high interest rates and record floods, and (2) sustained high MS/HSD retail prices. Average prices of MS and HSD during Mar'23 were Rs270/liter and Rs287/liter respectively as Gov't passed on the impact of Rupee devaluation.

▪ In black oil segment, FO sales fell to 86KT, down by 70% YoY (↓ 28% MoM) depicting lower offtake by power producers amid higher proportion of system gas and nuclear power generation given cost of generating electricity on FO at ~Rs22/unit is higher compared to average fuel price of Rs8.06/unit.

▪ **PSO plunged:** In Mar'23, sales volume of PSO clocked in at 535KT depicting a decrease of 44% YoY. MS/HSD sales declined by 26/45% YoY due to increase in prices and demand slowdown amid record floods and high interest rates. Whereas, FO sales fell by 91% YoY. Sequentially, sales were down 10% given 4/19% decline in MS/HSD whereas FO jumped by 21%.

▪ Thus, PSO's overall market share declined by 3.9ppt YoY to 48% while MS market share was up by 1ppt YoY to 45% in Mar'23. However, market share for HSD/FO declined by 2/43ppts YoY to 52/19%.

▪ **APL declined:** APL recorded an overall decline of 30% YoY (↓1% MoM) during Mar'23 as its petroleum sales were 113KT. Product wise analysis reveals that MS/HSD/FO decreased by 21/39/32% YoY. Moreover, APL's market share in MS/HSD/FO was up 1/1/17ppt YoY to stand at 9/9/31% in Mar'23.

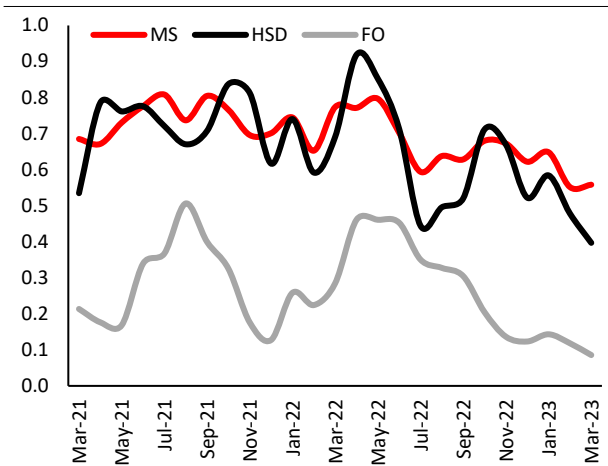
▪ **SHEL also fell:** During Mar'23, SHEL's volumes clocked in at 89KT, down by 38% YoY (↓ 15% MoM). MS/HSD sales declined by 30/46% YoY. Shell market share of MS/HSD remained intact YoY at 10/7%.

▪ **HASCOL shot through the roof:** HASCOL sales up by 3.4x YoY (↑ 60% MoM) in Mar'23 with volume of 43k tons given 3.6/3.1x YoY incline in MS/HSD sales. Its market share rose by 3.2ppts YoY to 4% in Mar'23.

### Outlook

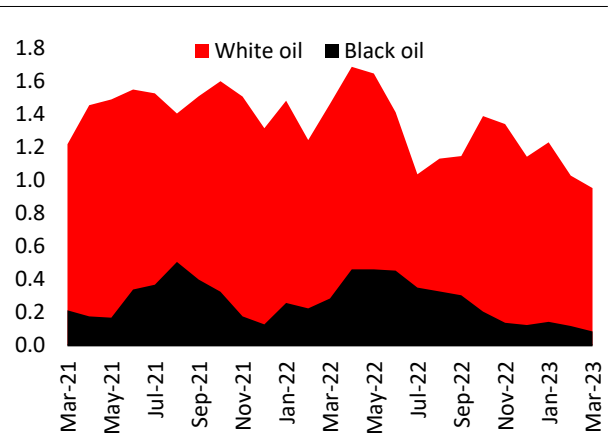
▪ We expect a steep decline in petroleum products demand during FY23 given economic slowdown, record floods and elevated oil prices amid Ukraine-Russia war. However, we have an outperform stance on the sector due to expected improvement in cashflows of PSO amid (1) increase in gas prices, (2) likely increase in electricity prices and (3) expected resolution of circular debt given IMF program conditionality.

**Fig 1: Vol. of MS↑ & HSD↓ MoM in Mar'23 (mn ton)**



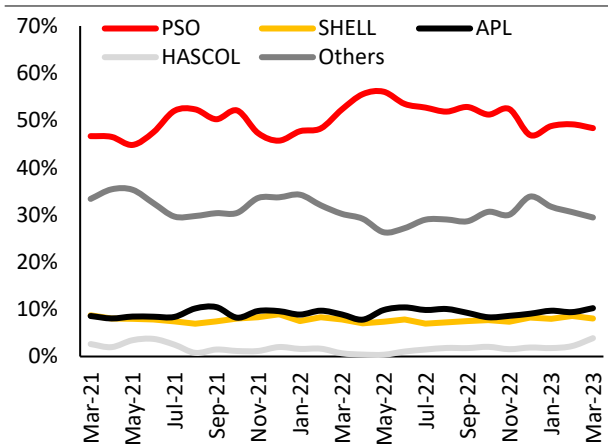
Source: OCAC, Foundation Research, Apr 2023

**Fig 2: White oil trended downwards (mn ton)**



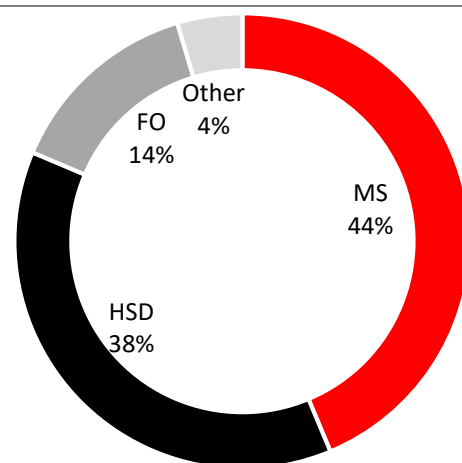
Source: OCAC, Foundation Research, Apr 2023

**Fig 3: PSO dominating market share...**



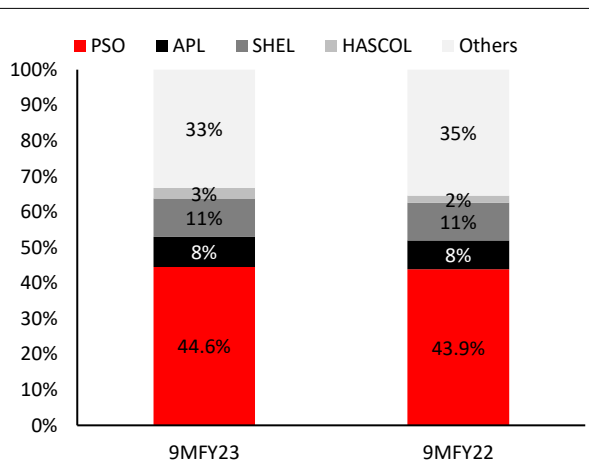
Source: OCAC, Foundation Research, Apr 2023

**Fig 4: Product wise breakdown during 9MFY23...**



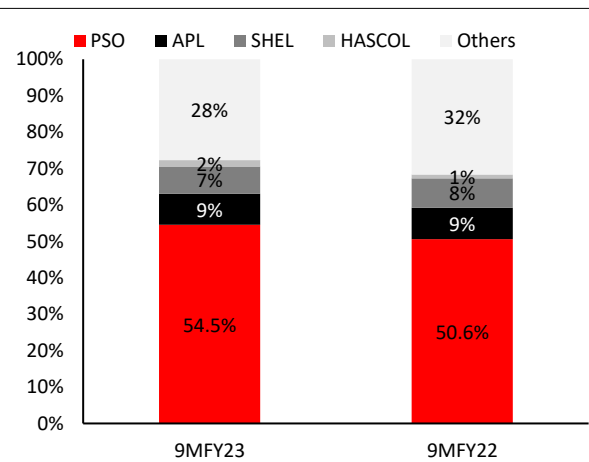
Source: OCAC, Foundation Research, Apr 2023

**Fig 5: PSO share in MS ↑0.6ppt YoY in 9MFY23**



Source: OCAC, FSL Research, Apr 2023

**Fig 6: PSO share in HSD ↑3.9ppts YoY in 9MFY23**



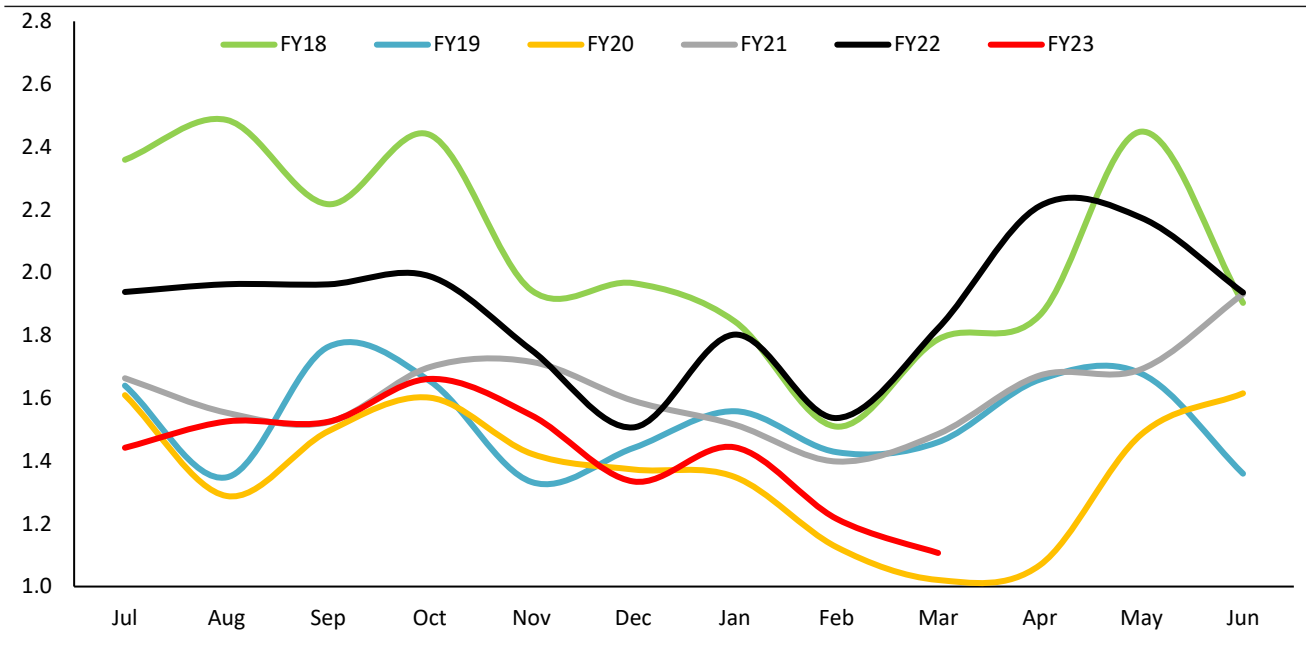
Source: OCAC, Foundation Research, Apr 2023

**Table 1: 9MFY23 Pakistan's Oil Sales**

	Sales (000 tons)					YoY					Market share			
	IND	PSO	SHEL	APL	HAS	IND	PSO	SHEL	APL	HAS	PSO	SHEL	APL	HAS
<b>MS</b>	5,593	2,492	604	469	170	-16%	-15%	-14%	-13%	26%	45%	11%	8%	3%
<b>HSD</b>	4,823	2,630	360	414	86	-25%	-19%	-31%	-25%	29%	55%	7%	9%	2%
<b>FO</b>	1,794	851	-	278	-	-33%	-45%	N/A	-30%	-100%	47%	0%	15%	0%
<b>Others</b>	591	509	24	36	1	11%	23%	-52%	19%	-65%	86%	4%	6%	0%
<b>Total</b>	<b>12,799</b>	<b>6,482</b>	<b>987</b>	<b>1,196</b>	<b>256</b>	<b>-21%</b>	<b>-20%</b>	<b>-22%</b>	<b>-21%</b>	<b>9%</b>	<b>51%</b>	<b>8%</b>	<b>9%</b>	<b>2%</b>

Source: OCAC, Foundation Research, Apr 2023

**Fig 7: Marked seasonality observed in OMC sales volumes**



Source: OCAC, Foundation Research, Apr 2023

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