



## TOTAL FY2025 Results

Current rating: **REDUCE**

Year-to-date: **-0.3%**

Current Price: GHS 40.19 | Current Fair Value: GHS 36.83 | Downside: 8.36%

Ghana | 06 February 2026

### Earnings supported by non-core income measures

#### Rating Summary

We revise our rating on TotalEnergies Marketing Ghana Plc to “REDUCE” from a “SELL”, raising our fair value estimate upward by 19.4% to GHS 36.83. Our revised fair value reflects anticipated revenue drivers from infrastructure demand, bitumen sales, and tax relief measures. We expect Ghana’s “Big Push” road construction project to drive meaningful demand for transport and logistics services, directly lifting diesel and petrol consumption as construction vehicles, trucks, and heavy machinery operate intensively. The programme will also boost demand for maintenance-related fuels and lubricants, generating ancillary revenue streams for Oil Marketing Companies (OMCs), including TotalEnergies Marketing Ghana. In addition, the expansion of road infrastructure will create substantial demand for bitumen, further complementing TotalEnergies’ core fuel distribution business. Collectively, these developments underpin our forecast revenue growth of 12.0% y/y to GHS 7.4bn in FY2026, reversing the 6.0% y/y contraction recorded in FY2025 and implying a five-year average revenue growth of 10.2%. While this remains below the historical five-year average of 22.5%, the disparity reflects a distortion in FY2022, when revenue surged 76.2% y/y despite a 4.9% y/y decline in volumes, driven largely by price effects. Excluding FY2022, historical five-year average revenue growth moderates to 8.5%, below our forecast of 10.2%. TotalEnergies’ revenue outlook is further supported by tax-related developments, including the reduction of the effective VAT rate from 21.9% to 20% and restored access to input tax credits of 5.0%, which partially mitigate tax-related cost pressures on consumers and reduces the impact of the GHS 1.0 per litre energy sector levies. At a current P/E of 13.7x, above the peer average of 12.0x, TotalEnergies Ghana trades at a premium. Our revised fair value of GHS 36.83 per share, reflect anticipated revenue drivers from infrastructure demand, bitumen sales, and tax relief measures, but remains 8.36% below the current market price of GHS 40.19, reflecting constrained upside potential and supporting our “Reduce” rating. 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 – (40% weight), and Dividend Discount Model (20% weight). The intrinsic value estimate is based on a 15.01% risk-free rate, a weighted average cost of capital (WACC) of 18.9%, and a terminal growth rate of 5.0%.

#### FY2025 Earnings Update

TotalEnergies Marketing Ghana Plc (“TOTAL”) released its unaudited FY2025 financial results on 30 January 2026, posting a 13.2% y/y increase in profit-after-tax to GHS 330.4mn, but fell 13.2% below our expectation. The growth in earnings was mainly on the back of an 8.9% y/y decline in cost of sales to GHS 5.7bn, a 60.5% y/y surge in finance income to GHS 1.1mn, and a 53.2% y/y plunge in finance cost to GHS 34.0mn. In our view, the decline in cost of sales is partly due to lower procurement volumes following reduced consumption (-2.9% q/q, -16.0% y/y), coupled with a 40.7% y/y appreciation of the cedi against the USD in FY2025. Revenue declined by 6.0% y/y to GHS 6.6bn, lagging 11.4% below our expectation as lower ex-pump prices were not offset by volume recovery. Operating expense increased by 17.5% y/y to GHS 441.7mn, above 14.6% average inflation in FY2025 despite the company’s service station solarisation drive. Finance expense slumped by 53.2% y/y to GHS 34.0mn, owing to a 32.7% y/y plunge in total debt to GHS 151.7mn. In our view, cash fell sharply by 44.3% y/y to GHS 95.2mn as resources were deployed to build inventory, likely to capitalise on the cedi’s appreciation and hedge against currency volatility. However, a 16.0% decline in consumption volume weighed on sales, resulting in the 6.0% y/y revenue decline amid softer demand and a competitive landscape. We note that TotalEnergies’ petrol price was pegged at 17.2% above the price floor of GHS 10.67 and diesel at 14.8% above the GHS 11.32 floor in the second pricing window of December 2025, as published by the National Petroleum Authority (NPA). We also observed that, the decline in revenue growth suppressed TotalEnergies’ market share by 1.1pp y/y to 5.29%. Overall, non-core income measures supported earnings materially, yet these gains are largely non-recurring and unlikely to be sustained in the near term. That said, we expect Ghana’s “big push” road construction programme, to generate meaningful demand for fuel, lubricants and bitumen, to support revenue streams. We expect these developments to translate into improved fuel sales volumes and support revenue growth in 2026.

FY2025 Performance: Non-core Income Propel Bottom-Line Growth

#### Revenue and Income Dynamics

- TOTAL’s bottom-line increased by 13.2% y/y to GHS 330.4mn, on the back of an 8.9% y/y decline in cost of sale to GHS 5.7bn, a 53.2% y/y plunge in finance cost to GHS 34.0mn and a 60.5% y/y surge in finance income to GHS 1.1mn
- Revenue declined by 6.0% y/y to GHS 6.6bn, driven by a sharp 16.0% y/y contraction in volumes, compounded by lower pricing, with ex-pump prices of petrol and diesel falling 18.3% y/y and 17.8% y/y, respectively.
- Gross profit increased by 16.4% y/y to GHS 929.1mn due to an 8.9% y/y fall in cost of sale to GHS 5.7bn
- Finance income surged by 60.5% y/y to GHS 1.1mn
- Other income plunged by 52.0% y/y to GHS 35.4mn.

- Operating profit rose by 5.5% y/y to GHS 522.7mn

### Cost and Risk Management

- Cost of sales declined by 8.9% to GHS 5.7bn. In our view, the decline in cost of sales is partly due to lower procurement volumes following reduced consumption (-2.9% q/q, -16.0% y/y), coupled with a 40.7% y/y appreciation of the cedi against the USD in FY2025
- Operating expense increased by 17.5% y/y to GHS 441.7mn, driven by General, administrative and selling expense (+16.6% y/y, GHS 435.4mn) and Impairment charge (+142.8% y/y, GHS 6.3mn)
- Finance cost slumped by 53.2% y/y to GHS 34.0mn due to a 32.7% y/y plunge in total debt to GHS 151.7mn, amid the sharp fall in domestic interest rates

### Margin Performance

- Gross margin increased by 2.7pp to 14.1%
- TOTAL's operating margin nudged up by 0.9pp to 7.9% in FY2025.
- Consequently, net profit margin inched up by 0.9pp to 5.0% in FY2025.

## Near-Term Outlook

The government's "Big Push" programme will support revenue growth in 2026

- **Road construction "Big push" to drive higher fuel demand and support revenue growth in 2026.**  
We expect Ghana's "Big push" road construction programme, to generate meaningful demand for transport and logistics services. The associated increase in activity will directly boost consumption of petroleum products, as construction vehicles, trucks, and heavy machinery require diesel and petrol to operate. In addition, the intensive use of equipment will drive demand for maintenance-related fuels and lubricants, supporting ancillary revenue streams for Oil Marketing Companies (OMCs), including TotalEnergies Marketing Ghana. Collectively, we expect these developments to provide a positive spillover effect on fuel sales volumes, which will contribute to revenue growth in 2026. We project revenue to rise by 12.0% y/y to GHS 7.4bn in FY2026, reversing the 6.0% y/y contraction recorded in FY2025. This implies a five-year average revenue growth rate of 10.2%. While this trails the historical five-year average of 22.5%, the disparity reflects a distortion from FY2022, when revenue surged 76.2% y/y despite a 4.9% y/y decline in volumes, driven largely by price effects. Excluding FY2022, historical five-year average revenue growth moderates to 8.5%, below our forecast average of 10.2%
- **Road construction to drive TotalEnergies Ghana's bitumen sales and generate ancillary revenue in 2026**  
We expect Ghana's "Big push" road construction programme to drive substantial demand for bitumen, a critical input in road infrastructure projects. We believe TotalEnergies Marketing Ghana will benefit from the sale of bitumen, generating ancillary revenue streams that complement its core fuel distribution business. This supports our 12.0% y/y revenue forecast to GHS 7.4bn in FY2026
- **VAT cut and input tax credits to support consumer purchasing power and revenue in 2026**  
TotalEnergies Marketing Ghana incurs VAT and a range of statutory levies across imported fuel, logistics, storage, IT systems and station operations. While VAT is largely recoverable and passed through to consumers, sector-specific levies and duties embed meaningful tax-related costs along the distribution chain, influencing pricing dynamics. We expect the reduction in the effective VAT rate from 21.9% to 20%, alongside restored access to input tax credits of 5.0%, to partially cushion Oil Marketing Companies against tax-related pressures across the distribution chain. We expect this to contribute positively to consumer demand and TotalEnergies Ghana's revenue in 2026 supporting our revenue growth of 12.0%, a reversal from the 6.0% contraction in FY2025. We also expect the VAT cuts to curb cost escalation, enabling TOTALenergies to keep a lid on OPEX growth.
- **Premium valuation limits upside despite prospects from road infrastructure and tax relief**  
TotalEnergies Ghana currently trades at a P/E of 13.7x, above the peer average of 12.0x, suggesting limited upside. We have revised our fair value estimate upward by 19.4% to GHS 36.83 per share, capturing the expected revenue drivers in 2026, including increased demand from road infrastructure projects, bitumen sales, and tax-related relief measures. Despite these catalysts, our revised fair value remains 8.36% below the current market price of GHS 40.19, indicating that the stock is trading at a premium. This constrains upside potential and underpins our "Reduce" rating.
- **Industry Performance Snapshot**  
In a highly competitive landscape, GOIL emerged as the volume leader in FY2024 among 211 Oil Marketing Companies, with TotalEnergies ranking fourth, behind Star Oil Co. Ltd and Vivo Energy Ghana Limited. In FY2025, Star Oil emerged market leadership by volume, while GOIL slipped to second place and TotalEnergies Ghana declined to sixth. By FY2025, the number of oil marketing companies had fallen to 196, with the exit of 30 operators and the entry of 15 new players, underscoring the intensity of competition within the sector. Pricing data further highlights divergent competitive strategies. In the second pricing window of December 2025, TotalEnergies priced petrol at 17.2% above the price floor of GHS 10.67 and diesel at 14.8% above the GHS 11.32 floor, according to National Petroleum Authority (NPA) data. Over the same period, GOIL set petrol prices at 12.4% above the petrol price floor, with diesel at 14.3% above the diesel floor. Star Oil, the FY2025 volume leader, adopted a more aggressive pricing stance, selling petrol at only 6.4% above the petrol price floor and diesel at 10.0% above the diesel price floor. This aggressive pricing strategy by Star Oil, anchored on cost leadership, led to the displacement of the traditional industry leaders.

On the wires, tensions within Ghana's downstream petroleum industry intensified following Star Oil Limited's exit from the Chamber of Oil Marketing Companies (COMAC), driven by divergent views on the National Petroleum Authority's petroleum price floor policy. The policy, introduced to curb under-pricing and protect industry margins, received public backing from COMAC. However, Star Oil opposed the measure, arguing that it constrains competition. Star Oil subsequently suspended its membership of COMAC, citing concerns that the association's public stance did not reflect its position and exposed the

company to reputational risk. These market dynamics underscore the tensed competition within the industry and exposes TOTALenergies' market share to further downside risk given its relatively high price points for petroleum products.

### Summary of Outlook

- Looking ahead, we expect Ghana's "Big Push" road construction programme to support demand for petroleum products. The activity will also support sales of maintenance-related fuels and lubricants, generating ancillary revenue streams for TotalEnergies Marketing Ghana. In addition, we expect higher demand for bitumen, a key input for road infrastructure to complement the company's core fuel distribution business. We anticipate that these developments, together with tax-related relief measures will collectively support revenue growth for TotalEnergies Ghana in FY2026.

### Valuation & Recommendation: **REDUCE**

- Our REDUCE rating is based on our weighted average fair value of GHS 36.83 per share, representing a downside of 8.36%, 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 13.7x, above peer mean P/E of 12.0x and EV/EBITDA of 7.8x (vs peer mean of 8.4x).

### 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 20.0% to the DDM, 40.0% each to DCF and EV/EBITDA models. We assigned a higher rating to both the DCF and EV/EBITDA valuations to reflect cash flow generation and core operating earnings.

### Valuation inputs – Cost of Capital

Parameter	Value	Note
Risk-free rate	15.01%	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 January 2026. 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	18.9%	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 9.4% and cost of equity of 21.9%
Peer mean ratio (EV/EBITDA)	8.41	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
51.10	34.24	13.50	36.83

### Key risks to valuation

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

**Downside:** A weaker-than-expected recovery in fuel demand, 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	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	7,020,910.0	6,596,208.0	7,387,753.0	8,126,528.3	8,857,915.8	9,743,707.4	10,718,078.1
Cost of Sales	(6,223,035.0)	(5,667,133.0)	(6,368,243.1)	(7,029,446.9)	(7,706,386.7)	(8,477,025.4)	(9,324,728.0)
<b>Gross Profit</b>	<b>797,875.0</b>	<b>929,075.0</b>	<b>1,019,509.9</b>	<b>1,097,081.3</b>	<b>1,151,529.1</b>	<b>1,266,682.0</b>	<b>1,393,350.2</b>
Other Income	73,637.0	35,360.0	39,956.8	45,151.2	51,020.8	57,653.5	65,148.5
Impairment loss/gain on trade receivables	(2,591.0)	(6,292.0)	-	-	-	-	-
Administrative expenses	(373,434.0)	(435,446.0)	(495,830.8)	(544,152.4)	(675,184.2)	(762,211.9)	(851,757.7)
<b>Operating profit</b>	<b>495,487.0</b>	<b>522,697.0</b>	<b>563,635.9</b>	<b>598,080.1</b>	<b>527,365.7</b>	<b>562,123.6</b>	<b>606,741.0</b>
Finance income	665.0	1,067.0	1,120.4	1,176.4	1,235.2	1,296.9	1,361.8
Finance expenses	(72,540.0)	(33,973.0)	(36,700.8)	(41,082.0)	(49,674.0)	(61,133.3)	(59,285.7)
<b>Profit before Income Tax</b>	<b>424,321.0</b>	<b>489,791.0</b>	<b>528,055.4</b>	<b>558,174.4</b>	<b>478,926.9</b>	<b>502,287.3</b>	<b>548,817.1</b>
Income tax expense	(132,400.0)	(159,422.0)	(161,023.0)	(168,760.0)	(146,011.0)	(154,657.0)	(168,082.0)
<b>Profit for the Year</b>	<b>291,921.0</b>	<b>330,369.0</b>	<b>367,032.4</b>	<b>389,414.4</b>	<b>332,915.9</b>	<b>347,630.3</b>	<b>380,735.1</b>

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