TOTAL FY2024 Results

Current rating **UNDER REVIEW**

Current Price: GHS 13.37

Ghana | 07 February 2025

Rolling in the green

TotalEnergies Marketing Ghana Plc ("TOTAL") released its unaudited FY2024 financial results on 31 January 2025, posting an impressive 69.3% y/y surge in profit-after-tax to GHS 287.7mn. The growth in earnings was mainly on the back of a 15.9% y/y increase in revenue to GHS 7.0bn, a 53.8% y/y surge in other income to GHS 73.6mn, and a 13.4% y/y decline in finance expense to GHS 71.9mn. In our view, topline growth was mainly driven by increase in ex-pump prices and a 16.6% y/y growth in sales volume in 4Q2024 (+3.4% in FY2024). Also, operating expense was well contained, increasing by 8.0% y/y to GHS 373.4mn despite the cedi depreciation. The decline in finance cost was due to a 67.9% y/y plunge in the use of bank overdraft. Overall, we are impressed by the surge in TOTAL's earnings on account of the growth in sales volume, which shows strong demand and underlying support for revenue. We expect TotalEnergies' diversified service offerings, extensive distribution network, and the ongoing recovery in the Ghanaian economy to drive higher fuel and non-fuel demand. These factors should serve as key growth catalysts, supporting revenue expansion in 2025.

FY2024 Performance: Topline growth, surge in other income and decline in finance expense stimulates bottom-line growth

- TOTAL's bottom-line surged by 69.3% y/y to GHS 287.7mn, on the back of a 15.9% y/y increase in topline to GHS 7.0bn, a 53.8% y/y surge in other income to GHS 73.6mn and a 13.4% y/y decline in finance expense to GHS 71.9mn
- In our view, topline growth was supported by a 19.5% y/y increase in ex-pump petrol prices and an 18.8% y/y rise in ex-pump diesel prices, as well as a 3.4% y/y growth in sales volume in FY2024.
- As a result of the increase in topline, gross profit surged by 28.4% y/y to GHS 797.9mn
- Cost of sales was well contained, increasing by 14.5% y/y to GHS 6.2bn
- Resultantly, gross margin increased by 1.1pp y/y to 11.4% in FY2024
- TOTAL posted GHS 2.6mn as impairment charge on trade receivables in FY2024 compared to impairment gain of GHS 0.96mn in the prior year
- Operating expense increased by 8.0% y/y to GHS 373.4mn, solely driven by General, administrative and selling expense.
- Consequently, operating profit surged by 52.6% y/y to GHS 495.5mn, improving TOTAL's operating margin by 1.7pp y/y to 7.1%
- Finance expense declined by 13.4% y/y to GHS 71.9mn, owing to a 67.9% y/y plunge in the use of bank overdraft to GHS 67.4mn
- Other income surged by 53.8% y/y to GHS 73.6mn.
- Resultantly, net profit margin increased by 1.3pp y/y to 4.1%.

Outlook: Bullish on positive momentum for FY2025 top-line performance

- TotalEnergies' strategic objective for 2024 was to deliver high-quality, affordable, clean, reliable, and accessible energy products while maintaining responsible and profitable customer service. The company also aimed to reinforce brand loyalty through innovation. In our view, these objectives were successfully executed. Looking ahead to 2025, we expect management to sustain these strategic initiatives, supporting continued topline growth.
- We anticipate that the ongoing recovery in the Ghanaian economy will drive higher fuel demand in 2025, supported by increased industrial activity and commercial transportation needs.
- TotalEnergies continues to expand its solarization project across its service station network, increasing the number of outlets equipped with solar installations. Stations that have adopted this initiative have realized significant electricity cost savings and enhanced operational efficiency. This aligns with TotalEnergies' broader climate ambition of achieving net-zero carbon emissions by 2050. Looking ahead, management remains committed to the phased rollout of this project, further strengthening the company's sustainability profile and long-term cost optimization strategy. We anticipate that the phased rollout of solar installations will yield long-term cost benefits.
- We recognize that the depreciation of the cedi poses a significant risk to input costs and operating expenses. However, we expect that TOTAL will maintain stringent cost control measures on both OPEX and input costs, a strategy that should support margin improvement. By keeping OPEX growth minimal and actively managing input costs, TOTAL can leverage its topline growth to further drive improvements in operating and net profit margins, solidifying bottom-line growth.
- Overall, we maintain a positive outlook on TOTAL's performance, reflecting notable improvements in revenue and profitability, driven by both price adjustments and volume expansion. The company has successfully leveraged strategic pricing and operational efficiencies to bolster topline growth, which has translated to stronger bottom-line results. We expect continued discipline in managing operating expenses and input costs, likely supporting sustained margin improvements.

Valuation: Under Review

- We are in the process of re-initiating coverage on TOTAL and have therefore placed our recommendation under review
- TOTAL is currently trading at a TTM P/E of 5.1x and EV/EBIT of 3.0x

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