

## GOIL FY2024 Results

Current Price: **GHS 1.59**

Current rating **UNDER REVIEW**

Ghana | 19 February 2025

### A chink in the armor

**GOIL Plc ("GOIL") released its unaudited FY2024 financial results on 14 February 2024, posting an unexpected 85.2% y/y surge in profit-after-tax to GHS 101.3mn. The upturn in earnings was on the back of a 25.0% y/y surge in sundry income to GHS 64.1mn and a 6.9% y/y decline in input cost to GHS 18.5bn which outpaced a 6.1% y/y decline in revenue. In our view, the decline in revenue is attributable to a 14.5% y/y drop in sales volume which in turn contributed to a 6.9% y/y reduction in input costs. Operating expense was well contained despite the cedi depreciation and inflationary pressures while the rise in finance expense is attributable to a 131.6% y/y surge in debt to GHS 982.6mn amidst the high cost of borrowing. Overall, GOIL's earnings outturn was a pleasant surprise. However, we are concerned about the 14.5% y/y decline in sales volume which led to the decline in revenue. While the factors driving bottom-line growth in the period were supportive, we do not believe they are sufficiently sustainable to maintain earnings momentum in the near term. We therefore remain cautious on near-term prospects for GOIL despite positive medium-term prospects.**

**FY2024 Performance: Decline in input cost and surge in sundry income propel bottom-line growth**

- GOIL's profit-after-tax surged by 85.2% y/y to GHS 101.3mn, on the back of a 6.9% y/y decline in input cost to GHS 18.5bn and a 25.0% y/y surge in sundry income to GHS 64.1mn
- GOIL's topline declined by 6.1% y/y to GHS 19.3bn due to a 14.5% y/y drop in sales volume. The decline in sales volume eroded the 19.0% and 18.9% y/y increase in GOIL's ex-pump prices for petrol and diesel, respectively, weighing on revenue
- Cost of sales dropped by 6.9% y/y to GHS 18.5bn, despite the impact of the Cedi's depreciation but likely underscores the lower sales during the period.
- Resultantly, gross margin inched up by 0.8pp y/y to 4.2% in FY2024
- Sundry income surged by 25.0% y/y to GHS 64.1mn
- Operating expense increased by 9.5% y/y to GHS 638.5mn, solely driven by general, administrative and selling expense.
- Resultantly, operating margin nudged up by 0.4pp to 1.3% in FY2024
- Financial charges spiked by 22.0% y/y to GHS 109.7mn, due to a 131.6% y/y surge in debt to GHS 982.7mn
- Consequently, net profit margin ticked up marginally by 0.3pp y/y to 0.5% in FY2024.

### Outlook: Cautious on near-term earnings momentum

- We were pleasantly surprised by the significant surge in GOIL's earnings for FY2024. However, the decline in revenue drivers leaves us doubtful about the sustainability of the current earnings trajectory in the near term. As a result, we maintain a cautious stance on GOIL's earnings outlook, in the absence of a credible information on the strategy to revive sales volume
- We believe the decline in sales volume reflects weak demand due to price increases in a highly competitive market, in addition to a likely reduced product supply, considering the 13.8% y/y decline in inventory. We believe GOIL's near-term performance will depend on its ability to navigate competitive pressures, revive demand, and optimize pricing strategies to drive sustainable revenue recovery.
- Given the elevated interest rates, the increased use of bank credits poses a risk to the earnings outlook and we think GOIL may require a different financing structure to control its finance expenses. We also foresee the potential for refinancing the existing credit facilities with more sustainable funding to ease the financing cost and the strain on bottom-line.
- Overall, GOIL's earnings outturn appears impressive. However, we are concerned about the 14.5% y/y decline in sales volume which led to the decline in revenue. While the factors driving bottom-line growth in the period were supportive, we do not believe they are sufficiently sustainable to maintain earnings momentum in the near term. We therefore remain cautious on near-term prospects for GOIL despite positive medium-term outlook. Additionally, continued elevation in finance expenses will further strain profitability.
- The appointment of a new Chief Executive Officer by the new Ghanaian administration also deepens our cautious stance as we await the strategic direction under the new leadership.

### Key risks

- Uncertain outlook for demand recovery, competitive landscape, exchange rate volatility, and a new strategic direction under the new management.

### Valuation: Under Review

- We are in the process of re-initiating coverage on GOIL and have therefore placed our recommendation under review
- GOIL is currently trading at a TTM P/E of 5.9x and EV/EBIT of 5.6x

Analyst:  
Emmanuel Dadzoe: +233 30 825 0051

For further information, please contact our Research Team. T: 233 308-250051 | +233 302-252517 Email: [research@icsecurities.com](mailto:research@icsecurities.com)

**Disclaimer:**

This report is designed to be utilized by qualified institutional and professional investors only. Private investors must consult their investment adviser or broker for professional advice before seeking to act on the contents of this report. This advice has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. IC Securities' investment research reports are provided for informational purposes only. All information provided in this report is the intellectual property of IC Securities, is for the use of intended recipients only, and may not be reproduced in any form whatsoever without the express written consent of IC Securities. Descriptions are not intended to be complete and cannot be guaranteed to be accurate; therefore, IC Securities does not assume any legal liability or responsibility for any inaccuracies or misrepresentations contained in this report. Neither IC Securities nor its management, officers or employees accept responsibility or liability for, or make any representation, statement or expression of opinion or warranty, express or implied, with respect to the accuracy or completeness of the information or any oral communication in connection therewith. There may be regulatory or confidentiality obligations which prevent IC Securities from disclosing information, material or otherwise, which would normally be expected to be included in this report. The price of any securities stated in this report is the reported market price as of the date indicated, taken from sources IC Securities believes to be reliable. IC Securities does not represent that this price may be achieved in any transaction. Due to the inherently illiquid and relatively opaque nature of most of the Firm's coverage markets, any price stated in this report may not reflect the true trading price of the security referenced. This document does not constitute an offer by, or on behalf IC Securities to enter into any transaction with you and will not form the basis of a contract for any such transactions. This report does not constitute an offer to sell or solicitation of a purchase order in respect of any securities, derivative or other instrument by the Firm.

