



Vivo Energy plc
(LSE: VVO & JSE: VVO)
1 August 2019

2019 Half Year Results

Vivo Energy plc, the pan-African retailer and marketer of Shell and Engen branded fuels and lubricants, today announces its consolidated financial results for the six months ended 30 June 2019.

Christian Chammas, CEO of Vivo Energy plc, commented: “We have continued to drive our business forward during the half-year and delivered resilient financial results, with Adjusted EBITDA increasing by 4% to \$212 million. Volumes grew by 8% to 4,985 million litres, with lower volumes in certain Shell-branded markets being offset by the impact of the new Engen markets, following completion of the transaction in March. We were pleased to see gross cash unit margins stabilise at \$70 per thousand litres for the period, broadly in line with how we finished 2018 and above the average of Q1. As a result of this resilient financial performance, our interim dividend amounts to 1.1 US cents per share, in line with our dividend policy. Looking to the rest of the year we remain on track to achieve our expectations and are excited by the opportunities that we face across our expanded market footprint.”

KEY PERFORMANCE INDICATORS

	Six-month period ended 30 June 2019	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	
(\$ in millions), if not otherwise indicated	Shell-branded	Total	Total	Change
Volumes (million litres)	4,678	4,985	4,628	+8%
Revenues	3,643	3,903	3,673	+6%
Gross Profit	293	318	312	+2%
Gross Cash Unit Margin (\$/000 litres)	69	70	74	-5%
Gross Cash Profit	322	351	344	+2%
EBITDA	188	200	176	+13%
Adjusted EBITDA	198	212	204	+4%
Net Income	70	72	71	+1%
Diluted EPS (US cents)	n/a	5.1	5.4	-6%
Adjusted Net Income	n/a	82	95	-13%
Adjusted Diluted EPS (US cents)	n/a	5.9	7.4	-20%

Financial Highlights

- Sales volume up 8% year-on-year, mainly due to the volume contribution of Engen-branded markets
- Shell-branded volumes up 1% due to lower Retail volumes and Commercial segment cyclicality
- Gross profit increased 2% to \$318 million, driven by higher volumes, partially offset by a lower gross cash unit margin in the period
- Gross cash unit margin of \$70 per thousand litres (HI 2018: \$74), was lower, as expected, largely due to Retail margins in Morocco, partially offset by a positive contribution from Engen-branded markets
- Adjusted EBITDA up 4% to \$212 million, with EBITDA up 13% at \$200 million
- Adjusted diluted EPS was 5.9 US cents, below HI 2018, due to lower adjusted net income, primarily as a result of increased net finance expense and effective tax rate as well as a higher minority interest
- Diluted headline EPS of 4.8 US cents per share (HI 2018: 5.3 US cents)
- Declared interim dividend of 1.1 US cents per share (HI 2018: 0.7 US cents), in line with policy
- Net debt / adjusted EBITDA ratio increased to 1.12x at 30 June 2019, due to timing of working capital movements

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Strategic and Operational Highlights

- Good HSSE performance, with Total Recordable Case Frequency of zero
- Further expanded our Retail network by opening a net total of 41 new retail service stations and 50 new non-fuel retail offerings
- Successful implementation of SAP S/4 HANA in 13 countries over three waves, with the last two Shell-branded countries due to come on stream in Q3 2019
- Agreed a non-fuel joint venture with Kuku Foods East Africa Holdings, the owner of KFC franchises in East Africa, to accelerate the roll-out of KFC restaurants in Kenya, Uganda and Rwanda with expected completion in the second-half of the year
- Initiatives to improve cost efficiencies and reduce operating expenditure are ongoing

Engen

Vivo Energy completed the transaction with Engen Holdings (Pty) Limited on 1 March 2019. The new Engen-branded markets provided four months of contribution to the Group's half-year results, with volumes for the period of 307 million litres, gross cash profit of \$29 million and adjusted EBITDA of \$14 million.

Our primary focus since completion has been on integrating the new operations into the Vivo Energy systems, supply network and culture. As part of this process, we have implemented a "balanced scorecard" covering financial, operational and sustainability metrics in each of the new operating units that both empowers and holds accountable local management teams. At the same time, we are providing strong central support to the new operating units to ensure they are able to adapt to the Vivo Energy requirements.

As previously guided we do not expect to see material growth in Engen's markets in 2019 as we are focused on the integration of the business. However, we believe the opportunity to create value across the Engen markets is significant over the near and medium term and in the first four months of Vivo Energy ownership have opened 6 new sites and identified opportunities to grow the business across both the Retail and Commercial segments.

Morocco Conseil de la Concurrence

Post period end, media reports in Morocco cited engagement between the Conseil de la Concurrence (Competition Council) and industry participants, as part of its current review into competition within the Moroccan fuel distribution industry. We take compliance with the laws and regulations of the jurisdictions in which we operate seriously, and are fully co-operating with the Conseil de la Concurrence.

Outlook

Performance for the first half of the year remained in line with the Group's expectations for the full year. We continue to expect volume growth for the full year, including the Engen-branded markets, to be within our guidance range of low to mid double-digit percentage growth. Overall gross cash unit margins are now expected to be at the upper end of or slightly ahead of the previous guidance of the high sixties per thousand litres for the year. We also expect to see an improvement in working capital in H2. We opened a net total of 41 service stations across our markets in the first half of the year and are on track to achieve our target of 80-100 new sites across our markets during 2019, with capital expenditures expected to be marginally below \$150 million for the year. We are excited by the future prospects of the enlarged Group and the opportunities that are ahead.

End



Results presentation

Vivo Energy plc will host a presentation for analysts and investors today, 1 August 2019 at 09.00 BST, which can be accessed at: <https://webcasting.brrmedia.co.uk/broadcast/5d1dfe9dda68dd4b10ae71f4>.

Participants may also dial in to the event by conference call:

Dial-in: +44 330 336 9125 / +27 11 844 6054

Participant access code: 6062692

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 over 2,100 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 2,600 people and has access to over 1,000,000 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 in six countries (Ghana, Guinea, Côte d'Ivoire, Kenya, Morocco and Tunisia).

For more information about Vivo Energy please visit www.vivoenergy.com



Forward-looking-statements

This report 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. In particular, the statements in the Risk section on page 13 of this report regarding the Group's strategy, targets, and other future events or prospects are forward-looking statements.

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.



INTERIM REPORT

For the six-month period ended 30 June 2019

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Terms and abbreviations

Term	Description	Term	Description
B2C	Business to consumer	HI	Six-month period January to 30 June
DPO	Days payable outstanding	HSSE	Health, safety, security and environment
DSO	Days sales outstanding	IFRS	International Financial Reporting Standards
EBIT	Earnings before finance expense, finance income and income taxes	IPO	Initial public offering
EBITDA	Earnings before finance expense, finance income, income taxes, depreciation and amortisation	LIBOR	London Interbank Offered Rate
EBT	Earnings before income taxes	LPG	Liquefied petroleum gas
EPS	Earnings per share	MD&A	Management's discussion and analysis
ETR	Effective tax rate	PP&E	Property, plant and equipment
FY	Financial year	SVL	Shell and Vivo Lubricants B.V.
GAAP	Generally Accepted Accounting Principles	VEOHL	Vivo Energy Overseas Holdings Limited, formerly known as Engen International Holdings (Mauritius) Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations is intended to convey management's perspective of Vivo Energy plc's ('Vivo Energy' or the 'Company') operational performance and financial condition during the periods under review, as measured under IFRS and non-GAAP measures. This MD&A is intended to assist readers in understanding and interpreting the Company's interim condensed consolidated financial statements and should, therefore, be read in conjunction with the interim condensed consolidated financial statements (included from page 15 onwards). The results of operations and cash flows for the six-month period are not necessarily indicative of the results of operations and cash flows for the full fiscal year.

The financial information disclosed in this report is unaudited and does not constitute statutory financial statements. Comparative figures for the period 30 June 2018 were derived from the Interim Report H1 2018. Comparative figures for the year ended 31 December 2018 were derived from the 2018 Annual Report and Accounts that was delivered to the Registrar of Companies in England and Wales. These accounts received an unqualified audit report which did not contain a statement under section 498(2) or 498(3) of the UK Companies Act 2006.

All amounts in this report are expressed in thousands of US dollars, unless otherwise indicated.

Further insight into the Company, as well as financial and operations reports, can be found on the investor relations section of the Company's website at: <http://investors.vivoenergy.com/>.

IFRS and non-GAAP measures

This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measures.

OVERVIEW

Volumes (litres)	Gross Profit	Gross Cash Profit	Adjusted EBITDA	Adjusted Net Income
4,985 million	\$318 million	\$351 million	\$212 million	\$82 million

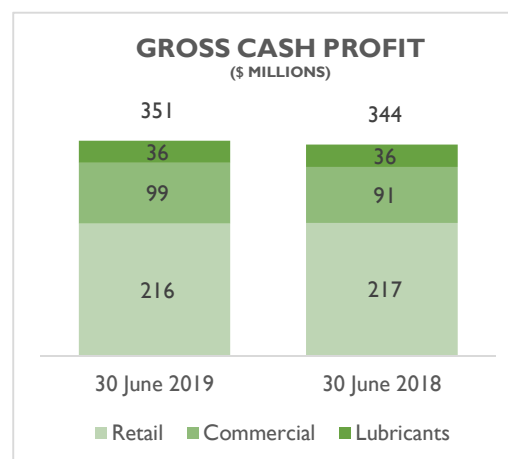
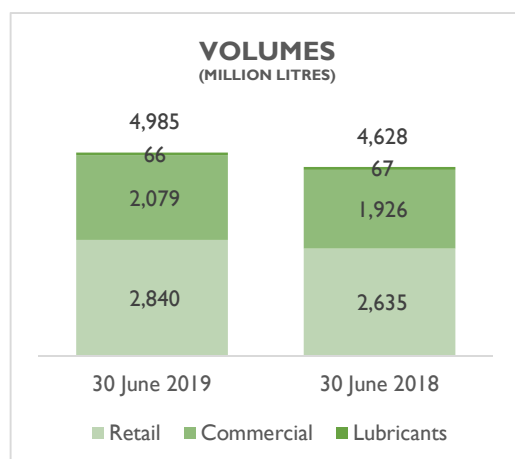
KEY PERFORMANCE INDICATORS

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Volumes (million litres)	4,985	4,628	+8%
Revenues	3,903,069	3,672,742	+6%
Gross profit	317,942	312,062	+2%
Gross cash unit margin (\$/'000 litres)	70	74	-5%
Gross cash profit	350,599	344,435	+2%
EBITDA	200,014	176,312	+13%
Adjusted EBITDA	212,314	203,550	+4%
Net income	71,717	71,258	+1%
Diluted EPS (US cents)	5.1	5.4	-6%
Adjusted net income	82,236	95,037	-13%
Adjusted diluted EPS (US cents)	5.9	7.4	-20%

Non-GAAP measures are explained and reconciled on pages 11 and 12.

OVERVIEW OF OPERATIONS BY SEGMENT

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Volumes (million litres)			
Retail	2,840	2,635	+8%
Commercial	2,079	1,926	+8%
Lubricants	66	67	-1%
Total	4,985	4,628	+8%
Gross profit			
Retail (including Non-fuel retail)	195,418	196,538	-1%
Commercial	88,124	80,910	+9%
Lubricants	34,400	34,614	-1%
Total	317,942	312,062	+2%
Gross cash unit margin (\$/'000 litres)			
Retail fuel (excluding Non-fuel retail)	71	78	-9%
Commercial	47	47	0%
Lubricants	537	536	0%
Total	70	74	-5%
Gross cash profit			
Retail (including Non-fuel retail)	216,124	217,064	0%
Commercial	98,761	91,454	+8%
Lubricants	35,714	35,917	-1%
Total	350,599	344,435	+2%
Adjusted EBITDA			
Retail	122,173	120,771	+1%
Commercial	63,010	57,361	+10%
Lubricants	27,131	25,418	+7%
Total	212,314	203,550	+4%



RETAIL

Volumes (litres)	Gross Profit	Gross Cash Unit Margin (excl. Non-fuel retail)	Gross Cash Profit	Adjusted EBITDA
2,840 million	\$195 million	\$71/'000 litres	\$216 million	\$122 million

KEY PERFORMANCE INDICATORS

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Volumes (million litres)	2,840	2,635	+8%
Gross profit (including Non-fuel retail)	195,418	196,538	-1%
Gross cash unit margin (\$/'000 litres) (excluding Non-fuel retail)	71	78	-9%
Retail fuel gross cash profit	200,962	205,638	-2%
Non-fuel retail gross cash profit	15,162	11,426	+33%
Adjusted EBITDA	122,173	120,771	+1%

ANALYSIS OF RESULTS

Half-year review

Our Retail business delivered resilient results, with margins stabilising following the change in market conditions experienced in Morocco in H2 2018. Volumes, including Engen were up 8%, gross cash unit margin came in at \$71 per thousand litres, while non-fuel retail gross cash profit grew 33% year-on-year. Adjusted EBITDA increased by 1% year-on-year mainly due to strong non-fuel retail performance as the increase in fuel volumes was offset by lower margins.

Retail fuel

We sold 2,840 million litres of fuel, an increase of 8% compared to H1 2018. Volumes in Shell-branded markets rose 2% with performance impacted primarily by country specific issues in Tunisia due to an economic slow-down and strikes, as well as in Uganda, due to our pricing strategy being focused on margin. Volume growth was also impacted by the decision to reclassify certain sites in Guinea to the Commercial segment in H2 2018 due to changes in supply agreements. Despite these challenges, we saw strong volume growth in a number of countries and saw premium fuel volumes grow by 41% in the period due to new product launches and the expansion of the number of sites selling V-Power, our premium fuel.

As expected, gross cash unit margin was 9% lower than H1 2018 at \$71 per thousand litres, primarily due to lower margins in Morocco.

The new Engen markets were 3% accretive to the Retail fuel unit margins during the period.

Non-fuel retail

Non-fuel retail gross cash profit increased by 33% year-on-year to \$15 million. Excluding Engen, non-fuel retail gross cash profit rose by 15% as we continued to expand our retail and quick service restaurants offerings.

We have continued to deliver against our strategy of partnering with global and regional food brands to increase the speed of our roll-out. We announced an agreement to form our 3rd joint venture with a franchisee of KFC. This transaction will complete in the second-half of the year. The proposed joint venture will cover restaurants in Kenya, Uganda and Rwanda and means we now have partnerships in five countries with KFC in order to accelerate growth.

COMMERCIAL

Volumes (litres)	Gross Profit	Gross Cash Unit Margin	Gross Cash Profit	Adjusted EBITDA
2,079 million	\$88 million	\$47/000 litres	\$99 million	\$63 million

KEY PERFORMANCE INDICATORS

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
	Volumes (million litres)	2,079	
Gross profit	88,124	80,910	+9%
Gross cash unit margin (\$/000 litres)	47	47	0%
Gross cash profit	98,761	91,454	+8%
Adjusted EBITDA	63,010	57,361	+10%

ANALYSIS OF RESULTS

Half-year review

Volumes climbed by 8% driven by the contribution from Engen, with Shell-branded volumes flat year-on-year. Gross cash unit margin of \$47 per thousand litres was in line with 2018, with Engen having an incrementally positive impact to the segment. Adjusted EBITDA of \$63 million increased by 10% year-on-year, slightly ahead of volume growth.

Core commercial

Core commercial offers a comprehensive range of bulk fuel sales to customers in transportation, mining, construction, power and consumers for packed LPG. Core commercial accounted for 75% (HI 2018: 74%) of total Commercial volumes and 82% (HI 2018: 83%) of total Commercial gross cash profit.

Shell-branded volumes were primarily impacted by lower demand in the transportation sector due to short-term excess supply, resulting in heavy price competition. The impact of this is particularly felt in East Africa, where the Group adopted a margin protection strategy in response to significant fuel discounting by independent marketers. The negative volume impact of this strategy was offset by the continued development of our distribution networks and improved point of sales coverage from the LPG segment.

Core commercial gross cash unit margin from Shell-branded markets decreased by 4% to \$51 per thousand litres, driven largely by price competition in Commercial fuel.

Aviation and Marine

Aviation and Marine accounted for 25% (HI 2018: 26%) of total Commercial volumes and 18% (HI 2018: 17%) of total Commercial gross cash profit.

Aviation and Marine volumes grew by 1% year-on-year, excluding Engen. Gross cash unit margin, excluding Engen was \$35 per thousand litres, higher by 12% year-on-year.

Aviation (excluding Engen) successfully secured additional business from international and regional carriers, resulting in 8% year-on-year volume growth. Spot sales and favourable sourcing contributed to higher unit margins.

Marine volumes in Shell-branded markets decreased as result of weaker demand from international vessels in one of our markets. The Marine unit margin was helped by favourable pricing in spot sales in the remaining markets, resulting in a 33% increase year-on-year.

LUBRICANTS

Volumes (litres)	Gross Profit	Gross Cash Unit Margin	Gross Cash Profit	Adjusted EBITDA
66 million	\$34 million	\$537/000 litres	\$36 million	\$27 million

KEY PERFORMANCE INDICATORS

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Volumes (million litres)	66	67	-1%
Revenues	181,468	183,665	-1%
Gross profit	34,400	34,614	-1%
Gross cash unit margin (\$/000 litres)	537	536	0%
Gross cash profit	35,714	35,917	-1%
Adjusted EBITDA	27,131	25,418	+7%

ANALYSIS OF RESULTS

Half-year review

Volumes sold were broadly in line with the previous period due to the contribution of the Engen-branded markets (5%) largely offsetting lower volumes in the Shell-branded Commercial lubricants segment. Unit margins of \$537 per thousand litres were in line with the previous period in spite of the 3% dilutive impact of Engen lubricants margins on the segment. Unit margins in Shell-branded markets were \$551 per thousand litres. Adjusted EBITDA for the Lubricants segment increased by 7% to \$27 million, mainly attributable to the share of profit from SVL and cost optimisation.

Retail lubricants

The Group sells retail lubricants through its retail service station network and via distributors to retail customers. Retail lubricants volumes account for 61% (HI 2018: 60%) of total Lubricants volumes and 62% (HI 2018: 62%) of total Lubricants gross cash profit.

Volumes increased 1% to 41 million litres. Shell-branded volumes were broadly flat year-on-year as a result of negative volume growth from our B2C business, offset by volume growth generated by successful marketing campaigns at our service stations.

Unit margins decreased slightly compared to HI 2018 but increased from H2 2018 due to the impact of improved pricing.

Commercial lubricants

Commercial lubricants are sold across the Group's operating countries as well as key export markets. Commercial lubricants accounted for 39% (HI 2018: 40%) of total Lubricants volumes and 38% (HI 2018: 38%) of total Lubricants gross cash profit.

Volumes were 25 million litres at half-year, 4% lower year-on-year. Excluding Engen, volumes were impacted by weaker demand in the power and construction sectors mainly due to government budget constraints in some of our markets and lower demand in some of our export markets.

Unit margins increased 3% to \$532 per thousand litres, attributable to favourable base oil prices, partially offset by a delayed effect of pricing adjustments to customers with contracted pricing formulas as well as unfavourable foreign exchange movements.

CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US \$'000	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Revenues	3,903,069	3,672,742	+6%
Cost of sales	(3,585,127)	(3,360,680)	+7%
Gross profit	317,942	312,062	+2%
Selling and marketing cost	(102,847)	(90,468)	+14%
General and administrative cost	(76,927)	(102,627)	-25%
Share of profit of joint ventures and associates	11,227	12,144	-8%
Other income/(expense)	904	1,012	-11%
EBIT	150,299	132,123	+14%
Finance expense – net	(31,955)	(18,292)	+75%
EBT	118,344	113,831	+4%
Income taxes	(46,627)	(42,573)	+10%
Net income	71,717	71,258	+1%

NON-GAAP MEASURES

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Volumes (million litres)	4,985	4,628	+8%
Gross cash profit	350,599	344,435	+2%
EBITDA	200,014	176,312	+13%
Adjusted EBITDA	212,314	203,550	+4%
ETR (%)	39.4%	37.4%	n/a
Net income	71,717	71,258	+1%
Adjusted net income	82,236	95,037	-13%
Adjusted diluted EPS (US cents)	5.9	7.4	-20%

Non-GAAP measures are explained and reconciled on pages 11 and 12.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

Volumes

Sales volumes of 4,985 million litres resulted in an 8% increase in volumes year-on-year. Volumes include a four-month contribution from Engen (7% impact on year-on-year growth). In our Shell-branded markets, volumes grew by 1% year-on-year. Volume growth was hindered by external economic headwinds and margin protection strategies.

Revenue

Revenue increased by \$230 million, or 6% to \$3,903 million in HI 2019, including the four-month contribution from Engen. Excluding Engen, revenue decreased by 1%, primarily driven by lower average crude oil prices and depreciating local currencies during the period, partially offset by volume growth.

Cost of sales

Cost of sales increased by \$224 million, or 7%, to \$3,585 million in HI 2019. Excluding Engen, cost of sales remained in line with prior period as higher sales volumes were offset by lower crude oil prices as well as depreciating local currencies from HI 2018 to HI 2019.

Gross profit

As a result of higher volumes and the four-month contribution from Engen, gross profit amounted to \$318 million in the period (2% year-on-year growth). Excluding Engen, gross profit was 6% lower than in HI 2018. This decrease is explained by lower unit margins in Morocco, in line with expectations, as well as unfavourable foreign currency movements in the period.

Gross cash profit

Gross cash profit was 2% higher year-on-year, amounting to \$351 million, which includes four months' contribution (\$29 million) from our Engen-branded markets. Shell-branded markets' gross cash profit decreased by \$23 million (7% year-on-year), largely due to lower Retail unit margins in Morocco compared to H1 2018 and unfavourable foreign currency movements. The negative impacts were partially offset by higher sales volumes.

Selling and marketing cost

Selling and marketing cost was \$103 million, 14% higher than in H1 2018 mainly as a result of additional costs due to the new Engen-branded markets, higher depreciation and amortisation as well as a non-recurring item related to a write-off of a government benefits receivable as a result of a retrospective price structure change by the government.

General and administrative cost

General and administrative cost, including special items, decreased by \$26 million to \$77 million. The decrease is due to less non-recurring items such as IPO related costs in 2018 as well as cost reductions related to our initiatives to improve cost efficiencies and reduce operating expenditure, offset by increased Engen acquisition related costs incurred in the current year as well as additional cost contribution from our Engen-branded markets.

Share of profit from JVs and associates

Share of profit from joint ventures and associates decreased by 8%, attributable to a decrease in share of profits from joint ventures in Morocco and Guinea. This is partially offset by an increase in share of profit from SVL of \$7 million (H1 2018: \$6 million).

Other income

Other income of \$1 million (H1 2018: \$1 million) mainly relates to gains on disposal of property, plant, and equipment and unrealised gains on financial instruments.

Adjusted EBITDA

Adjusted EBITDA including Engen grew by 4% to \$212 million. Excluding Engen, adjusted EBITDA decreased by 3% largely due to lower margins resulting from changes in the operating environment in Morocco in H2 2018, partially offset by increased sales volumes.

Net finance expense

Net finance expense increased by \$14 million to \$32 million, largely driven by mark-to-market losses on interest rate swaps on long-term borrowings of - \$5 million (H1 2018: +\$5 million), as well as higher borrowings relative to the same period in 2018. The increase in borrowings is mainly attributable to a draw down on the multi-currency revolving credit facility that were used to fund the Engen acquisition as well as short-term facilities inherited from Engen-branded markets.

Income taxes

For the six months ended 30 June 2019, the ETR increased to 39.4% from 37.4% compared to the comparative period in 2018. This was primarily due to an additional 2.5% tax levy in Morocco introduced in late 2018, the impact of a higher ETR (44.7%) in Engen-branded markets as well as unrecognised tax losses in relation to higher finance expenses.

Net income

Net income, including the impact of special items was \$72 million, 1% higher from \$71 million.

Earnings per share

Earnings per share amounted to 5.1 US cents per share marginally below previous period (H1 2018: 5.4 US cents) due to the share issuance to Engen during the period. Adjusted diluted earnings per share excluding the impact of special items was 5.9 US cents, below prior period (H1 2018: 7.4 US cents), due to lower adjusted net income, primarily as a result of increased net finance expense and effective tax rate as well as a higher minority interest.

CONSOLIDATED FINANCIAL POSITION

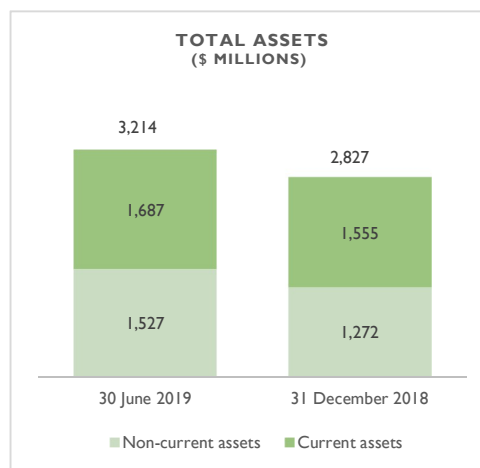
Total assets

Total assets, including foreign currency movements, increased by \$387 million and can largely be explained by:

- \$133 million increase in trade receivables driven by the first time consolidation of the Engen entities (\$67 million), the timing of payments and higher sales volumes during the period. Average monthly DSO¹ for the period was 16 days (FY 2018: 16 days);
- \$133 million increase in PP&E, which relates to assets acquired in Engen (\$149 million) and additional investments, partially offset by depreciation;
- \$96 million increase in intangible assets largely relates to \$64 million of goodwill and \$26 million of other intangible assets recognised from the Engen acquisition, partially offset by amortisation; and
- \$51 million increase in other assets related to prepayments, VAT receivables positions and the Engen acquisition.

partially offset by:

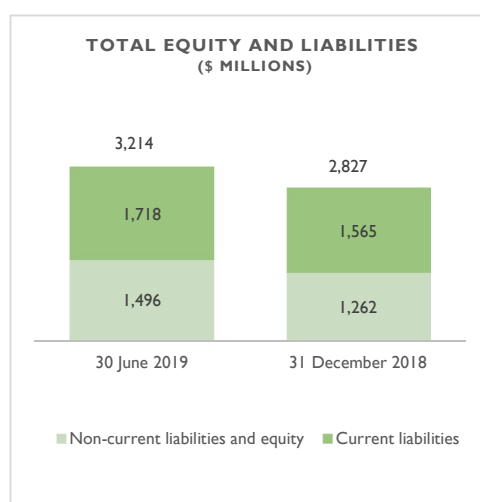
- \$78 million decrease in cash and cash equivalents mainly as a result of the cash outflow related to our additions in PP&E and intangible assets as well as the cash outflow from financing activities.



Total equity and liabilities

Total equity and liabilities, including foreign currency movements, increased by \$387 million and can largely be explained by:

- \$153 million increase in equity, attributable to new shares issued in relation to the acquisition of Engen and the profit for the period, partially offset by the payment of the 2018 final dividend, \$16 million;
- \$73 million increase in trade payables mainly attributable to the first time consolidation of the Engen entities (\$145 million), the increase in activities, timing of payments and shipment. Average monthly DPO¹ for the period was 55 days (FY 2018: 56 days);
- \$54 million increase in borrowings due to a draw down to fund the Engen acquisition, partially offset by scheduled loan repayments in June 2019; and
- \$28 million increase in provisions mainly attributable to the acquisition of Engen.



¹ DSO and DPO are based on monthly averages and on trade elements only.

LIQUIDITY AND CAPITAL RESOURCES

ADJUSTED FREE CASH FLOW

US \$'000	Six-month period ended 30 June 2019 ¹	Six-month period ended 30 June 2018
Net income	71,717	71,258
Adjustment for non-cash items and other	92,901	82,718
Change in working capital	(146,279)	(98,315)
Cash flow from operating activities	18,339	55,661
Net additions of PP&E and intangible assets ²	(48,938)	(59,019)
Free cash flow	(30,599)	(3,358)
Special items ³	11,595	38,503
Adjusted free cash flow	(19,004)	35,145

Adjusted free cash outflow of \$19 million in the first half of 2019 was negatively impacted by changes in the working capital of \$146 million. The negative change in the working capital, which includes \$38 million of income taxes paid, was attributable to an increase in trade receivables and a decrease in trade payables, partially offset by lower inventories. The higher receivables mainly relate to the timing of payments from large government customers as well as increased activities. Furthermore, we invested \$49 million (HI 2018: \$61 million) in our capital expenditures principally related to our network as well as special projects such as the SAP implementation. The Group's capital expenditure included \$26 million in Growth (HI 2018: \$27 million), \$13 million in Special Projects (HI 2018: \$12 million), and \$10 million in Maintenance (HI 2018: \$22 million). Capital expenditure is expected to increase significantly in the second-half of the year due to timing of projects and will continue to positively impact further growth of the business.

NET DEBT AND AVAILABLE LIQUIDITY

US \$'000	30 June 2019	31 December 2018
Long-term debt	412,863	391,753
Lease liabilities	118,609	110,850
Total debt excluding short-term bank borrowings	531,472	502,603
Short-term bank borrowings ⁴	241,613	208,414
Less: cash and cash equivalents	(314,442)	(392,853)
Net debt	458,643	318,164
US \$'000	30 June 2019	31 December 2018
Cash and cash equivalents	314,442	392,853
Available undrawn credit facilities	1,334,088	1,280,734
Available short-term capital resources	1,648,530	1,673,587

Net debt increased by \$140 million to \$459 million at 30 June 2019. The increase principally resulted from a decrease in our cash and cash equivalents and an increase in borrowings due to the draw down of the revolving credit facility to finance the Engen acquisition, partially offset by scheduled repayments. The leverage ratio⁵ at 30 June 2019 was 1.12x (FY 2018: 0.79x) as a result of higher net debt. At 30 June 2019, \$1,334 million of credit facilities remained available and undrawn. Cash and cash equivalents amounted to \$314 million compared to \$393 million at 31 December 2018.

¹ Cash flow movements exclude the effect of the first time consolidation of Engen entities and foreign currency movements related to the conversion of the balance sheet positions to the Group currency.

² Excluding cash flow from acquisition of businesses and other investing activities.

³ Cash impact of special items. Special items are explained and reconciled on pages 11 to 12.

⁴ Short-term bank borrowings exclude the current portion of long-term debt.

⁵ The leverage ratio is calculated using the last 12 months' adjusted EBITDA.

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 liabilities, divided by adjusted EBITDA.

RECONCILIATION OF NON-GAAP MEASURES

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
Gross profit	317,942	312,062
Add back: Depreciation and amortisation in cost of sales	32,657	32,373
Gross cash profit	350,599	344,435
Volume (million litres)	4,985	4,628
Gross cash unit margin (\$/'000 litres)	70	74

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
EBIT	150,299	132,123
Depreciation, amortisation and impairment	49,715	44,189
EBITDA	200,014	176,312
Adjustments to EBITDA related to special items:		
IPO ¹ and Engen acquisition related expenses ²	6,901	23,893
Write-off of non-current asset ³	3,227	-
Restructuring ⁴	2,172	1,013
Management Equity Plan	-	2,332
Adjusted EBITDA	212,314	203,550

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Net income	71,717	71,258
Adjustments to net income related to special items:		
IPO ¹ and Engen acquisition related expenses ²	6,901	23,893
Write-off of non-current asset ³	3,227	-
Restructuring ⁴	2,172	1,013
Management Equity Plan	-	2,332
Tax on special items	(1,781)	(3,459)
Adjusted net income	82,236	95,037

US \$	Six-month period ended	
	30 June 2019	30 June 2018
Diluted EPS	0.05	0.05
Impact of special items	0.01	0.02
Adjusted diluted EPS	0.06	0.07

For the reconciliation of adjusted free cash flow and net debt, refer to page 10.

¹ IPO costs were incurred to list the Company on the London Stock Exchange Main Market and the Main Board of the JSE Limited by way of secondary inward listing. The decision to float and list the Company does not form part of the normal core operations of the business and is, therefore, treated as special items.

² On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (formerly known as Engen International Holdings (Mauritius) Limited). Related integration project expenses are treated as special items.

³ The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance and are, therefore, treated as special items.

⁴ Restructuring expense relates to the Engen integration as well as our cost optimisation programme. The impact does not form part of the core operational business activities and performance and should, therefore, be treated as special items.

ACCOUNTING AND REPORTING DEVELOPMENTS

The following amendments had been early adopted by the Group in 2017 and 2018 respectively:

- IFRS 16 Leases (retrospectively)
- IFRIC 23 Uncertainty over income tax treatments.

The early adoption of IFRIC 23 had an insignificant impact on the Group's financial position. The IFRS 16 early adoption had a material impact on the consolidated statement of financial position, an immaterial impact on the consolidated statement of comprehensive income and no impact on the consolidated statement of cash flow.

There are no other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2019 that have a material impact on the interim condensed consolidated financial statements of the Group.

RISKS AND UNCERTAINTIES

The Group continues to be exposed to a number of risks and has an established, structured approach to identify, assess and manage those risks.

The principal risks facing the Group for the remaining six months of the financial year are unchanged from those reported on pages 51 to 54 of the Annual Report 2018, and set out below:

- **Partner reputation and relationships.** Our business identity depends on its relationship with our brand partners and the reputation of those brands, in particular our relationship with Shell.
- **Criminal activity, fraud, bribery and compliance risk.** 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. There are a number of regulatory requirements applicable to the Group and the related risk of non-compliance with these regulations has increased following the listing.
- **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.
- **Currency exchange risk.** We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.
- **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. 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.
- **Economic and governmental instability.** Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.
- **Product availability and supply.** 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. Furthermore, we are restricted by limited storage capacity within some country facilities.
- **Business concentration risk.** A large part of the Group's operations (and margins) are derived from Morocco when compared to other countries.
- **New ERP implementation.** Our organisation is currently migrating to a new ERP, a critical project that will redesign some of our operations, functions and controls.
- **Acquisition integration.** 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 and adversely affect growth.
- **Credit management.** The Group faces risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions.

While the risk and uncertainties above have not changed since the publication of our Annual Report, the Group has assessed an increase in scope for most of the identified risk factors given the completion of the Engen transaction which involves the integration of eight new markets. In particular, there is an increased currency exchange risk impacting the reporting and translation of the Zimbabwe operations due to recent monetary policy changes. Refer to the basis of preparation (note 2 in the notes to the interim financial statements) for further details.

Furthermore, the Group has assessed a decrease in business concentration risk given margins derived from our operations in Morocco represent a smaller percentage of the Group's margins following acquisitions of the new markets.

SHAREHOLDER INFORMATION

Issued and treasury shares as at 30 June 2019 were as follows:

	Issued	Treasury
Ordinary shares	1,266,073,050	242,317

On 1 March 2019, the Company issued 63,203,653 new shares to Engen Holdings (Pty) Limited pursuant to the completion of the Engen acquisition. In May 2019 the Company established an employee benefit trust and issued shares to the trust with shares remaining in the trust accounted for as treasury shares. The Company's issued share capital as of the date of this report is composed of a single class of 1,266,073,050 ordinary shares of 50 US cents each.

Subsequent to the end of the period, the Board approved an interim dividend of circa 1.1 US cents per share, amounting to approximately \$14 million. The dividend is expected to be paid on 23 September 2019 to shareholders of record at close of business on 23 August 2019. The dividend will be paid out of distributable reserves as at 30 June 2019.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2019

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Terms and abbreviations

Term	Description	Term	Description
B2B	Business to business	GAAP	Generally Accepted Accounting Principles
B2C	Business to consumer	HSSE	Health, safety, security and environment
DTR	Disclosure Guidance and Transparency Rules	IAS	International Accounting Standards
EBIT	Earnings before finance expense, finance income and income taxes	IASB	International Accounting Standards Board
EBITDA	Earnings before finance expense, finance income, income taxes, depreciation and amortisation	IFRIC	IFRS Interpretation Committee
EBT	Earnings before income taxes	IFRS	International Financial Reporting Standards
EPS	Earnings per share	JSE	Johannesburg Stock Exchange
ETR	Effective tax rate	LTIP	Long-term incentive plan
EURIBOR	Euro Interbank Offered Rate	NCI	Non-controlling interest
FVTPL	Fair value through profit and loss	OCI	Other comprehensive income
FVTOCI	Fair value through other comprehensive income	PP&E	Property, plant and equipment
		RBZ	Reserve Bank of Zimbabwe
		RTGS	Real-time gross settlement
		VEOHL	Vivo Energy Overseas Holdings Limited, formerly known as Engen International Holdings (Mauritius) Limited

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

US \$'000	Notes	Six-month period ended	
		30 June 2019	30 June 2018
Revenues	4	3,903,069	3,672,742
Cost of sales		(3,585,127)	(3,360,680)
Gross profit	4	317,942	312,062
Selling and marketing cost		(102,847)	(90,468)
General and administrative cost		(76,927)	(102,627)
Share of profit of joint ventures and associates		11,227	12,144
Other income/(expense)	5	904	1,012
EBIT	4	150,299	132,123
Finance income		3,801	3,140
Finance expense		(35,756)	(21,432)
Finance expense – net	6	(31,955)	(18,292)
EBT		118,344	113,831
Income taxes	7	(46,627)	(42,573)
Net income	4	71,717	71,258
Net income attributable to:			
Equity holders of Vivo Energy plc		62,975	64,981
NCI		8,742	6,277
		71,717	71,258
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(23,510)	(17,383)
Net investment hedge gain		565	4,918
Items that are never reclassified to profit or loss			
Re-measurement of retirement benefits		(213)	73
Income tax relating to retirement benefits		36	(2)
Other comprehensive income, net of tax		(23,122)	(12,394)
Total comprehensive income		48,595	58,864
Total comprehensive income attributable to:			
Equity holders of Vivo Energy plc		48,995	53,785
Non-controlling interest NCI		(400)	5,079
		48,595	58,864
Earnings per share (US \$)	9		
Basic		0.05	0.05
Diluted		0.05	0.05

NON-GAAP FINANCIAL MEASURES¹

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
EBITDA	200,014	176,312
Adjusted EBITDA	212,314	203,550
Adjusted net income	82,236	95,037
Adjusted diluted EPS (US \$)	0.06	0.07

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

¹ Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures page 11 and 12.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

US \$'000	Notes	30 June 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment		754,960	621,756
Right-of-use assets		159,506	148,263
Intangible assets		230,330	133,962
Investments in joint ventures and associates		231,313	223,452
Deferred income taxes		35,308	36,374
Financial assets at fair value through OCI		7,568	7,626
Other assets	10	108,096	100,908
		1,527,081	1,272,341
Current assets			
Inventories	11	485,400	440,767
Trade receivables		576,645	443,645
Other assets	10	298,623	254,999
Income tax receivables		12,368	19,478
Other financial assets		-	3,254
Cash and cash equivalents		314,442	392,853
		1,687,478	1,554,996
Total assets		3,214,559	2,827,337
Equity and liabilities			
Total equity			
Attributable to equity holders of Vivo Energy plc		681,562	532,959
Attributable to non-controlling interest		53,013	48,372
		734,575	581,331
Liabilities			
Non-current liabilities			
Lease liabilities		101,500	97,622
Borrowings	12	337,048	313,779
Provisions		105,287	75,150
Deferred income taxes		75,562	51,206
Other liabilities	13	142,169	143,631
		761,566	681,388
Current liabilities			
Lease liabilities		17,109	13,228
Trade payables		1,133,481	1,060,528
Borrowings	12	317,428	286,388
Provisions		12,764	15,177
Other financial liabilities		3,153	-
Other liabilities	13	191,980	165,196
Income tax payables		42,503	24,101
		1,718,418	1,564,618
Total liabilities		2,479,984	2,246,006
Total equity and liabilities		3,214,559	2,827,337

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2019

US \$'000	Attributable to equity holders of Vivo Energy plc											
	Share capital	Share premium	Retained earnings	Other reserves					Total	NCI	Total equity	
				Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity settled incentive schemes ¹				NCI reserves
Balance at 1 January 2019	600,899	3,135	71,895	(135,272)	2,092	(20,479)	1,204	9,485	-	532,959	48,372	581,331
Net income	-	-	62,975	-	-	-	-	-	-	62,975	8,742	71,717
Other comprehensive income	-	-	-	-	(177)	(13,803)	-	-	-	(13,980)	(9,142)	(23,122)
Total comprehensive income	-	-	62,975	-	(177)	(13,803)	-	-	-	48,995	(400)	48,595
Share-based expense	-	-	-	-	-	-	-	207	-	207	-	207
Share issuance related to acquisition ^{2,3}	31,602	-	-	81,533	-	-	-	-	-	113,135	10,254	123,389
Share issuance related to share awards	535	1,182	611	(389)	-	-	-	(1,939)	-	-	-	-
Transactions with non-controlling interest	-	-	2,104	-	-	-	-	-	-	2,104	747	2,851
Dividends paid/declared	-	-	(15,838)	-	-	-	-	-	-	(15,838)	(5,960)	(21,798)
Balance at 30 June 2019	633,036	4,317	121,747	(54,128)	1,915	(34,282)	1,204	7,753	-	681,562	53,013	734,575

For the six-month period ended 30 June 2018

US \$'000	Attributable to equity holders of Vivo Energy plc											
	Share capital	Share premium	Retained earnings	Other reserves					Total	NCI	Total equity	
				Reserves	Retirement benefits	Currency translation difference	Fair value reserves	Equity settled incentive schemes ¹				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	-	-	64,981	-	-	-	-	-	-	64,981	6,277	71,258
Other comprehensive income	-	-	-	-	71	(11,267)	-	-	-	(11,196)	(1,198)	(12,394)
Total comprehensive income	-	-	64,981	-	71	(11,267)	-	-	-	53,785	5,079	58,864
IPO related re-organisation impact ²	(30)	(244,753)	(364,511)	-	2,248	152,382	(2,446)	(1,904)	(5,715)	(464,729)	-	(464,729)
Capital contribution	1,800,000	-	-	(1,335,272)	-	-	-	-	-	464,728	-	464,728
Directors subscription	2,698	1,336	-	-	-	-	-	-	-	4,034	-	4,034
Capital reduction	(1,201,799)	1,799	-	1,200,000	-	-	-	-	-	-	-	-
Share-based expense	-	-	-	-	-	-	-	1,937	-	1,937	-	1,937
Dividends paid	-	-	-	-	-	-	-	-	-	-	(718)	(718)
Balance at 30 June 2018	600,899	3,135	9,688	(135,272)	25	(19,111)	-	1,937	-	461,301	50,436	511,737

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

¹ Equity settled incentive schemes include the Long-Term Incentive Plan ('LTIP') and the IPO Share Award Plan.

² Refer to general information (note 1).

³ Included in reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited, formerly known as Engen International Holdings (Mauritius) Limited in March 2019.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

US \$'000	Notes	Six-month period ended	
		30 June 2019	30 June 2018
Operating activities			
Net income		71,717	71,258
Adjustment for:			
Income taxes		46,627	42,573
Amortisation, depreciation and impairment		49,715	44,189
Net gain on disposal of PP&E and intangible assets	5	(389)	(829)
Share of profit of joint ventures and associates		(11,227)	(12,144)
Dividends received from joint ventures and associates		8,175	8,929
Current income tax paid		(37,990)	(62,438)
Net change in operating assets and liabilities and other adjustments	14	(108,289)	(35,877)
Cash flows from operating activities		18,339	55,661
Investing activities			
Acquisition of businesses, net of cash acquired	8	(11,843)	(547)
Purchases of PP&E and intangible assets		(49,457)	(60,803)
Proceeds from disposals of PP&E and intangibles assets		519	1,784
Other investing activities		2,851	-
Cash flows from investing activities		(57,930)	(59,566)
Financing activities			
Proceeds from issuance of shares		-	525
Net (repayments)/proceeds (of)/from long-term debt		21,818	-
Net (repayments)/proceeds (of)/from bank and other borrowings		8,667	(65,864)
Repayment of lease liability		(13,607)	(12,080)
Dividends paid		(19,233)	(718)
Interest paid		(24,272)	(21,924)
Interest received		3,856	3,140
Cash flows from financing activities		(22,771)	(96,921)
Effect of exchange rate changes on cash and cash equivalents		(16,049)	(5,749)
Net decrease in cash and cash equivalents		(78,411)	(106,575)
Cash and cash equivalents at beginning of period		392,853	422,494
Cash and cash equivalents at end of period		314,442	315,919

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Vivo Energy plc ('Vivo Energy' or the 'Company') a public limited company, was incorporated in conjunction with the pre-IPO reorganisation on 12 March 2018 in the United Kingdom under the Companies Act 2006 (Registration number 11250655). The Company is 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.

These interim condensed consolidated financial statements of the Company as at and for the six-month period ended 30 June 2019 comprise the Company and its consolidated subsidiaries and subsidiaries undertakings (together referred to as 'Vivo Energy' or the 'Group') including Vivo Energy Overseas Holdings Limited ('VEOHL') which was acquired on 1 March 2019, a retailer and marketer of Engen-branded fuels and lubricants in Africa.

2. Basis of preparation

The Company's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' standards as adopted by the European Union. The interim condensed consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS as adopted by the European Union. The results of VEOHL have been consolidated from March 2019, therefore including the four-month period ended 30 June 2019 and the balances at 30 June 2019.

The interim condensed consolidated financial statements have been prepared on a going concern basis of accounting. At the time of approving the interim financial statements, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from these estimates. The estimates and underlying assumptions, as disclosed in the 2018 Annual Report, are reviewed on an ongoing basis. During the period no changes have been noted to estimates which require significant judgement by management and no new significant judgements or estimates have been identified. Refer to note 8 for the preliminary business combination impact in relation to the Engen acquisition.

The interim condensed consolidated financial statements follow the same accounting policies as those in the Vivo Energy plc 2018 Annual Report with the addition of the Group accounting policy on business combination.

2.1 Business combination accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets and liabilities transferred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 New standards, amendments and interpretations

The Group has applied a number of amendments to IFRS standards issued by the IASB that are mandatorily effective for annual periods beginning on or after 1 January 2019.

The following amendments had been early adopted by the Group in 2017 and 2018 respectively:

- IFRS 16 Leases (retrospectively)
- IFRIC 23 Uncertainty over income tax treatments.

The Group does not expect the application of the following standards that are effective for annual periods beginning on or after 1 January 2019 to have a material impact on the Group's consolidated financial statements.

- IAS 19 Plan amendment, curtailment or settlement
- Annual improvements to the IFRS Standards 2015–2017 cycle clarify explanations in the following:
 - IFRS 3 Business combinations
 - IFRS 11 Joint arrangements
 - IAS 12 Income taxes
 - IAS 23 Borrowing costs.

There are no IFRS or IFRIC interpretations that are not yet effective which would be expected to have a material impact on the Group.

2.3 Functional currency

On 1 March 2019, Vivo Energy completed the acquisition of VEOHL, formerly known as Engen International Holdings (Mauritius) Limited including its subsidiaries in Zimbabwe. The reporting and translation of the Zimbabwe subsidiaries have been impacted by recent monetary policy changes in Zimbabwe.

In February 2019, the Governor of the Reserve Bank of Zimbabwe ('RBZ') announced a new Monetary Policy Statement ('MPS') whose highlights were:

- Denomination of Real-time gross settlement ('RTGS') balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- RTGS dollars to be used by all entities (including government) and individuals in Zimbabwe for purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate will be determined by market forces.

The MPS was followed by the publication of Statutory Instrument 33 of 2019 (SI33) on 22 February 2019. The Statutory Instrument gave effect to the introduction of the RTGS dollar as legal tender and prescribed that 'for accounting and other purposes' assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the USD and would become opening RTGS dollar values from the effective date.

At acquisition of VEOHL on 1 March 2019, the functional currency of the Zimbabwe subsidiary was assessed in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'. From the date of acquisition, the functional currency is considered to be the RTGS dollar, given that fuels and lubricants are sold in RTGS dollar, labour and other expenditure are priced and settled in RTGS dollars and the primary economic environment that the entity generates cash flow from operations, is Zimbabwe. Furthermore, secondary factors such as the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are retained, supports the RTGS dollar as the functional currency.

Foreign exchange transactions and balances are reported in accordance with IAS 21, 'The Effects of changes in foreign exchange rates'. The official exchange rates as published by the RBZ have been used in the preparation of these interim financial statements. The RTGS dollar exchange risk may be sensitive to a number of variables. At 30 June 2019, if exchange rate of RTGS dollar to USD had been 25% higher/lower with all other variables held constant, the impact on Group net income for the period would have been \$0.1m higher/lower mainly as a result of higher/lower foreign exchange gain/loss.

The RBZ introduced an exchange control registration process for certain foreign denominated liabilities (legacy debts) that were outstanding as at 22 February 2019. The purpose of the registration was to provide the RBZ with sufficient information that will allow it to determine a roadmap for orderly expunging of legacy debts. Registered liabilities as at 30 June 2019 approximated \$63m under the scope of legacy debts to be settled by the Group using an exchange rate of 1:1 USD/RTGS dollar. A related government receivable to VEOHL has been written off in the opening balance sheet as of 1 March 2019. These foreign balances were recorded and converted at an exchange rate of 1:1 USD/RTGS dollar at 30 June 2019, which was the rate at which legacy debts were settled towards the central bank subsequent to period end in accordance with Exchange Directive Rule 102/2019.

3. 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 and the comparative period:

30 June 2019					
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	576,645	-	-	576,645	576,645
Cash and cash equivalents	314,442	-	-	314,442	314,442
Financial assets at FVTOCI	-	-	7,568	7,568	7,568
Other assets ²	94,449	-	-	94,449	94,449
Total	985,536	-	7,568	993,104	993,104
30 June 2019					
US \$'000	Financial liabilities at FVTPL	Financial liabilities measured at amortised cost	Total carrying value	Fair value	
Financial liabilities					
Trade payables	-	1,133,481	1,133,481	1,133,481	
Borrowings	-	654,476	654,476	654,476	
Other liabilities ³	-	221,460	221,460	221,460	
Lease liabilities	-	118,609	118,609	118,609	
Other financial liabilities	3,153	-	3,153	3,153	3,153
Total	3,153	2,128,026	2,131,179	2,131,179	

¹ Trade receivables include credit secured receivables of \$220m (31 December 2018: \$197m).

² Other assets (note 10) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

³ Other liabilities (note 13) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

31 December 2018					
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	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

31 December 2018				
US \$'000	Financial liabilities 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 ³	219,582	219,582	219,582	
Lease liabilities	110,850	110,850	110,850	
Total	1,991,127	1,991,127	1,991,127	

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

The following table presents the changes in level 3 items for the periods ended 30 June 2019 and 31 December 2018:

US \$'000	Financial assets at FVTOCI
Opening balance 1 January 2018	6,314
Fair value adjustment	1,204
Foreign exchange differences	108
Closing balance 31 December 2018	7,626
Fair value adjustment	-
Foreign exchange differences	(58)
Closing balance 30 June 2019	7,568

The fair value through other comprehensive income are the only level 3 financial assets within the Group. There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

¹ Trade receivables include credit secured receivables of \$220m (31 December 2018: \$197m).

² Other assets (note 10) exclude the following elements that do not qualify as financial instruments: prepayments, VAT and duties receivable and other government benefits receivable.

³ Other liabilities (note 13) exclude the following elements that do not qualify as financial instruments: other tax payable and deferred income.

4. Segment reporting

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

Retail segment – Retail fuel is aggregated with Non-fuel revenue. Both 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 the business units separately for the purpose of making decisions about resource allocation, segment performance assessment and interacting with segment managers. There have been no intersegment sales during the reporting period.

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

US \$'000	Six-month period ended 30 June 2019			
	Retail	Commercial	Lubricants	Consolidated
Revenues from external customers	2,518,099	1,203,502	181,468	3,903,069
Gross profit	195,418	88,124	34,400	317,942
Add back: Depreciation and amortisation in cost of sales	20,706	10,637	1,314	32,657
Gross cash profit	216,124	98,761	35,714	350,599
Adjusted EBITDA	122,173	63,010	27,131	212,314

US \$'000	Six-month period ended 30 June 2018			
	Retail	Commercial	Lubricants	Consolidated
Revenues from external customers	2,389,615	1,099,462	183,665	3,672,742
Gross profit	196,538	80,910	34,614	312,062
Add back: Depreciation and amortisation in cost of sales	20,526	10,544	1,303	32,373
Gross cash profit	217,064	91,454	35,917	344,435
Adjusted EBITDA	120,771	57,361	25,418	203,550

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Share of profit of joint ventures and associates included in segment EBITDA		
Lubricants	6,458	5,706
Retail	2,639	2,721
Commercial	2,130	3,717
Total	11,227	12,144

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

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Revenues from external customers by country		
Morocco	720,342	755,249
Kenya	609,493	635,018
Ghana	303,410	293,742
Other	2,269,824	1,988,733
Total	3,903,069	3,672,742

The amount of non-current assets held by country is shown in the table below.

US \$'000	30 June 2019	31 December 2018
Non-current assets by country (excluding deferred tax)		
Netherlands	230,043	206,015
Morocco	186,610	187,461
Kenya	131,884	124,531
Other	943,236	717,960
Total	1,491,773	1,235,967

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 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. Further explanations of all non-GAAP measures can be found on page 11 of this report.

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
EBIT	150,299	132,123
Depreciation, amortisation and impairment	49,715	44,189
EBITDA	200,014	176,312
Adjustments to EBITDA related to special items:		
IPO ¹ and Engen acquisition related expenses ²	6,901	23,893
Write-off of non-current asset ³	3,227	-
Restructuring ⁴	2,172	1,013
Management Equity Plan	-	2,332
Adjusted EBITDA	212,314	203,550

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Net income	71,717	71,258
Adjustments to net income related to special items:		
IPO ¹ and Engen acquisition related expenses ²	6,901	23,893
Write-off of non-current asset ³	3,227	-
Restructuring ⁴	2,172	1,013
Management Equity Plan	-	2,332
Tax on special items	(1,781)	(3,459)
Adjusted net income	82,236	95,037

¹ IPO costs were incurred to list the Company on the London Stock Exchange Main Market and the Main Board of the JSE Limited by way of secondary inward listing. The decision to float and list the Company does not form part of the normal core operations of the business and is, therefore, treated as special items.

² On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (formerly known as Engen International Holdings (Mauritius) Limited). Related integration project expenses are treated as special items.

³ The Group has recognised a write-off related to a government benefits receivable as a result of a retrospective price structure change by the government to finance their outstanding debt. Such retrospective changes of existing price structures are considered non-recurring and are not representative of the core operational business activities and performance and are, therefore, treated as special items.

⁴ Restructuring expense relates to the Engen integration as well as our cost optimisation programme. The impact does not form part of the core operational business activities and performance and should, therefore, be treated as special items.

US \$	Six-month period ended	
	30 June 2019	30 June 2018
Diluted EPS (see note 9)	0.05	0.05
Impact of special items	0.01	0.02
Adjusted diluted EPS	0.06	0.07

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
Headline Earnings Per Share		
Net income attributable to owners	62,975	64,981
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	(389)	(829)
Write-off of non-current asset	(3,227)	-
Income tax on re-measurements	756	241
Headline earnings	60,115	64,393
Weighted average number of ordinary shares	1,244,210,706	1,201,798,866
Headline EPS (US \$)	0.05	0.05
Diluted number of shares	1,244,210,706	1,204,209,416
Diluted headline EPS (US \$)	0.05	0.05
ETR	39.4%	37.4%

5. Other income and expense

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Gain on disposals of property, plant and equipment and intangible assets	389	829
Gain/(loss) on financial instruments	461	(322)
Other income	54	505
	904	1,012

6. Finance income and expense

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Finance expense		
Interest on bank and other borrowings and on lease liabilities	(15,875)	(11,117)
Interest on long-term debt including amortisation of set-up fees	(15,751)	(5,956)
Foreign exchange loss	(1,252)	(2,014)
Accretion expense net defined benefit liability	(847)	(1,053)
Other	(2,031)	(1,292)
	(35,756)	(21,432)
Finance income		
Interest from cash and cash equivalents	3,801	3,140
	3,801	3,140
Finance expense – net	(31,955)	(18,292)

7. Income taxes

Income tax expense is recognised based on management's estimate of the annual effective income tax rate of 39.4% for the six-month period ended 30 June 2019 (37.4% for the six-month period ended 30 June 2018). The effective tax rate used for the six-month period ended 30 June 2019 is in line with management's estimated annual income tax rate for the year, as no significant items impacting the effective annual income tax rate have been identified.

8. Business combination

On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the shares in Vivo Energy Overseas Holding Limited (VEOHL), a retailer and marketer of Engen branded fuels and lubricants in Africa. VEOHL 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. In the comparative period in the 2018 year, there were no business combination transactions.

The transaction with VEOHL added operations in eight new countries and over 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. VEOHL's Kenya operations, a market in which the Group currently operates, is the ninth country included in the transaction. The acquisition is considered to have increased the Group's market share, making it the largest pan-African independent network, and will reduce costs through economies of scale.

VEOHL was acquired for a purchase consideration of \$177m. The consideration was paid by a share issuance of 63,203,653 ordinary shares measured at the market price of the company's shares as listed on the London Stock Exchange on 1 March 2019, amounting to \$113m and a \$64m cash settlement. This has resulted in Engen Holdings (Pty) Limited holding a circa 5% shareholding in the Group.

US \$'000	1 March 2019
Cash	64,005
Ordinary shares issued	113,135
Total purchase consideration	177,140

Acquisition-related costs of \$6m not directly attributable to the issuance of shares are included in general and administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

In accordance with the requirements of IFRS 3 (revised), 'Business combinations', the initial accounting for the VEOHL business combination is incomplete, as additional information necessary to identify and measure assets and liabilities are being received. Accordingly, the amounts recognised in the condensed interim financial statements are provisional as at 30 June 2019.

The following table summarises the preliminary values of identifiable assets acquired and liabilities assumed with the acquisition of VEOHL, as at the acquisition date:

US \$'000	1 March 2019
Property, plant and equipment	148,805
Right-of-use assets	16,315
Intangible assets	25,758
Investments in joint ventures and associates	1,655
Other assets ¹	37,739
Deferred tax asset	512
Inventories	63,836
Trade receivables	67,231
Cash and cash equivalents	52,162
Lease liabilities	(16,133)
Trade payables	(145,266)
Borrowings	(27,261)
Provisions	(31,170)
Other liabilities	(28,596)
Income tax payables	(20,687)
Deferred tax liabilities	(21,750)
Net identifiable assets	123,150
Less: Non-controlling interest (NCI) ²	(10,254)
Add: Goodwill	64,244
Net assets	177,140

¹ Included in other assets is an indemnification asset of \$6m.

² The non-controlling interest has been measured at its proportionate share of the net identifiable assets in VEOHL.

Goodwill can be attributed to future synergies to be derived through the acquisition and the business knowledge and technical skills of the acquired workforces. Future synergies are expected through increased market penetration and expansion as well as improved profitability from operating under the Vivo Energy business model.

Acquisition contribution to the business

VEOHL contributed revenues of \$260m and a net income of \$2m to the Group for the period 1 March 2019 to 30 June 2019. Had the acquisition occurred at 1 January 2019 revenue for the half year 2019 would be circa \$390m and net income would be circa \$3m.

At acquisition, contingent liabilities of \$8m were recognised at fair value. These contingencies relate to ongoing legal claims of VEOHL and its subsidiaries. The Group has identified contingent assets to the value of \$1m in relation to legal action ongoing at acquisition date.

The fair value of trade receivables at acquisition was \$67m. The gross contractual amount was \$76m, of which \$9m is expected to be uncollectible.

9. Earnings per share

Basic and diluted EPS were computed as follows:

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
Basic earnings per share		
Net income	71,717	71,258
Attributable to owners	62,975	64,981
Weighted average number of ordinary shares	1,244,210,706	1,201,798,866
Basic earnings per share (US \$)	0.05	0.05

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
Diluted earnings per share		
Earnings attributable to owners	62,975	64,981
Diluted number of shares	1,244,210,706	1,204,209,416
Diluted earnings per share (US \$)	0.05	0.05

US \$'000, unless otherwise indicated	Six-month period ended	
	30 June 2019	30 June 2018
Adjusted diluted earnings per share		
Diluted earnings per share	0.05	0.05
Impact of special items	0.01	0.02
Adjusted diluted earnings per share (US \$)	0.06	0.07

10. Other assets

US \$'000	30 June 2019	31 December 2018
Prepayments	135,408	109,306
Other government benefits receivable	120,186	123,091
VAT and duties receivable	56,676	30,588
Indemnification asset on legal and tax claims	15,628	9,629
Employee loans	6,618	7,912
Other ¹	72,203	75,381
	406,719	355,907
Of which current	298,623	254,999
Of which non-current	108,096	100,908
	406,719	355,907

Other government benefits receivable

US \$'000	30 June 2019	31 December 2018
Senegal	40,274	30,236
Botswana	26,833	33,353
Morocco	23,687	27,370
Guinea	11,879	10,660
Madagascar	6,534	9,974
Other	10,979	11,498
	120,186	123,091

11. Inventories

US \$'000	30 June 2019	31 December 2018
Fuel	403,124	364,120
Lubricants	76,065	70,070
Other	6,211	6,577
	485,400	440,767

Cost of sales as disclosed on the face of the consolidated statement of comprehensive income include the total expense for inventory during the half-year period for \$3,463m (FY 2018: \$6,719m). The carrying value of inventory represents the net realisable value.

Provisions for write-downs of inventories to the net realisable value amounted to \$6m as per 30 June 2019 (HI 2018: \$5m).

12. Borrowings

US \$'000	Drawn on	Interest rate	Maturity	30 June 2019	31 December 2018
VEI BV Term Loan ²	09/06/2017	Libor + 2.50%/3.00%	09/06/2022	350,051	391,753
VEI BV Revolving Credit Facility ³	27/02/2019	Euribor + 1.50%/1.85%		62,812	-
Bank borrowings				241,613	208,414
				654,476	600,167
Of which current				317,428	286,388
Of which non-current				337,048	313,779
				654,476	600,167

¹ The amount in 'Other' mainly comprises items such as customer related deposits, other non-current receivables and loans to dealers.

² The amount includes financing costs of circa \$3m (FY 2018: \$3m).

³ The amount includes financing cost of circa \$2m.

Current borrowings consist of bank borrowings which carry interest rates between 1.50% and 18.00% per annum.

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 +2.50% for the amortised portion and Libor +3.00% 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. At the end of February 2019 an amount of \$64 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.

13. Other liabilities

US \$'000	30 June 2019	31 December 2018
Other tax payable	98,684	80,098
Oil fund liabilities	86,243	86,502
Deposits owed to customers	59,002	60,171
Employee liabilities	48,634	61,517
Deferred income	14,005	9,147
Other	27,581	11,392
	334,149	308,827
Of which current	191,980	165,196
Of which non-current	142,169	143,631
	334,149	308,827

14. Net change in operating assets and liabilities and other adjustments

US \$'000	Six-month period ended	
	30 June 2019	30 June 2018
Inventories	13,084	(105,305)
Trade receivables	(72,921)	(70,301)
Trade payables	(42,951)	215,123
Other assets	(12,202)	(80,463)
Other liabilities	2,635	(16,538)
Provisions	(609)	(3,897)
Other	4,675	25,504
	(108,289)	(35,877)

15. Commitments and contingencies

The Directors prepare a best estimate of contingent liabilities that should be recognised in respect of legal claims in the course of ordinary business. 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. Where appropriate, the Group will make provisions or disclose contingencies in accordance with the relevant accounting principles.

The Group has identified contingent liabilities as part of the business acquisition of VEOHL, refer to note 8 for further disclosure.

16. Related parties

The Group has a number of related parties including joint arrangements and associates, shareholders, directors and Executive Committee members. No related party transactions have been entered into during the period which might reasonably affect any decisions made by the user of these interim condensed consolidated financial statements except as disclosed below.

US \$'000	Six-month period ended 30 June 2019			
	Joint ventures and associates	Shareholders	Other	Total
Sales of products and services, and other income	8,420	46,435	39	54,894
Purchase of products and services, and other expenses	113,817	529,589	-	643,406

US \$'000	Six-month period ended 30 June 2018			
	Joint ventures and associates	Shareholders	Other	Total
Sales of products and services, and other income	7,061	71,421	44	78,526
Purchase of products and services, and other expenses	142,811	506,300	-	649,111

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

US \$'000	30 June 2019			
	Joint ventures and associates	Shareholders	Other	Total
Receivables from related parties	4,685	8,051	607	13,343
Payables to related parties	(32,019)	(190,830)	-	(222,849)
	(27,334)	(182,779)	607	(209,506)

US \$'000	31 December 2018			
	Joint ventures and associates	Shareholders	Other	Total
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)

The receivables from related parties arise from sales 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.

17. Events after balance sheet period

Subsequent to the end of the period, the Board approved an interim dividend of circa 1.1 US cents per share, amounting to approximately \$14 million. The dividend is expected to be paid on 23 September 2019 to shareholders of record at close of business on 23 August 2019. The dividend will be paid out of distributable reserves as at 30 June 2019.

RESPONSIBILITY STATEMENT

The Directors confirm that these interim condensed consolidated financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Disclosure of material related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could have a material impact on the financial position or performance.

The Directors of Vivo Energy plc are listed on page 60 of the Vivo Energy plc 2018 Annual Report dated 11 March 2019; there are no changes in the period. A list of current directors is maintained on the Vivo Energy plc website: <http://investors.vivoenergy.com/group-overview/board-of-directors>.

By order of the Board

Christian Chammas
Chief Executive Officer
1 August 2019

Johan Depraetere
Chief Financial Officer
1 August 2019

INDEPENDENT REVIEW REPORT TO VIVO ENERGY PLC

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed Vivo Energy plc's interim condensed consolidated financial statements (the 'interim financial statements') in the Interim Report of Vivo Energy plc for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 30 June 2019;
- the consolidated interim statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. Our responsibility is to express a conclusion on the interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
1 August 2019