



GOIL 1Q2026 Results

Current rating: **HOLD**

Year-to-date: **+167.2%**

Current Price: GHS 7.91 | Current Fair Value: GHS 8.65 | Upside: 9.36%

Ghana | 29 April 2026

Revenue slips, profit soars, GOIL fires on efficiency

1Q2026 Earnings Update

GOIL Plc ("GOIL") released its unaudited 1Q2026 financial results on 23 April 2026, posting a 55.4% y/y surge in profit-after-tax to GHS 52.2mn, despite a 16.8% y/y fall in revenue. The upturn in earnings was on the back of a 17.9% y/y decline in cost of sales to GHS 3.9bn, a 52.1% y/y plunge in financial charges to GHS 18.1mn, a 6.7% y/y decline in operating expense to GHS 133.1mn. Revenue plummeted by 16.8% y/y to GHS 4.1bn. In our view, the revenue contraction is driven by an 11.3% y/y fall in ex-pump petrol price, which weighed heavily on revenue given petrol's 49.5% contribution to total sales volume for the period. This offset the 10.9% y/y increase in diesel prices despite diesel accounting for 37.9% of total sales volume. While overall sales volume expanded by 37.1% y/y, the fall in petrol price dragged revenue lower. We attribute the decline in cost of sales to a 41.2% y/y appreciation of the cedi against the US Dollar in 1Q2026. The decline in cost of sales outpaced the decline in revenue, resulting in an 8.8% y/y increase in gross profit to GHS 220.8mn. The 37.1% y/y increase in sales volume translated into a 1.83% y/y growth in market share to 12.2%, making GOIL the leader in Ghana's downstream petroleum sector by end of 1Q2026. Operating expense was well contained, declining by 6.7% y/y, solely driven by general, administrative and selling expenses. Financial charges plunged by 52.1% y/y to GHS 18.1mn, as total debt fell by 24.7% y/y to GHS 598.6mn. In our view, the decline in debt is partly due to the cedi's appreciation, which lowered the local-currency value of FX-denominated obligations. Additionally, we believe management's decision to take advantage of the lower USDGHS exchange rate to refinance its USD-denominated debts in 2025, especially the USD 110.0mn supplier's debt owed BP has contributed to the decline in GOIL's finance expense. With the BP debt now reduced to USD 30.0mn amid the Cedi's relative stability and lower domestic interest rates, we envisage subdued finance expense in 2026 which would partly mitigate the downward pressure on revenue and offer additional tailwind to earnings. Overall, while the decline in ex-pump petrol prices has weighed on near-term revenue performance, the strong growth in sales volumes signals underlying demand resilience and early traction from the infrastructure drive. As construction activity gains momentum and pricing conditions stabilise, we expect volume-led growth to translate into improved revenue performance. Also, earnings growth during the period was supported by cost efficiency. We expect GOIL's improved cost discipline and proactive deleveraging to support earnings for FY2026.

1Q2026 Performance: Lower Cost of Sales, Reduced OPEX and Plunge in Financial Charges Propel Bottomline Growth

Revenue and Income Dynamics

- GOIL's profit-after-tax surged by 55.4% y/y to GHS 52.2mn on the back of a 17.9% y/y decline in cost of sales to GHS 3.9bn, a 6.7% y/y fall in operating expense to GHS 133.1mn and a 52.1% y/y plunge in financial charges to GHS 18.1mn
- GOIL's topline plummeted by 16.8% y/y to GHS 4.1bn in 1Q2026, driven by an 11.3% y/y fall in ex-pump petrol price, which weighed heavily on revenue given petrol's 49.5% contribution to total sales volume. This offset the 10.9% y/y increase in diesel prices despite diesel accounting for 37.9% of sales volume. While overall sales volume expanded by 37.1% y/y, the fall in petrol price dragged revenue lower.
- Sundry income plunged by 88.9% y/y to GHS 2.8mn

Cost and Risk Management

- Cost of sales declined by 17.9% y/y to GHS 3.9bn, which we attribute to a 41.2% y/y appreciation of the cedi against the US Dollar in 1Q2026
- Operating expense declined by 6.7% y/y to GHS 133.1mn, solely driven by fall in general, administrative and selling expense.
- Financial charges plunged by 52.1% y/y to GHS 18.1mn, as total debt fell by 24.7% y/y to GHS 598.6mn.

Margin Performance

- Gross margin increased by 1.3pp y/y to 5.3% in 1Q2026
- Operating margin nudged up by 0.5pp to 2.2% in 1Q2026
- Consequently, net profit margin ticked up by 0.6pp to 1.3% in 1Q2026

Near-Term Outlook

Construction-driven demand to support a more favourable revenue outlook while efficiency measures offer earnings tailwind

Strong volumes signal demand, but pricing weighs on revenue.

- [In our FY2025 report](#), we projected revenue to grow by 26.5% y/y to GHS 21.6bn in FY2026, underpinned by Ghana's "Big Push" road construction programme, which we expected to stimulate demand for transport and logistics services with direct implications for petroleum consumption. We highlighted that the scale-up in construction activity would drive increased usage of diesel and petrol across trucks, heavy-duty equipment, and construction machinery, while also boosting demand for maintenance-related fuels, lubricants and bitumen, thereby supporting ancillary revenue streams for Oil Marketing Companies, including GOIL. However, 1Q2026 revenue plunged by 16.8% y/y to GHS 4.1bn, despite a 37.1% y/y surge in sales volume. We believe the surge in GOIL's volume is a sign of its benefit from the infrastructure expansion drive and ongoing economic rebound. From our observation, the fall in revenue is as a result of an 11.3% y/y fall in ex-pump petrol price, which weighed heavily on revenue given petrol's 49.5% contribution to total sales volume. Overall, while the decline in ex-pump petrol prices has weighed on near-term revenue performance, the strong growth in sales volumes signals underlying demand resurgence and early traction from the infrastructure drive. As construction activity gains momentum and pricing conditions stabilise, we expect volume-led growth to translate into improved revenue performance.

Efficiency-Driven Earnings Resilience to Support 2026 Performance

- GOIL's recent financial performance highlights a clear shift toward improved operational and financial efficiency, which we expect to provide a meaningful short-term earnings anchor in 2026. A key driver of this resilience is the material reduction in cost base across both operating and financing lines. Operating expenses declined by 6.7% y/y to GHS 133.1mn, driven entirely by lower general, administrative, and selling expenses, reflecting tighter cost discipline and improved overhead management. On the financing side, GOIL delivered a more pronounced efficiency gain, with financial charges plunging by 52.1% y/y to GHS 18.1mn. This was underpinned by a 24.7% y/y reduction in total debt to GHS 598.6mn, alongside management's proactive refinancing strategy during a stronger cedi environment. Notably, USD exposure has been materially reduced, with the supplier obligation to BP plc declining from USD 110.0mn to USD 30.0mn. We expect this strategic deleveraging, combined with relatively lower domestic interest rates to sustain subdued finance costs into 2026, allowing continued earnings expansion despite the revenue risk.

GOIL's valuation premium signals limited upside ahead.

- GOIL's valuation currently reflects limited upside potential, as the stock appears to have fully priced in recent earnings momentum and market optimism. The company is trading at a P/E multiple of 29.7x, which is significantly above the peer average of 16.2x, indicating a substantial premium relative to comparable oil marketing companies. This valuation gap suggests that expectations for future earnings growth are already elevated, leaving limited room for further re-rating. In addition, GOIL has already delivered a strong share price performance, with the stock up 167.2% year-to-date to a current price of GHS 7.91. In our view, while the company's operational efficiency and cost controls provide earnings support, the elevated valuation multiples and strong prior rally constrain near-term upside, making risk-reward less attractive at current levels, leaving our recommendation at a "HOLD".

Industry Performance Snapshot: IPO, Industry Structure and Market Development

- The first quarter of 2026 marked a notable development in Ghana's downstream petroleum sector, as Zen Petroleum Holdings PLC became the third oil marketing company to list on the Ghana Stock Exchange. The company raised GHS 640.0mn through an Initial Public Offering (IPO), issuing 128.0mn new shares at GHS 5.00 per share alongside the listing of existing shares, thereby strengthening its capital base and broadening its shareholder structure. Zen Petroleum commenced trading on 22 April 2026. We believe the listing will strengthen the company by improving access to capital, while enhancing competition and deepening investor participation in Ghana's downstream petroleum market.

At the end of 1Q2026, six new OMCs entered the market while fourteen exited, underscoring the highly competitive and dynamic nature of the industry. With 188 operators currently operating downstream, GOIL emerged as the volume market leader at the end of 1Q2026 followed by Star Oil at second place with newly listed Zen Petroleum at fourth position and Totalenergies at fifth position.

In the latest industry report by the Chamber of Oil Marketing Companies (COMAC) for FY2025 petroleum product volume analysis, petroleum product imports rose significantly by 36.7% y/y to 6,921,501 Metric Tonnes (8.71 billion litres) in 2025, supported by strong demand from both commercial and domestic sectors. In contrast, domestic refinery production declined slightly from 500,612 Metric Tonnes (490 million litres) to 444,264 Metric Tonnes (543 million litres), a decrease of 11.3%, due to operational disruptions at local refineries. Meanwhile, petroleum product exports increased by 25.5% y/y to 658,500 Metric Tonnes (807 million litres), these exports were largely driven by re-exports of petrol, diesel, and LPG to regional markets, including Burkina Faso, Mali, Togo, and other Sahel countries. On the consumption side, total petroleum product demand increased by 15.3% y/y to 7.45 billion litres in 2025. Fuel allocation for power generation recorded the strongest expansion over the period. Fuel Oil (Power Plant) surged by 946.1%, while Gasoil (Power Plant) grew by 184.3%. Marine Gasoil (Foreign) also recorded strong growth of 143.75%. In contrast, the two main fuels, petrol and diesel, posted more moderate increases of 18.9% and 18.2%, respectively.

Summary of Outlook

- We maintain a cautiously optimistic revenue outlook for FY2026 despite a weak start. We expect demand to strengthen as construction activity accelerates. This should drive higher consumption of diesel, petrol, lubricants, and bitumen, supporting GOIL's revenue growth. Additionally, the relatively stable exchange rate with a slight depreciation and higher average global energy prices will support the price outlook to revive topline growth. However, near-term performance remains vulnerable to external risks, particularly rising crude oil prices driven by geopolitical tensions. Sustained price increases could weaken fuel demand in Ghana and exert pressure on GOIL's margins in the near term.

Valuation & Recommendation: **HOLD**

- Our “HOLD” rating is based on our weighted average fair value of GHS 8.65 per share, representing an upside of 9.36%, using the weighted average prices from our Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and Price-to-Sales (P/Sales) multiple
- GOIL is trading at a TTM P/E of 29.7x and P/Sales of 0.8x (vs peer mean of 0.3x)

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: Geopolitical tensions (Prolong US-Iran conflict), lower than expected demand for Bitumen, lower-than-expected demand recovery, intensifying competitive pressures, exchange rate volatility, unexpected global energy price shocks, regulatory risks and price controls, unexpected spike in finance costs and supply chain disruptions

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