## GOIL 1H2026 Results

**Current rating:** **HOLD**

**Year-to-date**: **+169.3%**

**Current Price**: GHS 7.97 **| Current Fair Value:** GHS 8.64 **| Upside:** 8.40%

Ghana | 20 August 2026

### Volumes surge, but value growth lags

### 1H2026 Earnings Update

GOIL Plc ("GOIL") released its unaudited 1H2026 financial results, posting a modest 3.3% y/y growth in profit-after-tax to GHS 75.7mn. The mild uptick in earnings was underpinned by a 1.9% y/y decline in cost of sales to GHS 8.8bn and a 44.6% y/y plunge in financial charges to GHS 40.8mn. Revenue declined by 1.2% y/y to GHS 9.2bn despite a 48.2% y/y surge in sales volume, alongside a 12.0% y/y rise in ex-pump petrol price and a 23.8% y/y increase in diesel price. We attribute the fall in revenue primarily to lower revenue contributions from subsidiaries, as GOIL Plc's standalone revenue increased by 19.7% y/y to GHS 6.3bn. Similarly, the 1.9% y/y decline in Group cost of sales reflects lower costs from subsidiaries, which more than offset the 19.6% y/y increase in GOIL Plc's standalone cost of sales to GHS 5.9bn. The faster decline in cost of sales compared to revenue supported a 14.2% y/y increase in gross profit to GHS 438.3mn. The 48.2% y/y increase in sales volume translated into a 3.0pp y/y growth in market share to 13.6%, strengthening GOIL's position as the leader in Ghana's downstream petroleum sector by end of 1H2026. Operating expense was well contained, increasing by only 2.2% y/y to GHS 273.9mn, solely driven by general, administrative and selling expenses. Financial charges plunged by 44.6% y/y to GHS 40.8mn. As highlighted in our 1Q2026 report, GOIL's decision to refinance its USD-denominated debt continued to mitigate finance costs in 1H2026. The reduction in BP supplier debt from USD110.0mn to USD30.0mn, coupled with relative Cedi stability and lower domestic interest rates, have helped to keep financial charges subdued. We maintain our view that lower finance costs should provide a tailwind to earnings through 2026, partly mitigating pressure from weaker revenue growth.

Looking ahead, we maintain a cautiously positive outlook on GOIL, supported by strong volume growth, market-share gains, lower financing costs and emerging opportunities from its bitumen business. GOIL's increase in sales volumes lifted market share strengthening its position as Ghana's leading OMC. We expect its extensive retail network and competitive positioning to support further volume growth. The GOIL-SMB Bitumen Plant also provides a meaningful medium-term growth opportunity. We expect increased road construction under the Government's Big Push programme to drive demand for bitumen, supporting higher plant utilisation, volumes and topline growth. Meanwhile, the refinancing of USD-denominated debt and reduction in BP supplier obligations should keep finance costs subdued and provide continued support to earnings. However, GOIL's thin margins (especially compared to listed peer, TotalEnergies) remain a key constraint on earnings conversion. Despite higher volumes, Group revenue declined, while operating and net margins remained weak at 1.6% and 0.8%, respectively. The divergence between strong volume growth and subdued Group revenue also highlights the importance of subsidiary performance. Overall, we expect volume growth, lower finance costs and the bitumen plant to support earnings, but sustained margin expansion and stronger conversion of volume gains into revenue will be critical to unlocking further earnings growth.

### 1H2026 Performance: Lower Cost of Sales and Plunge in Financial Charges Support Bottomline Growth

**Revenue and Income Dynamics**

- Revenue ▼ 1.2% → GHS 9.2bn
- Gross Profit ▲ 14.2% → GHS 438.3mn
- Operating Profit ▼ 16.4%→ GHS 145.8mn
- Net Profit ▲ 3.3% → GHS 75.7mn

**Cost and Risk Management**

- Cost of Sale ▼ 1.9% → GHS 8.8bn
- Operating Expenses ▲ 2.2% → GHS 273.9mn
- Finance Cost ▼ 44.6% → GHS 40.8mn

**Margin Performance**

- Gross Margin ▲ 0.6pp → 4.8%
- Operating Margin ▼ 0.3pp → 1.6%
- Net Profit Margin ▶ flat → 0.8%

## Near-to-Medium Term Outlook

Strong volume growth and new growth avenues support GOIL's outlook, but thin margins remain a key constraint

**Bitumen Plant Positioned to Benefit from Road Infrastructure Spending**

- The GOIL-SMB Bitumen Plant in Tema was inaugurated in September 2024 and has since commenced operations. The facility has a total capacity of approximately 7,500 tonnes and produces Polymer Modified Bitumen (PMB) and bitumen emulsions, which are critical inputs for road construction. Management has reported early traction from local contractors, reinforcing our view of the plant's long-term commercial potential. We expect the plant to benefit from Ghana's ongoing road infrastructure programme, particularly the Government's Big Push initiative as the authorities indicated that 70% of the contractors under the Big Push programme are local contractors. The programme includes seventy-seven road projects across all sixteen regions, comprising twenty-three projects inherited from the previous administration and fifty-four newly awarded projects. We expect the increase in road construction and maintenance activity to drive demand for bitumen, providing GOIL with an opportunity to increase plant utilisation and volumes. The plant's local production capability could also strengthen GOIL's position with contractors by improving product availability and reducing reliance on imported bitumen. We therefore expect rising bitumen demand from ongoing and planned road projects to support GOIL's topline growth in the near to medium term. Higher utilisation of the plant should also improve the returns on the company's investment as production volumes scale. Overall, we view the bitumen plant as an important medium-term growth driver, supported by the Government's increased focus on road infrastructure.

**Volume growth and market-share gains strengthen GOIL's competitive position**

- GOIL's 48.2% y/y increase in sales volumes lifted its market share by 3.0pp to 13.6%, making it the leading OMC in Ghana's downstream petroleum market. The strong volume growth suggests that GOIL is gaining traction following the recent price competition to claw back its market share that was lost to Star Oil despite a higher fuel price environment. We expect GOIL's extensive service station network and competitive positioning to support further volume gains. However, the decline in Group revenue despite higher volumes indicates that volume growth has yet to translate proportionately into topline growth.

**Lower finance costs to provide sustained earnings support**

- GOIL's refinancing of its USD-denominated debt continues to deliver meaningful savings, with financial charges falling 44.6% y/y to GHS40.8mn in 1H2026. The reduction in BP supplier debt from USD110.0mn to USD30.0mn, alongside relative Cedi stability and lower domestic interest rates, should keep financing costs contained. We expect the resulting savings to provide a continued tailwind to earnings through 2026, particularly as revenue growth remains subdued.

**Strong standalone performance highlights the growing importance of the core business**

- GOIL Plc's standalone revenue increased 19.7% y/y to GHS6.3bn, contrasting with the 1.2% decline in Group revenue. This suggests that the core GOIL business performed more strongly than the consolidated Group, with weaker subsidiary contributions weighing on the overall topline. We expect continued growth in the standalone business to support Group performance, although the performance of subsidiaries remains an important swing factor for consolidated earnings and the disproportionate translation of volume growth to revenue is a caution.

**Thin margins limit earnings conversion**

- GOIL's gross margin improved modestly by 0.6pp to 4.8%, reflecting some benefit from the faster decline in cost of sales. However, this improvement did not translate into stronger operating profit, as operating margin declined by 0.3pp to 1.6%, while net profit margin remained flat at 0.8%. We believe the limited margin expansion highlights the challenge of converting higher sales volumes into stronger earnings. Although lower finance charges support earnings, GOIL's structurally thin margins leave limited room for cost pressures and weaker revenue growth. We therefore expect margin expansion to remain an important determinant of GOIL's performance in the near term.

**Industry Performance Snapshot: TOR targets 100,000 barrels per day capacity expansion to strengthen domestic refining**

- The Ghanaian President has directed the Minister for Energy and Green Transition, to work with the Board and management of Tema Oil Refinery (TOR) to develop a strategic plan to expand the refinery's capacity to 100,000 barrels per day. The directive signals a shift from merely restoring TOR's operations towards establishing it as a large-scale refining hub. The announcement followed the commissioning of TOR's refurbished facilities on 01 August 2026. The rehabilitation restored key components, including the Crude Distillation Unit (CDU), the F-61 crude heater, the Residual Fuel Fluid Catalytic Cracking units and boiler number eight. TOR has already resumed crude processing after years of limited operations.

  TOR's immediate operational focus remains on increasing throughput from its current 28,000 barrels per stream day to approximately 45,000 barrels per stream day. Management previously indicated that integrating the F-61 furnace with the existing F-1 furnace would support this increase. In the medium term, TOR also targets approximately 60,000 barrels per stream day before pursuing the larger 100,000-barrel-per-day expansion.

  The refinery has also secured greater access to crude feedstock. TOR received one million barrels of Ghana's Jubilee Medium Sweet Crude in July 2026, following earlier consignments of Bonga and Baleine crude. Management considers consistent crude supply critical to maintaining operations and supporting the production of petroleum products for domestic and regional markets. The development also aligns with Ghana's broader strategy to increase domestic refining.

  Sentuo Oil Refinery is expanding its capacity from 40,000 to 100,000 barrels per day, while Ghana has already begun processing locally produced crude at Sentuo. The simultaneous expansion of both refineries could significantly increase domestic refining capacity and potentially position Ghana as a regional refining hub as well as limit the country's exposure to external supply of refined petroleum products. We view the expansion plan positively for Ghana's long-term energy security and downstream development.

**Summary of Outlook**

- We maintain a cautiously positive outlook on GOIL, supported by strong volume growth, market-share gains, lower financing costs and emerging opportunities from its bitumen business. GOIL's 48.2% y/y increase in sales volumes lifted market share to 13.6%, strengthening its position as Ghana's leading OMC. We expect its extensive retail network and competitive positioning to support further volume growth. The GOIL-SMB Bitumen Plant also provides a meaningful medium-term growth opportunity. We expect increased road construction under the Government's Big Push programme to drive demand for bitumen, supporting higher plant utilisation, volumes and topline growth. Meanwhile, the refinancing of USD-denominated debt and reduction in BP supplier obligations should keep finance costs subdued and provide continued support to earnings. However, thin margins remain a key constraint on earnings conversion. Despite higher volumes, Group revenue declined by 1.2% y/y, while operating and net margins remained weak at 1.6% and 0.8%, respectively. The divergence between strong volume growth and subdued Group revenue also highlights the importance of subsidiary performance. Overall, we expect volume growth, lower finance costs and the bitumen plant to support earnings, but sustained margin expansion and stronger conversion of volume gains into revenue will be critical to unlocking further earnings growth.

## Valuation & Recommendation: HOLD

- Our "HOLD" rating is based on our weighted average fair value of GHS 8.64 per share, representing an upside of 8.40%, using the weighted average prices from our Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and Relative Valuation Models
- GOIL is trading at a TTM P/E of 35.4x and EV/EBITDA of 15.8x (vs peer mean of 11.5x)

**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, 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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