GOIL 9M2026 Results

Current rating: BUY

Year-to-date: +91.9%

Current Price: GHS 5.68 **| Current Fair Value:** GHS 8.64 **| Upside:** 52.1%

Ghana | 26 October 2026

Deleveraging Drives the Bottom Line

9M2026 Earnings Update

GOIL Plc ("GOIL") released its unaudited 9M2026 financial results, posting a 9.3% y/y growth in profit-after-tax to GHS 90.8mn, an improvement on the 3.3% y/y growth recorded in 1H2026. Bottomline growth was underpinned by a 9.8% y/y increase in revenue to GHS 14.5bn and a 34.4% y/y plunge in financial charges to GHS 68.4mn. The increase in topline was supported by sustained volume growth and higher ex-pump prices. GOIL's ex-pump petrol and diesel prices increased by 24.4% y/y and 30.0% y/y respectively. GOIL's July to August 2026 volumes of 150,526MT appear to show a lower sales volume relative to 3Q2025 data due to the absence of September 2026 data. Based on the July to August data, we estimate 3Q2026 sales volume at 225,789MT, which suggests a 46.8% y/y increase compared to the same period last year. We believe higher sales volumes and increased ex-pump prices for petrol (+24.4% y/y) and diesel (+30.0% y/y) supported 9M2026 revenue growth, alongside a 2.9pp improvement in market share to 13.4%. GOIL Plc's standalone revenue increased 37.2% y/y to GHS 10.3bn, while implied revenue from subsidiaries plunged by 25.9% y/y to GHS 4.3bn, continuing to weigh on consolidated revenue. Cost of sales rose 9.4% y/y to GHS 13.9bn, slower than revenue, lifting gross profit by 18.8% y/y to GHS 651.8mn and gross margin by 0.3pp to 4.5%. However, operating profit declined 12.8% y/y to GHS 194.5mn, as sundry income swung to a GHS 29.1mn loss (vs GHS 63.6mn income in 9M2025) and operating expenses rose 10.1% y/y to GHS 428.2mn, driven by general, administrative and selling expenses. Financial charges remained the key earnings support, falling by 34.4% y/y to GHS 68.4mn, as total borrowings fell 34.7% y/y to GHS 580.0mn, led by an 80.5% y/y reduction in bank overdraft to GHS 103.9mn. As highlighted in our 1H2026 report, the refinancing of USD-denominated debt and the reduction in BP supplier debt from USD110.0mn to USD30.0mn, alongside lower domestic interest rates and a 6.1% y/y appreciation of the Cedi against the USD at 9M2026, have kept financial charges subdued. At the standalone level ("the company" or "OMC"), GOIL Plc's profit-after-tax surged 202.6% y/y to GHS 61.3mn, underscoring the strength of the core business.

Looking ahead, we maintain a cautiously positive outlook on GOIL, supported by sustained volume growth, lower financing costs, a strong standalone performance and emerging opportunities from its bitumen business. Following a 28.7% decline in GOIL PLC's share price from its 1H2026 level to GHS5.68, largely due to investor profit-taking, we now estimate a valuation gap which has moved our rating to a "Buy", compared with our previous "Hold", despite maintaining our fair value of GHS8.64. The unchanged fair value implies an upside potential of 52.1%, making the stock more attractive at its current price. Looking ahead, management's broader BDC sourcing base, tighter cost discipline and procurement forecasting could support margin recovery in GOIL's high-volume, low-margin business. The GOIL-SMB Bitumen Plant also offers a medium-term growth opportunity as the Government's Big Push infrastructure programme advances, although its contribution to Group revenue remains modest. However, weaker subsidiary performance and sundry losses continue to constrain the translation of strong standalone results into Group earnings. Overall, we believe the share price correction provides an attractive entry point, with our "Buy" recommendation underpinned by the standalone business' strong performance, continued deleveraging and potential operational improvements. Nevertheless, sustained earnings growth will depend on stronger subsidiary contributions, effective cost control and the preservation of margins amid regulatory and competitive pressures.

9M2026 Performance: Increase in Revenue and Plunge in Financial Charges Support Bottomline Growth

Revenue and Income Dynamics

- Revenue ▲ 9.8% → GHS 14.5bn
- Gross Profit ▲ 18.8% → GHS 651.8mn
- Operating Profit ▼ 12.8%→ GHS 194.5mn
- Net Profit ▲ 9.3% → GHS 90.8mn

Cost and Risk Management

- Cost of Sale ▲ 9.4% → GHS 13.9bn
- Operating Expenses ▲ 10.1% → GHS 428.2mn
- Finance Cost ▼ 34.4% → GHS 68.4mn

Margin Performance

- Gross Margin ▲ 0.3pp → 4.5%
- Operating Margin ▼ 0.3pp → 1.3%
- Net Profit Margin ▶ flat → 0.6%

Near-to-Medium Term Outlook

Volume momentum and lower finance costs support GOIL's outlook, but weak value conversion, subsidiary drag and thin margins remain key constraints

Volumes and price support standalone revenue

- GOIL's July to August volumes of 150,526MT appear to show a lower sales volume relative to 3Q2025 data due to the absence of September 2026 data. Based on the July to August data, we estimate 3Q2026 sales volume at 225,789MT, which suggests a 46.8% y/y increase compared to the same period last year. We believe higher sales volumes and increased ex-pump prices for petrol (+24.4% y/y) and diesel (+30.0% y/y) supported 9M2026 revenue growth, alongside a 2.9pp improvement in market share to 13.4%. These factors contributed to 9.8% y/y growth in Group revenue and a 37.2% y/y surge in standalone revenue, strengthening GOIL's position as Ghana's leading oil marketing company (OMC) by volume. The volume gains suggest that GOIL is recovering market share following intensified price competition with Star Oil. We expect GOIL's extensive service station network and established market presence to sustain this momentum. However, operating costs will likely limit the conversion of topline into profitability.

Competitive Sourcing and Cost Discipline Offer a Path to Margin Recovery

- GOIL's Management is broadening its BDC (Bulk Distribution Company) sourcing base to secure competitively priced fuel products, while tightening operating expenditure. We expect a successful implementation of its competitive product sourcing and tighter cost disciple to improve its profitability amid persistent volatility in international petroleum prices. These initiatives are particularly important given GOIL's high-volume, low-margin business model, where modest improvements in unit costs can materially influence earnings. We believe sustained execution could improve earnings and provide greater flexibility to balance competitive pump prices with shareholder returns.

Subsidiary Drag and Sundry Losses Mask a Strong Standalone Performance

- GOIL Plc's standalone profit-after-tax surged 202.6% y/y to GHS 61.3mn, as standalone operating profit rose 17.5% y/y to GHS 146.6mn and financial charges fell 35.2% y/y to GHS 62.1mn. By contrast, implied subsidiary revenue (Group less Company) fell 25.9% y/y to GHS 4.3bn, while the implied subsidiary contribution to Group profit-after-tax plummeted by 53.0 y/y to GHS 29.5mn in 9M2025. We expect the standalone business to remain the main driver of Group earnings, with subsidiary performance as a key swing factor.

Deleveraging Continues to Anchor Lower Finance Costs

- Total borrowings declined 34.7% y/y to GHS 580.0mn at 9M2026, driven by an 80.5% y/y reduction in bank overdraft to GHS 103.9mn. This more than offset increases in short-term loans (+62.0% y/y to GHS 153.1mn) and long-term loans (+24.1% y/y to GHS 323.0mn). Net debt stood at only GHS 18.0mn, indicating lower debt service pressure. We expect lower financing costs to remain a tailwind to earnings in 4Q2026.

Bitumen Plant Offers a Complementary Growth Lever Beyond Fuel Retail

- The execution of the Government's Big Push programme has gathered pace, with the 2026 Mid-Year Budget Review indicating that 87 transport infrastructure projects (74 trunk roads and bridges, 10 urban roads and 3 feeder roads) are underway across all sixteen regions. As at end of June 2026, 13 projects were at least 50% complete, including six above 75%, and the Government plans to accelerate near-complete projects in 2H2026. Asphaltic works have also commenced on projects such as the 34-kilometre Sunyani Outer Ring Road. As projects progress into the surfacing phase, we expect demand for bitumen to rise, supporting higher plant utilisation, volumes and returns, particularly as 70% of Big Push contractors are local. Overall, we view the GOIL-SMB Bitumen Plant as an important medium-term growth driver, although its contribution to Group revenue remains small relative to fuel sales.

Procurement Forecasting Could Strengthen GOIL's Pricing Advantage

- We note that GOIL has established a team to monitor international petroleum prices and simulate potential price movements. Management says it uses these assessments to guide purchasing decisions, including when to lock in product supplies ahead of anticipated price increases. GOIL's investment in procurement forecasting could improve its ability to navigate volatile petroleum markets and protect its competitive position. By monitoring international prices and adjusting procurement decisions to anticipated market movements, we believe the company could secure more favourable product costs and reduce the immediate impact of price increases on its blended inventory cost. This could allow GOIL to maintain competitive pump prices without significantly sacrificing margins, particularly during periods of rising international prices. However, the benefits depend on the realisation of its forecasts, especially as global risk events remain fluid. Consequently, we view this as a potential competitive advantage rather than a guarantee of lower procurement costs.

Underserved Markets Offer Strategic Reach but Weaker Returns

- Management explained that GOIL continues to invest in communities where lower fuel demand makes new stations commercially unattractive. They indicated that such investments require substantial upfront capital and extended payback periods. GOIL's extensive service station network supports its national reach and strengthens its position in Ghana's petroleum distribution market, but its public-service mandate creates a trade-off between market coverage and commercial returns. We believe maintaining a presence in underserved communities strengthens brand visibility and provide long-term strategic value. However, service stations in low-volume locations generate weaker returns and tie up capital for extended periods. We believe weaker returns from low-demand locations will weigh on overall profitability and exert on drag on the GOIL's valuation.

Margin Compression Threatens Near-Term Earnings Momentum

- GOIL's gross margin improved 0.3pp y/y to 4.5% in 9M2026 but eased from 4.8% in 1H2026. Operating margin declined 0.3pp to 1.3%, while net profit margin was flat at 0.6%. Regulatory pressure on pricing has increased, with the Government's October–November diesel relief partly funded by a GHS 1.00/litre reduction in statutory petroleum margins, while GOIL's management has signalled its intention to "tame the market" on prices. We believe GOIL's structurally thin margins leave limited room to absorb cost pressures, making margin trends the key determinant of earnings performance in the near term.

Industry Performance Snapshot: Oil price shock prompts Government intervention as domestic refining gains urgency

- International product prices surged in 3Q2026 as disruptions around the Strait of Hormuz pushed Brent to USD 103.53/bbl during the second pricing window in September 2026, with ex-pump petrol and diesel price rising 24.4% y/y and 30.0% y/y respectively.

  Following an emergency meeting with industry players, the Government extended a GHS 2.00/litre diesel relief for October and November 2026, funded by a temporary suspension of the GHS 1.00/litre Energy Sector Shortfall and Debt Repayment Levy (D-Levy) and a GHS 1.00/litre reduction in statutory petroleum margins. Tema Oil Refinery (TOR) and Sentuo Oil Refinery also agreed to hold their selling prices to Bulk Distribution Companies at the previous window's levels. According to the National Petroleum Authority (NPA), diesel prices would have reached about GHS 22.00/litre without the intervention.

  The Chamber of Bulk Oil Distributors (CBOD) has urged TOR and Sentuo to ramp up production to reduce Ghana's exposure to external price shocks, noting that only 25% – 30% of national consumption could currently be sourced domestically. TOR's refurbished facilities were commissioned in August 2026, while Sentuo broke ground in June 2026 for its Phase II expansion from 40,000 to 100,000 barrels per day.

Summary of Outlook

- We maintain a cautiously positive outlook on GOIL, underpinned by stronger standalone performance, ongoing deleveraging and recovering market share, which should support earnings into 4Q2026. Higher ex-pump fuel prices and an extensive service station network should sustain revenue growth, while lower borrowings should continue to ease financing costs. Over the medium term, the GOIL-SMB Bitumen Plant offers additional growth potential as the Government's Big Push programme advances into more asphalt surfacing works. However, weaker subsidiary contributions, operational cost pressures and structurally thin margins remain key risks to earnings conversion, particularly amid regulatory pricing pressures and GOIL's commitment to maintaining competitive fuel prices. We therefore expect standalone operations to remain the principal earnings driver.

Valuation & Recommendation: BUY

- Our "BUY" rating is based on our weighted average fair value of GHS 8.64 per share, representing an upside of 52.1% from the current market price of GHS 5.68, 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 23.8x and EV/EBITDA of 8.2x (vs peer mean of 11.5x)

Key risks to valuation

Upside: Sustained recovery in fuel demand, stable or appreciating local currency, faster ramp-up of bitumen sales, recovery in subsidiary performance, expansion of non-fuel income streams and favourable regulatory or tax reforms

Downside: Geopolitical tensions (renewed disruptions around the Strait of Hormuz), sustained high international product prices, Cedi depreciation, regulatory price interventions and statutory margin cuts, weaker subsidiary performance, lower-than-expected demand for bitumen, lower-than-expected fuel demand, intensifying competitive pressures, unexpected spike in finance costs and supply chain disruptions

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