By Shehryar Ahmad

Byco Petroleum Pakistan Ltd (KA:BYCO), one of Pakistan’s largest energy companies commands a dominating position in the country’s oil industry, and is well positioned to benefit from the surging growth in Pakistan. Due to Pakistan’s ongoing economic expansion, Byco’s long term outlook is extremely promising, being the only vertically integrated company in Pakistan’s petroleum sector. Pakistan’s Oil Companies Advisory Council (OCAC), which constitutes all of the oil refiners and downstream oil marketing companies, estimates that demand for petroleum products will rise at a robust rate of 10% per annum for the next 5 years. Byco intends to leverage its capabilities to capitalize on this extremely healthy prospect for the Oil sector by expanding its core refining as well as other operations.

Byco Petroleum Limited is one of Pakistan’s leading energy firms. It not only holds a dominating position in the country’s oil refining space but also has significant refined products marketing and distribution operations. The company operates two refineries in Mouza Kund in Hub, Balochistan totaling a design capacity of 155,000 barrels of crude oil per day, more than any other refining complex in the country. Byco has Pakistan’s largest crude oil storage capacity as well.

Byco Petroleum owns 355 retail stations located all across Pakistan where it directly sells refined products to the end users. The company also owns Pakistan’s first and only Single Point Mooring facility, or SPM, which is a floating terminal anchored in the deep sea off the coast of Balochistan. The SPM takes crude oil from oil vessels and transports it to Byco’s refineries through its own 15 km subsea and onshore pipelines.

As such, Byco is well positioned to benefit from the growth in Pakistan’s energy market.

Pakistan’s economic growth is expected to accelerate on the back of easing inflation, reduction in non-oil imports, increase in exports, continuing growth in foreign direct investment, and higher levels of workers’ remittances from abroad. The World Bank believes that Pakistan’s economic growth will improve to 5% by 2021. In this backdrop, the demand for petroleum products which was expected to grow at a strong rate of 10% per year, as per the Oil Companies Advisory Council, may likely improve from 2020. Pakistan’s petroleum products demand is expected to continue growing well into the future, climbing to 50 million tons by 2030, due to the impact of the China Pakistan Economic Corridor (CPEC) which is investing nearly $60 billion in Pakistan’s infrastructure including roads, rail, and power network. Byco, which is currently the largest refiner, will be one of the biggest direct and indirect beneficiaries of this infrastructure growth.

Byco has entered 2019 on a strong note after reporting highest ever levels of revenues and profits for the previous fiscal year. The company posted an 88% increase in net sales to Rs 166.29 billion and 130% increase in profits (after tax) to Rs 5.02 billion ($40 million USD) for the previous year after it placed its second refinery, which can process up to
120,000 barrels per day of crude oil, into service. The company has been planning additional upgrades and expansion in the long term in order to tap into the growing demand for petroleum products in Pakistan.

Byco’s SPM is designed to handle both crude oil and refined petroleum products. The floating port can handle Very Large Crude oil Carriers, or VLCCs, while the country’s existing ports are currently not equipped to handle these supertankers. The SPM gives Byco a competitive advantage by making it the country’s only vertically integrated downstream operator. No other refiner in Pakistan can import crude oil and refined products directly through a dedicated port. After refining, Byco distributes the refined products through a fleet of tank lorries all across Pakistan to its own retail stations as well as to the other oil marketing companies including the government-owned Pakistan State Oil (KA:PSO) and Royal Dutch Shell (NYSE:RDSa)’s subsidiary Shell Pakistan Ltd (KA:SHEL). Controlling the entire value chain from crude oil imports to retail stations gives Byco economies of scale. The company has planned to deploy additional SPMs in the future. In the long run, Byco could even turn this into a source of revenues by providing crude oil and refined products imports and export services to other oil refiners and oil marketing companies.

Furthermore, Byco has also been gradually expanding its retail network. The company recently opened its 355th retail outlet and expects to increase its market share by adding around 35-40 stations each year. The company is also leveraging its strength in the downstream space by focusing on growing its liquid petroleum gas (LPG) and petroleum lubricants sales. It has been actively working to make its LPG - which comes in its own branded cylinders - available in all of its retail outlets and other locations. The company has launched its full range of automotive lubricants under the brands CNERGY (for diesel engine), INTELU (for gasoline engine), and BYKER 4T (for motorcycle engine).

In short, Byco is a visionary company exemplified by its innovative ideas of launching Pakistan’s only liquid port, the SPM, and is planning to expand all of its operating areas, including its core refining operations, and is ready to explore new opportunities. Byco has thrived in Pakistan despite challenging macroeconomic conditions but has managed to come out strongly and will benefit from its resilience as Pakistan and its economy scale new heights.

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Byco Commissions Pakistan’s largest Isomerization Plant

Byco CEO Amir Abbassciy

Byco Petroleum of Pakistan will participate in the forthcoming PW Asia Fuel Retail Conference being held in Manila on the 18th June 2019.

Byco will also present “Overview of Fuel Retail in Pakistan”.

ASIA Fuel Retail Conference 2019