Vivo Energy plc

(LSE: VVO & JSE: VVO)

2018 Full Year Results

London, United Kingdom, 6 March 2019: Vivo Energy plc, the retailer and marketer of Shell and Engen branded fuels and lubricants in Africa, today announces its consolidated financial results for the year ended 31 December 2018.

Christian Chammas, CEO of Vivo Energy plc, commented: "This has been a remarkable year for Vivo Energy and we are pleased to have met our objectives for the period and delivered a strong first set of results as a public company. In 2018, we achieved volume growth of 4% at a gross cash unit margin of $73 per thousand litres, which drove adjusted EBITDA of $400 million. The completion of the transaction with Engen is transformational for our business, adding operations in eight new countries under a strong, well-respected brand. During 2018 we have proved the resilience of the Group's footprint in the face of challenges in some markets. Looking forward we continue to see significant growth opportunities across our portfolio as we continue to enhance our position in our fast-growing markets across Africa."

KEY PERFORMANCE INDICATORS

	Six-month period ended[1] 31 December			Twelve-month period ended 31 December		
($ in millions), if not otherwise indicated	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Volumes (million litres)	4,723	4,564	+3%	9,351	9,026	+4%
Gross Cash Unit Margin ($/'000 litres)	71	75	-5%	73	74	-1%
Gross Profit	312	319	-2%	624	614	+2%
Gross Cash Profit	336	343	-2%	680	666	+2%
Adjusted EBITDA	196	187	+5%	400	376	+6%
Net Income	75	58	+29%	146	130	+13%
Adjusted Net Income	83	85	-2%	178	171	+4%

1 Figures presented for the six-month period ended 31 December are unaudited.

Financial Highlights

- Full year volumes up 4%, in line with guidance and driven by a strong performance in our Commercial business
- Total gross cash unit margin of $73 per thousand litres (2017: $74), with H2 2018 gross cash unit margin of $71 per thousand litres, primarily impacted by market conditions in Morocco
- Gross profit up 2% to $624 million, with higher volumes more than offsetting lower margins
- Growth in adjusted EBITDA of 6% to $400 million
- Net income of $146 million, up 13% year-on-year
- Adjusted diluted EPS of $0.14 and diluted headline EPS of $0.11 for the year
- Generated strong adjusted free cash flow of $149 million, 8% higher than 2017
- Leverage ratio decreased to 0.79x (2017: 0.97x)
- Proposed final dividend of 1.3 cents per share, bringing the full year dividend to 1.9 cents per share, 30% of attributable net income (pro-rated for the period post IPO)

Strategic and Operational Highlights

- Further expanded our Shell-branded network by opening a net total of 88 new retail service stations and 119 new Non-fuel retail offerings
- Successful transaction with Engen, which completed on 1 March 2019, significantly increasing our footprint across Africa
- Total Recordable Case Frequency of 0.192, below industry peers
- The first company in Africa, and one of the first 10 companies globally, to be certified under ISO 37001 standard for anti-bribery management systems
- Completed the first phase of the deployment of our new ERP system, the first step on our data journey

Engen[1]

As previously announced, on 1 March 2019, Vivo Energy completed the transaction to acquire Engen International Holdings (Mauritius) Limited, adding 230 Engen-branded service stations and eight new countries to our network, which now includes 2,130 service stations, across 23 African markets. The eight new markets are Gabon, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe. Engen's operations in Kenya (where we already operate) is the ninth country included in the transaction.

For the year ended 31 December 2018, the nine entities that have transferred to Vivo Energy sold approximately 1.0 billion litres of fuel (2017: 0.9 billion). Unaudited management adjusted EBITDA for the entities was approximately $33 million (2017: $33 million), of which $24 million is attributable[2] (2017: $26 million) to the business, with attributable net cash on hand of approximately $51 million[3] (2017: $48 million).

Vivo Energy believes that there is significant potential to grow the Engen business by leveraging our platform and operating model and thereby increasing the Group’s market share. Our current plans are to maintain the Engen brand in the eight new operating countries, as we believe that the Engen brand is strong and well-established. However, we will rebrand Engen service stations in Kenya to the Shell brand in accordance with the Shell Brand Licence Agreement.

2019 Outlook

In 2019, we expect to build further on the good momentum from 2018, delivering low to mid double-digit percentage volume growth from a combination of organic growth across our existing markets and the integration of the newly acquired Engen operations. Based on current market conditions in Morocco and a more conservative outlook in the Commercial segment we expect to achieve a US dollar gross cash unit margin in the high sixties per thousand litres for the year. This is on the assumption that there are no further material changes to the operating environment in Morocco during the year. Overall the prospects for the Group remain positive, we are excited by the opportunities that our expanded portfolio will bring, and expect to continue to build our retail footprint across our markets by opening between 80 to 100 new retail service stations across the 23 high growth countries in which we now operate.

Ends

1 Engen data points are based on Engen management information reporting.
2 Based on Engen management information figure. 100% of unaudited management adjusted EBITDA includes minority shares. Minority interests include 40% in Gabon and 51% in Zimbabwe.
3 Includes approximately $25 million of attributable cash on hand in Zimbabwe at the official exchange rate at 31 December 2018.

Further details of the 2018 Full Year Results are available at https://investors.vivoenergy.com

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Notes to editors:

Vivo Energy operates and markets its products in countries across North, West, East and Southern Africa. The Group has a network of 2,130 service stations in 23 countries operating under the Shell and Engen brands and exports lubricants to a number of other African countries. Its retail offering includes fuels, lubricants, card services, shops restaurants and other non-fuel services. It provides fuels, lubricants and liquefied petroleum gas (LPG) to business customers across a range of sectors including marine, mining, construction, power, transport, and manufacturing. Jet fuel is sold to customers under the Vitol Aviation brand.

The Company employs around 2,700 people and has access to 1,081,000 cubic metres of fuel storage capacity. The Group's joint venture, Shell and Vivo Lubricants B.V., sources, blends, packages and supplies Shell-branded lubricants and has blending capacity per annum of around 158,000 metric tonnes at plants in six countries (Ghana, Guinea, Côte d'Ivoire, Kenya, Morocco, and Tunisia).

This announcement is available on the Company's website: http://investors.vivoenergy.com

Forward looking-statements

This announcement includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies of the Group and the industry in which it operates.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Such forward-looking statements contained in this report speak only as of the date of this report. The Company and the Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law