



STOCK REVIEW

TotalEnergies Marketing Ghana PLC (TOTAL)

SUMMARY

Company Review of TotalEnergies Marketing Ghana PLC

This document covers the overall performance (Stock market and financial analysis) of TotalEnergies Marketing Ghana PLC over the last five (5) years to date, and a 5-year forecast into the future.

Key Findings

- TOTAL's share price is currently trading at GH ¢4.57, with a Beta of 1.05 on the stock market. The current book value of TotalEnergies is GH¢4.28. Based on our assessment, we expect a target price range of GH¢4.71 - GH¢6.64.
- Over the last five years, earnings per share (EPS) have increased by 224.14%, with a current EPS of GH¢1.46
- The company has paid an average of 25.43% of its earnings as dividends over the past five years, with a current payout ratio of 25.82%.
- Revenue up 76.23% to GH¢5.67 billion in FY 2022 (FY 2021: GH¢3.22 billion).
- Profit after tax up by 44.80% to GH¢163.26 million (FY 2021: GH¢112.74 million).
- Total Asset up by 60.08% to GH¢1.70 billion (FY 2021: GH¢1.06 billion).
- Total shareholder's equity up by 9.74% to GH¢479.35 million in FY 2022 (FY 2021: GH¢436.79 million).
- The current return on asset (ROA) and return on equity (ROE) of the company are 9.60% and 34.06% respectively.

Conclusion

We conducted a comprehensive value assessment using financial forecast and standard valuation techniques before arriving at our opinion. We believe that an equity investment in TOTAL is an attractive opportunity with a substantial upside price potential. We therefore recommend an equity investment in TOTAL shares.

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About

TotalEnergies Marketing Ghana PLC is part of the global TotalEnergies Group, which is the fourth largest publicly traded integrated international Oil and Gas Company in the world with presence in over 130 countries.

TotalEnergies operations in Ghana started in 1951 under the name Total Oil Products Limited. Since then, TotalEnergies has undergone various transformations, taking over from BP Ghana Limited, then Elf Oil to TotalfinaElf following a global merger between Total and Elf and finally resulting in the incorporation of Total Petroleum Ghana Limited (now known as **TotalEnergies Marketing Ghana PLC**) when Marketing Afrique acquired Mobil in Ghana. This progression, coupled with great respect for quality, standards, achievements, and safety has propelled the Company to the forefront of the industry.

TotalEnergies Marketing Ghana PLC trading under the brand name TotalEnergies has a strong brand image in the Ghanaian market. The Company is well represented in all 16 Regions of the country with strategic locations in major cities and towns. The company has large network coverage of 263 service stations in Ghana. Our range of services cuts across the Aviation, Bitumen, and Mining industries, besides the Manufacturing and Roads Sectors.

TotalEnergies Marketing Ghana PLC introduced onto the market the high-performance fuels, Excellium Super, Excellium Super 95 and Excellium Diesel, guaranteed to ensure a smooth ride. The Quartz 4X4 and Total INEO lubricants were also launched in response to the high demand and technological trends.

TotalEnergies Marketing Ghana PLC is also the first Oil Marketing Company (OMC) to be ISO 9001:2015 certified in Ghana and has initiated a comprehensive investment program, which not only responds to customer needs but is also Eco-friendly and gives priority to customer comfort and safety.

STOCK MARKET UPDATE

SHARE PRICE: **GH¢4.56**

TARGET PRICE RANGE: **GH¢4.71 – GH¢6.64**

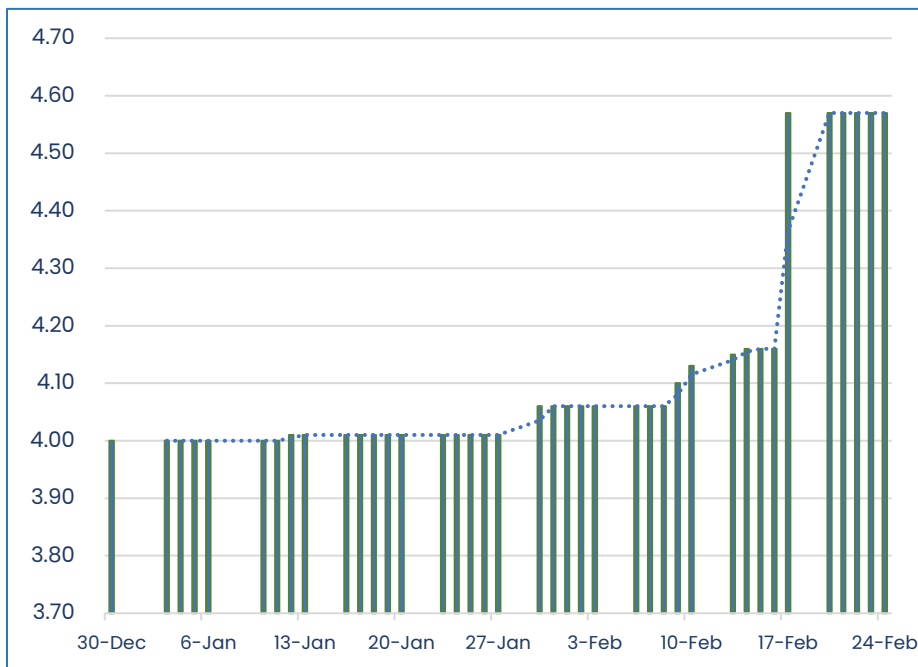
YTD Change	Year High	Year Low	Book value	1-Year change	Market Cap	Issued shares
14.25%	4.57	4.00	4.28	-8.96%	511.26 (GH¢M)	111.87 (M)

200-DAYS AVG	100-DAYS AVG.	50-DAYS AVG.	6-MONTHS CHG.	3-MONTH CHG.	VOL. TRADED YTD	VAL. TRADED YTD
4.07	4.04	4.09	14.25%	14.25%	50,510	205,597

HISTORICAL PRICE TREND

	2017	2018	2019	2020	2021	2022
YEAR HIGH	3.65	6.00	5.10	3.00	5.52	5.02
YEAR LOW	2.00	3.40	2.82	2.35	2.83	4.00
MARKET RETURN (%)	78.28	-3.68	-11.76	-5.67	77.39	-20.32
AVERAGE DAILY TRADED PRICE	2.47	4.67	3.78	2.59	3.93	4.38

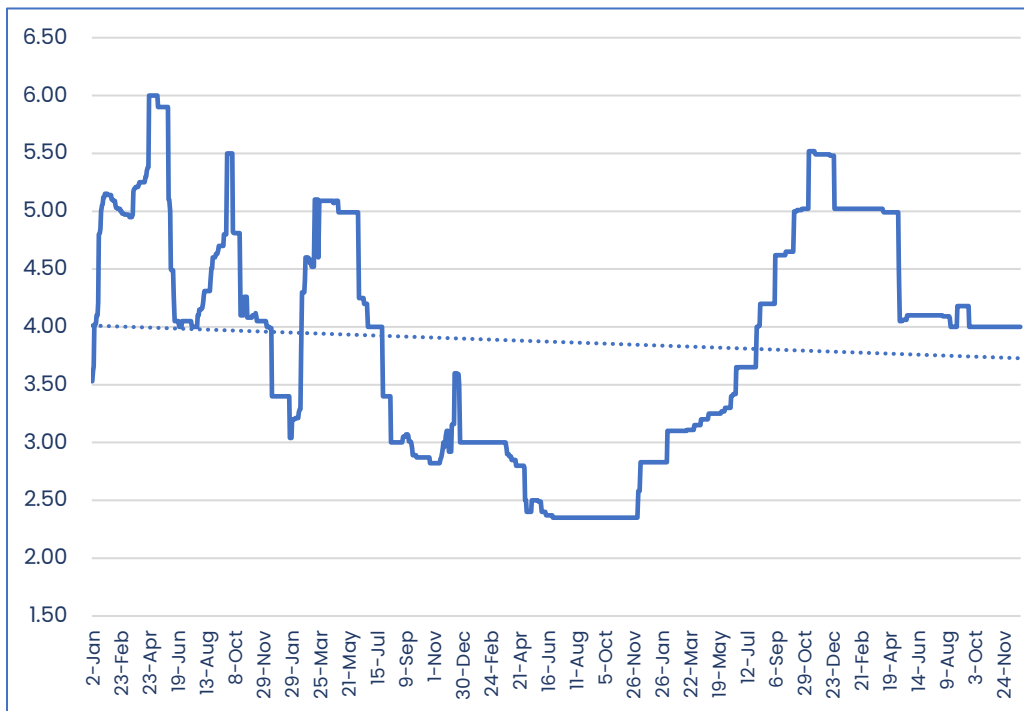
YEAR-TO-DATE PRICE PERFORMANCE



TotalEnergies opened the year at GH¢4.00 and has traded at an average daily price of GH¢4.12 with a year-to-date return of 14.25%. The 200-Days (GH¢4.07), 100-Days (GH¢4.04), 50-Days (GH¢4.09) moving averages showed an upward potential of the share price.

Based on the exponential projections, the stock is expected to trade at an average price of GH¢5.02 between march and April. The highest and lowest expected trading prices are GH¢5.32 and GH¢4.71 respectively. Between May and June 2023, the stock is expected to be trading at an average price of GH¢5.06, with GH¢6.64 being the highest price and GH¢5.38 the lowest.

5-YEARS PRICE PERFORMANCE (2018-2022)



The 5-year daily average price traded.

GH¢3.87

Highest traded price in the last five years.

GH¢6.00

Lowest traded price in the last five years.

GH¢2.35

The share price is currently trading at 6.78% below its book value per share, which implies the TotalEnergies company is undervalued on the stock market.

The share price has traded over the past five (5) years at an average growth rate of 7.19%, recording 77.39% (2021) as its highest year return and -20.32% (2022) as its lowest year return.

The share price is expected to grow between 30% - 40% by end of year.

The Beta of the stock which shows the volatility and sensitivity of the stock on the stock market is 1.05 which implies that the stock is a very sensitive and volatile stock comparable to that of the stock market. The average Beta of the petroleum industry is 0.87.

VOLUMES AND VALUES TRADE

	2017	2018	2019	2020	2021	2022	2023 -DATE
VOLUMES TRADED	10,765,891	1,955,644	420,617	297,443	1,541,052	861,111	50,510 +
VALUES TRADED	25,305,430	9,672,779	1,642,623	796,922	5,295,411	3,539,134	205,597 +

DIVIDEND PAYMENT AND DIVIDEND YIELD.

DATE	2016	2017	2018	2019	2020	2021
DIVIDEND PAID	0.20500	0.13325	0.13990	0.15390	0.24240	0.74510

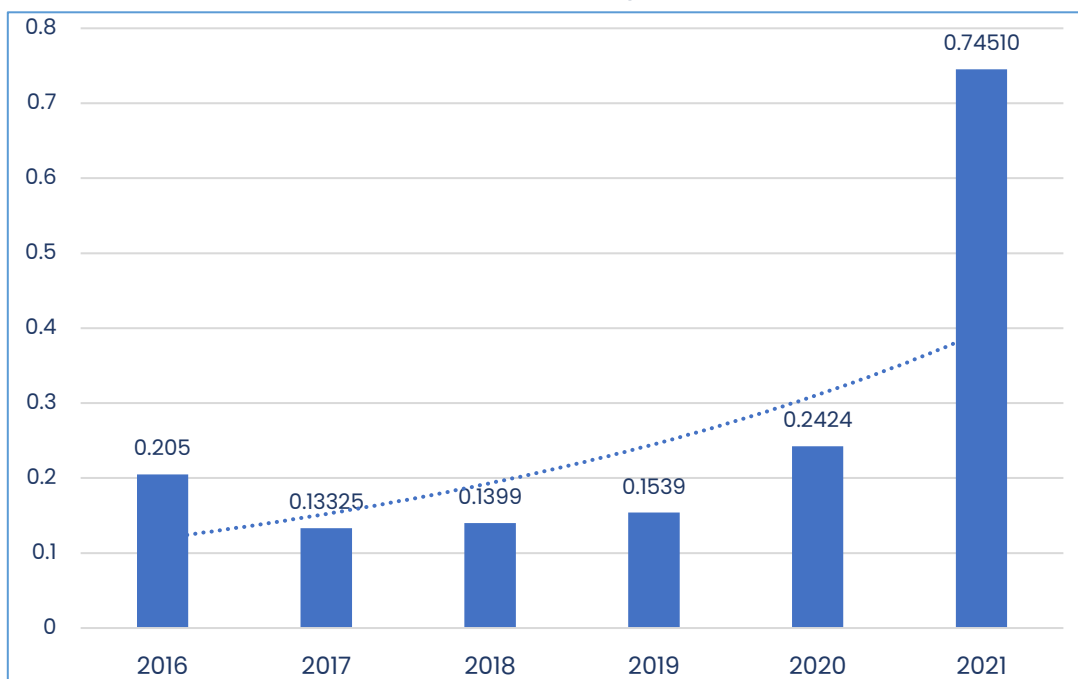
FORECASTED DIVIDEND	2023E	2024E	2025E	2026E
DIVIDEND FORECAST	0.8134	0.9460	1.0786	1.2112

TotalEnergies Marketing Ghana paid a final dividend of GH¢75.589 million which represents GH¢0.6757 per share in respect of the year ended 31st December 2021. This summed up to a total dividend of GH¢83.353 million for the year 2021 and represents GH¢0.7451 per share.

Based on our analysis, the 5-year (2017 – 2021) average growth rate in dividend paid is 48.98%. Between 2017 and 2021, dividend per share has grown by 459.17% from 0.13325 to 0.74510 per share. TotalEnergies has paid an average of 0.2829 pesewas share in dividend over the last five years. Using the average growth rate of 48.98% and the current share price of GH¢4.57, the required rate of returns using the Divided Discount Model is 73.27%.

The dividend payout ratio shows the percentage of a company's earnings paid out as dividends to shareholders. A payout ratio over 100% indicates that the company is paying out more in dividends than its earning can support. The company has paid an average of 38.42% of its earnings as dividends over the last four years with a current payout ratio of 73.93%.

DIVIDEND PAID - GRAPH



FINANCIAL OVERVIEW

HIGHLIGHT OF KEY NOTES (December 2022 Financial Report)

- Revenue rose 76.23% to GH¢5.67 billion in FY 2022 (FY 2021: GH¢3.22 billion).
- Profit after tax up by 44.80% to GH¢163.26 million (FY 2021: GH¢112.74 million).
- Total Asset up by 60.08% to GH¢1.70 billion (FY 2021: GH¢1.06 billion).
- Total Liability up by 90.73% to GH¢1.19 billion in FY 2022 (FY 2021: GH¢625.91 million).
- Total shareholder's equity up by 9.74% to GH¢479.35 million in FY 2022 (FY 2021: GH¢436.79 million).

FINANCIAL SNAPSHOT OVER THE LAST TEN (10) YEARS

- The company's revenue has grown significantly by 323.88% over the last 10-years, 139.24% over the last 5-years, and 137.91% over the last 3-years.
- Net profit has surged 366.90% over the past 10-years, 221.06% over the past 5-years, and 42.44% in 3-years.
- Shareholders' equity growth; (10-years: 363.13%), (5-years: 132.70%), and (3-years: 35.86%).
- Total asset base growth; (10-years: 401.24%), (5-years: 114.84%), and (3-years: 102.41%).

FINANCIAL STATEMENT (SNAPSHOT)

- Below is a snapshot of the company's historical financial positions of the past 5-years

Income statement	FY 2018. GHC'000	FY 2019. GHC'000	FY 2020. GHC'000	FY 2021. GHC'000	FY 2022. GHC'000	5-year av. Growth (%)
Revenue	2,370,975	2,618,817	2,384,158	3,218,179	5,672,210	28.20
Profit before tax	67,967	94,152	153,196	152,223	218,214	36.70
Profit after tax	50,364	69,339	113,684	112,744	163,256	36.95
Earnings per share						
Basic	0.4502	0.6198	1.0162	1.0078	1.4593	36.95
Statement of Financial Position	FY 2018. GHC'000	FY 2019. GHC'000	FY 2020. GHC'000	FY 2021. GHC'000	FY 2022. GHC'000	5-year av. Growth (%)
Total asset	791,858	809,369	840,495	1,062,695	1,701,204	22.48
Total Equity	205,994	258,977	352,813	436,788	479,348	23.26
Total Liability	585,864	550,392	487,682	625,907	1,193,799	24.23
Cash and Cash Equivalents	FY 2018. GHC'000	FY 2019. GHC'000	FY 2020. GHC'000	FY 2021. GHC'000	FY 2022. GHC'000	5-year av. Growth (%)
Cash and cash equivalents	54,765	47,186	89,833	142,109	199,476	52.88

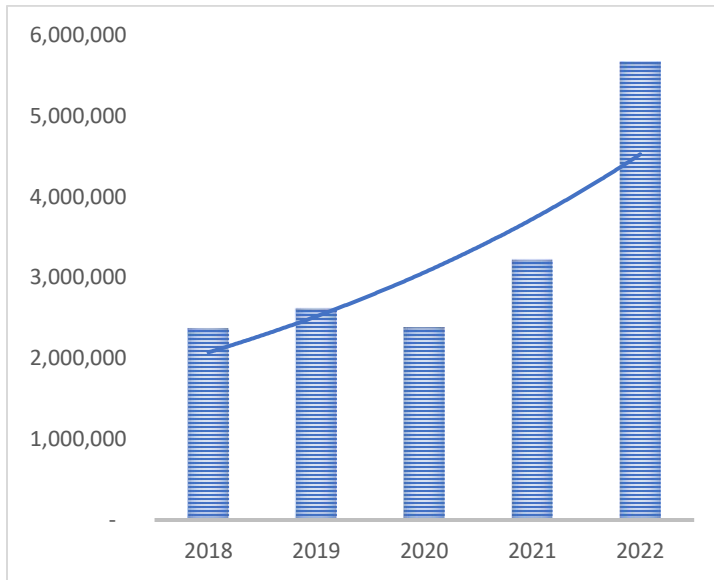
FINANCIAL STATEMENT (FORECASTED)

- We prepared a 5-year financial forecast based on publicly available historical financial information using CAGR formular.

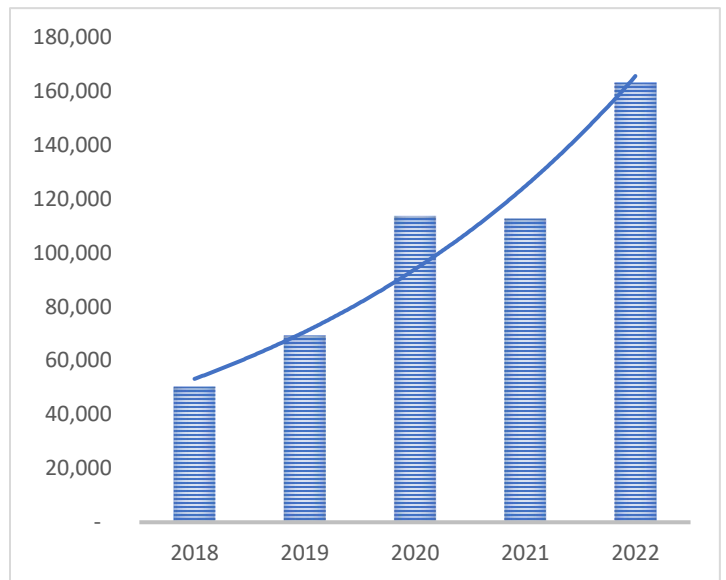
Income statement	2023F. GHC'000	2024F. GHC'000	2025F. GHC'000	2026F. GHC'000	2027F. GHC'000
Revenue	5,413,417	6,133,601	6,853,784	7,573,967	8,294,150
Profit before tax	244,720	280,576	316,433	352,289	388,146
Profit after tax	182,634	209,553	236,472	263,391	290,310
Earnings per share					
Basic	1.6325	1.8731	1.8731	2.1138	2.3544
Statement of Financial Position					
	2023F. GHC'000	2024F. GHC'000	2025F. GHC'000	2026F. GHC'000	2027F. GHC'000
Total asset	1,662,730	1,869,931	2,077,133	2,284,335	2,491,537
Total Equity	564,140	636,592	709,044	781,495	853,947
Cash and Cash Equivalents					
	2023F. GHC'000	2024F. GHC'000	2025F. GHC'000	2026F. GHC'000	2027F. GHC'000
Cash and cash equivalents	221,977	260,412	298,846	337,281	375,715

FINANCIAL GROWTH GRAPHS

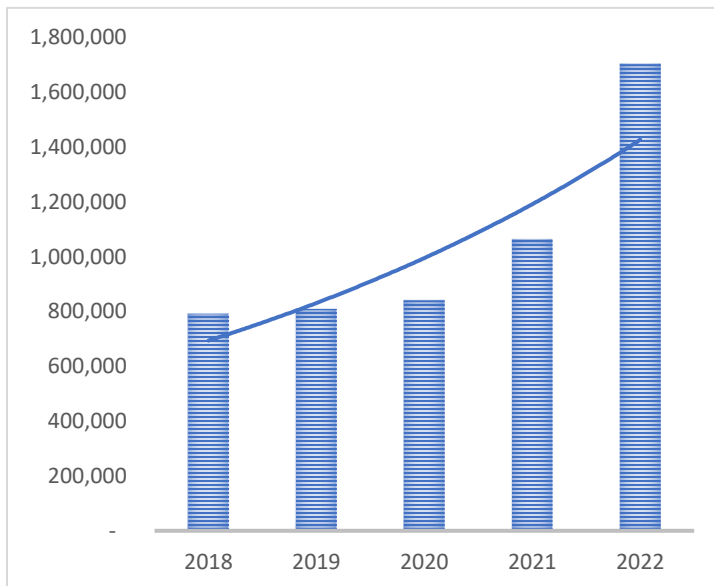
REVENUE



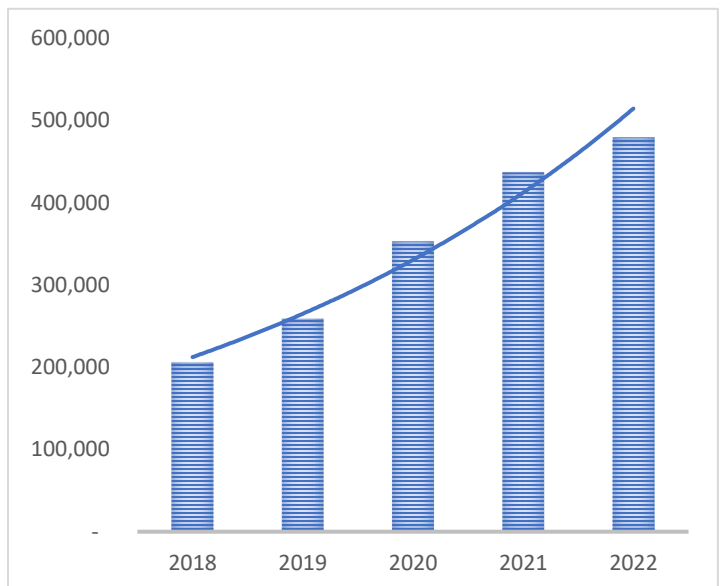
PROFITABILITY



TOTAL ASSET



TOTAL SHAREHOLDER'S EQUITY



VALUATION

Book value per share (BVPS)

DATE	2018	2019	2020	2021	2022
BVPS	1.84	2.31	3.15	3.90	4.28
PERCENTAGE CHANGES IN BVPS	20.79	25.72	36.23	23.80	9.74

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED BVPS	5.04	5.69	6.34	6.99	7.63
PERCENTAGE CHANGES IN BVPS	17.69	12.84	11.38	10.22	9.27

Book value per share (BVPS) is the ratio of equity available to common shareholders divided by the number of outstanding shares. This signifies the minimum value of a company's equity and measures the book value of a firm on a per-share basis. BVPS is used mainly by stock investors to evaluate a company's stock price.

The current book value of the company is GH¢4.28. This BVPS is 6.78% lower than the current GHS4.57 share price. The average growth rate of the BVPS over the last 5-years is 23.26%. The average BVPS over the last five (5) years is GH¢3.10. The 5-year forecasted average book value of GH¢6.34 shows a significant growth in book value. We foresee a growth in the share price about our GH¢6.63 mark.

Price to Book value per share (PB ratio)

DATE	2018	2019	2020	2021	2022
PB Ratio	1.85	1.30	0.90	1.02	1.00
% Changes in PB Ratio	-20.26	-29.82	-30.76	14.17	-2.52

Price-to-book ratio (P/B ratio) compares a firm's share price to its book value. It is calculated by dividing the company's stock price per share by its book value per share (BVPS). The market value of equity is typically higher than the book value of a company. P/B ratio is used by investors to identify potential investments.

The Price to Book value of Total Energies since 2018 has declined at an average rate of -13.84%. The current price to book value of 1:1 implies that the company is trading about its book value per share.

Earnings per share (EPS)

DATE	2018	2019	2020	2021	2022
Earnings per share	0.4502	0.6198	1.0162	1.0078	1.4593
% Changes in EPS	39.17	37.67	63.96	-0.83	44.80

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED EPS	1.6325	1.8731	2.1138	2.3544	2.5950
% Changes in EPS	11.87	14.74	12.85	11.38	10.22

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

The earnings per share grew by 224.14% over the last 5-years. The current EPS (GH¢1.46) reported in FY 2022 is the company's highest earnings per share over the years. The EPS has grown at an average rate is 36.95% over the last 5-years, at an average EPS of 0.91 pesewas. The average forecasted earnings per share for the next 5-years is GH¢2.11.

Price-to-Earnings ratio (P/E Ratio)

DATE	2018	2019	2020	2021	2022
P/E Ratio	7.55	4.84	2.78	3.97	2.93
% Changes	-30.79	-35.91	-42.46	42.52	-26.12

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED EPS	2.65	2.46	2.31	2.19	2.09
% Changes	-9.56	-7.29	-6.08	-5.15	-4.42

The price-to-earnings ratio (P/E ratio) is a ratio for valuing a company. This is calculated by measuring its current share price relative to its per-share earnings (EPS). This shows the price investors are willing to pay for the stock for every GH¢1 earnings

The P/E ratio recorded in Q4 2022 has been the company's second lowest ratio during the last 5-years under review. This shows that Investors earn more at a lower cost. The current p/e ratio of 2.93x implies that company is fairly valued with investors paying less for every earnings per share. The P/E ratio values the company at GH¢2.93.

Dividend Payout ratio

DATE	2018	2019	2020	2021
Payout ratio (%)	31.08	24.83	23.85	73.93

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED payout ratio	46.65	49.82	50.50	51.03	51.45

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the company. It is the percentage of earnings paid to shareholders via dividends.

The average percentage of the company's earnings paid at dividend over the past 5-years is 38.42%. The current payout ratio of the company is 73.93%.

Dividend yield

DATE	2018	2019	2020	2021
Dividend yield	4.11	5.13	8.57	14.84

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED Dividend yield	17.62	19.16	20.51	21.70	22.76

The dividend yield is a financial ratio that tells you the percentage of a company's share price that it pays out in dividends each year. If a company's dividend yield has been steadily increasing, this could be because they are increasing their dividend, because their share price is declining, or both. Depending on the circumstances, this may be seen as either a positive or a negative sign by investors.

The most recent dividend yield of the company is 14.84% above its 4-years average dividend yield of 7.29%. The historical and projected dividend yield illustrates a systematic surge over the period into the future.

Return on Asset (ROA)

DATE	2018	2019	2020	2021	2022
Return on Asset	6.36	8.57	13.53	10.61	9.60
% Changes in ROA	16.12	34.70	57.88	-21.56	-9.55

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED ROA	10.98	11.21	11.38	11.53	11.65

Return on assets is a profitability ratio that provides how much profit a company can generate from its assets. ROA is shown as a percentage, and the higher the number, the more efficient a company's management is at managing its balance sheet to generate profits.

The average return on asset (ROA) of the company over the past 5-years is 9.73%, with an estimated average ROA of 11.35% in the next 5-years. The average growth rate of the ROA over the last 5-years is 15.52%. The current return on asset of the company is 9.60%.

Return on Equity (ROE)

DATE	2018	2019	2020	2021	2022
Return on Equity	24.45	26.77	32.22	25.81	34.06
% Changes in ROE	15.19	9.51	20.35	-19.89	31.95

DATE	2023F	2024F	2025F	2026F	2027F
FORECASTED ROE	32.37	32.92	33.35	33.70	34.00

Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. ROE is a gauge of a corporation's profitability and how efficiently it generates those profits. The higher the ROE, the better a company is at converting its equity financing into profits.

The company's average return on equity (ROE) over the last five years has been 28.66%, with an estimated average ROE of 33.27% over the next five years. Over the last five years, the average growth rate of the ROE has been 11.42%. The company's ROE over the years has shown an improvement in the company's efficient use of shareholders' equity.

VALUATION



RRR using (Gordon Growth model)

73.66%

GGM suggests that the stock's required rate of return should be 73.66%. The company's value is expected to go up 0.28p by end of year after dividend.

Book value per share

4.28

Projected Average Price returns

7.19%

Volatility (Beta)

1.05



estimated target share price range for the medium term to long term.

Estimated Dividend growth rate

61.16%

GH¢ 4.71 – 6.64

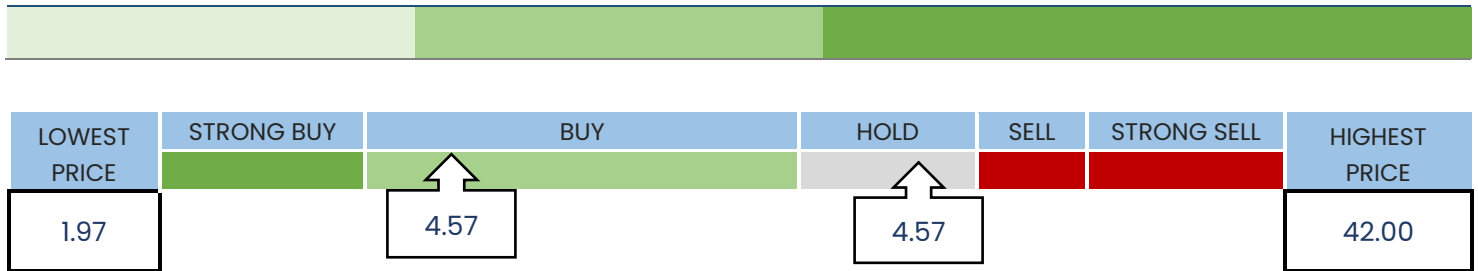
Price-to-Earnings Ratio

2.93x

Return on Equity

34.06%

ANALYST OPINION



Based on our comprehensive value assessment using financial forecast and standard valuation techniques, we believe that an equity investment in TOTAL is an attractive opportunity with a substantial upside price potential.

We therefore recommend an equity investment in TOTAL shares.

TotalEnergies Marketing Ghana Plc over the past ten (10) years have shown resilient growth in revenue and profitability, as well asset growth, strong shareholder's equity base, frequency in dividend payment, strong liquidity position among others.

Summing up all the trading multiples, valuations and opinions provided above, we therefore suggest TOTAL shares as a "buy" for medium-term, and long-term investor. We also suggest a "hold" for investors who already owns TOTAL shares.

NOTICE TO INVESTOR

- Past performance does not guarantee future results.
- Diversification does not guarantee investment returns and does not eliminate the risk of loss.
- Our stock recommendation is a summary of our analysis, valuations, and opinion on the companies and may not contain technical work details as expected by valuation experts. The reason is to make it understandable and simple for all levels of investors.

Multiples for value Estimation

Before arriving at an opinion, we estimated the intrinsic value of these companies as well as several trading multiples: including historical, recent, and estimated earnings per share; historical and estimated average price to earnings ratios; historical and estimated dividend per share; historical and recent dividend payout ratios; book value per share, average price to book ratio, historical and projected price movement, dividend discount model, Beta of the stock, etc.

The above approach is purely quantitative and may not reflect the likely events on the market. Therefore, qualitative consideration was also used to support our opinion.

Below are factors which may affect our projections.

Huge volumes transfer of shares over a period, insider dealings, changes in revenue and profitability of the company published at a given point. Significant changes in dividend payout ratio and P/E ratios, expected required rate of returns. Traders' discretion and opinions on the price, publicly published news of the company at any given time, and the economic conditions in which the market operates.

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