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Equity Research

September 22, 2026

ZEN Petroleum Holdings PLC – Earnings Report

Strong Share Price Gains, But Mixed Earnings Delivery Support a "HOLD" Rating

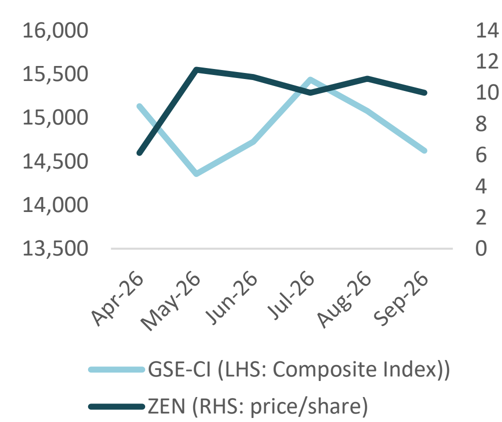
HOLD

Stock data

Share price (GHS)	9.01
Target price (GHS)	8.32
Est. potential	-7.6%
Price range since listing (GHS)	5.05 - 12.61
Market Cap. (GHS'mn)	5,766.40
Market Cap. (USD'mn)	499.26
Shares outstanding (mn)	640.00
Free float shares	1%
12M Turnover (GHS'mn)	31.22
Avg daily turnover (GHS)	297,357.85
Dividend yield (12MT)	N/A
Fiscal year end	March
Sector	Energy
Sub-sector	Oil Marketing
Sector rating	Neutral
Bloomberg ticker	ZEN GN
GSE ticker	ZEN

	2024A	*2025A*	*2026A*	*2027E*
EPS (GHS)	0.41	0.76	0.63	0.69
BVPS (GHS)	1.26	1.84	1.79	2.16
P/E (x)	N/A	N/A	15.98	14.40
P/BV (x)	N/A	N/A	5.58	4.64
EV/EBITDA(x)	N/A	N/A	9.74	8.57

Market Trend Since Listing - GSE-CI & ZEN Share Price



Data & Graph source: GSE, ZEN financials & Laurus Africa Securities

We revise our rating on ZEN Petroleum Holdings PLC ("ZEN" or "the Company") from "BUY" to "HOLD", reflecting an upside potential of -7.6% and a moderated target price of GHS8.32 from GHS8.69. Notably, the stock has returned 80% since IPO in Apr-2026 and 50% since our coverage initiation in May-2026. While the first reported quarter did not alter our longer-term view of the business, it highlighted near term uncertainty around execution, earnings quality and cash conversion, thus warranting increased risk premium which translates to a slightly higher cost of capital. We therefore believe existing investors will likely retain their positions, while new investors consider clearer evidence of sustained operating performance.

Investment rationale - What has changed since initiation?

1. The share price has risen significantly. ZEN has gained 66.1% since our initiation on 5 May 2026, reducing the attractiveness of new entry at the current price.
2. Revenue and gross profit tracked below a simple quarterly benchmark. They represented 22.0% and 17.8% of our FY-2027 forecasts, respectively.
3. Reported profit benefited from a non-recurring gain. The GHS31.00mn disposal gain represented 22.5% of profit before tax, while operating cash flow was negative.
4. Margins and cash conversion are the main indicators to monitor. A recovery in gross margin towards our forecast assumption, together with positive operating cash flow, would strengthen the earnings outlook.

Analysis of latest financial results (quarter ended 30 June 2026)

Revenue requires stronger delivery over the remaining nine months. ZEN reported revenue of GHS1.78bn, representing 22.0% of our FY-2027 (Full year ends March 2027) forecast of GHS8.10bn. Achieving the forecast would require the Company to generate GHS6.32bn over the final nine months of FY-2027, equivalent to an average of GHS2.11bn per quarter and 18.3% above the first quarter result. We believe the Q1 outturn places greater weight on stronger sales delivery in the remaining months. However, we expect higher energy demand and prices to augur for revenue.

Gross margin recovery is the more demanding part. Gross profit of GHS165.37mn translated into a margin of 9.29%, which was 221bps below our FY-2027 assumption of 11.50%. At the reported revenue level, achieving our assumed margin would have generated an additional GHS39.28mn of gross profit. If our FY-2027 revenue forecast is achieved, gross margin would need to average approximately 12.12% over the remaining months to meet our full year gross profit forecast. This is 283bps above the first quarter margin and 62bps above our full year assumption. Thus, reechoing our assumption that the remaining months will need stronger execution. However, we also acknowledge that the road to a double-digit margin could remain muddy due to higher energy cost.

A non-recurring disposal gain supported reported earnings, while SG&A intensity exceeded our assumption. Other income of GHS45.74mn included a GHS31.00mn disposal gain, equivalent to 22.5% of reported profit before tax. Excluding the gain, we estimate adjusted profit before tax of GHS106.52mn and the adjusted margin at 5.99%. Applying the reported effective tax rate produces estimated adjusted profit after tax of GHS74.79mn and earnings per share of approximately GHS0.12, compared with the reported GHS0.15. SG&A expenses of GHS73.59mn absorbed 4.14% of revenue, 99bps above our FY-2027 assumption of 3.15%. Headline earnings therefore benefited from non-recurring income, while SG&A absorbed a larger share of revenue.

Working capital absorption and tax payments pushed operating cash flow negative. Higher inventories and receivables absorbed GHS204.00mn, partly offset by a GHS139.37mn increase in trade and other payables. This left cash generated from operations at GHS21.01mn. After tax payments of GHS31.59mn, ZEN recorded a net operating cash outflow of GHS10.58mn. Capital expenditure of GHS24.22mn subsequently resulted in a free cash flow deficit of GHS34.81mn.

Share issuance proceeds were largely absorbed by the dividend payment. ZEN received GHS640.00mn from the share issuance, but GHS24.27mn of issuance costs and a GHS600.00mn dividend payment reduced the net financing inflow to GHS15.73mn. Cash closed at GHS112.63mn. No bank borrowings were separately reported, while lease liabilities stood at GHS5.61mn. The current ratio was 1.69x, although current tax assets of GHS183.63mn represented 9.8% of total assets. Excluding this balance, the current ratio would fall to approximately 1.46x on our calculation, indicating that headline liquidity partly relies on the tax asset.

Peer comparisons place ZEN between GOIL and TotalEnergies Ghana. On a comparable April to June basis, ZEN's gross margin of 9.29% was above GOIL's 4.29% but below TotalEnergies Ghana's 15.07%. Despite generating 28.3% more revenue than TotalEnergies Ghana, ZEN produced 20.9% less gross profit, highlighting the margin gap. Excluding the disposal gain, ZEN's adjusted PBT margin of 5.99% was above GOIL's 0.64% but below TotalEnergies Ghana's 9.26%. Cash conversion was also mixed. ZEN and GOIL recorded operating cash outflows, while TotalEnergies Ghana converted 108.7% of profit after tax into operating cash flow. Margin recovery and stronger cash conversion are therefore the clearest areas for improvement for ZEN.

Our views and outlook

ZEN's medium-term growth outlook remains firmly supported by mining demand, retail expansion and its integrated storage and logistics network. We expect revenue growth to accelerate as rising volumes across these segments translate into stronger operating leverage, with margin recovery and improved cash conversion providing key drivers of earnings growth. While Q1 performance did not yet demonstrate the full operating leverage embedded in our forecasts, we view this as a near-term execution issue rather than a shift in the underlying growth thesis. With no bank borrowings separately reported, earnings upside will depend primarily on volume growth, margin expansion and cash generation. As the asset base expands, retail outlets are expected to deliver sufficient throughput to improve asset utilisation and returns, while procurement and pricing discipline remain critical to mitigating imported fuel cost and FX pressures.

Valuation and Rating

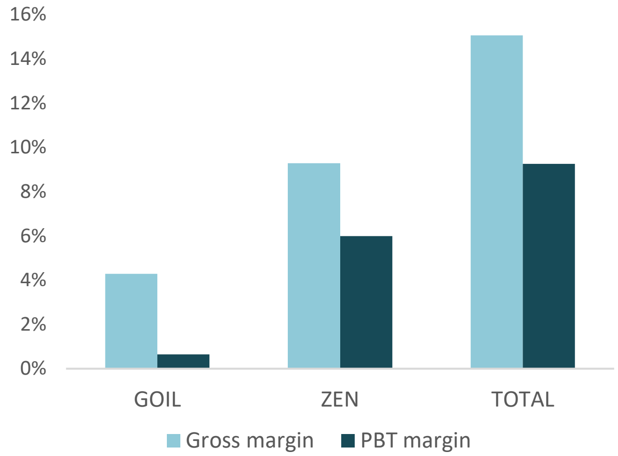
We assign a "HOLD" rating with a target price of GHS8.32/share (implying -7.6% upside), based on a 60:40 blend of DCF and relative valuation methodologies (P/E, EV/Sales, and EV/EBITDA). The DCF valuation incorporates FCFF, FCFE, and DDM approaches, assuming a cost of equity of ~17.25%, WACC of ~16%, and a terminal growth rate of 11%, reflecting Ghana's macroeconomic environment and Zen's growth profile.

Key risks to our views and price target: Working capital and liquidity constraints, FX and oil price volatility, global supply disruptions, and revenue concentration within the mining segment.

Quarterly Earnings Analysis (Q1-2026)

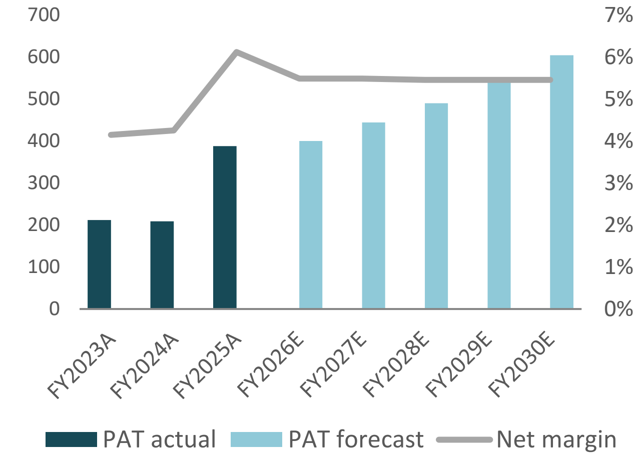
GHS'mn	Q1-2026	FY2027E	Q1 Benchmark	Variance	Percentage of FY2027E
Revenue	1,779.5	8,096.9	2,024.2	-12.1%	22.0%
Gross profit	165.4	931.1	232.8	-29.0%	17.8%
Gross margin	9.29%	11.50%	11.50%	-221bps	n.m.
Other income	45.7	24.3	6.1	653.2%	188.3%
SG&A	73.6	255.1	63.8	15.4%	28.9%
Profit before tax	137.5	635.0	158.8	-13.4%	21.7%
Profit after tax	96.6	444.5	111.1	-13.1%	21.7%
EPS (GHS)	0.15	0.69	0.17	-13.0%	21.7%
Operating cash flow	-10.6	459.4	114.9	n.m.	-2.3%

Figure 1: ZEN's margins sit between peers



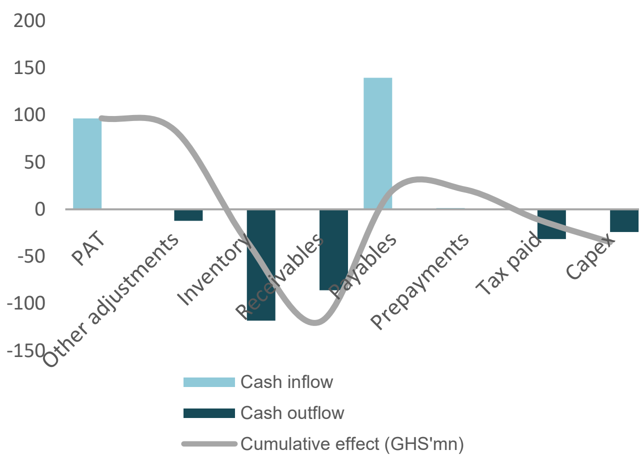
Source: ZEN, GOIL & TOTAL financials & Laurus Africa Securities

Figure 2: Earnings growth outlook



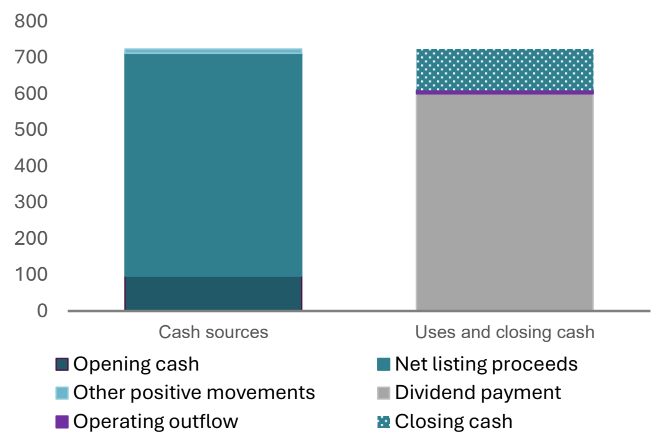
Source: ZEN financials & Laurus Africa Securities

Figure 3: Working capital drove negative free cash flow



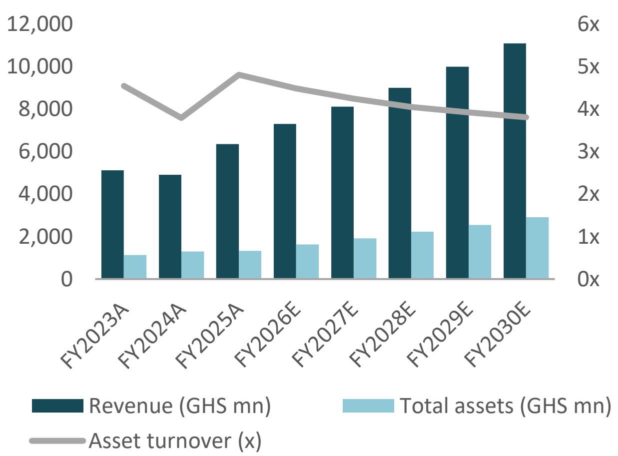
Source: ZEN financials & Laurus Africa Securities

Figure 4: Dividend absorbed 97% of net listing proceeds



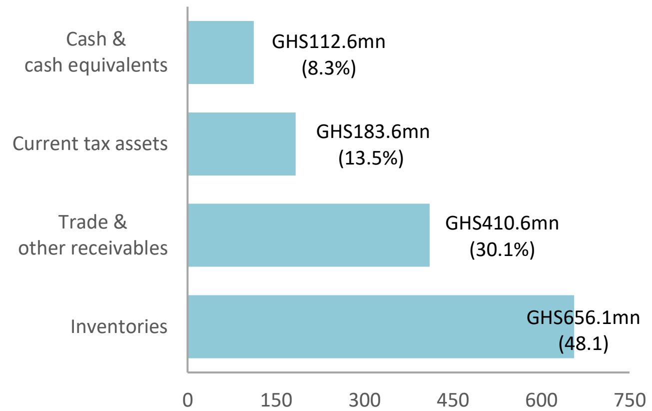
Source: ZEN financials & Laurus Africa Securities

Figure 5: Asset turnover is forecast to decline to 3.80x



Source: ZEN financials & Laurus Africa Securities

Figure 6: Inventory and receivables formed 78.3% of current assets



Source: ZEN financials & Laurus Africa Securities

Appendix: Financial Statements and Key Metrics

Table 1: Income Statement

All amounts in GHS'mn	2023A	2024A	2025A	2026E	2027E	2028E
Revenue	5,112.7	4,906.5	6,343.1	7,294.5	8,096.9	8,987.6
Cost of sales	(4,698.8)	(4,375.3)	(5,562.6)	(6,455.6)	(7,165.8)	(7,954.0)
Gross profit	**414.0**	**531.2**	**780.4**	**838.9**	**931.1**	**1,033.6**
Impairment loss on trade receivables	(2.3)	-	-	-	-	-
Other income	58.7	4.0	24.3	21.9	24.3	27.0
Selling, general and administrative expenses	(140.0)	(179.8)	(194.6)	(229.8)	(255.1)	(283.1)
EBITDA	**330.4**	**355.4**	**610.2**	**631.0**	**700.4**	**777.4**
Depreciation and amortisation	(37.1)	(43.1)	(49.9)	(58.4)	(64.8)	(71.9)
Operating profit	**293.4**	**312.2**	**560.3**	**572.6**	**635.6**	**705.5**
Finance income	1.8	1.1	2.2	2.2	2.4	2.7
Finance cost	(9.5)	(12.1)	(4.3)	(3.6)	(4.0)	(9.0)
Share of profit of equity-accounted investees	(0.5)	0.1	0.9	1.0	1.1	1.1
Loss on previously held interest in associates	(0.4)	-	-	-	-	-
Profit before tax	**284.8**	**301.4**	**559.1**	**572.1**	**635.0**	**700.4**
Income tax expense	(72.7)	(92.6)	(170.9)	(171.6)	(190.5)	(210.1)
Profit for the year	**212.0**	**208.8**	**388.2**	**400.5**	**444.5**	**490.3**

Table 2: Statement of Financial Position

All amounts in GHS'mn	2023A	2024A	2025A	2026E	2027E	2028E
ASSETS						
Non-current assets						
Property and equipment	273.6	294.2	355.2	383.9	415.2	449.4
Other assets	63.1	64.7	75.1	83.5	91.0	99.0
Total non-current assets	**336.7**	**359.0**	**430.3**	**467.5**	**506.2**	**548.4**
Current assets						
Inventories	299.9	278.2	371.0	424.5	471.2	523.0
Trade and other receivables	295.9	291.3	342.1	439.7	488.0	541.7
Other assets	23.6	30.8	30.6	30.7	30.7	30.8
Cash and cash equivalents	169.7	336.6	147.0	265.9	413.7	578.7
Total current assets	**789.0**	**936.8**	**890.8**	**1,160.7**	**1,403.6**	**1,674.2**
Total assets	**1,125.7**	**1,295.8**	**1,321.1**	**1,628.1**	**1,909.8**	**2,222.6**
EQUITY						
Share capital and retained earnings	477.0	510.2	762.5	962.8	1,185.0	1,430.2
Translation reserve	82.7	132.5	181.1	185.0	194.8	207.4
Total equity	**559.7**	**642.8**	**943.6**	**1,147.8**	**1,379.8**	**1,637.6**
LIABILITIES						
Trade and other payables	491.9	601.4	341.5	442.2	490.8	544.8
Other current and non-current liabilities	74.1	51.6	35.9	38.2	39.2	40.2
Total liabilities	**566.0**	**653.0**	**377.4**	**480.4**	**530.0**	**585.0**
Total equity and liabilities	**1,125.7**	**1,295.8**	**1,321.1**	**1,628.1**	**1,909.8**	**2,222.6**

Table 3: Cash Flow Statement

All amounts in GHS'mn	2023A	2024A	2025A	2026E	2027E	2028E
Cash flows from operating activities						
Profit after taxation	212.0	208.8	388.2	400.5	444.5	490.3
Depreciation	36.9	43.0	49.8	58.4	64.8	71.9
Amortisation	0.1	0.1	0.1	-	-	-
Finance income	(1.8)	(1.1)	(2.2)	(2.2)	(2.4)	(2.7)
Income tax expense	72.7	92.6	170.9	171.6	190.5	210.1
Finance cost	9.5	12.1	4.3	3.6	4.0	9.0
Other items	48.5	63.5	57.3	(1.0)	(1.1)	(1.1)
Change in inventories	(36.6)	33.2	(83.9)	(53.4)	(46.7)	(51.8)
Change in trade and other receivables	(0.5)	5.2	(49.9)	(97.5)	(48.4)	(53.7)
Change in trade and other payables	(99.0)	42.6	(329.0)	100.7	48.6	54.0
Other working capital movements	(9.3)	(0.1)	(0.3)	0.1	-	-
Cash generated from operating activities	**232.6**	**499.9**	**205.3**	**580.7**	**653.9**	**725.9**
Tax paid	(83.6)	(99.2)	(164.3)	(171.6)	(190.5)	(210.1)
Interest paid	(9.1)	(11.4)	(2.9)	(3.6)	(4.0)	(9.0)
Net cash from operating activities	**140.0**	**389.3**	**38.1**	**405.5**	**459.4**	**506.8**
Cash flows from investing activities						
Purchase of property and equipment	(64.8)	(63.7)	(106.1)	(89.8)	(89.7)	(96.7)
Other investing activities	(1.6)	2.0	4.0	9.9	7.3	8.8
Net cash used in investing activities	**(66.4)**	**(61.8)**	**(102.1)**	**(79.9)**	**(82.4)**	**(87.9)**
Cash flows from financing activities						
Payment of lease liabilities	(0.5)	(4.4)	(1.9)	(3.2)	(2.5)	(2.9)
Prepaid lease on right-of-use asset	-	-	(9.9)	(3.3)	(4.4)	(5.9)
Other financing activities	(6.0)	(201.8)	(160.9)	(200.2)	(222.3)	(245.1)
Net cash used in financing activities	**(6.5)**	**(206.1)**	**(172.7)**	**(206.7)**	**(229.2)**	**(253.9)**
Net increase/(decrease) in cash and cash equivalents	**67.1**	**121.4**	**(236.8)**	**118.9**	**147.8**	**165.0**
Cash and cash equivalents at 1 April	67.0	169.7	336.6	147.0	265.9	413.7
Effect of exchange rate movements on cash held	35.6	45.5	47.2	-	-	-
Cash and cash equivalents at 31 March	**169.7**	**336.6**	**147.0**	**265.9**	**413.7**	**578.7**

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Table 4: Reported Results, Quarter Ended 30 June 2026

All amounts in GHS'mn	Q1 -2026
Statement of comprehensive income	
Revenue	1,779.5
Cost of sales	(1,614.2)
Gross profit	**165.4**
Selling, general and administrative expenses	(73.6)
Other income	45.7
Profit before taxation	**137.5**
Income tax expense	(41.0)
Profit for the period	**96.6**
Foreign currency translation differences	5.4
Total comprehensive income for the period	**101.9**
Basic and diluted EPS (GHS)	**0.15**
Statement of financial position	
Property and equipment	486.2
Total non-current assets	**513.3**
Inventories	656.1
Current tax assets	183.6
Trade and other receivables	410.6
Cash and cash equivalents	112.6
Total current assets	**1,363.0**
Total assets	**1,876.3**
Total equity	**1,038.2**
Deferred tax liabilities	26.4
Lease liabilities	5.6
Trade and other payables	806.1
Total liabilities	**838.1**
Statement of cash flows	
Cash generated from operating activities	**21.0**
Tax paid	(31.6)
Net cash used in operating activities	**(10.6)**
Acquisition of property and equipment	(24.2)
Proceeds from sale of property and equipment	34.5
Net cash from investing activities	**10.6**
Dividend paid	(600.0)
Proceeds from share issuance	640.0
Share issuance costs	(24.3)
Net cash from financing activities	**15.7**
Net increase in cash and cash equivalents	**15.7**
Cash and cash equivalents at 1 April 2026	96.4
Effect of exchange rate movements on cash held	0.5
Cash and cash equivalents at 30 June 2026	**112.6**

Table 5: Key Financial Metrics

	2023A	2024A	2025A	2026E	2027E	2028E
Growth trend						
Revenue growth (%)	N/A	-4.03%	29.28%	15.00%	11.00%	11.00%
Operating profit growth (%)	N/A	6.43%	79.45%	2.20%	11.00%	11.00%
EPS growth (%)	N/A	-1.52%	85.89%	-17.46%	10.99%	10.29%
Asset growth (%)	N/A	15.11%	1.95%	23.25%	17.30%	16.38%
Equity growth (%)	N/A	14.84%	46.80%	21.63%	20.22%	18.68%
Liability growth (%)	N/A	15.38%	-42.20%	27.28%	10.33%	10.39%
Returns, profitability and margins						
Return on assets (%)	18.84%	16.11%	29.38%	24.60%	23.28%	22.06%
Return on equity (%)	37.88%	32.49%	41.13%	34.89%	32.22%	29.94%
Return on capital employed (%)	33.59%	30.11%	39.63%	33.78%	31.33%	29.23%
Gross profit margin (%)	8.10%	10.83%	12.30%	11.50%	11.50%	11.50%
Operating profit margin (%)	5.74%	6.36%	8.83%	7.85%	7.85%	7.85%
Net profit margin (%)	4.15%	4.26%	6.12%	5.49%	5.49%	5.45%
SG&A margin (%)	2.74%	3.66%	3.07%	3.15%	3.15%	3.15%
Depreciation and amortisation margin (%)	0.73%	0.88%	0.79%	0.80%	0.80%	0.80%
Per share data						
EPS (GHS)	0.41	0.41	0.76	0.63	0.69	0.77
BVPS (GHS)	1.09	1.26	1.84	1.79	2.16	2.56
Liquidity ratios						
Operating capital margin (%)	2.03%	-0.65%	5.86%	5.78%	5.78%	5.78%
Current ratio (x)	1.60x	1.56x	2.61x	2.62x	2.86x	3.07x
Quick ratio (x)	0.99x	1.09x	1.52x	1.66x	1.90x	2.11x
Cash ratio (x)	0.34x	0.56x	0.43x	0.60x	0.84x	1.06x
Asset utilisation and operating efficiency						
Total asset turnover (x)	4.54x	3.79x	4.80x	4.48x	4.24x	4.04x
Core fixed asset turnover (x)	15.35x	13.81x	14.90x	15.79x	16.21x	16.63x
Accounts receivable turnover (x)	17.28x	16.85x	18.54x	16.59x	16.59x	16.59x
Inventory turnover (x)	15.67x	15.73x	14.99x	15.21x	15.21x	15.21x
Accounts payable turnover (x)	9.84x	7.57x	16.85x	15.11x	15.11x	15.11x
Accounts receivable (days)	21	22	20	22	22	22
Inventory (days)	23	23	24	24	24	24
Accounts payable (days)	37	48	22	24	24	24
Solvency and leverage ratios						
Total assets / equity (x)	2.01x	2.02x	1.40x	1.42x	1.38x	1.36x
Debt (est. interest bearing) / equity (x)	0.10x	0.05x	0.01x	0.01x	0.01x	0.01x
Interest coverage (x)	30.95x	25.90x	129.34x	157.00x	157.00x	78.50x
Operating leverage (x)	N/A	-1.59x	2.71x	0.15x	1.00x	1.00x

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Important Disclosures and Disclaimer:

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Buy: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely to return at least 20.00% and more.

Hold: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely range within -10.00% and 20.00%.

Sell: Based on our valuation and subjective view (if any), the expected upside on the stock's close price over the next twelve month is likely return below -10.00%.

Please note that we may designate a stock as "**Not Rated"** where we do not issue a rating, due to reasons such earlier target price exceeded after the target period with the security under review for re-rating, existing investment banking mandates, stock not currently in our coverage universe, or other considerations that may prevent us from providing an independent opinion.

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