



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

(\$ in millions), if not otherwise indicated	Six-month period ended ¹			Twelve-month period ended		
	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

Engen¹

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 attributable² (2017: \$26 million) to the business, with attributable net cash on hand of approximately \$51 million³ (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.



Results Presentation

Vivo Energy plc will host a presentation for analysts and investors today, 6 March 2019 at 09.00 GMT, which can be accessed at <https://www.investis-live.com/vivo-energy/5c597101186fe7100054ae95/tolt>

Conference call details:

Please dial into the call at least 15 minutes prior to the conference start time.

Participant dial-in numbers

Dial in: +44 20 3936 2999

Participant Access Code: 498299

The replay of the webcast will be available after the event 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.

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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.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Just a year ago, we were a privately owned business. Today, following our IPO in May 2018, we are a publicly listed company accountable to many shareholders, with strong governance processes in place. I would like to pay tribute to my team right at the start of this statement – their commitment, skills and sheer hard work made the IPO not only possible but hugely successful. And I also want to thank Vitol and Helios, our founding owners, for their strong backing for the IPO. Most importantly, the IPO did not distract from our business and we have delivered good results for 2018.

As well as delivering the IPO, we've finalised the transaction to acquire key parts of the Engen business. This deal, which completed on 1 March 2019, extends our footprint into eight new countries, increasing our presence to 23 African markets, further diversifying our business and opening up new opportunities to accelerate growth across Africa. And as if that wasn't enough behind-the-scenes activity for one year, we also prepared the ground for future efficiencies by implementing the first stages in a new Enterprise Resource Planning (ERP) system that will transform our analytical capabilities and efficiency.

Performance highlights

We grow by developing our business – both organically and inorganically – across a continent that's surging forward. Throughout Africa, the demographic and economic trends are almost universally positive and supportive of our business model. More people are becoming more affluent and, with higher purchasing power, are driving demand for our business – not just for fuels and lubricants but also for fast food, retail and the many other products and services we offer on our retail service stations. As consumer spending power increases, so too does activity in the Commercial sector. This in turn means increased fuel and lubricant demand from companies involved in construction, mining, aviation, transport and many other sectors.

We're enormously proud to have delivered growth, in every single year since our formation in 2011. 2018 has been no different.

It was important to start our life as a public company by delivering against our guidance and I am delighted to say that we have done so, in spite of several external headwinds, as our diversified business model proved resilient. Our volumes grew by 4% year-on-year, to 9,351 million litres, and we delivered a gross cash unit margin of \$73 per thousand litres.

Volume growth was driven by a strong performance in our Commercial business. Our Retail business grew by 3% in the year, despite the impact of industry supply shortages in the third quarter. On the gross cash unit margin side, we saw strong performance in the Commercial business which partially offset pressure on our Retail segment through the second half of the year. This was primarily as a result of market conditions in Morocco, which we expect will continue into 2019.

The strong operational performance is reflected in our financial performance where we delivered continued year-on-year adjusted EBITDA growth. Group adjusted EBITDA of \$400 million was 6% higher than 2017 (EBIT of \$276 million, 14% higher than 2017), with adjusted net income of \$178 million being 4% higher than the previous year. We also generated strong adjusted free cash flow of \$149 million and continued to deliver our business, with a leverage ratio now standing at 0.79x. This has meant that the Board recommends a final dividend of 1.3 dollar cents per share, bringing the full year dividend to 1.9 dollar cents per share, representing 30% of attributable net income, pro-rated for the period since IPO and in line with our dividend policy. If approved at our Annual General Meeting, the final dividend will be paid to shareholders on 10 June 2019.

Much of the focus this year has been on our Moroccan Retail segment as a result of the fuel sector being caught up in wider consumer activism in the country in the second quarter. During 2018, we continued to operate efficiently and have invested to grow our network and our product offerings in the country, albeit at lower margins in the second half of the year. We continue to engage with the relevant government stakeholders, primarily through the industry body. As a result of the Moroccan market conditions and the growth of Vivo Energy in our other markets and segments, the EBITDA contribution of the Moroccan retail segment in 2018 was 18%, compared to 29% in 2017 (and 14% in the second half of 2018). We expect this 18% contribution to fall further in 2019, primarily as a result of the contribution of the new Engen markets in 2019.

Safety – no room for compromise or complacency

We continued to have a very strong Health, Safety, Security and Environment (HSSE) record which shows us exceeding our targets and remaining ahead of our peers on safety performance.

However, it saddens me greatly to report that in October we lost a colleague in a Liquefied Petroleum Gas (LPG) fire at a customer's factory in Morocco. Although the investigation into the incident is ongoing, the learnings have been shared widely and acted on, to ensure such a tragedy can never happen again.

We understand that maintaining our strong track record as we grow will become ever more challenging, and our promise to our teams remains the same – we'll give them great careers, we'll empower them to make decisions and we'll do everything we can to make sure that they always go home safely at the end of their working day.

Becoming the most respected energy company in Africa

The way we treat our teams is at the heart of our vision: to become the most respected energy company in Africa. We could have aimed to be the fastest growing, the biggest or the most profitable – but to us, respect is the mark of a business that truly understands its potential to be a long-term positive force in the world.

We want to be respected by all our stakeholders – by employees for our uncompromising focus on HSSE and the way they are recognised and rewarded... by customers for the unbeatable quality of our products and the excellent service our teams provide... by communities for the way we work hard to be good and supportive neighbours... and of course by shareholders for our high standards of integrity, transparency and governance, and our track record of delivering growth.

Looking ahead

The coming year will be exciting as the Engen transaction will enable us to take our tried and tested way of working into new markets. We will continue to expand our retail network, our Non-fuel retail offerings and will drive premium fuel penetration in our markets.

Whilst we don't know what macroeconomic factors outside our control might occur and impact the African economy, our business model is proven, our financial model is resilient and our entrepreneurial teams are energised and empowered.

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 and 100 new retail service stations across the 23 high growth countries in which we now operate.

It's been a privilege to work alongside my colleagues over this last year and I would like to thank every single one of them for the outstanding contributions that they have each made in 2018.

I look forward to sharing more successes in the months ahead.

Christian Chammas

Chief Executive Officer

OPERATIONS REVIEW

OVERVIEW OF OPERATIONS BY SEGMENT

US\$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)			
Retail	5,354	5,196	+3%
Commercial	3,863	3,701	+4%
Lubricants	134	129	+4%
Total	9,351	9,026	+4%
Gross profit			
Retail (including Non-fuel retail)	392,934	396,397	-1%
Commercial	163,256	144,630	+13%
Lubricants	68,197	72,894	-6%
Total	624,387	613,921	+2%
Gross cash unit margin (\$/'000 litres)			
Retail fuel (excluding Non-fuel retail)	75	78	-4%
Commercial	47	44	+7%
Lubricants	525	581	-10%
Total	73	74	-1%
Gross cash profit			
Retail (including Non-fuel retail)	427,959	429,434	0%
Commercial	181,249	161,601	+12%
Lubricants	70,420	74,991	-6%
Total	679,628	666,026	+2%
Adjusted EBITDA			
Retail	226,977	227,026	0%
Commercial	122,205	106,978	+14%
Lubricants	51,026	42,124	+21%
Total	400,208	376,128	+6%

RETAIL

US\$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)	5,354	5,196	+3%
Gross profit (including Non-fuel retail)	392,934	396,397	-1%
Gross cash unit margin (excluding Non-fuel retail) (\$/'000 litres)	75	78	-4%
Retail fuel gross cash profit	402,939	407,666	-1%
Non-fuel retail gross cash profit	25,020	21,768	+15%
Adjusted EBITDA	226,977	227,026	0%

OVERVIEW

Retail is the engine that powers the Group's track record for delivering both organic and inorganic growth. In fact we're the second largest retailer in Africa outside South Africa, in terms of site numbers. Every day of 2018, some 800,000 retail customers relied on Vivo Energy to help them run their vehicles and live their lives. We focus on opening new service stations, maximising the value generated by our existing sites, giving more people more reasons to visit our service stations.

2018 REVIEW

The Retail segment reported adjusted EBITDA of \$227 million in 2018, representing 57% of the Group's adjusted EBITDA. Volumes grew by 3% and gross profit and adjusted EBITDA were in line with 2017.

RETAIL FUEL

In 2018 we sold a record of 5,354 million litres of fuel to our retail customers. Year-on-year volume growth of 3% was fuelled by our ability to develop our network and by focusing on our strategic and operational excellence initiatives. In 2018, we maintained the leading or number two market share position in 14 of our 15 markets.

During the last year, we added a net total of 88 new sites to our network of Shell-branded service stations, exceeding our target of opening 80 sites per year. Volume from new sites represented 2% (2017: 2%), of year-on-year volume growth.

Existing portfolio growth was lower than in 2017 at 1% (2017: 5%) primarily as a result of external short-term supply constraints in the third quarter and sites that were either closed or transferred to the Commercial segment due to changes in supply agreements. 2017 also benefitted from a higher number of 'prior year' service station openings than 2018. Average throughput per site was in line with the previous year thanks to our targeted consumer-focused approach to marketing and increased penetration of differentiated fuel product offerings in our markets.

Gross cash unit margin for Retail fuel was lower at \$75 per thousand litres (\$78 per thousand litres in 2017). The market conditions in Morocco in the second half of the year were the primary reason for lower unit margins in 2018. The EBITDA contribution of the Moroccan retail segment was lower in 2018 than 2017, and we expect this to fall further in 2019, primarily as a result of the contribution of the new Engen markets.

NON-FUEL RETAIL

Gross cash profit from our Non-fuel retail business rose by 15% year-on-year to \$25 million. This increase is attributable to our continued efforts to increase outlet penetration in our network. This has allowed us to further leverage our service stations to take advantage of the Non-fuel retail opportunity in our markets which in turn drives fuel volumes through the 'halo effect'.

During 2018, we continued to roll out our strategy of bringing more major food brands to our service stations, opening 80 convenience retail shops and 39 new quick service and fast casual restaurants.

Quick service restaurants are magnets for customers – increasing footfall and improving sales across all the services we offer, while also generating significant revenue in their own right. In 2018 we opened the first KFC in the Côte d'Ivoire and in Botswana we now have 12 KFC stores through a joint venture with a local partner.

COMMERCIAL

US\$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)	3,863	3,701	+4%
Gross profit	163,256	144,630	+13%
Gross cash unit margin (\$/'000 litres)	47	44	+7%
Gross cash profit	181,249	161,601	+12%
Adjusted EBITDA	122,205	106,978	+14%

OVERVIEW

Our Commercial business is founded on a proven customer value proposition. We not only ensure a reliable supply of high quality fuels to a wide range of customers operating in high-growth sectors – we also support those products with extensive services.

In terms of geographies, we worked with miners in ten different countries, with marine customers in seven countries and supplied aviation fuel at 24 airports in eight countries. We also enabled consumers in eight countries to heat their homes, run their businesses and cook with LPG. Our LPG business relies on an effective multi-channel distribution network to supply butane and propane direct to consumers, predominantly for cooking and heating. We continue to build market share – for example, in Côte d'Ivoire we achieved double digit growth in 2018, and from a standing start in 2015, we now hold almost a 10% share of the market.

2018 REVIEW

Strong performance in Aviation, Marine and LPG secured a 4% year-on-year volume growth for the Commercial segment. Gross profit rose by 13% to \$163 million, and gross cash unit margin was higher at \$47 per thousand litres, an increase of 7% over the previous year. Commercial adjusted EBITDA of \$122 million, accounted for 30% of Group adjusted EBITDA for the year.

CORE COMMERCIAL

We sell LPG and bulk fuel to customers in industries such as mining, construction and power, and also provide LPG to consumers. Core commercial accounted for 73% of total Commercial volumes (2017: 76%) and 83% of total Commercial gross cash profit (2017: 85%).

Gross cash unit margin rose by 9% to \$53 per thousand litres, on the back of our ability to develop customer value propositions and target profitable growth in high margin sectors. In LPG, margins were higher due to profitable bulk sales to customers in the manufacturing industry. Continued cost savings through transportation optimisation initiatives and operational excellence also benefited gross cash unit margins.

Gross cash profit climbed by 9% to \$150 million, thanks to the increased margin and a 1% increase in volumes year-on-year. Commercial fuel volumes were impacted by lower fuel demand in the power sector and delays in government contracts in some countries. The negative impacts were offset by an increase in demand for mining fuel driven by increased exploration activities. LPG volumes benefited from the continued development of our distribution networks and improved point of sale coverage.

AVIATION AND MARINE

We delivered a strong contribution from this segment in 2018. Aviation and Marine accounted for 27% of total Commercial volumes (2017: 24%) and 17% of total Commercial gross cash profit (2017: 15%). Volumes grew by 16% year-on-year while gross cash profit jumped 28% to \$31 million for the year ended 31 December 2018. Gross cash unit margin increased to \$30 per thousand litres from \$27 per thousand litres in 2017.

High margin spot sales, increasing crude oil prices and favourable sourcing of aviation fuel helped drive higher gross cash unit margins.

In Marine, volumes rose amid higher demand on shipping routes where our marine bunkering operations are located. Our continuing efforts to secure opportunistic spot sales at favourable pricing had a positive impact on both margins and volumes.

LUBRICANTS

US\$'000, unless otherwise indicated	2018	2017	Change
Volumes (million litres)	134	129	+4%
Gross profit	68,197	72,894	-6%
Revenue	363,732	339,555	+7%
Gross cash unit margin (\$/'000 litres)	525	581	-10%
Gross cash profit	70,420	74,991	-6%
Adjusted EBITDA	51,026	42,124	+21%

OVERVIEW

In the majority of countries where we operate, our Lubricants business is the market leader or number two player, based on 2017 data.

Our Lubricants segment is made up of retail and commercial lubricants sales of distributed products from SVL, our 50% owned blending business. SVL owns and operates two blending plants and has interests in a further four joint venture facilities. Profit from SVL is included in the segment EBITDA, but other metrics such as volumes and gross cash profit are from our distribution and marketing activities.

Over the last 12 months our effective marketing campaigns encouraged customers to access our Shell-branded products in new ways. Active promotion and entrepreneurial spirit are absolutely crucial to forecourt sales – for example, during 2018 we continued to roll out and expand a programme that puts trained oil specialists beside the pumps at the forecourts and in dedicated lube bays at key service stations. Directly incentivised to encourage motorists to choose Shell-branded lubricants, these professionals offer oil checks and top-ups.

2018 REVIEW

Volumes in this segment rose 4% year-on-year, however gross cash profit was down by 6%, primarily due to higher base oil prices in 2018.

As the base oil price increases, there is a lag before we are able to pass on increases to customers as a result of pricing commercial contractual terms and holding inventories required for the manufacture of lubricants through our SVL joint venture.

Adjusted EBITDA grew 21% to \$51 million, mainly attributable to our SVL joint venture that ensures a partnership across the value chain. Lubricants accounted for 13% of the Group's adjusted EBITDA.

RETAIL LUBRICANTS

This part of our business sells lubricants to retail customers and consumers. During the year, Retail lubricants accounted for 61% of total Lubricants volumes (2017: 61%) and 60% of total Lubricants gross cash profit (2017: 62%). Volumes increased 5% in 2018, although lower than anticipated efficiencies at some of our distributors meant that we marginally missed achieving our full growth potential. Unit margins decreased to \$513 from \$592 per thousand litres in the previous year, mainly as a result of an increase in base oil prices. Our response to the increased cost of base oil was to introduce active price management in line with our pricing strategy and marketing initiatives focused on selling an optimised sales mix of premium products that ensure higher margins.

COMMERCIAL LUBRICANTS

The Commercial lubricants segment comprises sales to commercial customers as well as export sales to more than ten countries outside our portfolio. Commercial lubricants accounted for 39% of total Lubricants volumes (2017: 39%) and 40% of total Lubricants gross cash profit (2017: 38%).

Despite major construction, power and mining projects that were either postponed, delayed or cancelled, activity increased towards the end of the year and this led to volumes rising by 3%. Unit margins were \$544 per thousand litres in 2018, down by 4% over the previous year. As was the case for Retail lubricants, this was primarily due to the increase in base oil prices from 2017 to 2018.

FINANCIAL REVIEW CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US\$'000	2018	2017	Change
Revenues	7,549,318	6,693,515	+13%
Cost of sales	(6,924,931)	(6,079,594)	+14%
Gross profit	624,387	613,921	+2%
Selling and marketing cost	(196,573)	(193,599)	+2%
General and administrative cost	(183,343)	(197,436)	-7%
Share of profit of joint ventures and associates	28,270	16,342	+73%
Other income/(expense)	2,769	2,686	+3%
EBIT	275,510	241,914	+14%
Finance expense – net	(46,108)	(31,137)	+48%
EBT	229,402	210,777	+9%
Income taxes	(83,343)	(81,124)	+3%
Net income	146,059	129,653	+13%

NON-GAAP MEASURES

US\$'000, unless otherwise indicated	2018	2017	Change
Volume (million litres)	9,351	9,026	+4%
Gross cash profit	679,628	666,026	+2%
EBITDA	365,955	326,092	+12%
Adjusted EBITDA	400,208	376,128	+6%
ETR (%)	36%	38%	n/a
Adjusted net income	177,712	170,592	+4%
Adjusted diluted EPS (US\$) ¹	0.14	70.24	n/a

¹ Refer to general information (note 1) in the consolidated financial statements. Weighted average number of ordinary shares and diluted number of shares for the year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 relate to Vivo Energy Holding B.V.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

Volumes

In 2018 total volumes sold were 9,351 million litres, up 4% year-on-year. Retail fuel, our largest segment, accounted for 57% of total volumes and increased by 3% year-on-year despite short-term external supply constraints that impacted sales in the third quarter. Our Commercial segment had a strong year, with volumes higher by 4% year-on-year, driven by new Aviation contracts and successful Marine tenders and spot sales. Commercial volumes represented 41% of total volumes. Lubricants volumes accounted for 2% of total volumes and grew by 4% year-on-year.

Revenue

Revenue increased by \$855 million, or 13% to \$7,549 million in the year ended 31 December 2018 from \$6,694 million in 2017. Higher revenue was primarily driven by volume growth as well as rising crude oil prices from 2017 to 2018.

Cost of sales

Cost of sales increased by \$845 million, or 14% to \$6,925 million in the year ended 31 December 2018 from \$6,080 million in 2017. This increase is due to the volume growth and higher crude oil prices between 2017 and 2018.

Gross profit

As a result of the volume growth and favourable foreign currency exchange movements, gross profit amounted to \$624 million for the year compared to \$614 million in 2017 (2% growth year-on-year). These positive drivers were partly offset by a decrease in unit margins largely attributable to market conditions in Morocco in 2018.

Gross cash profit

Gross cash profit was higher by \$14 million, amounting to \$680 million in the year. Total gross cash unit margin was \$73 per thousand litres (2017: \$74 per thousand litres). The decrease is primarily driven by market conditions in Morocco that impacted our Retail unit margin. Rising base oil prices during 2017 and 2018 resulted in lower unit margins in our Lubricants segment. Lower margins in Retail and Lubricants were offset by a strong unit margin increase of 7% in our Commercial segment.

Selling and marketing cost

Selling and marketing cost amounted to \$197 million, marginally higher than 2017 (\$194 million) mainly as a result of inflation and increased point of sale cost in relation to higher Aviation sales.

General and administrative cost

General and administrative costs, including special items, decreased by 7% to \$183 million. The decrease was primarily driven by fair value adjustments of the Management Equity Plan in 2017 and 2018, partially offset by non-recurring IPO and Engen acquisition related costs, as well as reorganisation costs related to our cost optimisation programme.

Share of profit from joint ventures and associates

Share of profit from joint ventures and associates amounted to \$28 million, of which \$13 million was attributable to our SVL lubricants joint venture of which we acquired a 50% shareholding in December 2017.

Other income

Other income of \$3 million (2017: \$3 million) mainly relates to gains on disposal of PP&E and unrealised losses on financial instruments.

Adjusted EBITDA

Adjusted EBITDA increased by \$24 million or 6% year-on-year to \$400 million, driven by higher volumes, lower operating expenses as well as an increase in share of profit from joint ventures and associates.

Net finance expense

Net finance expense increased by \$15 million or 48% to \$46 million from \$31 million in 2017. This net finance expense variation mainly resulted from higher long-term debt relative to the same period in 2017. The increase in borrowings is attributable to the term loan facility entered into in June 2017, and drawings on an incremental facility in December 2017, to fund the acquisition of the participation in SVL.

Income taxes

For the year ended 31 December 2018, the ETR decreased to 36% from 38% compared to the comparative period of 2017. The decrease is mainly attributable to lower expenses not tax deductible, and higher non-taxable income.

Net income

Net income, including the impact of special items was \$146 million, up 13% from \$130 million for the year ended 31 December 2017.

Earnings per share

Basic earnings per share amounted to 11 dollar cents per share. Adjusted diluted earnings per share, excluding the impact of special items were 14 dollar cents.

CONSOLIDATED FINANCIAL POSITION

SUMMARY BALANCE SHEET

US\$'000	31 December 2018	31 December 2017	Change
PP&E and right-of-use assets	770,019	733,584	+5%
Intangible assets	133,962	119,993	+12%
Investments in joint ventures and associates	223,452	218,801	+2%
Other non-current assets	144,908	131,112	+11%
Total non-current assets	1,272,341	1,203,490	+6%
Inventories	440,767	353,129	+25%
Trade receivables	443,645	412,181	+8%
Other current assets	277,731	237,520	+17%
Cash and cash equivalents	392,853	422,494	-7%
Total current assets	1,554,996	1,425,324	+9%
Total assets	2,827,337	2,628,814	+8%
<hr/>			
Borrowings and lease liability	411,401	517,505	-21%
Other non-current liabilities	269,987	311,615	-13%
Total non-current liabilities	681,388	829,120	-18%
Borrowings and lease liability	299,616	271,443	+10%
Trade payables	1,060,528	868,521	+22%
Other current liabilities	204,474	212,109	-4%
Total current liabilities	1,564,618	1,352,073	+16%
<hr/>			
Total equity	581,331	447,621	+30%
Total equity and liabilities	2,827,337	2,628,814	+8%

ASSETS

PP&E and right-of-use assets increased by \$36 million to \$770 million, principally due to the continued investment in our retail network, partially offset by depreciation expense.

Intangible assets increased by \$14 million to \$134 million, largely due to additions relating to our new ERP software, offset by amortisation and unfavourable foreign currency movements.

Investments in joint ventures and associates increased by \$5 million. The main movements were from an increase in our share of profit from joint ventures and associates amounting to \$28 million partially offset by dividends received of \$23 million.

Inventories increased by \$88 million principally driven by increased activities, higher crude oil prices as well as the timing of purchases and shipments. Average monthly inventory days for the period were 24 days (2017: 22 days).

Trade receivables increased by \$31 million driven by increased sales volumes and higher crude oil prices. Average monthly Days sales outstanding for the period was 16 days (2017: 17 days).

Other assets (non-current and current) largely relate to other government benefits receivable from our regulated markets, prepayments, VAT and duties receivable as well as income tax receivables. The increase of

\$54 million is mainly driven by other government benefits receivable, principally as a result of the timing of payments and higher operational activities.

EQUITY AND LIABILITIES

The non-current portion of borrowings and lease liability decreased by \$106 million mostly due to the scheduled repayments of the Group's loan facility and repayments of the lease liability.

Other liabilities (non-current and current) principally relate to employee liabilities, oil fund liabilities, deposits owed to customers, other tax payable and provisions. The decrease of \$49 million is largely due to the revaluation and repayment of the Management Equity Plan related liability and other employee-related liabilities.

Current portion of borrowings and lease liability increased by \$28 million to \$300 million, primarily due to an increase in individual operating entities' short-term bank facilities used for working capital management.

Trade payables increased by \$192 million primarily due to an increase in crude oil prices, increased activities and the timing of purchases and shipments. Average monthly Days payable outstanding for the period was 56 days (2017: 53 days).

DIVIDENDS

The Board is recommending a final dividend per share of 1.3 dollar cents amounting to \$16 million and bringing the full year dividend to 1.9 dollar cents per share, amounting to \$24 million. This represents a pay-out ratio of 30% of attributable net income, pro-rated for the period since IPO.

LIQUIDITY AND CAPITAL RESOURCES

ADJUSTED FREE CASH FLOW

US\$'000	2018	2017 ¹
Net income	146,059	129,653
Adjustment for non-cash items and other	167,051	156,884
Change in working capital	(67,611)	(38,274)
Cash flow from operations activities	245,499	248,263
Net additions of PP&E and intangible assets ²	(143,702)	(119,453)
Free cash flow	101,797	128,810
Special items ³	47,284	9,064
Adjusted free cash flow	149,081	137,874

1 Prior year comparatives were reclassified where necessary.

2 Excluding cash flow from acquisition of businesses.

3 Cash impact of special items. Special items are explained and reconciled in the Non-GAAP financial measures.

The Group maintained a strong cash generation with an adjusted free cash flow of \$149 million (2017: \$138 million), that was driven by a high cash inflow from operating activities mainly as a result of strong business performance.

Cash flow from operating activities fully funded capital expenditures that were higher than 2017 mainly due to the investment in our new ERP system and significant investments in our retail station network.

We paid income tax to the amount of \$103 million for the year ended 31 December 2018 (2017: \$114 million).

CAPITAL EXPENDITURES

US\$'000	2018	2017
Maintenance	50,877	46,094
Growth	71,630	62,684
Special projects	24,277	13,080
Total	146,784	121,858
Retail	65,989	62,612
Commercial	20,339	19,059
Lubricants	1,968	1,175
Other (Technology, supply and distribution and general corporate costs)	58,488	39,012
Total	146,784	121,858
Of which growth capital and expenditure was:	71,630	62,684
Retail	50,412	46,937
Commercial	14,782	10,993
Lubricants	1,647	772
Other (Technology, supply and distribution and general corporate costs)	4,789	3,982

The expansion and development of our retail network represented the majority of our capital expenditure during the year. This included the construction of retail sites, Non-fuel retail offerings as well as related infrastructure (including storage facilities) to support this network.

Special projects relate to technology and other strategic investments. This included a significant investment in the implementation of a new ERP system and also further automation of our operations.

NET DEBT AND AVAILABLE LIQUIDITY

US\$'000	31 December 2018	31 December 2017
Long-term debt	391,753	479,889
Lease liabilities	110,850	133,757
Total debt excluding short-term bank borrowings	502,603	613,646
Short-term bank borrowings ¹	208,414	175,302
Less cash and cash equivalents	(392,853)	(422,494)
Net debt	318,164	366,454

¹ Short-term bank borrowings exclude the current portion of the long-term debt.

US\$'000	31 December 2018	31 December 2017
Net debt	318,164	366,454
Adjusted EBITDA	400,208	376,128
Leverage ratio¹	0.79x	0.97x

¹ For the description and reconciliation of non-GAAP measures refer to non-GAAP measures below.

US\$'000	31 December 2018	31 December 2017
Cash and cash equivalents	392,853	422,494
Available undrawn credit facilities	1,280,734	761,490
Available short-term capital resources	1,673,587	1,183,984

Net debt at 31 December 2018 decreased to \$318 million from \$366 million at 31 December 2017. The decrease was primarily due to lower long-term debt and lease liabilities as a result of scheduled repayments, partially offset by an increase in short-term bank borrowings and a decrease in cash and cash equivalents.

The leverage ratio was 0.79x at 31 December 2018 from 0.97x at 31 December 2017 due to the decrease in net debt and an increase in adjusted EBITDA.

In May 2018, the Company established a new multi-currency revolving credit facility of \$300 million. The multi-currency revolving credit facility consists of a primary \$300 million and an additional \$100 million contingent upon events after the listing. This credit facility remained fully undrawn at year-end. At the end of February 2019 an amount of \$62 million was drawn in relation to the Engen acquisition. Available short-term capital resources amounted to \$1,674 million compared to \$1,184 million at 31 December 2017.

The table below sets the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

US\$'000	31 December 2018					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	202,553	83,835	84,265	232,512	–	603,165
Trade payables	1,002,778	49,808	5,794	2,148	–	1,060,528
Lease liabilities	5,212	15,269	19,597	50,647	42,632	133,357
Other liabilities	43,350	19,960	22,240	4,601	129,431	219,582
Total	1,253,893	168,872	131,896	289,908	172,063	2,016,632

The Group has purchase obligations, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US\$'000	31 December 2018	31 December 2017
Purchase obligations	13,271	11,706
Total	13,271	11,706

NON-GAAP FINANCIAL MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures provides users with an enhanced understanding of results and related trends and increases the transparency and clarity of the core results of our operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and key management performance measures.

Term	Description	Term	Description
Gross cash profit	This is a measure of gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. This is a key management performance measure.	Gross cash unit margin	Gross cash profit per unit. Unit is defined as 1,000 litres of sales volume. This is a useful measure as it indicates the incremental profit for each additional unit sold.
EBITDA	Earnings before finance expense, finance income, income tax, depreciation and amortisation. This measure provides the Group's operating profitability and results before non-cash charges and is a key management performance measure.	Adjusted EBITDA	EBITDA adjusted for the impact of special items. This is a useful measure as it provides the Group's operating profitability and results, before non-cash charges and is an indicator of the core operations, exclusive of special items.
Adjusted net income	Net income adjusted for the impact of special items.	Adjusted diluted EPS	Diluted EPS adjusted for the impact of special items.
Special items	Income or charges that are not considered to represent the underlying operational performance and, based on their significance in size or nature, are presented separately to provide further understanding of the financial and operational performance.	Adjusted free cash flow	Cash flow from operating activities less net additions to PP&E and intangible assets and excluding the impact of special items. This is a key operational liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.
Net debt	Total borrowings and lease liabilities less cash and cash equivalents.	Leverage ratio	Net debt, including lease liability, divided by adjusted EBITDA.
Return on average capital employed (ROACE)	Adjusted EBIT after income tax divided by the average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents. ROACE is a useful measure because it shows the profitability of the Group considering the average amount of capital used.	Existing portfolio growth	A measure of growth in retail volumes from retail service stations that have been open for at least a year but excluding prior year sales of retail service stations closed during the year. It is an indicator of current trading performance and is important for understanding growth in the existing portfolio of sites, excluding the effect of new sites and closures.

RECONCILIATION OF NON-GAAP MEASURES

US\$'000	2018	2017
Gross profit	624,387	613,921
Add back: depreciation and amortisation in cost of sales	55,241	52,105
Gross cash profit	679,628	666,026
Volume (million litres)	9,351	9,026
Gross cash unit margin (\$/000 litres)	73	74
US\$'000	2018	2017
EBIT	275,510	241,914
Depreciation, amortisation and impairment	90,445	84,178
EBITDA	365,955	326,092
Adjustments to EBITDA related to special items:		
IPO and Engen acquisition related expenses ¹	29,340	–
Restructuring ²	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBITDA	400,208	376,128
US\$'000	2018	2017
Net income	146,059	129,653
Adjustments to net income related to special items:		
IPO and Engen acquisition related expenses ¹	29,340	–
Restructuring ²	16,923	8,539
Management Equity Plan	(12,010)	41,497
Tax on special items	(2,600)	(9,097)
Adjusted net income	177,712	170,592
US\$	2018	2017
Diluted EPS	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted EPS³	0.14	70.24

¹ In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, and a cash element. Related integration project expenses are treated as special items.

² Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

³ Refer to general information (note 1) in the consolidated financial statements.

US\$'000	2018	2017
EBIT	275,510	241,914
Adjustments to EBIT related to special items:		
IPO and Engen acquisition related expenses ¹	29,340	–
Restructuring ²	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBIT	309,763	291,950
Effective tax rate	36%	38%
Adjusted EBIT after tax	197,224	179,584
Average capital employed	856,785	722,569
ROACE³	23%	25%

1 In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, and a cash element. Related integration project expenses are treated as special items.

2 Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

3 ROACE includes the impact of the 50% acquisition of SVL which completed in December 2017. ROACE excluding the impact of the 50% acquisition of SVL was 28% in 2017.

PRINCIPAL RISK AND UNCERTAINTIES

Our activities are exposed to various risks and uncertainties. These are risks that we assess as relevant and significant to our business at this time, however there might be other risks that could emerge in the future. Overall, our risk management programme focuses on the unpredictability of the global market and seeks to minimise potential adverse effects on financial performance.

Brand & reputational

No.	Our risk	Risk impact	Our mitigation
1.	<p>Partner reputation and relationships</p> <p>Our business identity depends on its relationship with our brand partners and the reputation of those brands, in particular our relationship with Shell.</p>	<p>A deterioration to our brand name may prevent collaboration opportunities with other companies, thus hindering growth plans of the Group.</p> <p>A decline in consumer confidence may drive down volumes and result in lower margins.</p>	<p>We require all our contractors and business partners to manage their HSSE policies and practices in-line with ours.</p> <p>Stringent Know Your Counterparty ('KYC') procedures are performed prior to entering any contract over a value of \$50,000 per year.</p> <p>We promote and develop the communities in which we operate to help build the Vivo Energy brand as the most respected in Africa.</p>
2.	<p>Criminal activity, fraud, bribery and compliance risk</p> <p>As a result of business in Africa our countries are exposed to high levels of risk relating to criminal activity, fraud, bribery, theft and corruption.</p> <p>There are a number of regulatory requirements applicable to the Group and the related risk of non-compliance with these regulations have increased following the listing.</p>	<p>Violations of anti-bribery, anti-corruption laws, and other regulatory requirements may result in significant criminal or civil sanctions, which could disrupt our business, damage its reputation and result in a material adverse effect on the business, results of operations and financial condition.</p>	<p>We provide compliance training programmes to employees at all levels.</p> <p>The Code of Conduct and KYC procedures, along with various other policies and safeguards have been designed to prevent the occurrence of fraud, bribery, theft and corruption within the Group.</p> <p>We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions.</p> <p>We regularly maintain and update the information technology and control systems within the Group.</p> <p>The Head of Ethics and Compliance and the Head of Forensics are involved in mitigating fraudulent activities in the Group.</p> <p>We strive to ensure our anti-bribery management systems will continue to be certified compliant under the ISO 37001 standard.</p>

Pricing

No.	Our risk	Risk impact	Our mitigation
3.	<p>Oil price fluctuations The price of oil and oil products may fluctuate preventing us from realising our targeted margins, specifically in the deregulated markets in which we operate.</p>	<p>Higher supply costs in deregulated markets result in higher prices for our products and could reduce our ability to achieve targeted unit margins.</p>	<p>Exposure to commodity price risk is mitigated through careful inventory management and dynamic pricing.</p>
4.	<p>Currency exchange risk We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.</p>	<p>Depreciation of foreign currency exchange rates could result in severe financial losses.</p>	<p>Our treasury policy requires each country to manage their foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus.</p> <p>Currency exchange risks are mitigated by margin and pricing strategies.</p>

Health, safety, security & environment

No.	Our risk	Risk impact	Our mitigation
5.	<p>Health and safety We are exposed to accidents or incidents relating to health, safety and the environment and from remediation of such accidents relating to employees.</p> <p>We are further subject to HSSE laws and regulations and industry standards related to our operations in each of the countries in which we operate.</p>	<p>We may incur potential liabilities arising from HSSE accidents/incidents.</p> <p>Brand reputation can be severely impacted, along with employee confidence.</p> <p>Regulators and authorities may impose fines, disruptions to operations and disallow permits for future ventures.</p>	<p>We ensure all safety measures for our retail service stations, storage sites, and employees are maintained at international standards.</p> <p>We invest significantly in training and technology to improve road transport safety.</p> <p>The highest emphasis is placed on process safety, and minimising security risks to our people, our facilities and the communities in which we operate.</p> <p>We require all our contractors and partners to manage their HSSE policies and practices in-line with ours.</p> <p>On an ongoing basis, safety and security drills, campaigns and programmes are conducted to ensure wide-spread knowledge of the Group's HSSE principles and procedures.</p> <p>In addition to our ongoing, daily attention to HSSE, we hold an annual Safety Day, which creates an opportunity for all employees to refocus on the importance of HSSE of our Group. The day is used to reinforce safety measures as well as raise awareness of key issues.</p>

Legal, regulatory and political instability

No.	Our risk	Risk impact	Our mitigation
6.	<p>Economic and governmental instability</p> <p>Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.</p>	<p>An economic slowdown which adversely affects, for example, disposable income, vehicle distance driven, or infrastructure development, in one or more of these regions could negatively impact our sales and have a material adverse effect on the business, financial conditions and operational results.</p>	<p>We closely monitor evolving issues in markets.</p> <p>We ensure appropriate responses and business continuity plans are developed to minimise disruptions.</p> <p>All local regulatory environments and changes are closely monitored.</p>

Operational

No.	Our risk	Risk impact	Our mitigation
7.	<p>Product availability and supply</p> <p>We are dependent upon the supply of fuels, lubricants, and additives from various suppliers. When raw materials are needed urgently, asymmetric negotiations occur. The bargaining power shifts to the supplier who in turn can charge a higher price.</p> <p>Furthermore we are restricted by limited storage capacity within some country facilities.</p>	<p>The increased procurement costs could lower our margins.</p> <p>Limited supply of products and storage facilities may result in stock outs. This could further result in breach of contract and disruptions to our operations, leaving us susceptible to fines or penalties.</p>	<p>We ensure optimal inventory management through close monitoring of inventory days, sales and other factors which may require additional inventory levels.</p> <p>Attention to our suppliers' political and social environments are performed and our purchasing strategies realigned as necessary.</p> <p>The Group now has increased storage capacity at strategic locations within Africa, following the Engen acquisition.</p>
8.	<p>Business concentration risk</p> <p>A large part of the Group's operations (and margins) are derived from Morocco when compared to other countries.</p>	<p>Any unfavourable changes in market dynamics, such as the re-imposition of pricing regulations for fuel, or downturns in the performance of the operations overall, may lead to a decline in the Group's performance.</p>	<p>Overall diversification is the key strategy and control measure.</p> <p>The completion of the Engen transaction has increased the geographic diversification, as the Group has expanded its footprint in Africa.</p>
9.	<p>New ERP implementation</p> <p>Our organisation is currently migrating to a new ERP, a critical project that will redesign some of our operations, functions and controls.</p>	<p>Inadequate processes and segregation of duties may impact the quality of the operations, controls and make fraud detection difficult. Data quality and management issues may have financial, operational or compliance consequences leading to increased (financial and operating) costs and missed opportunities.</p>	<p>The project is managed by one of the Group's Leadership Team members. Processes have been thoroughly defined and pre-validated. The new platform has been already rolled out and is operational in the two selected pilot countries. Segregation of duties and data quality have been assessed through both internal and external audits. The remaining deployment will be executed in successive waves across the Group throughout 2019.</p>

Strategic

No.	Our risk	Risk impact	Our mitigation
10.	<p>Acquisition integration</p> <p>We may be unable to identify or accurately evaluate suitable acquisition candidates or to complete or integrate past or prospective acquisitions successfully and/or in a timely manner, which could materially adversely affect growth.</p>	<p>We may incur write-downs, impairment charges or unforeseen liabilities, placing strain on financial resources.</p> <p>Occurrences of indebtedness could result in increased obligations and include covenants or other restrictions that limit operational flexibility.</p>	<p>All acquisition decisions are intensively reviewed at several stages with ultimate approval by the Board. This ensures risks at all levels are being assessed and mitigated throughout the process.</p> <p>We ensure there are detailed integration plans with realistic time lines as well as designated teams to execute the plan.</p> <p>Tailored on-boarding and training is delivered post-acquisition to ensure a smooth and efficient transition.</p>

Financial

No.	Our risk	Risk impact	Our mitigation
11.	<p>Credit management</p> <p>The Group faces risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions.</p>	<p>This may result in financial loss as a result of bad debts and lost revenue.</p> <p>Exceeding payment terms will result in lower working capital, potentially creating liquidity challenges for the business.</p>	<p>We maintain Credit Policy Manuals which are country specific. These Manuals ensure a harmonised, (cost) effective and value-adding credit process in all classes of business.</p> <p>Continuous monitoring of outstanding credit balances are performed to ensure our overall risk remains within our tolerance.</p> <p>We impose strict guidelines and procedures should customers exceed the credit limits set.</p> <p>Credit limits are set on an individual basis after having assessed the customer through KYC procedures.</p> <p>We use debtor factorisation when considered necessary.</p>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

US \$'000	Notes	2018	2017
Revenues	5	7,549,318	6,693,515
Cost of sales		(6,924,931)	(6,079,594)
Gross profit	5	624,387	613,921
Selling and marketing cost		(196,573)	(193,599)
General and administrative cost	7	(183,343)	(197,436)
Share of profit of joint ventures and associates	13	28,270	16,342
Other income/(expense)	8	2,769	2,686
Earnings before interest and tax (EBIT)	6	275,510	241,914
Finance income		6,145	5,423
Finance expense		(52,253)	(36,560)
Finance expense – net	9	(46,108)	(31,137)
Earnings before tax (EBT)		229,402	210,777
Income taxes	10	(83,343)	(81,124)
Net income	6	146,059	129,653
Net income attributable to:			
Equity holders of Vivo Energy plc ¹		135,155	119,717
Non-controlling interest (NCI)		10,904	9,936
		146,059	129,653
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(19,678)	27,918
Net investment hedge gain/(loss)		6,638	(10,205)
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefits		2,888	2,652
Income tax relating to retirement benefits		(750)	(713)
Change in fair value of financial instruments through OCI	14	1,204	165
Other comprehensive income, net of tax		(9,698)	19,817
Total comprehensive income		136,361	149,470
Total comprehensive income attributable to:			
Equity holders of Vivo Energy plc ¹		125,862	136,991
Non-controlling interest (NCI)		10,499	12,479
		136,361	149,470
Earnings per share (US \$)	21		
Basic		0.11	53.21
Diluted		0.11	52.34
US \$'000, unless otherwise indicated		2018	2017
EBITDA		365,955	326,092
Adjusted EBITDA		400,208	376,128
Adjusted net income		177,712	170,592
Adjusted diluted EPS (US \$) ¹		0.14	70.24

The notes are an integral part of these consolidated financial statements.

¹ Formerly Vivo Energy Holding B.V. refer to general information (note 1).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

US \$'000	Notes	31 December 2018	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	11	621,756	585,171
Right-of-use assets	27	148,263	148,413
Intangible assets	12	133,962	119,993
Investments in joint ventures and associates	13	223,452	218,801
Deferred income taxes	10	36,374	42,627
Financial assets at fair value through other comprehensive income	14	7,626	6,314
Other assets	16	100,908	82,171
		1,272,341	1,203,490
Current assets			
Inventories	17	440,767	353,129
Trade receivables	18	443,645	412,181
Other assets	16	254,999	229,068
Income tax receivables		19,478	8,452
Other financial assets	15	3,254	–
Cash and cash equivalents	19	392,853	422,494
		1,554,996	1,425,324
Total assets		2,827,337	2,628,814
Equity and liabilities			
Total equity			
Attributable to equity holders of Vivo Energy plc ¹		532,959	401,546
Attributable to non-controlling interest		48,372	46,075
	20	581,331	447,621
Liabilities			
Non-current liabilities			
Lease liability	27	97,622	121,261
Borrowings	23	313,779	396,244
Provisions	24, 25	75,150	91,982
Deferred income taxes	10	51,206	51,388
Other liabilities	26	143,631	168,245
		681,388	829,120
Current liabilities			
Lease liability	27	13,228	12,496
Trade payables		1,060,528	868,521
Borrowings	23	286,388	258,947
Provisions	24, 25	15,177	20,866
Other financial liabilities	15	–	664
Other liabilities	26	165,196	152,409
Income tax payables		24,101	38,170
		1,564,618	1,352,073
Total liabilities		2,246,006	2,181,193
Total equity and liabilities		2,827,337	2,628,814

The notes are an integral part of these consolidated financial statements.

¹ Formerly Vivo Energy Holding B.V. refer to general information (note 1).

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 March 2019 and were signed on its behalf by:

Christian Chammas
Chief Executive Officer

Johan Depraetere
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

Attributable to equity holders of Vivo Energy plc¹

US \$'000	Notes	Other reserves									Total	NCI	Total equity
		Share capital	Share premium	Retained earnings	Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes ²	NCI reserves			
Balance at 1 January 2018		30	244,753	309,218	–	(2,294)	(160,226)	2,446	1,904	5,715	401,546	46,075	447,621
Net income		–	–	135,155	–	–	–	–	–	–	135,155	10,904	146,059
Other comprehensive income		–	–	–	–	2,138	(12,635)	1,204	–	–	(9,293)	(405)	(9,698)
Total comprehensive income		–	–	135,155	–	2,138	(12,635)	1,204	–	–	125,862	10,499	136,361
IPO-related reorganisation impact ³		(30)	(244,753)	(364,511)	–	2,248	152,382	(2,446)	(1,904)	(5,715)	(464,729)	–	(464,729)
Capital contribution	20	1,800,000	–	–	(1,335,272)	–	–	–	–	–	464,728	–	464,728
Director subscription	20	2,698	1,336	–	–	–	–	–	–	–	4,034	–	4,034
Capital reduction	20	(1,201,799)	1,799	–	1,200,000	–	–	–	–	–	–	–	–
Share-based expense	30	–	–	–	–	–	–	–	9,485	–	9,485	–	9,485
Dividends paid	22	–	–	(7,967)	–	–	–	–	–	–	(7,967)	(8,202)	(16,169)
Balance at 31 December 2018		600,899	3,135	71,895	(135,272)	2,092	(20,479)	1,204	9,485	–	532,959	48,372	581,331

Attributable to equity holders of Vivo Energy Holding B.V.

US \$'000	Notes	Other reserves									Total	NCI	Total equity
		Share capital	Share premium	Retained earnings	Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes ²	NCI reserves			
Balance at 1 January 2017		30	244,753	473,501	–	(4,233)	(175,396)	2,281	1,814	5,715	548,465	39,993	588,458
Net income		–	–	119,717	–	–	–	–	–	–	119,717	9,936	129,653
Other comprehensive income		–	–	–	–	1,939	15,170	165	–	–	17,274	2,543	19,817
Total comprehensive income		–	–	119,717	–	1,939	15,170	165	–	–	136,991	12,479	149,470
Share-based expense	30	–	–	–	–	–	–	–	90	–	90	–	90
Dividends paid		–	–	(284,000)	–	–	–	–	–	–	(284,000)	(6,397)	(290,397)
Balance at 31 December 2017		30	244,753	309,218	–	(2,294)	(160,226)	2,446	1,904	5,715	401,546	46,075	447,621

The notes are an integral part of these consolidated financial statements.

- 1 Formerly Vivo Energy Holding B.V. refer to general information (note 1).
- 2 Equity-settled incentive schemes include the Long-Term Incentive Plan ('LTIP') and the IPO Share Award Plan.
- 3 Refer to the general information (note 1).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

US \$'000	Notes	2018	2017 ¹
Operating activities			
Net income		146,059	129,653
Adjustment for:			
Income taxes	10	83,343	81,124
Depreciation, amortisation and impairment	11, 12, 27	90,445	84,178
Net gain on disposals of PP&E and intangible assets	8	(1,810)	(1,573)
Share of profit of joint ventures and associates	13	(28,270)	(16,342)
Dividends received from joint ventures and associates	13	23,343	9,497
Current income tax paid		(103,422)	(114,150)
Net change in operating assets and liabilities and other adjustments	28	35,811	75,876
Cash flows from operating activities		245,499	248,263
Investing activities			
Acquisition of businesses	13	(547)	(160,173)
Purchases of PP&E and intangible assets	11, 12	(146,784)	(121,858)
Proceeds from disposals of PP&E and intangible assets	8, 11, 12	3,082	2,405
Cash flows from investing activities		(144,249)	(279,626)
Financing activities			
Proceeds from issuance of shares		525	–
Repayment of long-term debt	23	(83,809)	(116,800)
Net (repayments)/proceeds (of)/from bank and other borrowings	23	40,306	525,802
Repayment of lease liability	27	(24,736)	(18,910)
Dividends paid		(16,169)	(290,397)
Interest paid		(43,834)	(35,228)
Interest received		6,145	4,646
Cash flows from financing activities		(121,572)	69,113
Effect of exchange rate changes on cash and cash equivalents		(9,319)	16,091
Net increase/(decrease) in cash and cash equivalents		(29,641)	53,841
Cash and cash equivalents at beginning of the year		422,494	368,653
Cash and cash equivalents at end of the year	19	392,853	422,494

The notes are an integral part of these consolidated financial statements.

¹ Prior year comparatives were reclassified where necessary.

NOTES

1. GENERAL INFORMATION

Vivo Energy plc, a public limited company, was incorporated in conjunction with a pre-IPO reorganisation on 12 March 2018 in the United Kingdom under the Companies Act 2006 (Registration number 11250655). The Company is registered in England and Wales and is limited by shares. The address of the registered office is 5th Floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom. The Company listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange by way of secondary inward listing on 10 May 2018. References to 'Vivo Energy' or the 'Group' mean the Company and Vivo Energy Holding B.V. ('VEH', the holding company of the Group until Admission), together with its consolidated subsidiaries and subsidiary undertakings. Therefore, the consolidated financial statements for the year ended 31 December 2018 are presented for the Group with continuity, including the impact of the IPO reorganisation.

2. BASIS OF PREPARATION

The Group's principal accounting policies are unchanged from those set out in the Prospectus published in connection with the Group's initial public offering in May 2018, which is available on the Company's website.

The financial information does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 31 December 2017, but is derived from those accounts. Statutory accounts for 2018 will be delivered to the Registrar of Companies in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2018 is now complete. Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards ("IFRS") this announcement does not itself contain sufficient information to comply with IFRS.

This announcement was approved by the Board of Directors on 5 March 2019.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial instruments by category

The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current year and the comparative year:

US \$'000	31 December 2018				
	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Total carrying value	Fair value
Financial assets					
Trade receivables ¹	443,645	–	–	443,645	443,645
Cash and cash equivalents	392,853	–	–	392,853	392,853
Financial assets at FVTOCI	–	–	7,626	7,626	7,626
Other assets ²	92,922	–	–	92,922	92,922
Other financial assets	–	3,254	–	3,254	3,254
Total	929,420	3,254	7,626	940,300	940,300

1 Trade receivables include credit secured receivables of \$197m.

2 Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

31 December 2018

US \$'000	Financial liabilities measured at amortised cost	Total carrying value	Fair value
Financial liabilities			
Trade payables	1,060,528	1,060,528	1,060,528
Borrowings	600,167	600,167	600,167
Other liabilities ¹	219,582	219,582	219,582
Lease liabilities	110,850	110,850	110,850
Total	1,991,127	1,991,127	1,991,127

¹ Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

31 December 2017

US \$'000	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Total carrying value	Fair value
Financial assets					
Trade receivables ¹	412,181	–	–	412,181	412,181
Cash and cash equivalents	422,494	–	–	422,494	422,494
Financial assets at FVTOCI	–	–	6,314	6,314	6,314
Other assets ²	87,473	–	–	87,473	87,473
Total	922,148	–	6,314	928,462	928,462

¹ Trade receivables include credit secured receivables of \$135m.

² Other assets (note 16) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

31 December 2017

US \$'000	Financial liabilities measured at amortised cost	Total carrying value	Fair value
Financial liabilities			
Trade payables	868,521	868,521	868,521
Borrowings	655,191	655,191	655,191
Other liabilities ¹	248,495	248,495	248,495
Lease liabilities	133,757	133,757	133,757
Other financial liabilities	664	664	664
Total	1,906,628	1,906,628	1,906,628

¹ Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the asset or liability that are in absence of observable market data, based on net asset value of the related investments (level 3 in the IFRS 13 fair value measurement hierarchy). Because the value is based on the net asset value of the related investments, no sensitivity analysis is presented.

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk. Group treasury is required to approve all hedging plans before execution. The Group has a number of natural hedges in place, where the timing of foreign currency payments is matched with the receipts in a similar currency. Forward contracts are used to manage the foreign exchange risk arising from future obligations.

Foreign currency exposure on the consolidated net monetary position is \$274m (2017: \$166m). Other monetary balances in other currencies are not material. If the non-US dollar held currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been \$27m (2017: \$17m) lower/higher, mainly as a result of foreign exchange gains/losses on translation of non-US dollar denominated receivables and payables.

Price risk

The Group generally seeks to manage its exposure to commodity price risk through careful inventory management and as at 31 December 2018 the Group was not significantly exposed to commodity price risk. In regulated markets, the Group has no price exposure as long as the sale of the inventory is matching the timing of the price structures updates, however in unregulated markets, such as Marine and Aviation, the Group may be exposed to price changes in the short-term if inventory is not carefully managed. The Group does not hold equity securities for trading and is, therefore, not exposed to price risk.

In Botswana, Guinea, Madagascar, Senegal and Morocco the Group is financially compensated by the local government for the effect of these price restrictions. For further information see note 3.2 Credit risk. For some countries (such as Senegal) the transport costs are subsidised.

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. It is Group policy to have short-term loan facilities at floating rate and medium to long-term facilities at floating or fixed rate. Swap from floating to fixed is possible when there is a clear economic benefit, subject to Group Treasury's approval. The Group has long-term borrowing facilities which carry variable interest rates and therefore the Group is exposed to a cash flow interest rate risk as at 31 December 2018. The Group also has some short-term overdraft facilities which carry a fixed interest rate exposing the Group to fair value interest rate risk. But given that the rate is fixed for a short period of time, and that these facilities terms are subject to renegotiation should interest rate move, the exposure is minimal. At 31 December 2018, if interest rates on US dollar-denominated and Euro-denominated borrowings had been one hundred basis point higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been \$5m (2017: \$2m) higher/lower, mainly as a result of higher/lower finance expense on floating rate borrowings.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

All external customers must have their identity checked and credit worthiness assessed and approved prior to the signing of a binding agreement or contract. Credit worthiness is assessed for all customer based on commercial data, but also considers financial data when a credit limit exceeds \$15,000. The utilisation of credit limits is regularly monitored and checks performed on outstanding debt at regular intervals. Where the environment allows, security (bank guarantees)

will be taken to secure the Group's exposure. For banks and financial institutions, management of the operating entity are responsible for making the short-term placements with the banks after approval from Group Treasury.

The investment policy is based in order of importance on security, liquidity and yield. Management will assess the counterparty risks of the third party based on financial strength, quality of management, ownership structure, regulatory environment and overall diversification. Group Treasury is required to approve all investment decisions to ensure they are made in line with the Group's credit policies. The Group has provided secured loans to individual employees (note 16).

As at 31 December 2018, the Group is exposed to credit risk in relation to other government benefits receivables mainly in Botswana, Morocco, Madagascar, Senegal and Guinea. The Morocco funds of \$27m (2017: \$31m) relate to compensation provided by the government for setting the price of butane on sales to retail customers. These other government benefits receivable are partially provided for, the total provision amounted to \$15m at 31 December 2018 (2017: \$18m). Management believes that the credit risk in relation to these balances (note 16) is relatively low.

In Morocco customer receivables to the amount of \$24m (2017: \$27m) were assigned to Attijariwafa Factoring (subsidiary of Attijariwafa Bank), the assigned amount was received in cash and the corresponding receivable was derecognised and with regard to the late payment risk, the Group capped the exposure to six months maximum of interest at a rate of 4.70% per annum. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of \$0.5m (2017: \$0.5m) was recognised. In addition, other government benefits receivable to the amount of \$44.7m were assigned to Banque Centrale Populaire, the assigned amount was received in cash and the corresponding receivable was derecognised. With regard to the late payment risk, the Group capped the exposure to 5.5 months maximum of interest at a rate of 3.79% per annum. A continuous involvement liability of \$0.7m was recognised.

The tables below show the balances of the major counterparties at the reporting dates:

	31 December 2018		31 December 2017	
	Credit rating	US \$'000	Credit rating	US \$'000
Banks				
Bank 1	A+	57,812	AAA	198,132
Bank 2	Af	46,012	A-1	12,873
Bank 3	BB+	44,696	None available	7,641
Other government benefits receivable				
Botswana government	A-	33,353	A-	20,002
Senegal government	B+	30,236	B+	4,333
Morocco government	BBB-	27,370	BBB-	31,499
Guinea government	None available	10,660	None available	10,897
Madagascar government	None available	9,974	None available	1,076

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the cyclical nature of the underlying businesses, the directors aim to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by Group policies. Where short-term liquidity is needed, the operating entities organise short-term facilities to cover the deficit which have to be authorised by Group Treasury.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2018¹

US \$'000	Between					Total
	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings	202,553	83,835	84,265	232,512	–	603,165
Trade payables	1,002,778	49,808	5,794	2,148	–	1,060,528
Lease liabilities	5,212	15,269	19,597	50,647	42,632	133,357
Other liabilities ²	43,350	19,960	22,240	4,601	129,431	219,582
Total	1,253,893	168,872	131,896	289,908	172,063	2,016,632

1 Borrowings exclude, as of 31 December 2018 the undrawn multi-currency revolving credit facility of \$300 million (note 23).

2 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

31 December 2017

US \$'000	Between					Total
	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings	175,302	83,948	83,948	316,529	–	659,727
Trade payables	832,104	36,417	–	–	–	868,521
Lease liabilities	4,846	14,540	17,217	49,906	55,712	142,221
Other liabilities ¹	20,761	23,457	16,833	73,488	113,956	248,495
Total	1,033,013	158,362	117,998	439,923	169,668	1,918,964

1 Other liabilities (note 26) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

Net investment hedge

Foreign currency exposure arises from the Group's net investment in its several subsidiaries that have the Cape Verde Escudo ('CVE') and the CFA Franc ('XOF') functional currency, both currencies being 100% pegged to the Euro ('EUR'). Therefore the risk arises from fluctuation in spot exchange rates between these currencies (or the EUR) and the US dollar, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening the CVE and the XOF currencies (or the EUR) against the US dollar which will result in a reduction in the carrying amount of the Group's net investment in these foreign operations.

Part of the Group's net investment in those subsidiaries is hedged by a EUR denominated secured bank loan (carrying amount: \$124m) (2017: \$157m), which mitigates the foreign currency risk arising from the revaluation of the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

The amounts related to items designated as hedging instruments were as follows:

31 December 2018				
US \$'000	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Foreign exchange denominated debt	175,000	–	124,346	Borrowings
	Change in value used for calculating hedge for 2018	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Foreign exchange denominated debt	(6,638)	(6,638)	–	Not applicable

31 December 2017				
US \$'000	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Foreign exchange denominated debt	175,000	–	156,725	Borrowings
	Change in value used for calculating hedge for 2017	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Foreign exchange denominated debt	10,205	10,205	–	Not applicable

3.3 Capital management

The Group capital management objective is to maintain a commercially sound consolidated statements of financial position with the aim of maximising the net cash return to the shareholders, whilst maintaining a level of capitalisation that is commercially defensible and which leads to an effective and optimised working capital structure.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Net debt is calculated as total borrowings and lease liabilities (including 'current and non-current borrowings and lease liabilities' as shown in the consolidated statements of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position plus net debt.

US \$'000	31 December 2018	31 December 2017
Total borrowings and lease liabilities (notes 23 & 27)	711,017	788,948
Less: cash and cash equivalents (note 19)	(392,853)	(422,494)
Net debt	318,164	366,454
Total equity	581,331	447,621
Total capital	899,495	814,075
Gearing ratio	0.35	0.45

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for leases under IFRS 16

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary between five years to unlimited period. The Group uses significant assumptions that all of the existing leases, that are expiring within the following five years, that have an extension option, will be extended for an additional five years period, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 27.

Deferred tax position

Recognition of deferred tax assets requires assessment of when those assets are likely to reverse and judgement on the availability of sufficient taxable profits upon reversal. Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. The deferred tax assets as at 31 December 2018 are \$36m (2017: \$43m) as presented in note 10. Deferred tax assets recorded are re-assessed at each period.

4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 25. The assumptions are reviewed annually.

Goodwill impairment assessment

In 2012 goodwill was recognised in relation to the wave 2 completion, comprising Guinea, Burkina Faso and Côte d'Ivoire. In 2013 goodwill was recognised in relation to the wave 6 completion, comprising Ghana. For the purpose of impairment testing, goodwill was allocated to each country which represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The recoverable amount of each cash generating unit was determined based on a value in use calculation which was based upon free cash flows (in their local currencies) from the five-year strategic plan prepared for each cash generating unit. The terminal value was estimated based upon a perpetuity growth rate of 2%, reflecting an inflationary level of growth beyond the five-year plan. A cost of capital (based upon a weighted average cost of capital ("WACC")) in a range of 16%-17.5% was used to discount the free cash flows denominated in their respective currencies.

Based upon the goodwill impairment test, goodwill is not impaired. For goodwill to be impaired, the WACC would have to increase to approximately 40%.

Government related assets and liabilities

The Company has various assets from and liabilities to governments and authorities with respect to government benefits receivable as well as for taxes and duties. The Group constantly assesses underlying inherent risks and assumptions and as a consequence related accounting estimates are determined and adjustments are made to the carrying amounts of those assets and liabilities, where necessary. Refer to note 3.2 relating to credit risk.

Tax positions

Determining the Group's income tax positions requires interpretation of the tax laws in numerous jurisdictions. Resolution of tax positions taken can take several years to complete and can be difficult to predict. Therefore, judgement is required to determine the Group's income tax liability. Judgemental areas are in particular transfer pricing and expenses deductible for tax purposes. When it is considered probable that there will be a future income tax liability to a tax authority, a provision is recorded for the amount that is expected to be settled if this can be reasonably estimated. Income tax provisions are re-assessed each period.

5. SEGMENT REPORTING

The Group operates under three reportable segments: Retail, Commercial and Lubricants.

Retail segment – Retail fuel is aggregated with Non-fuel retail. Both the operating segments derive revenue from retail customers who visit our retail sites. Retail fuel and Non-fuel revenues are aggregated as the segments are managed as one unit and have similar customers. The economic indicators that have been addressed in determining that the aggregated segments have similar economic characteristics are that they have similar expected future financial performance and similar operating and competitive risks.

Commercial segment – Commercial fuel, LPG, Aviation and Marine are aggregated in the Commercial segment as the operating segments derive revenues from commercial customers. The segments have similar economic characteristics. The economic indicators that have been addressed are the long-term growth and average long-term gross margin percentage.

Lubricants segment – Retail, B2C, B2B and Export Lubricants are the remaining operating segments. Since these operating segments meet the majority of aggregation criteria, they are aggregated in the Lubricants segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation, segment performance assessment and interacting with segment managers.

The following tables present revenues and profit information regarding the Group's operating segments:

	2018			
US \$'000	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,860,533	2,325,053	363,732	7,549,318
Gross profit	392,934	163,256	68,197	624,387
Add back: depreciation and amortisation	35,025	17,993	2,223	55,241
Gross cash profit	427,959	181,249	70,420	679,628
Adjusted EBITDA	226,977	122,205	51,026	400,208

	2017			
US \$'000	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,363,068	1,990,892	339,555	6,693,515
Gross profit	396,397	144,630	72,894	613,921
Add back: depreciation and amortisation	33,037	16,971	2,097	52,105
Gross cash profit	429,434	161,601	74,991	666,026
Adjusted EBITDA	227,026	106,978	42,124	376,128

US \$'000	2018	2017
Share of profit of joint ventures and associates included in segment EBITDA		
Retail	8,215	9,602
Commercial	6,663	6,740
Lubricants	13,392	–
Total	28,270	16,342

The amount of revenues from external customers by location of the customers is shown in the table below.

US \$'000	2018	2017
Revenue from external customers by country		
Morocco	1,561,320	1,322,238
Kenya	1,269,975	1,336,627
Ghana	602,963	533,204
Other	4,115,060	3,501,446
Total	7,549,318	6,693,515

US \$'000	31 December 2018	31 December 2017
Non-current assets by country (excluding deferred tax)		
The Netherlands	206,015	182,459
Morocco	187,461	189,058
Kenya	124,531	125,184
Other	717,960	664,162
Total	1,235,967	1,160,863

6. RECONCILIATION OF NON-GAAP MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exclusion of certain items (special items) from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures, as well as the exclusion of special items, provides users with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and are key management performance measures.

The Group defines Headline earnings as earnings based on net income attributable to owners of the Group, before items of a capital nature, net of income tax as required for companies listed on the Johannesburg Stock Exchange.

US \$'000	2018	2017
EBIT	275,510	241,914
Depreciation, amortisation and impairment	90,445	84,178
EBITDA	365,955	326,092
Adjustments to EBITDA related to special items:		
IPO and Engen acquisition related expenses ¹	29,340	–
Restructuring ²	16,923	8,539
Management Equity Plan	(12,010)	41,497
Adjusted EBITDA	400,208	376,128
US \$'000	2018	2017
Net income	146,059	129,653
Adjustments to net income related to special items:		
IPO and Engen acquisition related expenses ¹	29,340	–
Restructuring ²	16,923	8,539
Management Equity Plan	(12,010)	41,497
Tax on special items	(2,600)	(9,097)
Adjusted net income	177,712	170,592

¹ In May 2018, the Company became listed on the London Stock Exchange Main Market for listed securities and the Main Board of the JSE Limited by way of secondary inward listing. All IPO-related expenses are considered to be special items. Furthermore, on 4 December 2017, the Company agreed to enter into a sale and purchase agreement with Engen Holdings (Pty) Limited ('Engen Holdings'), a 100% subsidiary of Engen Limited, in relation to the purchase of shares in Engen International Holdings (Mauritius) Limited ('Engen International Holdings Limited') for the exchange of a shareholding in Vivo Energy, with a cash element. Related integration project expenses are treated as special items.

² Restructuring expenses relate to further optimising the organisation and are substantial in scope and impact and do not form part of the underlying core operational activities.

US \$	2018	2017
Diluted EPS	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted EPS¹	0.14	70.24

1 Refer to the general information (note 1).

US \$'000, unless otherwise indicated	2018	2017
Headline Earnings Per Share		
Net income attributable to owners	135,155	119,717
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	(1,810)	(1,573)
Income tax on re-measurements	476	475
Headline Earnings	133,821	118,619
Weighted average number of ordinary shares ¹	1,201,798,866	2,250,000
Headline EPS (US \$) ²	0.11	52.72
Diluted number of shares ¹	1,201,798,866	2,287,433
Diluted headline EPS (US \$) ²	0.11	51.86
Effective Tax Rate	36%	38%

1 Weighted average number of ordinary shares and diluted number of shares for year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 to Vivo Energy Holding B.V.

2 Refer to general information (note 1).

7. GENERAL AND ADMINISTRATIVE COST

Employee benefits

US \$'000	2018	2017
Wages, salaries and other employee benefits	157,455	145,917
Restructuring, severance and other involuntary termination costs ¹	13,829	8,539
Retirement benefits	7,036	6,254
Share-based expense ²	(2,525)	41,497
	175,795	202,207

1 Total restructuring costs amount to \$16.9m of which some elements are reflected in other employee benefits categories.

2 Share-based expense includes a fair value adjustment for the former management equity plan and the SVL management equity plan.

Included in the employee benefit expense for the year ended 31 December 2018, was social security expense of \$2.3m (2017: \$0.9m) and other pension costs of \$0.2m (2017: \$0.2m) relating to employees employed in the UK.

Employee benefits have been charged in:

US \$'000	2018	2017
General and administrative cost	102,093	123,051
Selling and marketing cost	42,113	45,088
Cost of sales	31,589	34,068
	175,795	202,207

The number of average full-time equivalent employees was as follows:

	2018	2017
Sales and distribution	1,702	1,711
Administration and support	657	638
	2,359	2,349

Depreciation and amortisation

Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets are separately disclosed in note 11, 27 and 12 respectively.

Audit fees

US \$'000	2018	2017
Parent company and consolidated financial statements	1,036	714
Subsidiaries ¹	765	756
Audit fees	1,801	1,470
Audit-related fees ²	1,149	335
Tax advisory fees ³	34	–
Tax compliance fees	28	–
Other assurance services ⁴	1,895	1,912
Other fees total	3,106	2,247
Total fees	4,907	3,717

1 Audit fees for foreign entities are expressed at the average exchange rate for the year.

2 Audit-related fees in relation to interim financial statements reviews and brand fees reporting.

3 Tax advisory fees relate to advisory engagements.

4 Other assurance services relate mainly to the IPO.

8. OTHER INCOME/(EXPENSE)

US \$'000	2018	2017
Net gain on disposals of property, plant and equipment and intangible assets	1,810	1,573
Loss on financial instruments	(813)	(1,784)
Other income	1,772	2,897
	2,769	2,686

9. FINANCE INCOME AND EXPENSE

US \$'000	2018	2017
Finance expense		
Interest on bank and other borrowings and on lease liability ¹	(26,695)	(20,368)
Interest on long-term debt including amortisation of set-up fees	(18,776)	(10,816)
Foreign exchange loss	(2,426)	–
Accretion expense net defined benefit liability	(2,177)	(2,176)
Other	(2,179)	(3,200)
	(52,253)	(36,560)
Finance income		
Interest from cash and cash equivalents	6,145	4,644
Foreign exchange gain	–	779
	6,145	5,423
Finance expense – net	(46,108)	(31,137)

¹ Includes an amount of \$10m (2017: \$10m) finance expense for leases in respect to IFRS 16 'Leases'.

10. INCOME TAXES

Current income taxes

Analysis of income tax expense:

US \$'000	2018	2017
Current tax		
Current income tax	(76,779)	(90,704)
Current income tax prior years	(2,311)	2,278
	(79,090)	(88,426)
Deferred tax		
Deferred income tax	(3,282)	10,036
Deferred income tax prior years	(971)	(2,734)
	(4,253)	7,302
Income tax expense	(83,343)	(81,124)

The reconciliation of income taxes, computed at the statutory rate, to income tax expense was as follows:

US \$'000	2018	2017
EBT	229,402	210,777
Statutory tax rate ¹	19%	25%
Income tax expense at statutory rate	(43,586)	(52,694)
Increase/(decrease) resulting from:		
Impact of tax rates in foreign jurisdictions	(20,632)	(5,478)
Income not subject to tax	10,340	7,153
Expenses not tax deductible	(264)	(11,100)
Non-recognition of tax benefits in relation to current period tax losses or temporary differences	(3,588)	(3,222)
Recognition and utilisation of previously unrecognised tax losses or temporary differences	141	927
Tax rate changes	(182)	–
Withholding tax	(21,583)	(20,293)
Other	(3,989)	3,583
Income tax expense	(83,343)	(81,124)
Effective tax rate	36%	38%

¹ The statutory tax rate changed from 25% in 2017 to 19% in 2018 due to the ultimate parent entity being a tax resident in the United Kingdom in 2018 (formerly The Netherlands).

Deferred income taxes

The significant components of the Company's deferred income tax assets and liabilities were as follows:

US \$'000	31 December 2018		31 December 2017	
	Asset	Liability	Asset	Liability
Tax losses carried forward ¹	19,530	–	19,941	–
Intangible assets	–	(20,492)	–	(23,216)
Retirement benefits	9,088	(1,015)	10,637	(1,026)
Property, plant and equipment	551	(17,143)	491	(14,906)
Provisions	27,180	–	30,077	–
Withholding taxes	–	(15,985)	–	(16,500)
Other	13,741	(11,150)	11,049	(5,796)
	70,090	(65,785)	72,195	(61,444)
Offsetting of balances	(14,579)	14,579	(10,056)	10,056
Unrecognised deferred tax asset ²	(19,137)	–	(19,512)	–
	36,374	(51,206)	42,627	(51,388)

¹ The recognised deferred tax asset relates to \$6.6m tax losses which is supported by expected positive results in coming years.

² The unrecognised deferred tax assets mainly relate to tax losses \$19m (2017: \$19m).

The changes in the net deferred income tax assets and liabilities were as follows:

US \$'000	2018	2017
Balance at the beginning of year, net	(8,761)	(15,513)
In profit	(4,253)	7,302
In other comprehensive income	(750)	(713)
Other	(1,742)	769
Foreign exchange differences	674	(606)
	(14,832)	(8,761)

The unrecognised carry forward losses at 31 December 2018 amount to \$86m (2017: \$77m). \$17m will expire at the end of 2021, \$17m at the end of 2022, \$15m at the end of 2023 and \$37m at the end of 2024 or later.

II. PROPERTY, PLANT AND EQUIPMENT

US \$'000	2018				Total
	Land	Buildings	Machinery and other equipment	Construction in progress	
Cost at 1 January 2018	31,537	201,172	428,416	76,520	737,645
Additions	–	8,326	14,544	96,544	119,414
Disposals	(38)	(5,166)	(38,473)	–	(43,677)
Transfers to Right-of-use asset	–	–	(11,737)	–	(11,737)
Transfers	2,207	29,761	71,464	(103,432)	–
Foreign exchange differences	(1,004)	(4,526)	(11,480)	(1,621)	(18,631)
Cost at 31 December 2018	32,702	229,567	452,734	68,011	783,014
Accumulated depreciation at 1 January 2018	–	(36,434)	(116,040)	–	(152,474)
Depreciation	–	(13,482)	(46,550)	–	(60,032)
Disposals	–	4,908	38,023	–	42,931
Transfers to Right-of-use asset	–	–	3,495	–	3,495
Foreign exchange differences	–	1,126	3,696	–	4,822
Accumulated depreciation at 31 December 2018	–	(43,882)	(117,376)	–	(161,258)
Net carrying value at 31 December 2018	32,702	185,685	335,358	68,011	621,756

US \$'000	Machinery and Construction				Total
	Land	Buildings	other equipment	in progress	
Cost at 1 January 2017	29,344	164,462	349,029	73,370	616,205
Additions	531	11,374	29,827	70,030	111,762
Disposals	(7)	(6,524)	(12,029)	–	(18,560)
Transfers	118	24,350	44,879	(69,347)	–
Foreign exchange differences	1,551	7,510	16,710	2,467	28,238
Cost at 31 December 2017	31,537	201,172	428,416	76,520	737,645
Accumulated depreciation at 1 January 2017	–	(27,504)	(81,971)	–	(109,475)
Depreciation	–	(13,977)	(42,200)	–	(56,177)
Impairments	–	(280)	(545)	–	(825)
Disposals	–	6,451	11,791	–	18,242
Foreign exchange differences	–	(1,124)	(3,115)	–	(4,239)
Accumulated depreciation at 31 December 2017	–	(36,434)	(116,040)	–	(152,474)
Net carrying value at 31 December 2017	31,537	164,738	312,376	76,520	585,171

No assets have been pledged as security. Depreciation charge of \$60m (2017: \$56m) is included in cost of sales for \$52m (2017: \$49m), in selling and marketing costs for \$1m (2017: \$1m) and in general and administrative cost for \$7m (2017: \$6m).

12. INTANGIBLE ASSETS

US \$'000	Shell Licence			Total
	Agreement	Goodwill	Other	
Cost at 1 January 2018	144,640	21,232	58,462	224,334
Additions	–	–	26,986	26,986
Disposals	–	–	(759)	(759)
Foreign exchange differences	(1,656)	(263)	(1,208)	(3,127)
Cost at 31 December 2018	142,984	20,969	83,481	247,434
Accumulated amortisation at 1 January 2018	(72,331)	–	(32,010)	(104,341)
Amortisation	(5,123)	–	(5,894)	(11,017)
Disposals	–	–	233	233
Foreign exchange differences	499	–	1,154	1,653
Accumulated amortisation at 31 December 2018	(76,955)	–	(36,517)	(113,472)
Net carrying value at 31 December 2018	66,029	20,969	46,964	133,962

US \$'000	Shell Licence Agreement	Goodwill	Other	Total
Cost at 1 January 2017	137,855	20,587	47,207	205,649
Additions	–	–	9,904	9,904
Disposals	–	–	(946)	(946)
Foreign exchange differences	6,785	645	2,297	9,727
Cost at 31 December 2017	144,640	21,232	58,462	224,334
Accumulated amortisation at 1 January 2017	(63,660)	–	(25,426)	(89,086)
Amortisation	(5,123)	–	(5,447)	(10,570)
Impairment	–	–	(129)	(129)
Disposals	–	–	432	432
Foreign exchange differences	(3,548)	–	(1,440)	(4,988)
Accumulated amortisation at 31 December 2017	(72,331)	–	(32,010)	(104,341)
Net carrying value at 31 December 2017	72,309	21,232	26,452	119,993

Amortisation charge of \$11m (2017: \$11m) is included in selling and marketing costs for \$9m (2017: \$9m) and general and administrative cost for \$2m (2017: \$2m). Other also includes acquired and internally generated software costs.

A goodwill impairment test was performed and did not result in an impairment.

The Group monitors goodwill impairment at country level, being the cash generating unit ('CGU') and tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use cash flow projections based on approved financial budgets covering a five-year period.

The methodology applied to each of the key assumptions used are as follows:

Assumptions	Approach used to determine values
Volumes	Average volumes over the five-year forecast period; based on past performance and management expectations of market developments.
Budgeted average gross margin	Based on past performance and management expectations of the future.
Pre-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition, and barriers to entry.

The Group considers the discount rate to be the most sensitive assumption. No impairment would occur, if the pre-tax discount rate applied to the cash flow projection of each CGU had been 0.5% higher than management estimates and all other assumptions in the table above are unchanged.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

US \$'000	2018	2017
At 1 January	218,801	50,709
Acquisition of businesses	547	160,173
Share of profit	28,270	16,342
Dividend received	(23,343)	(9,497)
Foreign exchange differences	(823)	1,074
At 31 December	223,452	218,801

The acquisition of investment in December 2017 related to the acquisition of Shell and Vivo Lubricants B.V. (SVL) that is considered a material investment to the Group. SVL is the principal supplier of manufacturing, sales and distribution for lubricants products in Africa.

SVL was acquired by purchasing from HV Investments B.V. all its shares held in SVL. The investment is a joint venture investment and measured using the equity method. SVL is jointly owned by Vivo Energy Investments B.V. (50%) and Shell Overseas Investments B.V. (50%).

The total assets of SVL as per 31 December 2018 are \$234m (2017: \$256m), of which \$153m (2017: \$169m) relates to current (including cash and cash equivalents of \$23m (2017: \$27m)) and \$81m (2017: \$87m) to non-current assets. The current liabilities are \$79m (2017: \$96m) (including borrowings of \$21m (2017: \$10m)) and non-current liabilities are \$6m (2017: \$13m). The revenue for the year ending 31 December 2018 was \$287m (2017: \$286m), and profit after income tax was \$22m (2017: \$29m). The 2018 profit includes amortisation and depreciation of \$8m (2017: \$8m) and net finance expense of \$2m (2017: \$0.3m).

The carrying value of SVL includes a notional goodwill of \$96m calculated as the difference between the cost of the investment and the investor's share of the fair values of the investee's identifiable assets and liabilities acquired. Since the notional goodwill is not shown as a separate asset, it is not required to be separately tested for impairment, nor does it trigger an annual impairment test.

There are no contingent liabilities relating to the Group's investments in joint ventures and associates.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

US \$'000	2018	2017
At 1 January	6,314	6,053
Fair value adjustment	1,204	165
Foreign exchange differences	108	96
At 31 December	7,626	6,314

Financial assets at fair value through other comprehensive income are categorised as level 3 of the fair value hierarchy and are the only level 3 financial assets within the Group. There have been no transfers between any levels during the year.

15. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets and liabilities are derivative instruments comprising forward foreign exchange contracts and interest hedge contracts with a fair value of \$3m (2017: \$(1)m). A loss of \$1m on changes in fair value has been recognised in other income/(expense) (2017: loss of \$2m). Other financial assets and liabilities at fair value through other income are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

16. OTHER ASSETS

US \$'000	31 December	31 December
	2018	2017
Other government benefits receivable ¹	123,091	71,748
Prepayments	109,306	118,507
VAT and duties receivable	30,588	33,511
Indemnification asset on legal and tax claims	9,629	9,868
Employee loans	7,912	8,137
Other ²	75,381	69,468
	355,907	311,239
Of which current	254,999	229,068
Of which non-current	100,908	82,171
	355,907	311,239

1 Refer to note 3.2.

2 The amount mainly comprises of items such as customer related deposits, other non-current receivables and loans to dealers.

Other government benefits receivable

US \$'000	31 December	31 December
	2018	2017
Botswana	33,353	20,002
Senegal	30,236	4,333
Morocco	27,370	31,499
Guinea	10,660	10,897
Madagascar	9,974	1,076
Other	11,498	3,941
	123,091	71,748

For the year \$234m (2017: \$163m) of other government benefits was recognised in cost of sales for compensation of costs incurred.

17. INVENTORIES

US \$'000	31 December	31 December
	2018	2017
Fuel	364,120	276,680
Lubricants	70,070	69,773
Other	6,577	6,676
	440,767	353,129

Cost of sales as disclosed on the face of the consolidated statements of comprehensive income include the total expense for inventory during the year for \$6,719m (2017: \$5,869m). The carrying value of inventory represents the net realisable value.

Provisions for write-downs of inventories to the net realisable value amounted to \$5m as per 31 December 2018 (2017: \$5m).

18. TRADE RECEIVABLES

Trade receivables were as follows, as at:

US \$'000	31 December	31 December
	2018	2017
Trade receivables	484,235	451,937
Less: provision for impairment of trade receivables	(40,590)	(39,756)
Trade receivables – net	443,645	412,181

The fair values of trade receivables approximate their carrying value as they are deemed short-term in their nature and recoverable within 12 months.

Movements on provision for impairment of trade receivables are as follows:

US \$'000	2018	2017
At 1 January	39,756	36,733
Additions	6,425	7,019
Reversals	(3,800)	(5,418)
Utilisation	(363)	(816)
Foreign exchange differences	(1,428)	2,238
At 31 December	40,590	39,756

As at 31 December 2018 trade receivables of \$29m (2017: \$29m) were past due but not impaired. The aging of these trade receivables is as follows:

US \$'000	31 December	31 December
	2018	2017
Up to 3 months past due	20,750	12,993
3 to 6 months past due	2,528	6,337
More than 6 months past due	5,857	9,762
	29,135	29,092

19. CASH AND CASH EQUIVALENTS

US \$'000	31 December	31 December
	2018	2017
Cash	172,932	216,840
Cash equivalents:		
Short-term placements	214,049	203,237
Money market funds and other cash equivalents	5,872	2,417
	392,853	422,494

20. SHARE CAPITAL AND RESERVES

Share capital consists of 1,201,798,866 ordinary shares at the nominal value of \$0.50 each. All shares have been issued and fully paid and entitle the holder to participate in dividends. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have a limited share of authorised capital. Shareholders will, under general law, be entitled to participate in any surplus assets in a winding up of the Company in proportion to their shareholding.

Effective 13 June 2018, the Company completed a court-approved reduction of capital. The purpose of the reduction of capital was to provide distributable reserves which will allow the Company to make future dividend payments. Following the reduction of capital, the number of issued shares and the rights attached to those shares remained unchanged. The nominal value of the ordinary shares in the capital of the Company was reduced by \$1.00 from \$1.50 to \$0.50.

Other reserves are disclosed in the consolidated statements of changes in equity.

	2018		2017	
	Number of Shares	\$'000	Number of Shares	\$'000
Ordinary shares				
At 1 January	2,250,000	30	2,250,000	30
Reorganisation	(2,250,000)	(30)	–	–
Capital contribution	1,200,000,000	1,800,000	–	–
Directors' subscriptions	1,798,866	2,698	–	–
Capital reduction	–	(1,201,799)	–	–
At 31 December	1,201,798,866	600,899	2,250,000	30

21. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

US \$'000, unless otherwise indicated	2018	2017
Basic earnings per share		
Net income	146,059	129,653
Attributable to owners	135,155	119,717
Weighted average number of ordinary shares ¹	1,201,798,866	2,250,000
Basic earnings per share (US \$)	0.11	53.21

US \$'000, unless otherwise indicated	2018	2017
Diluted earnings per share		
Earnings attributable to owners	135,155	119,717
Diluted number of shares ¹	1,201,798,866	2,287,433
Diluted earnings per share (US \$)²	0.11	52.34

¹ Weighted average number of ordinary shares and diluted number of shares for the year ended 31 December 2018 relate to Vivo Energy plc and for the year ended 31 December 2017 to Vivo Energy Holding B.V.

² Refer to general information (note 1).

US \$	2018	2017
Adjusted diluted earnings per share		
Diluted earnings per share	0.11	52.34
Impact of special items	0.03	17.90
Adjusted diluted earnings per share¹	0.14	70.24

¹ Refer to general information (note 1).

22. DIVIDENDS

The Board approved an interim dividend of circa 0.7 dollar cents per share. This dividend was paid on 17 September 2018 to shareholders of record at close of business on 17 August 2018. The dividend was paid out of distributable reserves as at 30 June 2018.

The Board has recommended a final dividend of circa 1.3 dollar cents per share, amounting to \$16m. Payment of this dividend is expected on 10 June 2019 to shareholders of record at close of business on 17 May 2019. The dividend will be paid out of distributable reserves as at 31 December 2018.

US \$'000	2018
Interim dividend	7,967
Final dividend	15,838
Total	23,805

23. BORROWINGS

US \$'000	Drawn on	Interest rate	Maturity	31 December	31 December
				2018	2017
VEI BV Term Loan ¹	09/06/2017	Libor + 2.50%/3%	09/06/2022	391,753	479,889
Bank borrowings				208,414	175,302
				600,167	655,191
Of which current				286,388	258,947
Of which non-current				313,779	396,244
				600,167	655,191

¹ The amounts are net of financing costs. Loan amount is \$395m (2017: \$484m); financing costs are \$3m (2017: \$4m).

Current borrowings consist of bank borrowings which carry interest rates between 1% and 18% per annum. Included in bank borrowings is an amount of \$32m (2017: \$73m) relating to trade financing.

The carrying amounts of the Group's non-current and current borrowings approximate the fair value.

The VEI BV Term Loan facility was entered into on 9 June 2017. The facility matures on 9 June 2022 and has semi-annual repayments. Interest is paid quarterly at a rate of Libor plus a margin of 2.50% per annum. Incremental facility was drawn down on 18 December 2017 and carries an interest of Libor +2.5% for the amortised portion and Libor +3% for the bullet portion.

In May 2018, the Company established a new multi-currency revolving credit facility of \$300 million. The multi-currency revolving credit facility consists of a primary \$300 million and an additional \$100 million contingent upon events after the listing. This credit facility remained fully undrawn at year-end. At the end of February 2019, an amount of \$62 million was drawn in relation to the Engen acquisition.

Key covenants:

- The Company needs to supply to the lender within 150 calendar days after year-end its audited annual consolidated financial statements, unaudited annual non-consolidated financial statements and the unaudited annual Group accounts of each operating unit. Within 90 days after each half of each financial year, the Company should provide its unaudited non-consolidated financial statements, unaudited consolidated financial statements and unaudited Group accounts for each operating unit for the financial half-year.
- With each set of financial statements, a financial covenants compliance certificate has to be provided showing the debt cover and interest cover. The loan carries some customary negative pledges such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets. It also has a Change of Control clause triggering repayment if a shareholder, other than permitted ones, takes control of the Company.

No covenants were breached in the last applicable period.

24. PROVISIONS

Provisions include the following:

US \$'000	31 December	31 December
	2018	2017
Provisions	61,091	78,803
Retirement benefit obligations (note 25)	29,236	34,045
	90,327	112,848
Of which current	15,177	20,866
Of which non-current	75,150	91,982
	90,327	112,848

US \$'000	2018			
	Compulsory stock obligation	Legal provision	Other	Total
At 1 January	26,092	6,195	46,516	78,803
Additions	6	3,377	9,355	12,738
Utilisation	(3,909)	(232)	(15,513)	(19,654)
Releases	–	(4,712)	(3,723)	(8,435)
Foreign exchange differences	(461)	(154)	(1,746)	(2,361)
At 31 December	21,728	4,474	34,889	61,091
Of which current	–	4,474	10,703	15,177
Of which non-current	21,728	–	24,186	45,914
	21,728	4,474	34,889	61,091

2017

US \$'000	Compulsory stock obligation	Legal provision	Other	Total
At 1 January	21,187	7,086	43,084	71,357
Additions	3,121	333	21,390	24,844
Utilisation	–	(145)	(15,852)	(15,997)
Releases	–	(1,357)	(5,520)	(6,877)
Foreign exchange differences	1,784	278	3,414	5,476
At 31 December	26,092	6,195	46,516	78,803
Of which current	–	6,195	14,671	20,866
Of which non-current	26,092	–	31,845	57,937
	26,092	6,195	46,516	78,803

Compulsory stock obligation provision

The compulsory stock obligation provision relates to the Oil fund liability in Morocco as disclosed under 'Other liabilities'. The provision represents the difference between the purchase price of the compulsory oil stocks in 1994 and current market values up to November 2015, as well as the difference between the purchase price and current market values of LPG. From 1 December 2015 the fuel market in Morocco is deregulated. As at 31 December 2018, the Moroccan government has not indicated a repayment date for the compulsory stock obligation.

Legal provision

This amount represents a provision of certain legal claims brought against the Group. The timing of any pay-out is uncertain as these claims are being disputed by the Group. The Group believes that the outcome of these claims will not give rise to a significant loss beyond the amounts provided against as at 31 December 2018.

Other

Other provisions include a number of costs to be paid out by the Group that have uncertainty in timing of cash values and total monetary value and mainly relate to employee benefits provisions of \$15m (2017: \$20m) and provisions for uncertain tax positions of \$9m (2017: \$10m).

25. RETIREMENT BENEFITS

The Group operates defined benefit pension plans in various countries under local regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

US \$'000	2018	2017
Current service cost	873	579
Accretion expense	2,177	2,176
Other	46	44
	3,096	2,799

US \$'000	2018	2017
Defined benefit plans	3,096	2,799
Defined contribution plans	6,117	5,631
Total retirement benefit costs	9,213	8,430

US \$'000	31 December	
	2018	2017
Consolidated statements of financial position obligations for:		
Pension benefits	25,186	29,927
Other post-employment benefits	4,050	4,118
Total liability	29,236	34,045

The amounts recognised in the consolidated statements of financial position are determined as follows:

US \$'000	31 December	
	2018	2017
Present value of funded obligations	(12,903)	(13,212)
Fair value of plan assets	11,670	11,179
Funded status of funded benefit obligations (net asset)	(1,233)	(2,033)
Present value of unfunded obligation	(23,953)	(27,894)
Unfunded status end of year (net liability)	(25,186)	(29,927)
Net defined benefit obligation	(25,186)	(29,927)

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

US \$'000	2018			2017		
	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	41,106	4,118	45,224	40,661	3,791	44,452
Current service costs	711	145	856	1,374	154	1,528
Past service costs/settlements	–	17	17	(949)	–	(949)
Benefits paid	(2,891)	(248)	(3,139)	(2,118)	(253)	(2,371)
Interest costs	2,177	596	2,773	2,164	554	2,718
(Gains)/losses from change in financial assumptions	(254)	(155)	(409)	(1,696)	(155)	(1,851)
(Gains)/losses from change in demographic assumptions	(494)	–	(494)	–	–	–
Actuarial (gains)/losses	(1,945)	(95)	(2,040)	(377)	54	(323)
Other	–	–	–	(229)	–	(229)
Foreign exchange differences	(1,554)	(328)	(1,882)	2,276	(27)	2,249
At 31 December	36,856	4,050	40,906	41,106	4,118	45,224

The movements in the fair value of plan assets over the year are as follows:

US \$'000	2018			2017		
	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	11,179	–	11,179	9,448	–	9,448
Interest income	597	–	597	542	–	542
Return on plan assets, excluding interest income	(55)	–	(55)	478	–	478
Employer contributions	3,104	248	3,352	2,293	253	2,546
Benefits paid	(2,923)	(248)	(3,171)	(2,155)	(253)	(2,408)
Administration expenses	(15)	–	(15)	(7)	–	(7)
Foreign exchange differences	(217)	–	(217)	580	–	580
At 31 December	11,670	–	11,670	11,179	–	11,179

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

US \$'000	Assumptions used		Effect of using alternative assumptions	
	31 December 2018	31 December 2017	Range of assumptions	Increase/(decrease)
Rate of increase in pensionable remuneration	4.43%	4.35%	0.50% – (0.50%)	2.59% – (2.46%)
Rate of increase in pensions in payment	2.27%	1.00%	0.50% – (0.50%)	4.00% – (3.73%)
Rate of increase in healthcare costs	9.88%	12.00%	0.50% – (0.50%)	4.12% – (3.83%)
Discount rate for pension plans	5.98%	5.59%	0.50% – (0.50%)	(4.85%) – 5.14%
Discount rate for healthcare plans	13.71%	15.50%	0.50% – (0.50%)	(5.43%) – 6.07%
Expected age at death for persons aged 60:				
Men	79.73	80.22		
Women	83.56	83.33		

The principal actuarial assumptions were as follows:

	2018								
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana
Discount rate	8.50%	8.25%	4.25%	6.00%	3.50%	6.00%	13.50%	11.40%	15.00%
Inflation rate	4.70%	N/A	2.00%	3.50%	N/A	N/A	N/A	8.00%	10.00%
Future salary increases	6.00%	3.00%	2.00%	3.50%	6.00%	3.00%	10.00%	N/A	N/A
Future pension increases	N/A	N/A	1.00%	3.00%	N/A	N/A	N/A	N/A	N/A

	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana
Discount rate	7.50%	9.00%	4.50%	5.50%	3.25%	6.00%	13.75%	11.90%	17.50%
Inflation rate	3.90%	1.00%	2.00%	3.80%	2.00%	1.80%	8.00%	9.10%	12.50%
Future salary increases	6.00%	3.00%	2.00%	3.00%	6.00%	3.00%	10.00%	N/A	N/A
Future pension increases	N/A	N/A	1.00%	N/A	N/A	N/A	N/A	N/A	N/A

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The weighted average duration of the defined benefit obligation is 10.8 years.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are \$4m.

26. OTHER LIABILITIES

US \$'000	31 December 2018	31 December 2017 ¹
Oil fund liabilities (see note 24)	86,502	88,070
Other tax payable	80,098	63,271
Employee liabilities	61,517	93,801
Deposits owed to customers	60,171	54,062
Deferred income	9,147	8,888
Other	11,392	12,562
	308,827	320,654
Of which current	165,196	152,409
Of which non-current	143,631	168,245
	308,827	320,654

¹ Prior year comparatives were reclassified where necessary.

27. LEASES

The Group has leases for motor vehicles, corporate offices, land, buildings and equipment. Leases have remaining lease terms of one year to 99 years, some of which may include options to extend the leases for at least five years, and some of which may include options to terminate the leases within one year.

The consolidated statement of financial position shows the following amounts relating to leases:

US \$'000	Land and buildings	Motor vehicle	Others	Total
Right-of-use assets, 1 January 2017	115,687	19,587	655	135,929
Depreciation of ROU assets	(12,105)	(4,267)	(105)	(16,477)
Leases effective in 2017	25,795	2,975	191	28,961
Right-of-use assets, 31 December 2017	129,377	18,295	741	148,413
Depreciation of ROU assets	(16,377)	(2,282)	(737)	(19,396)
Leases effective in 2018 ¹	16,543	2,615	88	19,246
Right-of-use assets, 31 December 2018	129,543	18,628	92	148,263

¹ Included in leases effective 2018, is an amount of \$8m for the transfer of leases from PPE to right-of-use assets.

US \$'000	31 December	31 December
	2018	2017
Current lease liability	13,228	12,496
Non-current lease liability	97,622	121,261
	110,850	133,757

The consolidated statement of comprehensive income shows the following amounts relating to leases:

US \$'000	2018	2017
Interest expense (included in finance cost)	(10,054)	(10,016)
Depreciation of ROU assets	(19,396)	(16,477)

Depreciation charge of \$19m (2017: \$16m) is included in cost of sales for \$3m (2017: \$2m), in selling and marketing costs for \$14m (2017: \$12m) and in general and administrative costs \$2m (2017: \$2m).

The consolidated statement of cash flows shows the following amounts relating to leases:

US \$'000	2018	2017
Cash flows from financing activities		
Principal elements of lease payments	(24,736)	(18,910)
Interest paid	(10,054)	(10,016)
	(34,790)	(28,926)

Other information related to leases was as follows:

	2018	2017
Weighted average remaining lease term (years)	15.12	13.15
Weighted average discount rate	10%	10%

The Group recognised rental income of \$35m (2017: \$30m).

28. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

US \$'000	2018	2017
Inventories	(98,973)	(10,182)
Trade receivables	(47,425)	(94,064)
Trade payables	222,290	132,357
Other assets	(68,652)	(42,471)
Other liabilities	(15,620)	47,414
Provisions	(17,473)	(582)
Other	61,664	43,404
	35,811	75,876

29. COMMITMENTS AND CONTINGENCIES

Commitments

The Group also has purchase obligations, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

US \$'000	31 December 2018	31 December 2017
	Purchase obligations	13,271
	13,271	11,706

Contingent liabilities and legal proceedings

The Group may from time to time be involved in a number of legal proceedings. The Directors prepare a best estimate of its contingent liabilities that should be recognised or disclosed in respect of legal claims in the course of ordinary business. Furthermore, in many markets there is a high degree of complexity involved in the local tax regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

The Group does not believe and is not currently aware of any litigations, claims, legal proceedings or other contingent liabilities that should be disclosed.

30. SHARE-BASED PAYMENTS

The Group operates share-based payment plans for certain Executive Directors, senior managers and other senior employees.

Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding shares upon exercise of their phantom options or (2) the opportunity to acquire restricted shares in combination with a linked option right to acquire ordinary shares in Vivo Energy.

Under the terms of the phantom options, all outstanding phantom options would become fully exercisable upon admission in May 2018. The option holders have since agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding phantom options were deemed to be exercised at admission and 70% will become exercisable on the first anniversary of admission for a period of 12 months. Under the amended terms, the option holders' entitlement to the cash payment is based on the market value of the shares at the time of exercise net of the exercise price per share.

The Management Equity Plan ('MEP') related liability as at 31 December 2018 amounted to \$20m (2017: \$49m). The intrinsic value of the phantom options per 31 December 2018 is \$20m (2017: \$49m).

The awards of restricted shares with linked options were classified as equity-settled share-based payment transactions, however since participants would not be entitled to the full value of both instruments, the award fell away and the share-based payment reserve was released.

SVL Phantom Option Awards

Executive Directors and other senior executives were granted phantom option awards by Shell and Vivo Lubricants B.V. ('SVL') in 2012. These awards became fully exercisable on admission, but the option holders agreed to amend the terms such that they would receive a cash payment.

All payments under this plan have now been made, and there are no further outstanding interests.

IPO Share Award Plan

In May 2018, Vivo Energy plc granted certain Executive Directors and senior managers one-off share awards ('IPO Share Awards') under the 2018 IPO Share Award Plan. The IPO Share Awards will vest, subject to continued service and performance conditions relating to consolidated gross cash profit and adjusted net income being met, in three equal tranches on the first, second and third anniversary of admission.

Long-Term Incentive Plan

In May 2018, Vivo Energy plc adopted the Vivo Energy 2018 Long-Term Incentive Plan (the 'LTIP'). The LTIP provides for grants of awards over the shares of the Company in the form of share awards subject to continued employment and the performance conditions relating to earnings per share, return on average capital employed and total shareholder returns, over a three-year period. Executive Directors and other employees of the Group are eligible for grants under the LTIP.

The table below shows the share-based payment expense recognised in the statements of comprehensive income:

US \$'000	2018	2017
Cash-settled share-based payments		
Management Equity Plan	(17,526)	41,497
SVL Management Equity Plan	5,516	–
Equity-settled share-based payments		
IPO Share Award Plan	5,697	–
Long-Term Incentive Plan	3,788	–
	(2,525)	41,497

Movements in the number of share and share options outstanding, and their related weighted average exercise prices, are as follows:

	LTIP	IPO			MEP	
	LTIP	IPO Share Awards	Average exercise price per linked option \$	Linked options ¹	Average exercise price per phantom option \$	Phantom options ²
At 1 January 2018	–	–	–	–	–	–
Granted/Converted	3,916,949	3,658,641	–	–	0.05	15,529,661
Vested/Exercised	–	–	–	–	0.05	(4,658,898)
At 31 December 2018	3,916,949	3,658,641	–	–	0.05	10,870,763
At 1 January 2017	–	–	142.12	40,620	142.12	30,992
Movements	–	–	–	–	142.12	(1,873)
Outstanding at 31 December 2017	–	–	142.12	40,620	142.12	29,119

1 Linked options were forfeited as part of the IPO admission.

2 In relation to the IPO Admission, the option holders have agreed to amend the terms of their outstanding phantom options (MEP) which resulted into a conversion of their granted phantom options.

The Black-Scholes option-pricing is used to calculate the fair value of the options and the amount to be expensed. The inputs into the model for options granted in the year expressed as weighted averages are as follows:

	2018				2017
	LTIP	IPO Share Awards	MEP phantom options	MEP linked options	MEP phantom options
Share price at grant date (\$)	\$2.24	\$2.33	\$1.84	\$1,811	\$1,811
Option exercise price (\$)	–	–	\$0.05	\$142.12	\$142.12
Volatility (%)	–	–	22%	30%	22%
Option life (years)	3 years	3 years	1 year	1 year	1 year
Risk-free interest rate	–	–	2.30%	0.95%	2.30%
Expected dividends as a dividend yield (%)	0%	0%	0%	0%	0%

The weighted average fair value of linked options and phantom options as of 31 December 2018 using the Black-Scholes valuation model was nil (2017: \$43.70) and \$1.79 (2017: \$1,672) per option, respectively.

31. RELATED PARTIES

Sales and purchases

US \$'000	Joint ventures and associates	Shareholder	Other	Total
2018				
Sales of products and services, and other income	14,665	133,909	88	148,662
Purchase of products and services, and other expenses	320,783	1,279,007	–	1,599,790
2017¹				
Sales of products and services, and other income	11,997	124,073	3,104	139,174
Purchase of products and services, and other expenses	78,351	1,510,638	244,443	1,833,432

¹ Other sales and purchases relate to Shell and Vivo Lubricants B.V. full year 2017.

The following table presents the Company's outstanding balances with related parties:

US \$'000	Joint ventures and associates	Shareholder	Other	Total
31 December 2018				
Receivables from related parties	3,911	13,005	534	17,450
Payables to related parties	(55,651)	(236,263)	–	(291,914)
	(51,740)	(223,258)	534	(274,464)
31 December 2017				
Receivables from related parties	12,187	14,689	564	27,440
Payables to related parties	(46,060)	(138,504)	(60)	(184,624)
	(33,873)	(123,815)	504	(157,184)

The receivables from related parties arise from sale transactions which are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions and are typically due two months after the date of purchase. These payables bear no interest. In 2017, other income from shareholder includes a loss on financial instruments of \$2m that concern forward foreign exchange contracts with Vitol SA.

32. EVENTS AFTER BALANCE SHEET PERIOD

On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Engen International Holdings (Mauritius) Limited (EIHL), a retailer and marketer of Engen-branded fuels and lubricants in Africa. EIHL markets its products to retail customers through a large network of Engen-branded service stations, including convenience retail offerings, as well as directly to commercial customers.

The transaction will add operations in eight new countries and 230 Engen-branded services stations expanding the Group's presence across 23 countries in Africa. The new markets for the Group are Gabon, Malawi, Mozambique, Reunion, Rwanda, Tanzania, Zambia and Zimbabwe. EIHL's Kenya operations, a market in which the Group currently operates, is the ninth country included in the transaction.

Consideration for the transaction comprised of an issue by the Company of 63,203,653 new shares and \$62.1m in cash. This has resulted in Engen Holdings (Pty) Limited holding a circa 5.0% shareholding in the Company. The cash element has been funded by a draw down on the Company's multi-currency facility.

A total of \$5.3m, relating to acquisition costs, has been expensed in the profit and loss for the reporting period ending 31 December 2018.

Given the proximity of the acquisition to the date that the financial statements are authorised for issue, and as permitted by IFRS 3 Business Combinations, the fair values of acquired identifiable assets and liabilities could not be reliably estimated at this time. Fair values are being determined by an independent professional expert. The effects of the transaction have not been recognised at 31 December 2018. The assets and liabilities including EIHL's operating results are consolidated from 1 March 2019.