



TOTAL 9M2025 Results

Current rating: **SELL**

Year-to-date: **+208.7%**

Current Price: GHS 40.5 | Current Fair Value: GHS 30.84 | Downside: 23.85%

Ghana | 12 November 2025

Cost Gains Mask Weak Topline

Rating Summary

We issue a SELL rating on TotalEnergies Marketing Ghana Plc (TOTAL), as we believe the stock's price has run ahead of its fundamentals. The share price has surged 208.7% year-to-date to GHS 40.50, far exceeding our fair value estimate of GHS 30.84. This rally, in our view, reflects excessive market optimism surrounding the company's solarisation initiative, cost-efficiency gains, and dividend stability, all of which are already priced into the current valuation. We note that, the solarisation programme has improved operational efficiency, reducing reliance on grid power and moderating operating expense growth to 17.5% (2018–2023) from 19.4% (2012–2017). We forecast operating expense to grow at an average of 16.3% (2025–2029), culminating in a forecast operating margins to average 7.0% between FY2025 and FY2029, only modestly above the historical five-year average of 5.6%. However, competitive pressures in Ghana's downstream petroleum market have intensified, with a total of 192 licensed OMCs, several of which offer aggressive pump-price discounts to capture market share. This dynamic continues to erode pricing flexibility and volume growth for TotalEnergies Ghana, while gradually constraining its overall market position. We estimate revenue growth to decelerate to a 9.4% CAGR (FY2025 – FY2029) from a historical 21.7%, reflecting the challenges of maintaining market share amid intensifying price competition. Additionally, global energy prices could remain depressed in the short-to-medium term as faltering global demand shifts the crude oil market into oversupply with the World Bank forecast average price of USD 61.5pb (2026 – 2027). Domestically, we expect a more stable Ghanaian Cedi with an average annual depreciation of 6.8%. This combined effect of a likely depressed energy prices and relatively stable exchange rate will cap the upside for domestic pump prices, restraining topline momentum. The company has maintained a consistent dividend payment, steadily rewarding shareholders over the years. The company's five-year average dividend yield stands at 16.4% (2020–2024), underpinned by a five-year average payout ratio of 47.6%. However, the sharp 208.7% year-to-date rally in the share price has compressed the dividend yield to an average of 15.1% (2021–2025) and a current yield of 6.3%. While TOTAL's current dividend yield of 6.3% appears unattractive relative to the current 364-day Treasury bill rate of 13.02%, it remains higher than GOIL's dividend yield of 2.1%. However, we opine that the sharp decline in TOTAL's dividend yield supports our thesis that the current price rally appears to outpace the company's fundamentals. We obtained our fair value estimate using a blended valuation approach comprising Discounted Cash Flow (40% weight), Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortisation – EV/EBITDA – (45% weight), and Dividend Discount Model (15% weight). The intrinsic value estimate is based on a 15.69% risk-free rate, a weighted average cost of capital (WACC) of 20.7%, and a terminal growth rate of 5.0%.

9M2025 Earnings Update

TotalEnergies Marketing Ghana Plc ("TOTAL") released its unaudited 9M2025 financial results 31 October 2025, posting a 36.4% y/y surge in profit-after-tax to GHS 264.4mn, but came in 9.3% below our expectation. The growth in earnings was mainly on the back of a 2.2% y/y decline in cost of sales to GHS 4.4bn, a 142.6% y/y spike in finance income to GHS 0.8mn, a 55.0% y/y decline in finance cost to GHS 27.8mn and a turnaround from an impairment loss of GHS 1.8mn to a gain of GHS 2.2mn. In our view, the decline in cost of sales is partly due to lower procurement volumes following reduced consumption (-10.5% q/q, -4.3% y/y), coupled with the appreciation of the Cedi against the US Dollar. Revenue was broadly flat (+0.2% y/y) at GHS 5.1bn, lagging 9.7% below our expectation. Ex-pump prices declined by 6.3% y/y for petrol but remained flat for diesel. Operating expense was well contained, increasing by 12.4% y/y to GHS 311.1mn, below 17.3% average inflation in 9M2025 (vs 22.9% in 9M2024). Finance expense declined by 55.0% y/y to GHS 27.8mn, owing to a 37.0% y/y plunge in long term loan to GHS 79.7mn. Overall, we are broadly impressed by TOTAL's strong cost discipline, which underpinned the significant improvement in profitability despite a sluggish top line. However, the muted revenue growth, capped by a 0.5% y/y decline in market share amid intensifying competition, tempers our optimism. While cost containment delivered a notable uplift in earnings, these gains appear non-recurring and may not be sustainable in the near term. In the near-term, we expect TOTAL to depend on its non-fuel products and other service offerings as a revenue backstop amid the competitive pressure in the fuel segment. Consequently, we remain cautious about the company's revenue outlook and competitive positioning in the highly contested downstream market.

9M2025 Performance: Lower Cost of Sales, Reduced Finance Cost, and Higher Finance Income Propel Bottom-Line Growth

Revenue and Income Dynamics

- TOTAL's bottom-line surged by 36.4% y/y to GHS 264.4mn, on the back of a 2.2% y/y decline in cost of sale to GHS 4.4bn, a 55.0% y/y plunge in finance cost to GHS 27.8mn and a 142.6% y/y surge in finance income to GHS 0.8mn
- Revenue inched up by 0.2% y/y to GHS 5.1bn, as flat diesel prices cushioned the impact of a 6.3% y/y drop in ex-pump petrol prices. Despite a 4.3% y/y decline in sales volume, the marginal growth in revenue is supported by sales in non-fuel products such as bitumen and lubricants

- As a result of the decline in cost of sale, gross profit increased by 18.3% y/y to GHS 701.3mn
- Finance income surged by 142.6% y/y to GHS 0.8mn,
- Other income declined by 24.0% y/y to GHS 19.8mn.
- TOTAL posted GHS 2.2mn as impairment gain on trade receivables in 9M2025, a turnaround from an impairment charge of GHS 1.8mn in the prior year
- Operating profit surged by 20.5% y/y to GHS 412.3mn

Cost and Risk Management

- Cost of sales was well contained, decreasing by 2.2% y/y to GHS 4.4bn. In our view, the decline in cost of sales is partly due to lower procurement volumes following reduced consumption (-10.5% q/q, -4.3% y/y), coupled with the appreciation of the Cedi against the US Dollar.
- Operating expense increased by 12.4% y/y to GHS 311.1mn, solely driven by General, administrative and selling expense.
- Finance cost declined by 55.0% y/y to GHS 27.8mn, owing to a 37.0% y/y plunge in long term loan to GHS 79.7mn, amid the sharp fall in domestic interest rates

Margin Performance

- Gross margin increased by 2.1pp to 13.7%
- TOTAL's operating margin increased by 1.4pp to 8.0% in 9M2025.
- Consequently, net profit margin rose by 1.4pp to 5.1% in 9M2025.
- The broad-based increase in TOTAL's margins reflect impressive cost containment

Investment Thesis & Outlook

Cost Discipline to Support Earnings, but Upside Remains Capped

Competitive Pressures Constrain Pricing Flexibility and Revenue Growth

- The Ghanaian downstream petroleum market remains intensely competitive, with lesser-known Oil Marketing Companies (OMCs) offering pump-price discounts to gain market share. This price competition limits TotalEnergies' sales volume growth and affects its market share and revenue as consumers switch to cheaper alternatives. Although the company maintains a strong brand reputation and nationwide distribution network, its premium market positioning continues to cap growth in price-sensitive segments. We estimate that TotalEnergies' topline will expand at a 9.4% CAGR over FY2025–FY2029, a sharp deceleration from the historical five-year CAGR of 21.7%. In an increasing competitive landscape of Ghana's downstream petroleum market where a total of 192 licensed oil marketing companies currently operate, we continue to observe intensifying price pressures across retail channels. New entrants and smaller OMCs continue to capture market share by offering competitive prices. We believe the "premium positioning" limits TOTAL's ability to defend volumes during periods of heightened competition and economic strain as TotalEnergies Ghana currently offers the highest market prices similar to legacy peers such as GOIL and Shell and representing an 11.0% premium above market leader (Star Oil).

Solarisation Benefits Already Priced in with Margin Gains Fully Captured

- TotalEnergies' solarisation initiative remains a clear strategic differentiator within Ghana's downstream petroleum landscape. The programme has expanded steadily, with solarised stations rising from 102 in 2022 to 128 by end-2023, representing 47% of its total network of 273 outlets. This rollout has reduced reliance on grid electricity and mitigated the impact of rising utility costs, contributing to measurable operating efficiency. Between 2018 and 2023, operating expense growth averaged 17.5%, down from 19.4% between 2012 and 2017, reflecting genuine progress in cost containment and energy efficiency. However, we believe the market has already captured the value of this initiative in the stock's current price. The stock's 208.7% year-to-date rally to GHS 40.50 far exceeds our fair value estimate of GHS 31.07, implying that the market has overstated the sustainable benefits of solarisation and other cost optimisation. While we expect the rollout of net metering policy to enable monetisation of surplus solar energy, its revenue impact will be immaterial relative to TotalEnergies' overall revenue base. We forecast operating expense to grow at an average of 16.3% (2025–2029). This translates into a forecast average operating margin of 7.0% between FY2025 and FY2029, modestly higher than the historical five-year average of 5.6%. In our view, market optimism has pushed the stock's price beyond fundamentals, embedding overly optimistic expectations in a highly competitive environment and FX-linked cost pressures. Given these dynamics, we consider the stock as overpriced and see a growing risk of price correction as investor optimism normalises.

Sustained Dividend Strength, but Income Appeal Weakens at Current Price

- TotalEnergies Ghana has maintained a consistent track record as a reliable dividend payer, steadily rewarding shareholders over the years. The company's five-year average dividend yield stands at 16.4% (2020–2024), underpinned by a five-year average payout ratio of 47.6%. However, the sharp 208.7% year-to-date rally in the share price has compressed the yield to an average of 15.1% (2021–2025) and a current yield of 6.3%. While TOTAL's current dividend yield of 6.3% stands below the 364-day current Treasury bill rate of 13.02%, the 6.3% is still higher than GOIL's dividend yield of 2.1%, making TOTAL a better option for cash flow generation than its listed peer. However, we opine that the sharp decline in TOTAL's dividend yield supports our view that the recent price rally has outpaced the company's fundamentals.

Summary of Outlook

- Looking ahead, we expect TotalEnergies Marketing Ghana Plc to maintain operational discipline and margin stability through continued cost optimisation and solarisation benefits. However, the company's topline expansion is likely to moderate as competition intensifies across the downstream petroleum sector. We expect intensifying competition from smaller Oil Marketing Companies and weak volume growth to constrain revenue momentum. While cost efficiencies will help offset some of these pressures, we see limited upside to near-term profitability.

Valuation & Recommendation: **SELL**

- Our SELL rating is based on our weighted average fair value of GHS 30.84 per share, representing a downside of 23.85%, using the weighted average prices from our Discounted Cash Flow (DCF), Dividend Discount (DDM) and relative valuation models.
- TOTAL is trading at a TTM P/E of 12.65x, P/E of 17.31x and EV/EBITDA of 7.51x (vs peer mean of 6.81x).

Valuation panel

In valuing TotalEnergies Ghana Plc, we applied three techniques, the Discounted Cash Flow (DCF) model, the Dividend Discount Model (DDM), and a relative valuation model, to determine the intrinsic value. Our relative valuation model uses the Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortisation (EV/EBITDA) multiple, which measures operating performance relative to the company’s total value. The DDM focuses on intrinsic value based on actual cash returns to shareholders, while the DCF model captures a company’s intrinsic value based on future cash flows adjusted for the time value of money. Using DCF, DDM, and EV/EBITDA together provides a balanced perspective by combining long-term intrinsic value, tangible shareholder returns, and market-based relative valuation into a comprehensive view of the company’s worth. We assigned a weighting of 15.0% to the DDM, 40.0% to the DCF and 45.0% to the EV/EBITDA models. We assigned a higher weighting to the EV/EBITDA model because it better reflects TotalEnergies Marketing Ghana’s underlying operating performance. Given the firm’s consistent profitability and modest dividend payouts, this approach provides a fairer and more stable measure of value compared to cash flow or dividend-based models.

Valuation inputs – Cost of Capital

Parameter	Value	Note
Risk-free rate	15.69%	This rate reflects the average yield on restructured bonds listed on the Ghana Fixed Income Market (GFIM) as of the valuation date by end of October 2025. The recent improvement in bond trading amidst the downturn in yields has enhanced price discovery for the DDEP bonds, restoring the bond yields in our model as the risk-free rate.
Market risk premium	6.0%	This aligns with the upper band of our preferred range from 4.0% to 6.0% and reflects our view of the elevated risk premiums in developing markets
Beta	1.377	We calculate beta using daily, weekly, monthly and quarterly data over a one to fifty-year period. We employed betas that are statistically significant with the highest coefficient of determination.
WACC	20.7%	Based on a book value equity of GHS 609.8mn and book value debt of GHS 194.7mn, we calculate the WACC with a cost of debt of 10.6% and cost of equity of 24.0%
Peer mean ratio (EV/EBITDA)	6.81	The peer mean EV/EBITDA is computed using the EV/EBITDA of OMCs including GOIL, TOTAL KENYA, KENOLKOBIL and ARDOVA PLC

Valuation summary (GHS/share)

EV/EBITDA	DCF	DDM	WEIGHTED AVG
46.10	19.74	14.60	30.84

Key risks to valuation

Upside: Sustained recovery in fuel demand, stable or appreciating local currency, expansion of non-fuel income streams and favourable regulatory or tax reforms

Downside: Uncertain outlook for demand recovery, intensifying competitive pressures, exchange rate volatility, unexpected global energy price shocks, regulatory risks and price controls, rising finance costs and supply chain disruptions

Income statement

GHS 000	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	6,058,689.0	7,020,910.0	7,582,582.8	8,340,841.0	9,174,925.0	10,000,668.0	11,000,735.3

Cost of Sales	(5,436,745.0)	(6,223,035.0)	(6,619,594.8)	(7,298,235.0)	(8,028,059.0)	(8,800,588.0)	(9,680,647.1)
Gross Profit	621,944.0	797,875.0	962,988.0	1,042,605.0	1,146,865.0	1,200,080.0	1,320,088.2
Other Income	42,443.0	73,637.0	83,209.80	94,027.1	106,250.60	120,063.2	135,671.4
Impairment loss/gain on trade receivables	7,180.0	(2,591.0)	-	-	-	-	-
Administrative expenses	(346,621.0)	(373,434.0)	(455,963.3)	(507,088.3)	(567,058.2)	(703,409.1)	(795,335.1)
Operating profit	324,946.0	495,487.0	590,234.5	629,543.9	686,058.0	616,734.3	660,424.5
Finance income	3,301.0	665.0	698.3	733.2	769.80	808.3	848.7
Finance expenses	(86,257.0)	(72,540.0)	(31,532.6)	(36,700.8)	(41,082.0)	(49,674.0)	(48,301.9)
Profit before Income Tax	241,917.0	424,321.0	559,400.2	593,576.3	645,745.8	567,868.6	612,971.4
Income tax expense	(69,646.0)	(132,400.0)	(170,890.0)	(181,003.0)	(195,236.0)	(173,127.0)	(188,738.0)
Profit for the Year	172,271.0	291,921.0	388,510.2	412,573.3	450,509.8	394,741.6	424,233.4

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