

Oil Marketing Companies

June 2017

Consumption

Production
Mix

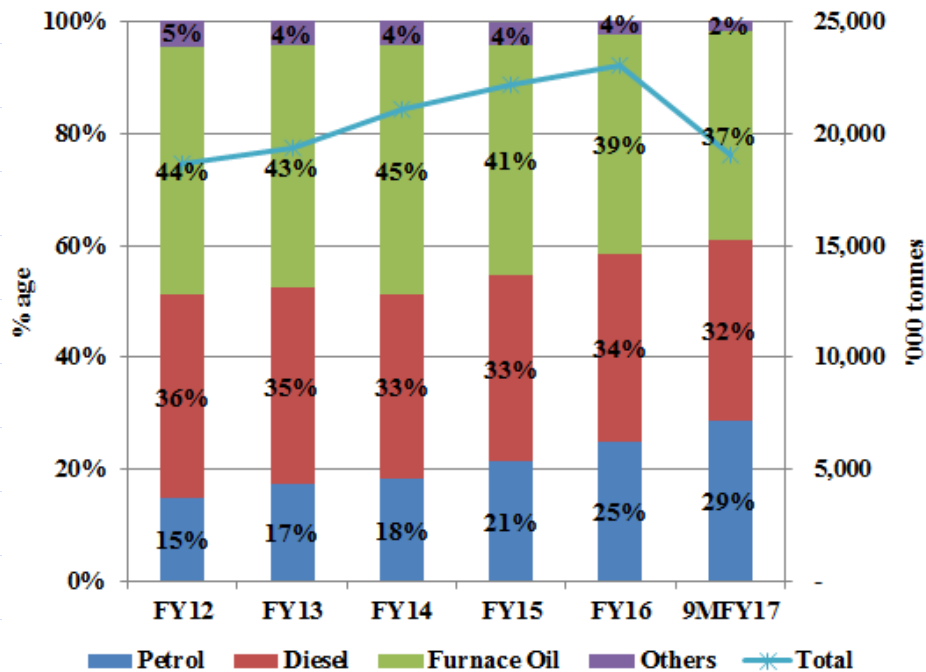
Market Share

Peer
Comparison

OMC Margin

Key
Challenges

National Fuel Consumption – *Product Wise*



- The country's petroleum products consumption have shown a rising trend over the past few years.
- ~98% POL consumption is distributed among three major products.

Industry - Product wise consumption (MMT)				
Products	FY14	FY15	FY16	9MFY17
White Oils				
Motor Spirit (MS)	3.8	4.8	5.8	5.5
JP	0.7	0.7	0.8	0.7
High Speed Diesel (HSD)	6.8	7.4	7.8	6.1
Black Oils				
Furnace Oil (FO)	9.4	9.3	9.0	7.1
Others	0.9	0.7	0.3	0.3
Total	21.1	22.2	23.0	19.0

Consumption

Production Mix

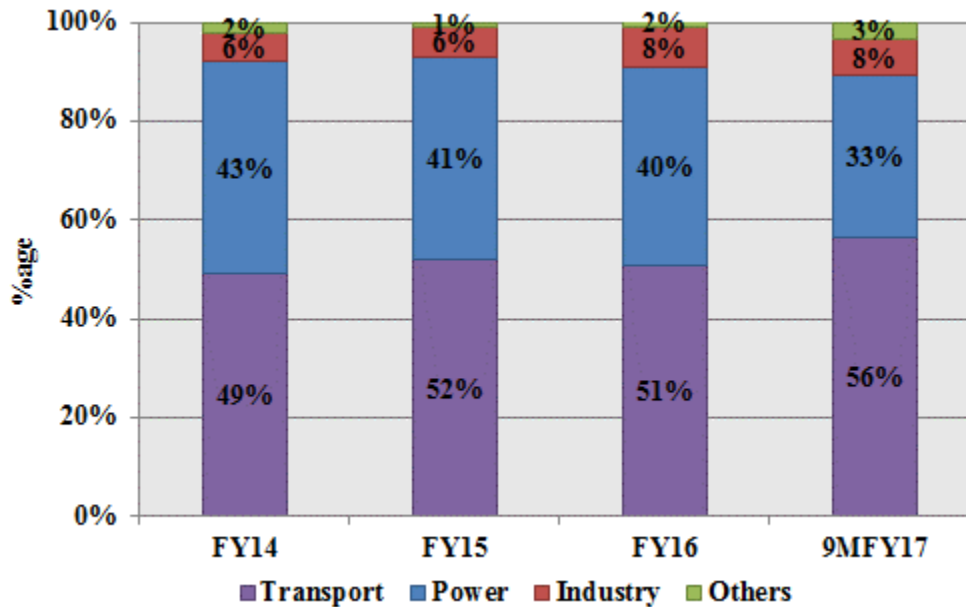
Market Share

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Key Challenges

National Fuel Consumption – Sector Wise



- The country's consumption is mainly driven by two sectors constituting ~90% of the demand.
- Transport sector demand is met by Diesel followed by Petrol.
- Furnace Oil dominates power sector demand.

	FY14	FY15	FY16	9MFY17
Transport	49%	52%	51%	56%
Power	43%	41%	40%	33%
Industry	6%	6%	7%	8%
Others	2%	1%	2%	3%
Total	100%	100%	100%	100%

Consumption

Production Mix

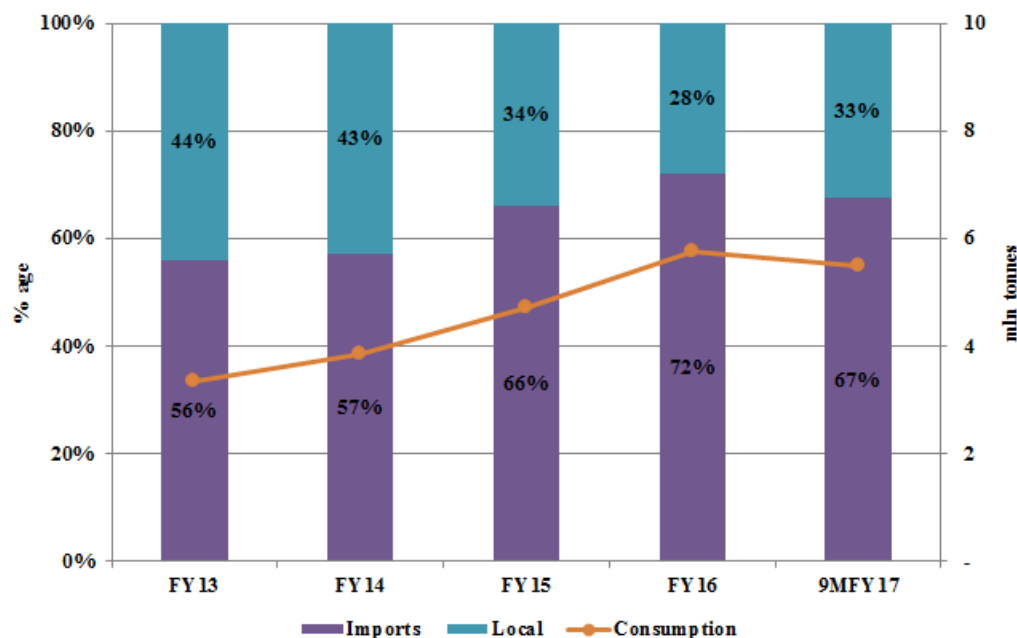
Market Share

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Key Challenges

MS (Production v/s Import)

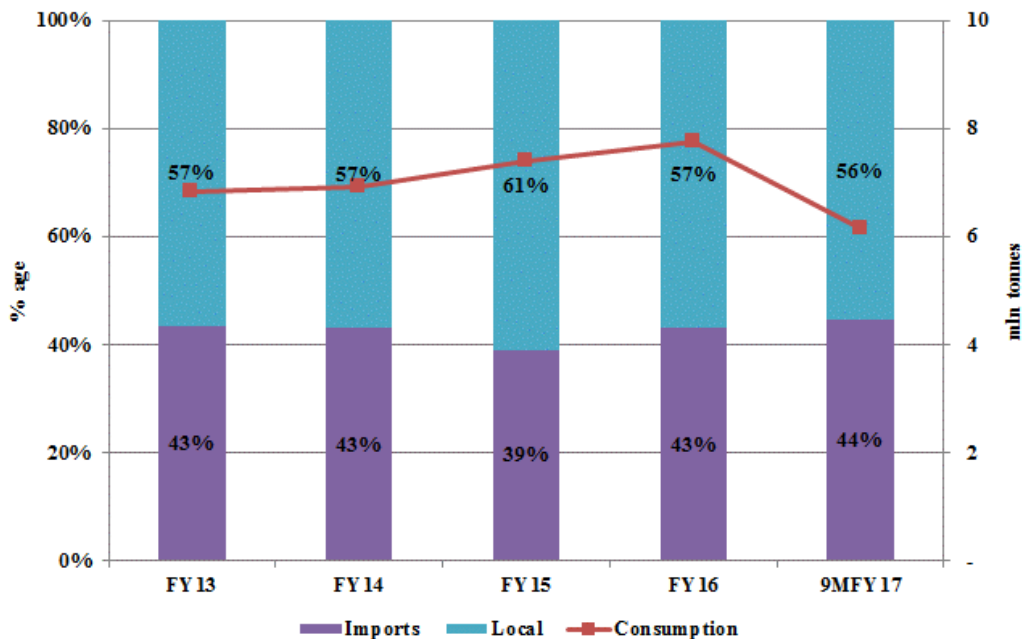


- The country's petrol consumption observed continuous rising trend due to higher automobile demand and low availability of CNG.
- The increased consumption levels in recent years led to a heavy reliance on imports to meet the domestic demand

	Amounts in MMT				
	FY13	FY14	FY15	FY16	9MFY17
Imports	1,876	2,191	3,106	4,147	3,699
Production	1,474	1,653	1,600	1,613	1,783
Consumption	3,350	3,844	4,706	5,760	5,482



HSD (*Production v/s Import*)

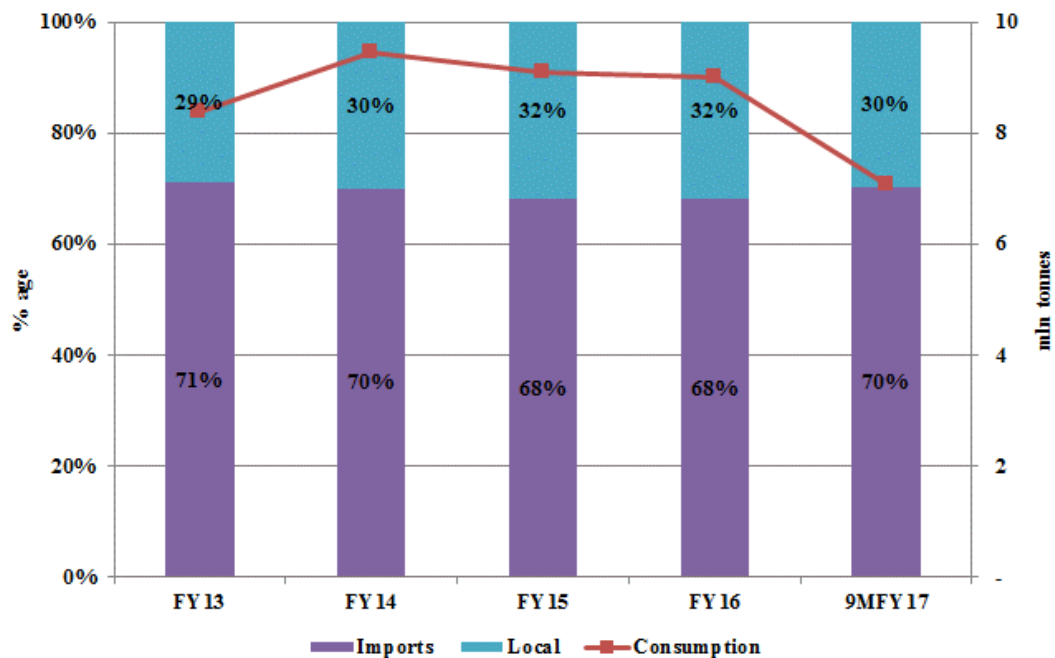


- The country's diesel consumption have largely remained stable
- Reduced quantum of circular debt has benefited the local production levels resulting in low reliance on imports

	Amounts in MMT				
	FY13	FY14	FY15	FY16	9MFY17
Imports	1,452	1,653	1,835	2,477	2,436
Production	5,368	5,261	5,544	5,274	3,712
Consumption	6,820	6,914	7,379	7,751	6,148



FO (Production v/s Import)

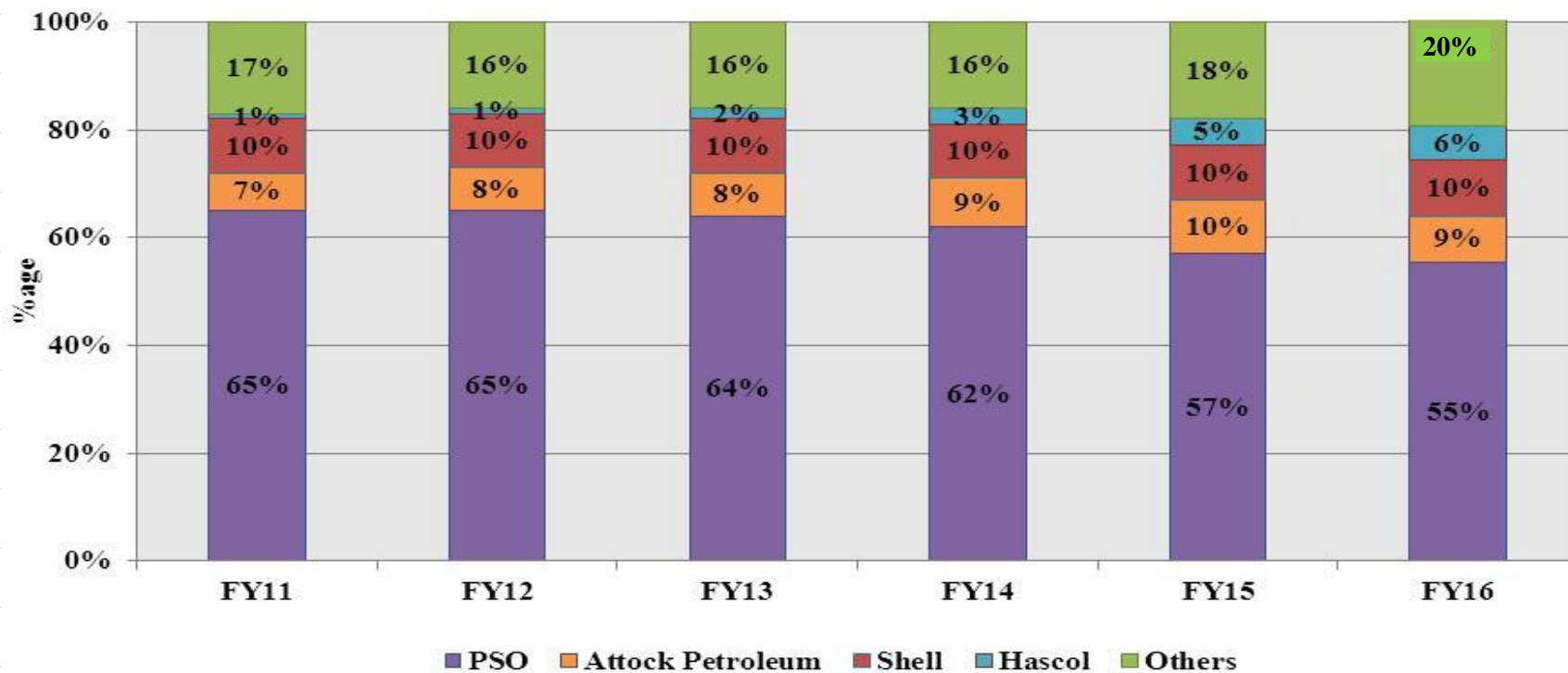


- The imported LNG impacted the demand pattern of furnace oil in the power generation mix during the last two years

	Amounts in MMT				
	FY13	FY14	FY15	FY16	9MFY17
Imports	2,378	2,691	3,200	3,917	3,849
Production	6,010	6,743	5,897	5,082	3,212
Consumption	8,389	9,434	9,097	8,999	7,061



OMCs Market Share



- The major portion of others is represented by Total Parco (Previously Chevron)
- Five major players represent over ~95% market share
- PSO captures the largest market share, though declining over the years
- HASCOL emerges as the key player with constant increase in its share

Consumption

Production Mix

Market Share

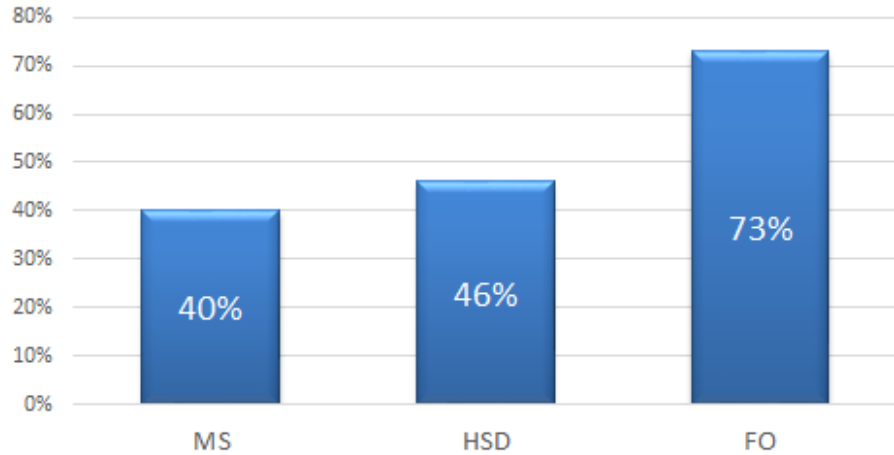
Peer Comparison

OMC Margin

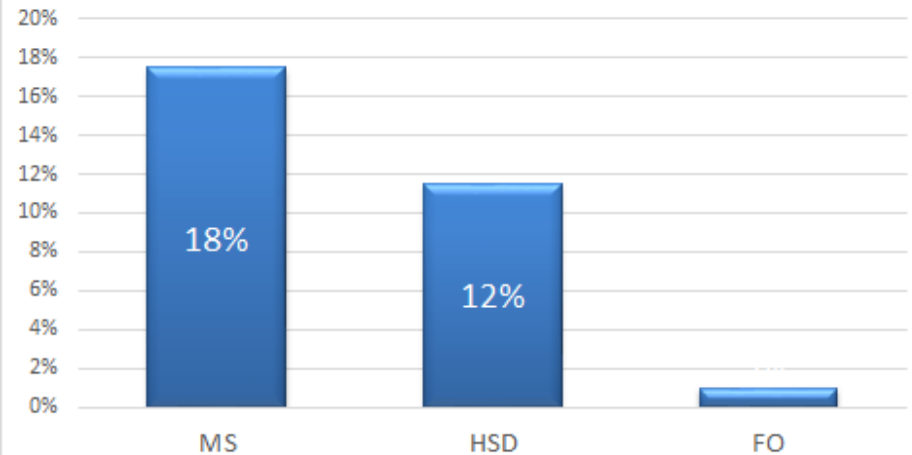
Key Challenges

Product wise OMCs Share – 9MFY17

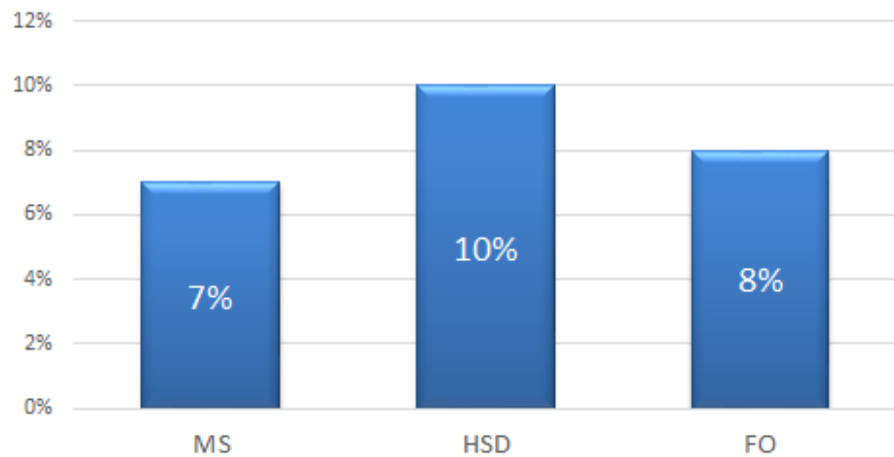
PSO



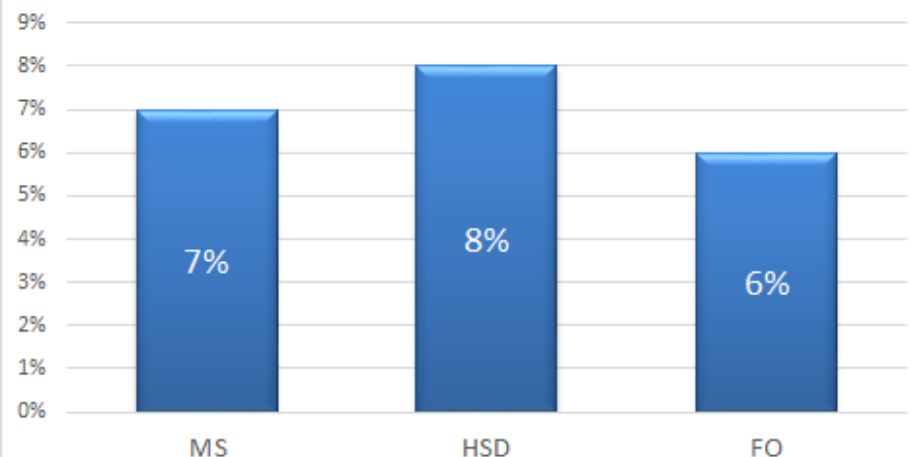
Shell Pakistan



Attock



HASCOL



Consumption

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OMC Margin

Key Challenges

Peer comparison

- OMC sector in Pakistan is dominated by players listed on the country's stock exchange.
- Listed companies of the sector represent ~80% of total volume sold
- Almost all major companies in the sector have observed an increase in revenues mainly due to an uptick in POL volumes

PSO					Shell Pakistan			
(PKR mln)	9MFY17	FY16	FY15	FY14	(PKR mln)	CY16	CY15	CY14
Revenue	629,498	677,967	1,114,411	1,409,574	Revenue	214,853	249,394	292,141
Gross Margin	4%	3%	2%	3%	Gross Margin	7%	4%	3%
PBT	21,677	16,289	12,033	32,969	PBT	5,706	2,345	546
Attock Petroleum					Hascol Petroleum			
(PKR mln)	9MFY17	FY16	FY15	FY14	(PKR mln)	CY16	CY15	CY14
Revenue	96,174	109,234	171,730	205,163	Revenue	99,508	94,065	99,061
Gross Margin	6%	5%	3%	3%	Gross Margin	5%	4%	2%
PBT	6,146	5,633	4,927	5,942	PBT	2,154	1,197	865

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OMC Margin

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OMC Margin

Fuel	Dealer Margin	OMC Margin
Petrol	3.16	2.41
High Speed Diesel	3.16	2.41
Light Diesel Oil	-	1.61

Furnace Oil market is deregulated;
Margin remains at ~3% of the imported price

- The OMC margins are fixed in terms of PKR for MS and HSD.
- The ECC approved to increase these margins by PKR 0.6 for both the products beginning 1st July, 2016 (previously Rs 2.35/litre).
 - It was also decided to link the increase in margins with CPI (Consumer Price Index), going forward
- The margin related to furnace oil remains linked with the imported price

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Key Challenges

Key Challenges

- ◆ Any unfavorable change in OMC and dealer margins may impact the profitability
- ◆ Increase in circular debt will impact working capital cycles
 - Net receivables position of some major players is depicted as follows:

Net Receivables (PKR mln)		
	end-Mar17	end-Jun16
PSO	214,551	178,271
Shell Pakistan	2,850	1,999
Attock Petroleum	11,086	7,669
Hascol Petroleum	9,972	4,012

- ◆ Exchange rate depreciation



Bibliography

1. **Pakistan Energy Year Book**
2. **Pakistan State Oil Company Limited**
3. **Shell Pakistan Limited | Annual report 2016**
4. **Hascol Petroleum Limited | Annual report 2016**
5. **Attock Petroleum Limited: www.apl.com.pk | Petroleum Product Prices**
6. **Oil Companies Advisory Council | www.ocac.org.pk**

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