

## TOTAL 1Q2026 Results

Current rating: **REDUCE**

Year-to-date: **-18.1%**

Current Price: GHS 32.99 | Current Fair Value: GHS 30.18 | Downside: 8.52%

Ghana | 15 May 2026

Weak volumes drag earnings lower with clouded near-term visibility

### 1Q2026 Earnings Update

TotalEnergies Marketing Ghana Plc ("TOTAL") released its unaudited 1Q2026 financial results, posting a 26.1% y/y plunge in profit after tax to GHS 60.4mn. The fall in earnings was on the back of a 37.6% y/y fall in revenue to GHS 1.2bn, an impairment loss of GHS 9.6mn a reversal from the gain of GHS 1.7mn in the prior year, a 20.1% y/y increase in general, administrative and selling expense to GHS 124.6mn and a 2.4% y/y decline in finance income to GHS 0.2mn. The slump in revenue was driven by a 7.0% y/y contraction in sales volume, compounded by lower pricing, with ex-pump prices of petrol falling by 14.2% y/y, although diesel increased by 5.2% y/y. Cost of sales plunged by 42.8% y/y to GHS 948.9mn. In our view, the decline in cost of sales was partly due to lower procurement volumes following reduced consumption (-7.0% y/y), coupled with a 41.2% y/y appreciation of the cedi against the US Dollar in 1Q2026. Gross profit inched up by 0.7% y/y to GHS 228.0mn, as the decline in cost of sales outpaced the fall in revenue, leading to a 7.4pp y/y increase in gross margin to 19.4%. Operating expense surged by 29.3% y/y to GHS 134.1mn, driven by general, administrative and selling expense (+20.1% y/y, GHS 124.6mn) and impairment loss of GHS 9.6mn from a gain of GHS 1.7mn in the prior year. As a result, operating profit plummeted by 22.2% y/y to GHS 106.2mn. Finance cost slumped by 75.1% y/y to GHS 3.7mn, due to a 37.4% y/y decline in total debt to GHS 146.4mn, which helped to limit the earnings drag. We observed that during the first pricing window of April 2026, following the introduction of the NPA (National Petroleum Authority) price floor of GHS 13.3/litre for petrol and GHS 17.1/litre for diesel, TotalEnergies Marketing Ghana Plc traded at an 8.9% premium to the petrol price floor and an 8.2% premium to the diesel price floor. In contrast, market leaders GOIL PLC and Star Oil maintained prices at the regulatory floor during the same pricing window. Current pricing dynamics also show TotalEnergies trading at a 6.6% premium to GOIL's petrol price and an 18.1% premium to its diesel price. Similarly, TotalEnergies currently trades at a 6.6% premium to Star Oil's petrol price and a 19.0% premium to its diesel price. In our view, this sustained pricing premium has weakened the company's competitiveness in an increasingly price-sensitive downstream market, contributing to softer sales volumes as retail consumers continue to shift towards lower-priced alternatives. Overall, we expect the pricing-led volume pressure to persist in the near term, limiting market share recovery despite a supportive structural backdrop from Ghana's "Big Push" infrastructure programme, which should continue to underpin broader sector fuel demand over the medium term. We do not expect these industry tailwinds to fully offset company-specific competitive pressures in the immediate term, leaving revenue growth subdued.

1Q2026 Performance: Fall in Revenue and Surge in OPEX Weigh on Earnings

#### Revenue and Income Performance

- Revenue ▼ 37.6% → GHS 1.2bn
- Other Income ▲ 1.6% → GHS 12.3mn
- Gross Profit ▲ 0.7% → GHS 228.0mn
- Finance Income ▼ 2.4% → GHS 0.2mn
- Operating Profit ▼ 22.2% → GHS 106.2mn
- Net Profit ▼ 26.1% → GHS 60.4mn

#### Cost and Risk Management

- Input Cost ▼ 42.8% → GHS 948.9mn
- Operating Expenses ▲ 29.3% → GHS 134.1mn
- Finance Cost ▼ 75.1% → GHS 3.7mn

#### Margin Performance

- Gross Margin ▲ 7.4pp → 19.4%
- Operating Margin ▲ 1.8pp → 9.0%
- Net Profit Margin ▲ 0.8% → 5.1%

## Near-Term Outlook

Revenue outlook subdued as pricing strategy weighs on volumes

### Premium pricing strategy to limit near-term revenue recovery

- TotalEnergies Marketing Ghana Plc continues to face mounting competitive pressure within Ghana's downstream petroleum sector as its persistent pricing premium relative to key market leaders weighs on sales volumes and revenue performance. During the first pricing window of April 2026, the company maintained its pump prices materially above the NPA price floor, while competitors such as GOIL PLC and Star Oil priced at the regulatory minimum, strengthening their competitiveness in an increasingly price-sensitive market. We believe this pricing differential contributed to the 7.0% y/y decline in total sales volume to 74,776 metric tonnes for 1Q2026, which consequently drove the 37.6% y/y plunge in revenue to GHS 1.2bn. In our view, sustained premium pricing will continue to constrain volume recovery and limit TotalEnergies' market share expansion in the near term, particularly as retail consumers increasingly gravitate towards lower-priced alternatives amid heightened competition across the sector.

### Near-term outlook tempered by early revenue weakness

- In our [FY2025 report](#), we highlighted that Ghana's "Big Push" road infrastructure programme should provide structural support for petroleum demand through increased construction and transportation activity. We indicated that, the expansion in road works will stimulate diesel and petrol consumption across haulage vehicles, construction equipment, and heavy-duty machinery, while also supporting demand for lubricants and other ancillary petroleum products. Against this backdrop, we maintained a constructive outlook on revenue growth for TotalEnergies Marketing Ghana Plc in 2026. However, emerging trends from 1Q2026 indicate softer-than-expected performance, with revenue declining by 37.6% y/y to GHS 1.2bn. While we continue to expect the broader infrastructure programme to support sector-wide fuel demand over the medium term, we have turned cautious on the company's near-term revenue trajectory as competitive pricing dynamics and weaker sales volumes continue to weigh on topline performance.

- **Industry Performance Snapshot:**

### COMAC advocates restructuring of Ghana's downstream market

The Chamber of Oil Marketing Companies (COMAC) is advocating the removal of dormant licences as part of broader reforms aimed at restructuring Ghana's downstream petroleum sector. According to COMAC, excessive licensing activity in 2025 significantly increased market saturation, with the number of Oil Marketing Companies (OMCs) and LPG Marketing Companies expanding to more than 229 operators. The chamber noted that the rapid increase in market participants has intensified price competition and unsustainable undercutting across the industry. COMAC further highlighted that approximately 57 non-operational firms continued to hold active licences despite failing to consistently lift petroleum products, which, in its view, exposes weaknesses within the current licensing regime. Consequently, the chamber argues that the existing framework requires urgent review to restore discipline and long-term sustainability within the sector. To address these challenges, COMAC is proposing a comprehensive overhaul of the licensing structure, including stricter governance requirements, higher capital thresholds, and stronger operational standards for both existing and prospective operators. In addition, the chamber is advocating industry consolidation through mergers and restructuring among petroleum service providers that fail to meet revised standards, with the objective of improving operational resilience, efficiency, and overall market stability.

The first quarter of 2026 recorded a significant milestone within Ghana's downstream petroleum industry following the listing of Zen Petroleum Holdings PLC on the Ghana Stock Exchange, making it the third oil marketing company to achieve a public listing on the local bourse. The company successfully raised GHS 640.0mn through its Initial Public Offering (IPO) by issuing 128.0mn new ordinary shares at GHS 5.00 per share, in addition to listing existing shares, a move which materially strengthened its equity base and expanded shareholder participation. Trading in the stock officially commenced on 22 April 2026, and the share price has since appreciated by 51.0% to GHS 7.55. In our view, the listing positions the company to improve funding access for future expansion while also contributing to greater competition and increased investor exposure within Ghana's downstream petroleum sector.

### Summary of Outlook

- We expect the pricing-led volume pressure to persist in the near term, limiting market share recovery despite a supportive structural backdrop from Ghana's "Big Push" infrastructure programme, which should continue to underpin broader sector fuel demand over the medium term. We do not expect these industry tailwinds to fully offset company-specific competitive pressures in the immediate term, leaving revenue growth subdued and intensifying the downside risk to current market valuation.

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

- Our REDUCE rating is based on our weighted average fair value of GHS 30.18 per share, representing a downside of 8.52%, 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 11.9x, below peer mean P/E of 16.9x and EV/EBITDA of 23.7x

### 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

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