

Vivo Energy plc

2019 Interim Results

Thursday 1st August 2019



Legal disclaimer

IMPORTANT: Please read the following before continuing.

No offer or solicitation

This presentation is provided for informational purposes only and is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities of Vivo Energy plc (the “Company”) or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Neither the contents of the Company’s website, nor the contents of any other website accessible from hyperlinks on such websites, is incorporated herein or forms part of this presentation.

Forward-looking statements

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

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

Such forward-looking statements contained in this report speak only as of the date of this presentation. 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.

Agenda

Topic

Presenter

1 **Introduction**

Christian Chammas, Chief Executive Officer

2 **Financial Performance Review**

Johan Depraetere, Chief Financial Officer

3 **CEO Update**

Christian Chammas, Chief Executive Officer

4 **Q&A**

HI 2019 highlights*

- ▶ An important first half, on track to achieve our full year expectations
- ▶ HI 2019 volume growth of 8% at a gross cash unit margin of \$70 per thousand litres
- ▶ Adjusted EBITDA of \$212 million, 4% higher than HI 2018
- ▶ Declared interim dividend of 1.1 cents per share, in line with policy
- ▶ Engen integration progressing well, following completion of transaction in Q1

Business model delivering growth despite a changing backdrop

KEY THEMES

Macro

- Diversification protects against slowing individual economies (Tunisia, Namibia)⁽¹⁾
- And provides exposure to some of the world's fastest growing (Ghana and Côte d'Ivoire)⁽¹⁾

FX / Oil price

- Partially insulated from FX movements with ~60% of EBITDA coming from pegged currencies
- Oil price volatility in H1 (Low \$54/bbl /High \$75/bbl) provided short term headwinds, but will balance out over time

Morocco

- Moroccan Retail margins stabilised during H1, represented 10% of Group EBITDA in period
- Fully co-operating with on-going review into competition within the fuel distribution sector

Delivering against our commitments

OPERATIONAL



- Delivered a net total of 41 new service stations in the first half
- 50 new non-fuel retail outlets, drove NFR gross cash profit up 33% year-on-year (inc Engen)
- Agreed JVs with the KFC franchisees in Kenya, Uganda and Rwanda to accelerate roll-out of QSRs
- New ERP system due to be live in all 15 Shell markets in coming days

ESG



- Safety - Total Recordable Case Frequency of Zero across all 23 countries
- Environment - Zero spills in Shell markets, with one LOPC⁽¹⁾ in Engen markets
- Social - Delivered over 35 social projects across Education, Road Safety and Environment



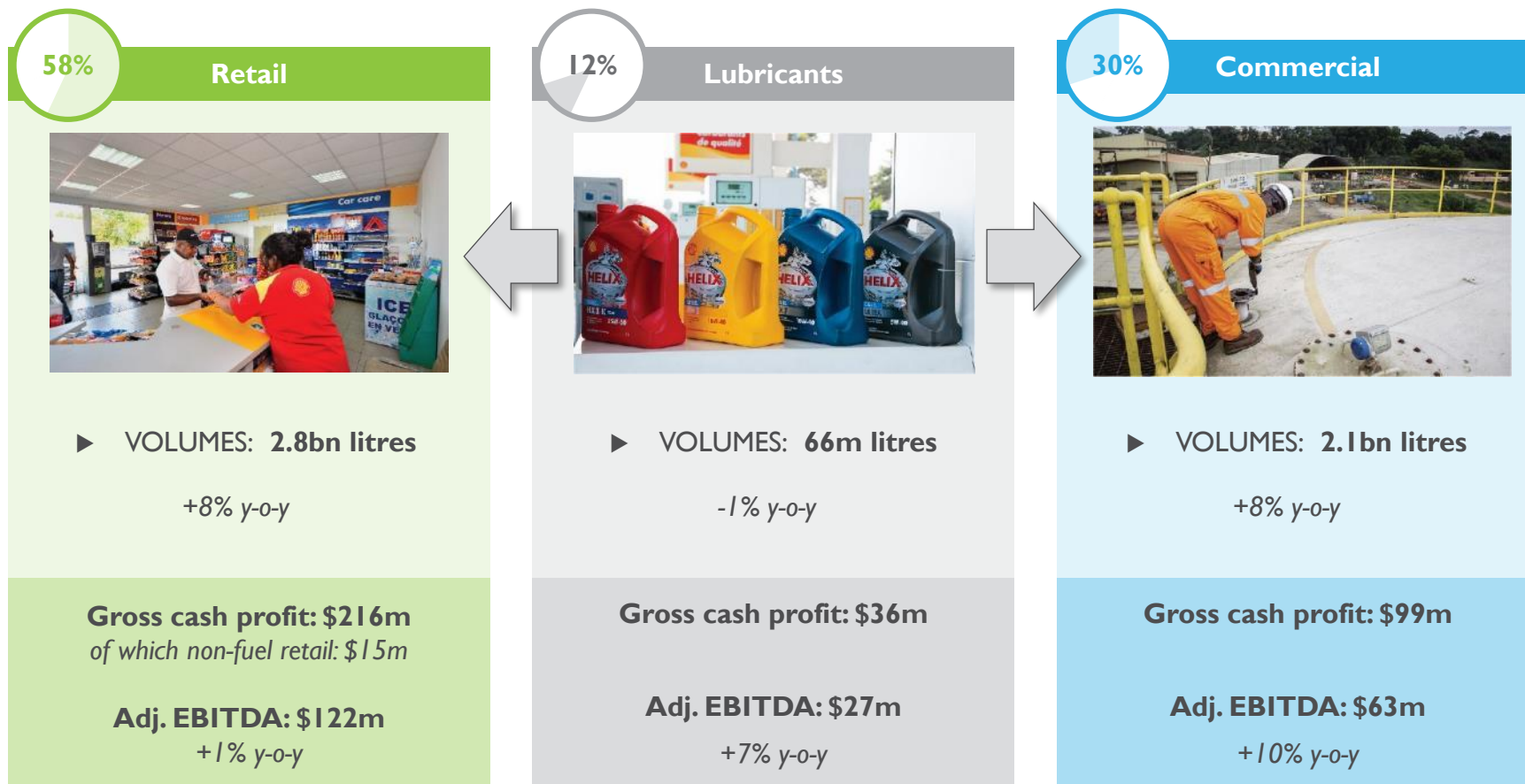
Financial Performance Review

Johan Depraetere

A resilient start to the year – on track to achieve full year guidance

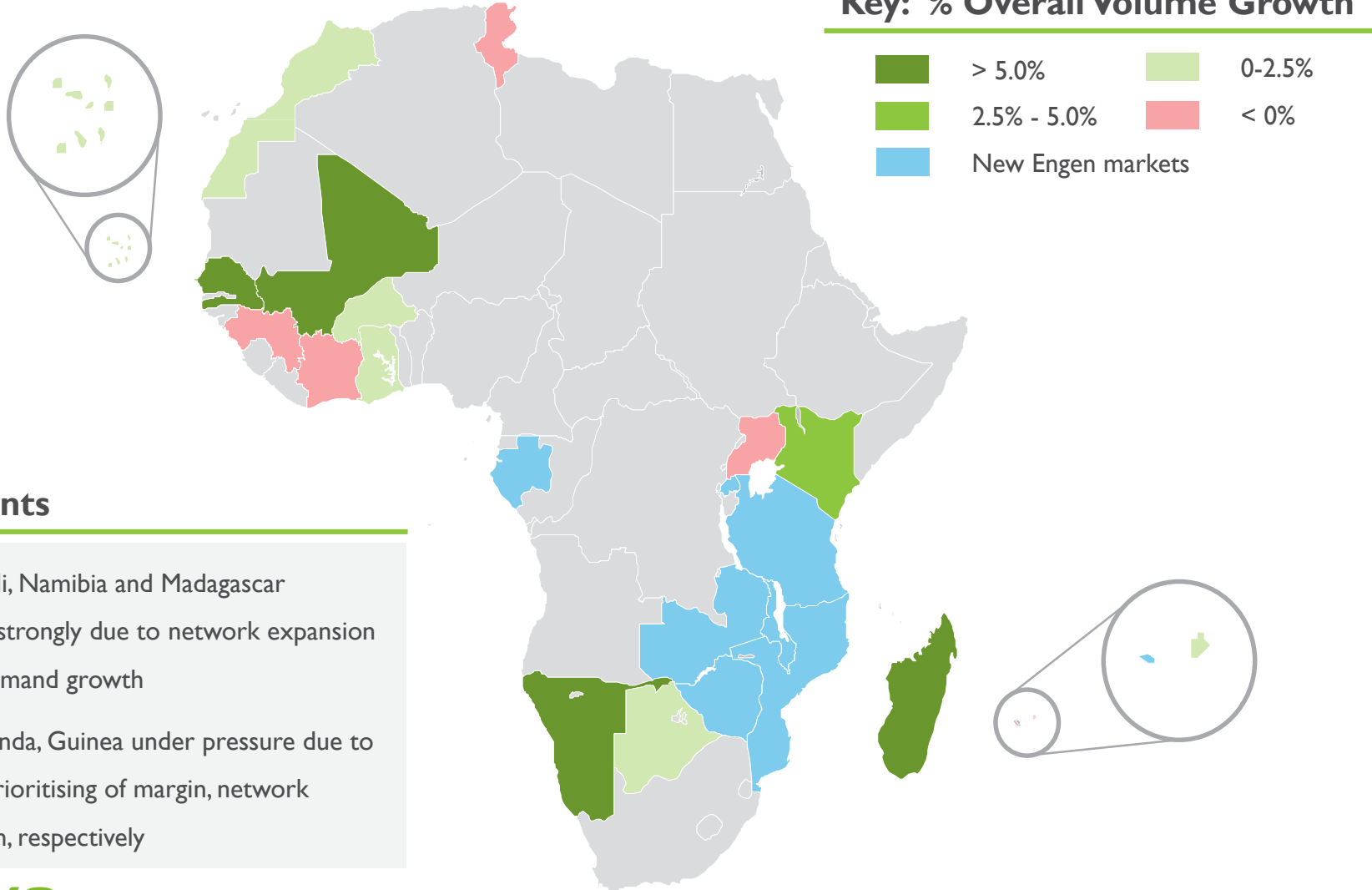
VOLUME Million litres	GROSS CASH UNIT MARGIN US\$/000 litres	GROSS CASH PROFIT \$ million	ADJUSTED EBITDA \$ million
↑ 4,985	↓ 70	↑ 351	↑ 212
+8% vs HI 18	(5)% vs HI 18	+2% vs HI 18	+4% vs HI 18

HI 2019 segmental performance



HI 2019 Adj. EBITDA split

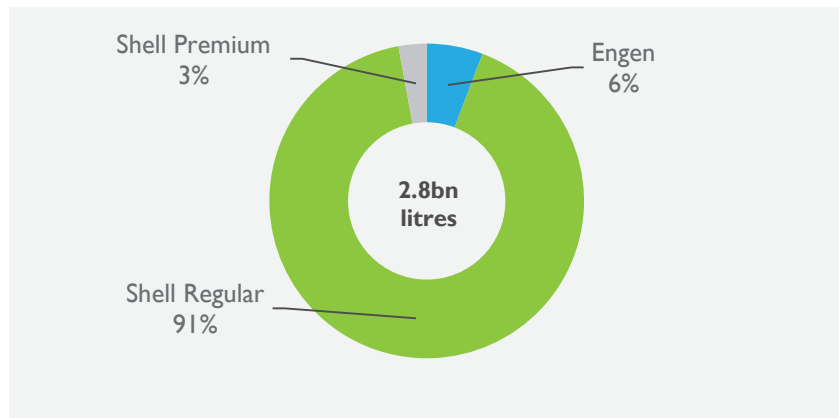
HI 2019 Retail volume heat map



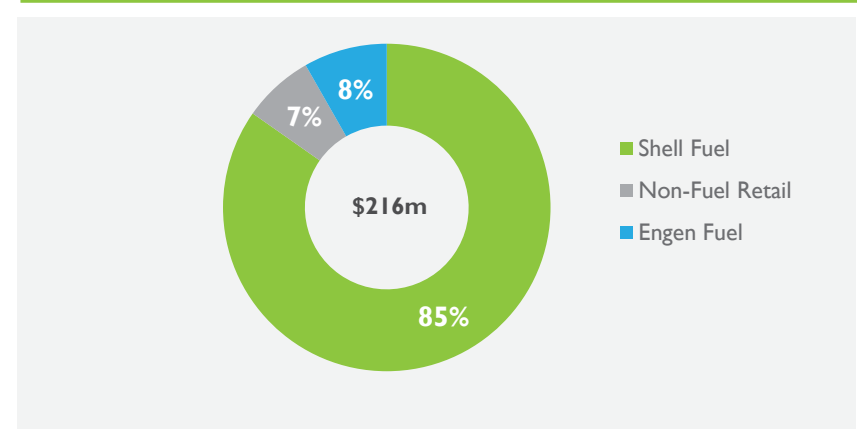
Retail remained resilient despite margin pressures in Morocco

VOLUME GROWTH OFFSET LOWER MARGINS

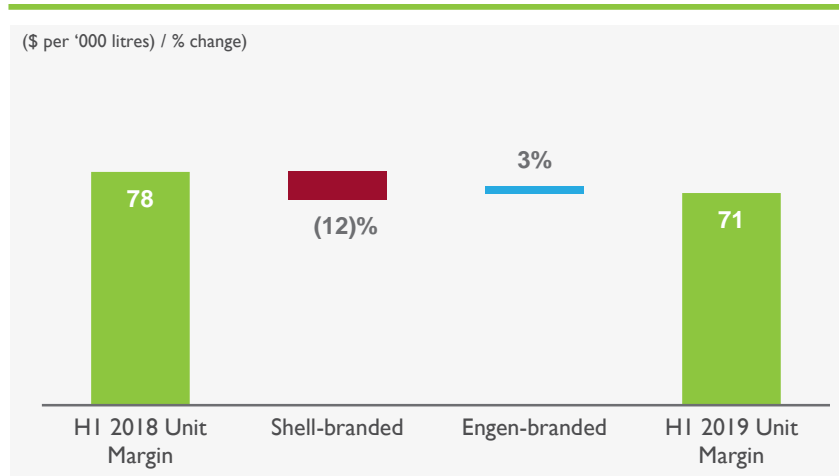
HI VOLUME CONTRIBUTION



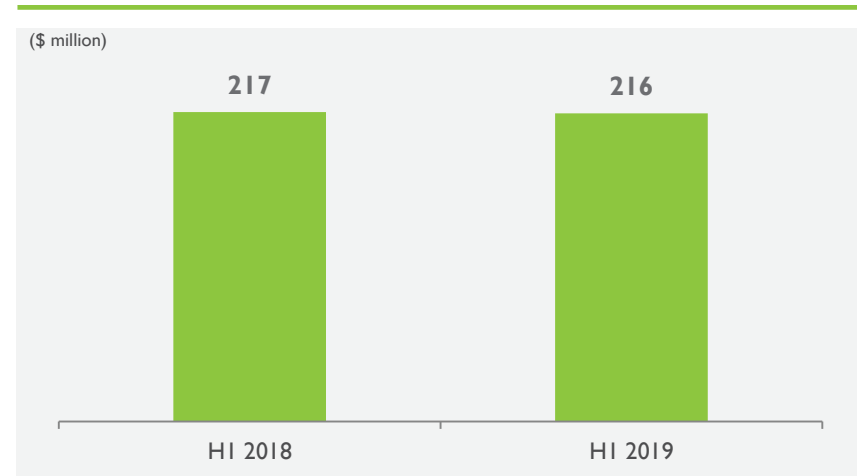
HI GROSS CASH PROFIT CONTRIBUTION



UNIT MARGIN



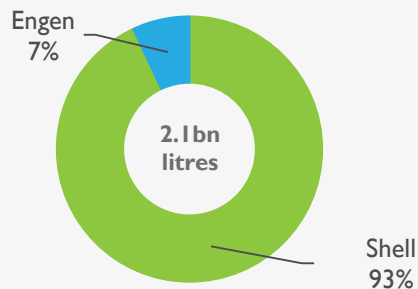
GROSS CASH PROFIT



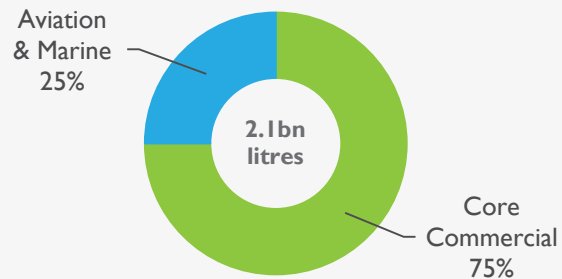
Strong Commercial segment performance

ORGANIC VOLUME GROWTH DRIVEN BY AVIATION AND LPG

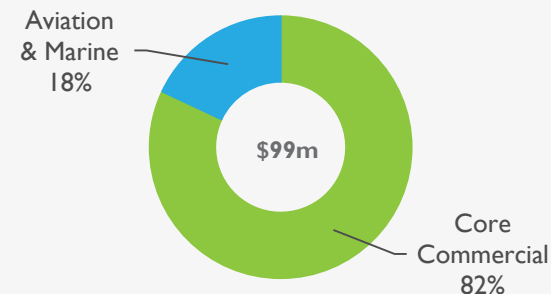
VOLUME CONTRIBUTION BY BRAND



VOLUME CONTRIBUTION BY SEGMENT

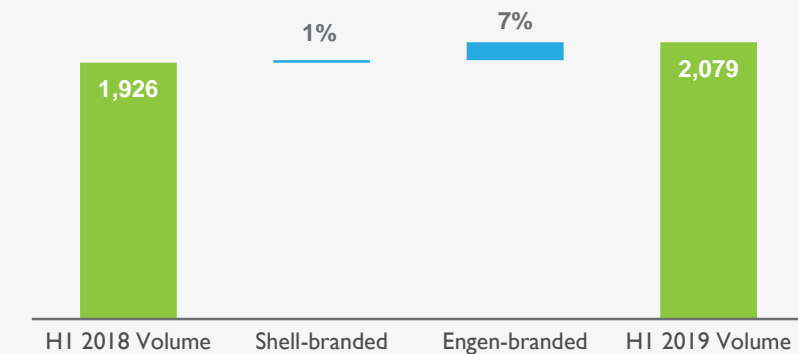


GROSS CASH PROFIT CONTRIBUTION



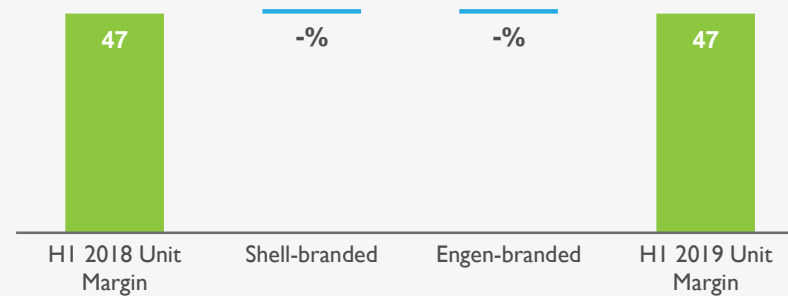
YoY % VOLUME GROWTH

(million litres) / % growth



UNIT MARGIN BREAKDOWN

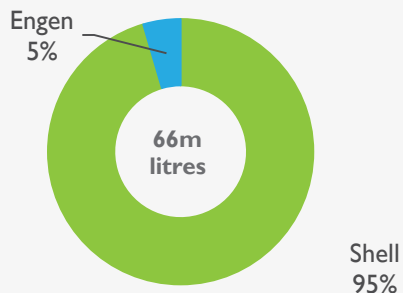
(\$ per '000 litres)



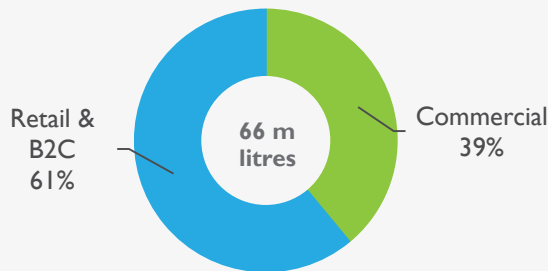
Lubricants segment

ORGANIC MARGINS IMPROVING, OFFSETTING IMPACT OF LOWER VOLUMES

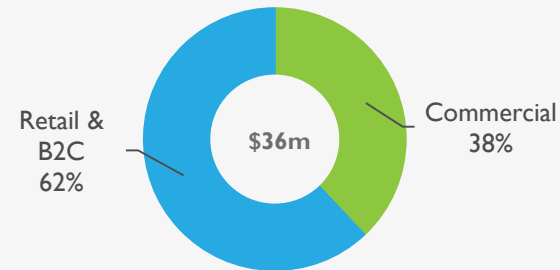
VOLUME CONTRIBUTION BY BRAND



VOLUME CONTRIBUTION BY SEGMENT

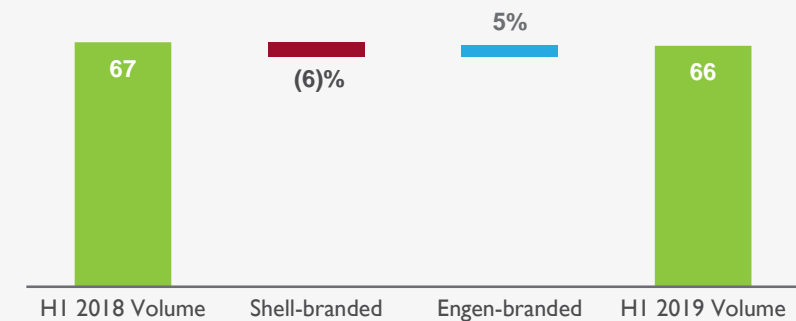


GROSS CASH PROFIT CONTRIBUTION



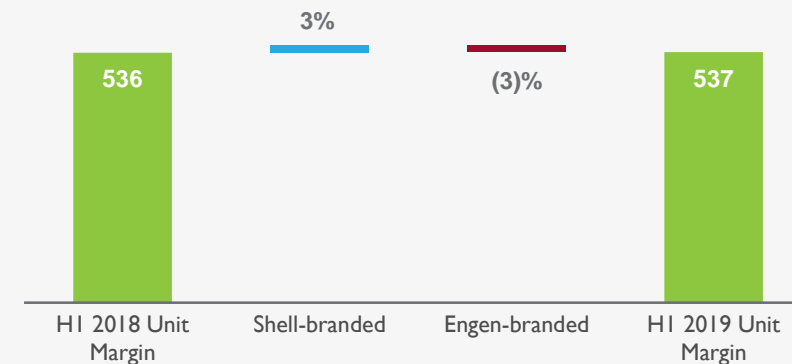
YoY VOLUME GROWTH

(million litres) / % growth



UNIT MARGIN BREAKDOWN

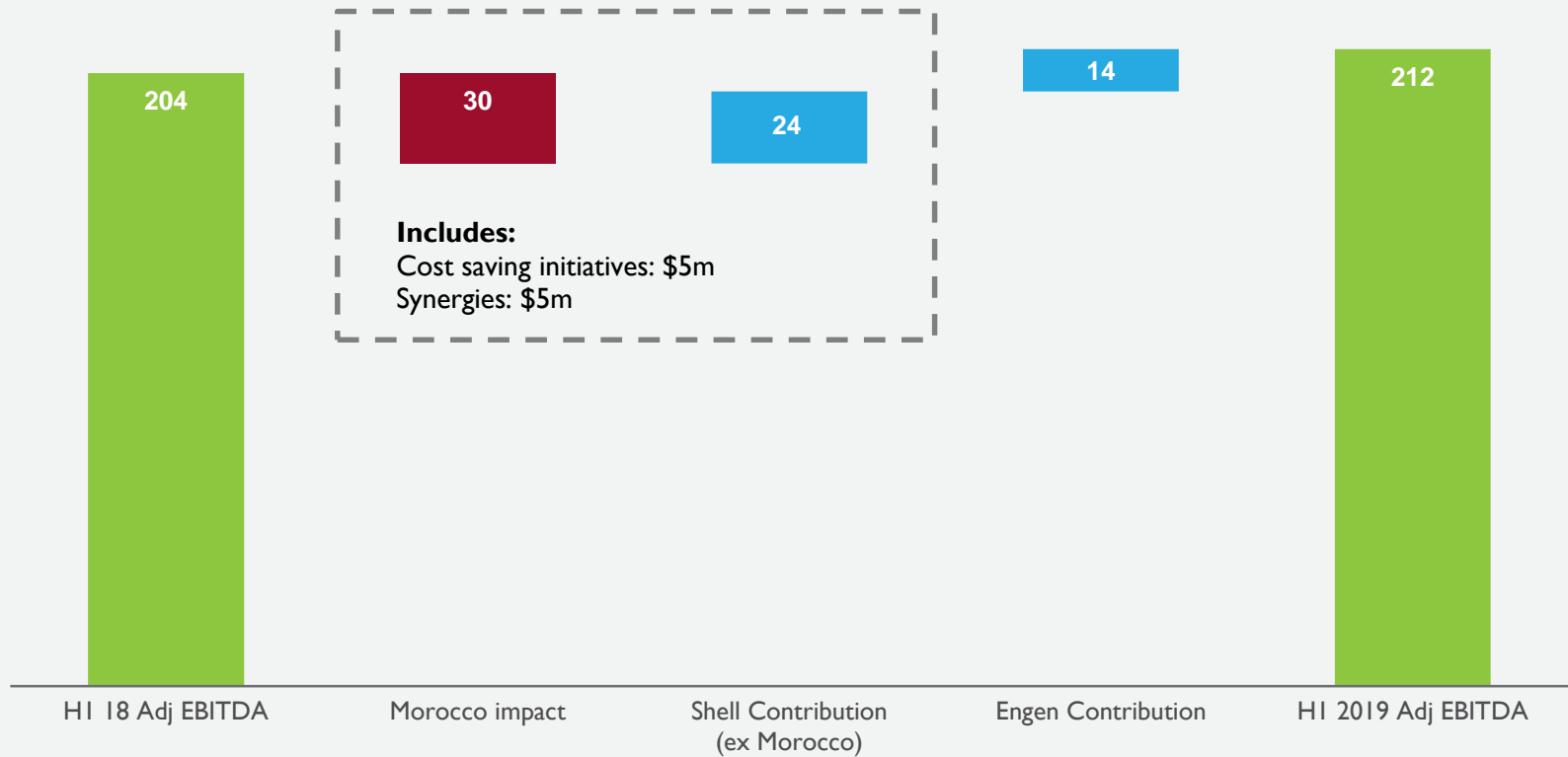
(\$ per '000 litres)



Adjusted EBITDA growing despite impact of Morocco

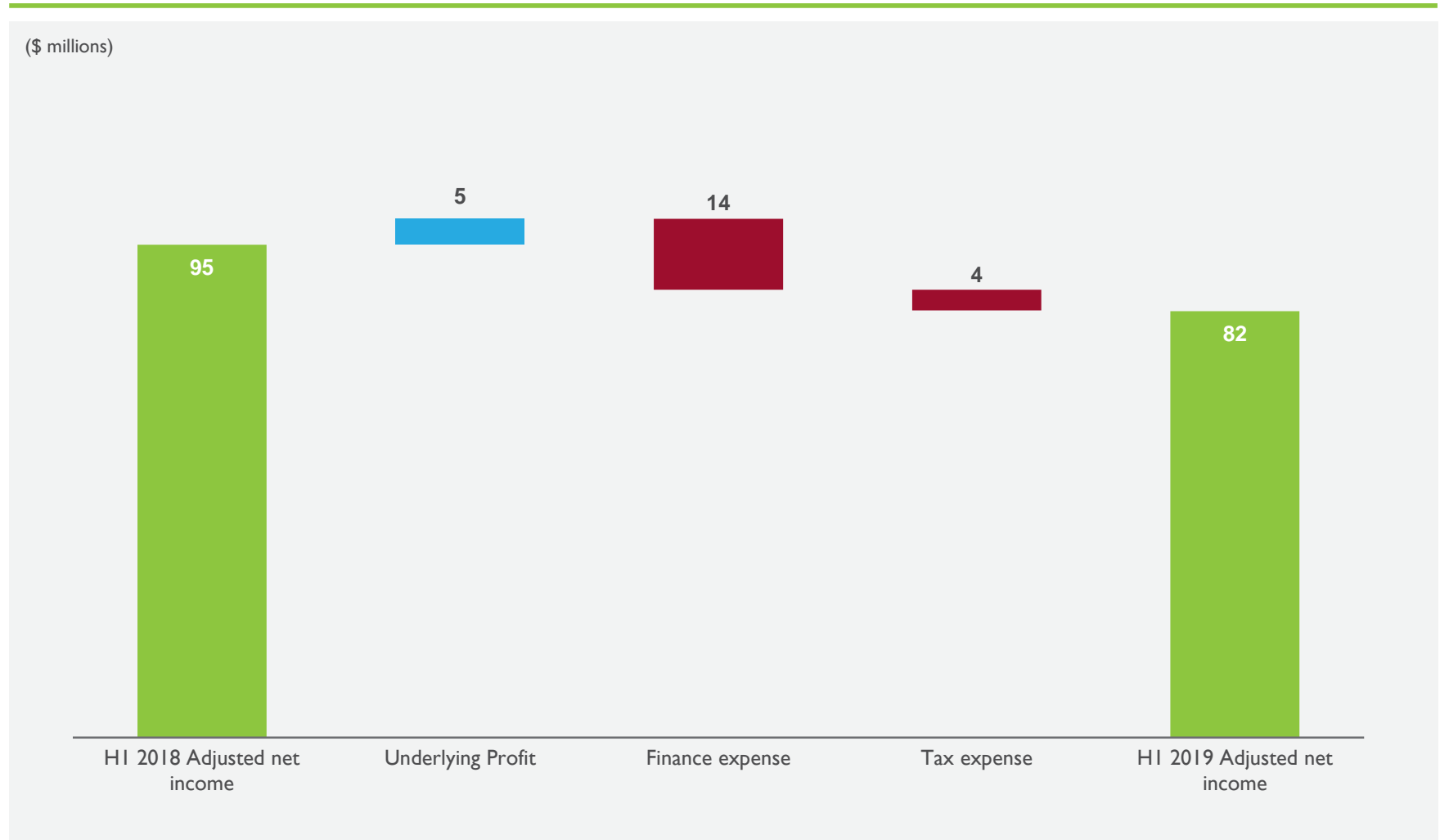
ADJUSTED EBITDA

(\$ in millions)



Adjusted net income lower due to increased interest and tax

ADJUSTED NET INCOME



Cash flow impacted by timing of working capital movements

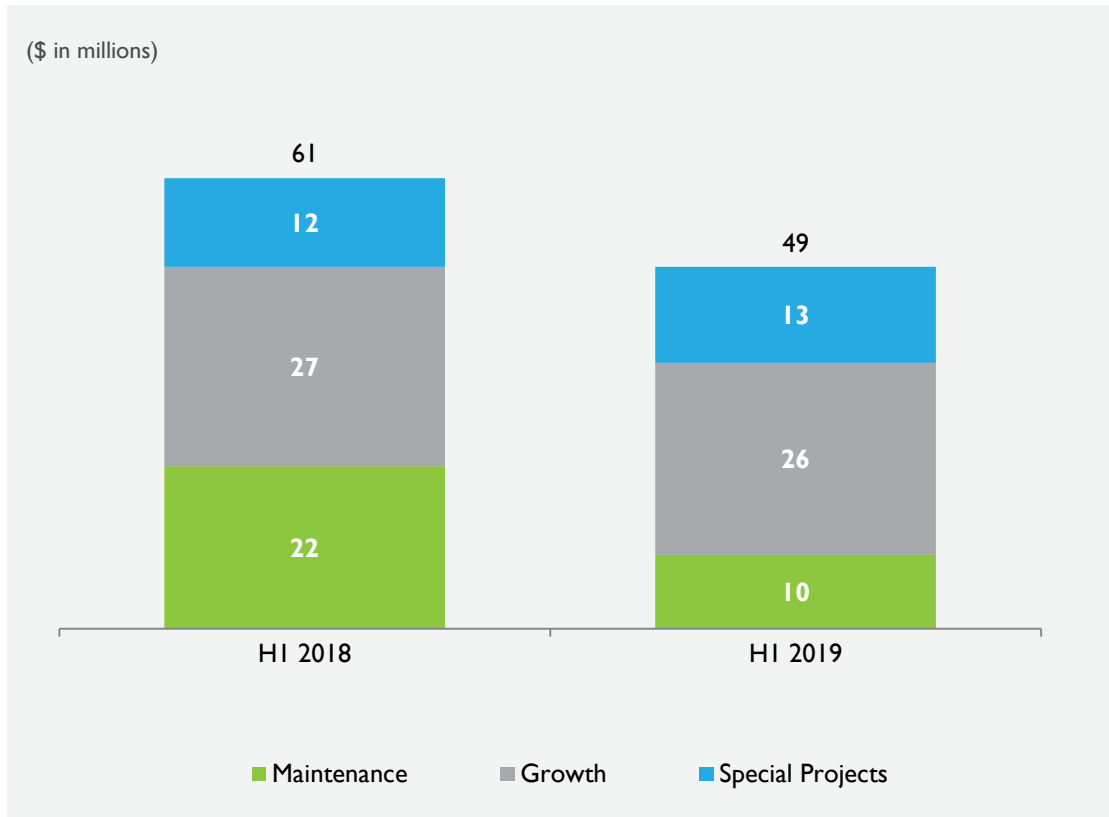
US \$millions	HI 2019	HI 2018	Change
Net income	72	71	+1%
Adjustment for non-cash items / other	92	83	+11%
Change in working capital	(108)	(36)	Nm
Income tax paid	(38)	(62)	(39)%
Cash flow from operating activities	18	56	(68)%
Net additions to PP&E and intangible assets	(49)	(59)	(17)%
Free cash flow	(31)	(3)	Nm
Special items related to non-GAAP measures (cash impact)	12	38	(68)%
Adjusted free cash flow	(19)	35	Nm

KEY HIGHLIGHTS

- ▶ Temporary working capital build, primarily due to timing of payments for the OTS import system in Kenya and a large receivable paid in July rather than Q2 (~\$43m)
- ▶ Tax paid reduced due to an overpayment of tax in the previous year and a lower tax base of the preliminary tax calculations compared to 2018
- ▶ Reduced special items, but one-off costs incurred primarily due to Engen acquisition (\$6m) and write-off a non-current asset (\$3m)

Continuing to invest in growth

BREAKDOWN OF CAPITAL EXPENDITURE



KEY HIGHLIGHTS

- ▶ Capex H2 weighted, primarily due to timing of projects within the Shell-branded markets
- ▶ Projects in Engen markets also due to commence in H2
- ▶ Special projects increased due to the level of ERP activity as part of the roll-out across 11 markets in the first half

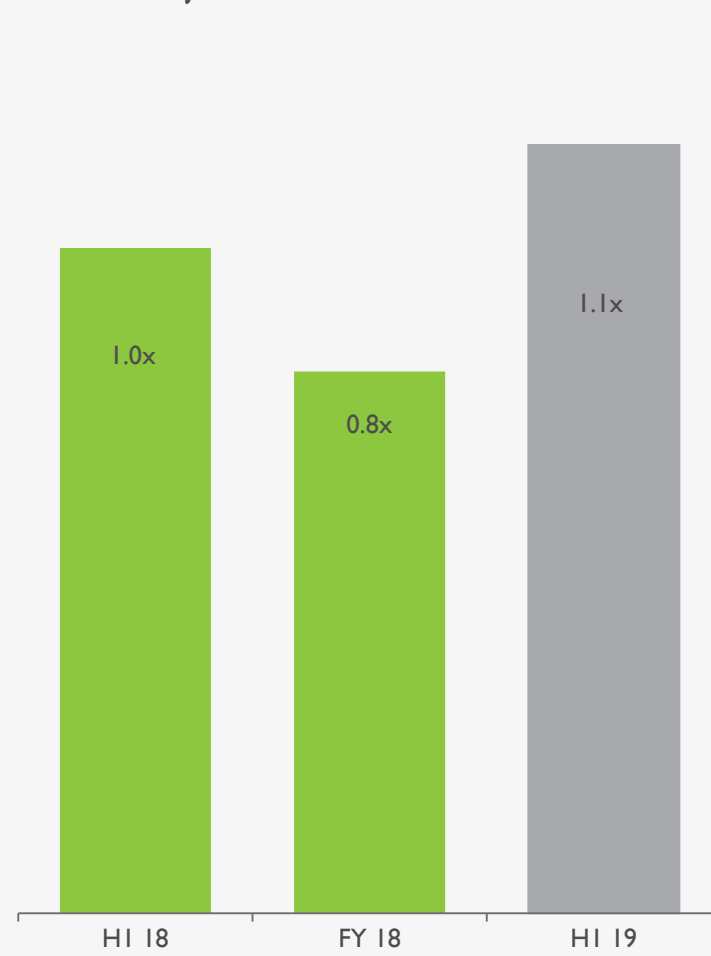
Balance sheet remains strong with low leverage

CAPITAL STRUCTURE OVERVIEW

US \$millions	HI 2019
Long-term debt	413
Lease liabilities	119
Total debt exc. short -term bank borrowings	531
Short-term bank borrowings	242
Less cash and cash equivalents	(314)
Net debt	459
Net debt / LTM Adj. EBITDA⁽¹⁾	1.1x

LEVERAGE

Net debt / LTM Adjusted EBITDA⁽¹⁾



2019 outlook

METRIC	2019 GUIDANCE	YTD PERFORMANCE	UPDATED GUIDANCE
Total Volumes (%)	Low to mid double-digit volume growth	8% (inc. 4 months of Engen)	Unchanged
Group Gross Cash Unit Margin (\$)	High sixties per thousand litres	US\$70/'000 litres	Upper end or slightly ahead of previous range
Capital Expenditure (\$)	Around \$150 million (including Engen capex)	\$49 million	Marginally below \$150m
New Retail Sites	80-100 new service stations	Net total of 41 new service stations in H1	Unchanged



CEO Update
Christian Chammas

Reflecting on H1 performance

- ▶ Delivered resilient financial performance
- ▶ Final period of difficult comparables due to impact of drop in Moroccan margins in 2018
- ▶ Volumes behind plan, but not due to structural issues:
 - ▶ Retail
 - Soft volumes in large Operating Units due to country specific reasons
 - Expect to see a pick-up in the second half of the year
 - ▶ Commercial
 - Impact of short-term excess supply led to dumping in market by some resellers
 - Decision to protect margin ahead of volumes in Vivo Energy's best interests

Continuing to drive our business forward

A Existing Retail portfolio

- Enhancing our offering through NFR and premium fuels
- SAP allows enhanced use of site automation and loyalty programmes

B New Retail sites

- Opened net total of 41 new sites in H1
- Delivered a new site every 3 days over the past 4 years on average

C Commercial

- Won six new Aviation tenders in H1
- Three mining client tenders won across three West African countries

D M&A

- Completed Engen transaction on March 1
- Proven track record of integrating and enhancing assets

Engen – exciting potential

FIRST FOUR MONTHS

- ▶ Integration going well
- ▶ Brand awareness ahead of initial expectations
- ▶ Value to be unlocked by implementing Vivo Energy operational model to:
 - ▶ Refresh ageing retail network
 - ▶ Upgrade environmental and safety standards
 - ▶ Accelerate growth in Commercial business
- ▶ Effectively managed the transition to a floating currency in Zimbabwe
- ▶ Potential yet to be unlocked

NEW SITES IN MOZAMBIQUE



Engen – implementing our strategy

STRATEGIC PRIORITIES

PROGRESS

1

Embed Vivo Energy culture and strengthen teams

- ▶ Balanced scorecard rolled out
- ▶ Implementation of new structures & roles ongoing

2

“Shining Engen” programme to upgrade network and brand

- ▶ 18 month project commenced
- ▶ Sites in Rwanda in process of being refurbished

3

Accelerate roll-out of new retail sites and non-fuel offerings

- ▶ 6 new Engen-branded sites opened in Q2
- ▶ Network planning process underway

4

Leverage Vivo Energy mining skills to drive commercial volumes

- ▶ Delivery of customer value proposition through enhanced product offering and technical support

5

Improve financial efficiency and drive ROACE

- ▶ Independent supply arrangements put in place
- ▶ \$5 million of synergies delivered to date

Summary



Delivering resilient financial performance



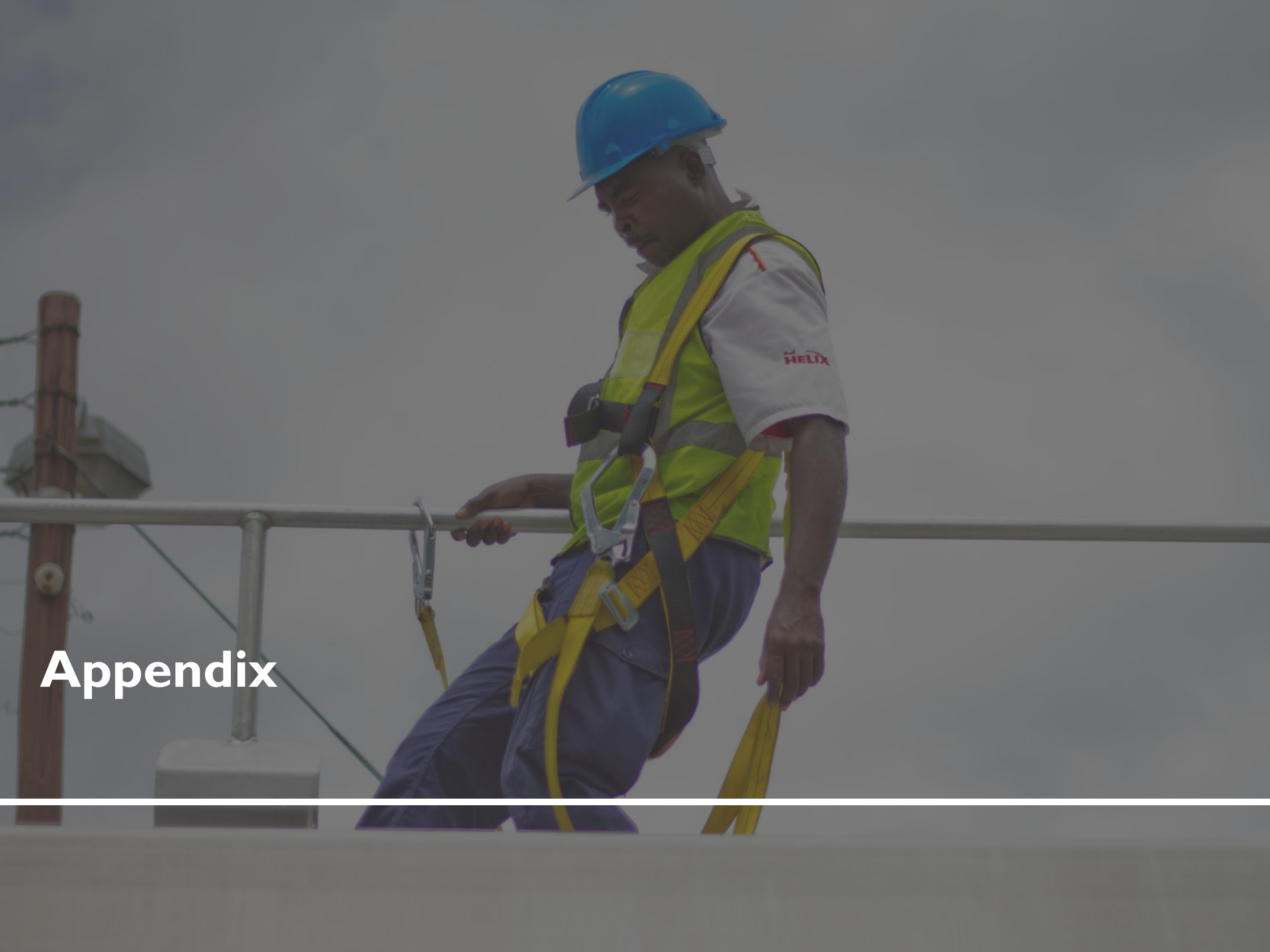
Progress integration of Engen markets



Delivering against our full year expectations



Questions & Answers



Appendix

Resilient financial performance

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	351	344	+2%
EBITDA	200	176	+13%
Adjusted EBITDA	212	204	+4%
ETR (%)	39.4%	37.4%	n/a
Net income	72	71	+1%
Diluted EPS (US cents)	5.1	5.4	(6)%
Adjusted net income	82	95	(13)%
Adjusted diluted EPS (US cents)	5.9	7.4	(20)%

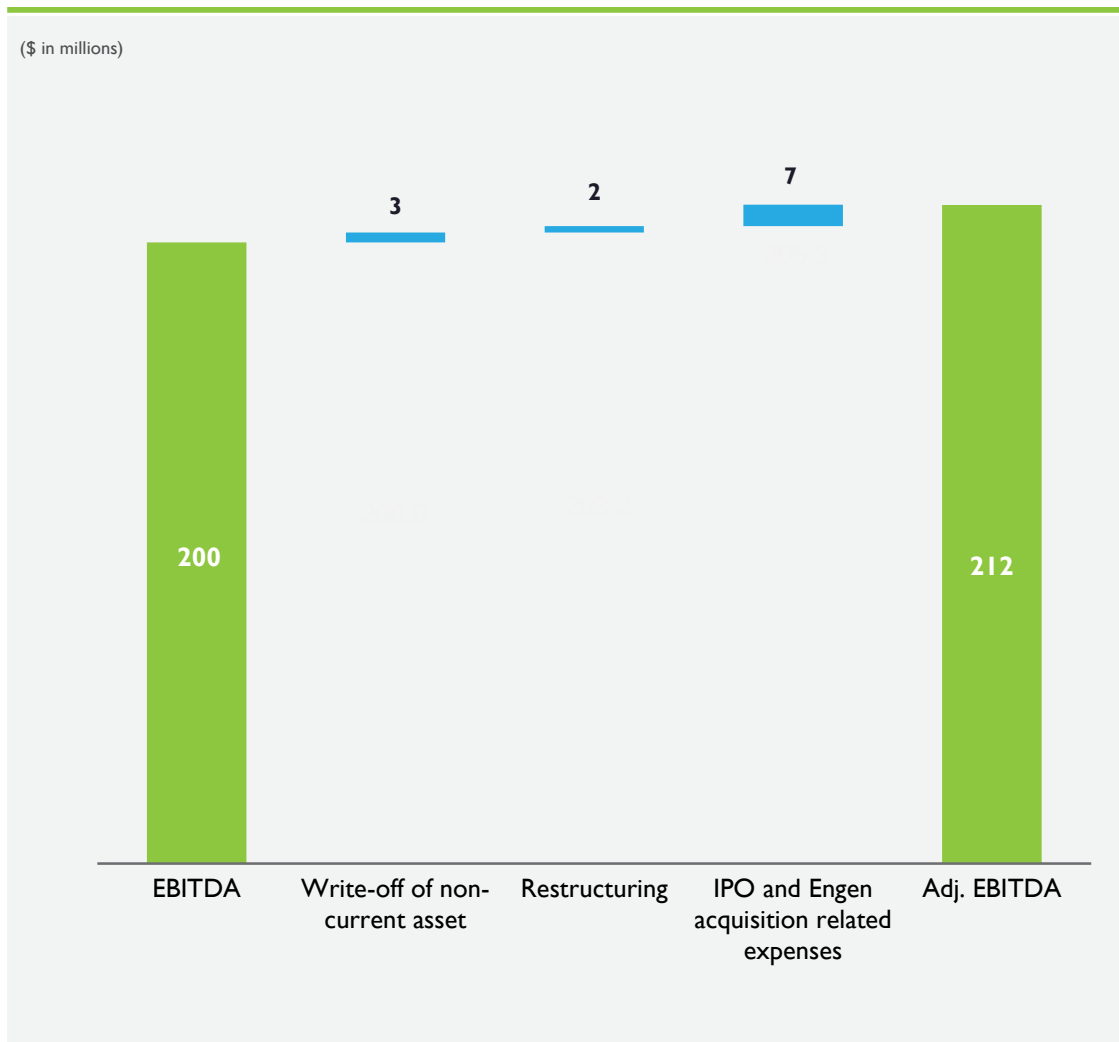
Interim dividend of 1.1 cents per share declared, in line with dividend policy

Summary Profit & Loss Statement

US \$'000, unless otherwise indicated	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Change
Revenues	3,903	3,673	+6%
Cost of sales	(3,585)	(3,361)	+7%
Gross Profit	318	312	+2%
Selling and marketing costs	(103)	(90)	+14%
General and administrative cost	(77)	(103)	(25)%
Share of profit of JVs and associates	11	12	(8)%
Other income/(expense)	1	1	(11)%
EBIT	150	132	+14%
Finance expense - net	(32)	(18)	+75%
EBT	118	114	+4%
Income Taxes	(47)	(43)	+10%
Net Income	72	71	+1%

EBITDA to Adjusted EBITDA bridge

HI 2019



KEY ADJUSTMENTS

- ▶ Adjustments to EBITDA include:
- ▶ Restructuring charges mainly relating to the Engen integration
- ▶ IPO and Engen acquisition related costs, primarily related to the completion of the Engen acquisition on 1 March
- ▶ Related integration project expenses are also treated as special items
- ▶ Write-off relating to a government benefits claim

Segmental performance

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 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%


Quarterly performance

	Q2 2019	Q1 2019	FY 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Volumes (million litres)	2,544	2,441	9,351	2,400	2,323	2,339	2,289	9,026	2,289	2,275	2,273	2,189
Gross cash unit margin (\$/000 litres)	72	69	73	71	72	74	74	74	75	75	72	73
Gross cash profit (US \$'000)	182,156	168,443	679,628	168,054	167,139	174,134	170,301	666,026	171,930	170,988	163,136	159,972

Our operating environment

CHALLENGE	MITIGATION
<p>Stocks / oil price</p>	<ul style="list-style-type: none"> ■ Fluctuations in oil price reflected in the pump price, not borne by the Company ■ Margins are either fixed via a regulated price structure (20 of 23 countries) or through market dynamics (3 countries) ■ Countries manage stock levels with maximum and minimum stock levels through manual of authorities
<p>Currency</p>	<ul style="list-style-type: none"> ■ ~60% of H1 2019 Adjusted EBITDA derived from currencies pegged to the EUR / USD ■ Utilise hedging strategies to mitigate major FX risks (i.e. importing fuels into a country) ■ Upstream dividends from operating units where possible into USD
<p>Credit</p>	<ul style="list-style-type: none"> ■ Robust credit approvals process with central oversight, local empowerment and use of credit risk mitigation measures when required ■ Bad debts represented less than 1% of gross cash profits during 2018
<p>Supply</p>	<ul style="list-style-type: none"> ■ Access to over 1.0 billion litres of storage in Africa helps to mitigate major supply risks ■ Utilise over 100 suppliers, with Vitol, the worlds largest oil trader, representing 30% of Group supply in 2018
<p>Compliance</p>	<ul style="list-style-type: none"> ■ Robust and proven internal control framework with limited historical losses from fraud / bribery ■ The first company in Africa to achieve ISO 37001 certification for our anti-bribery management system

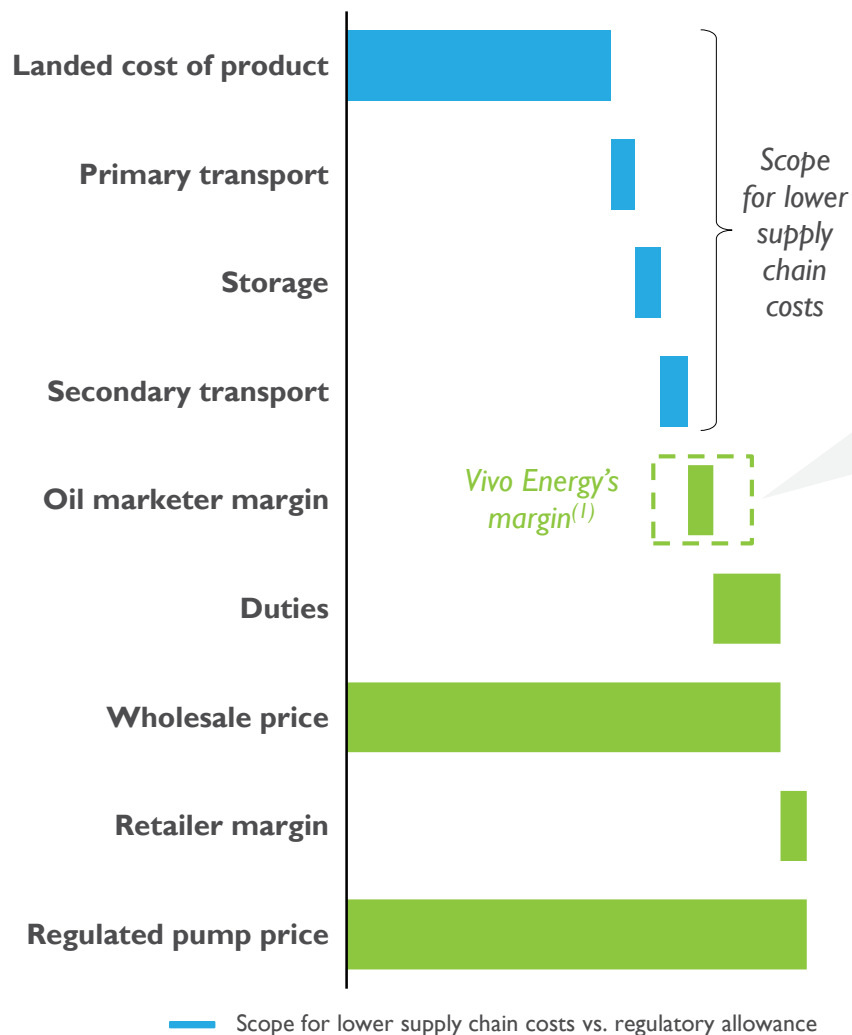
Overview of fuel market regulation in our countries



	Supply	Regular fuel margin	Subsidies
Morocco	Deregulated	Deregulated	LPG only
Uganda	Deregulated	Deregulated	None
Ghana	Partially regulated	Deregulated	None
Namibia	Deregulated	Regulated	Rural areas only
Kenya	Tender	Regulated	None
Botswana	Deregulated	Regulated	Kerosene only
Madagascar	Deregulated	Regulated	None
Mali	Deregulated	Regulated	LPG only
Zimbabwe	Deregulated	Regulated	None
Rwanda	Deregulated	Regulated	None
Malawi	Deregulated	Regulated	None
Mozambique	Tender	Regulated	None
Reunion	Tender	Regulated	None
Zambia	Tender	Regulated	None
Cape Verde	Tender	Regulated	None
Guinea	Tender	Regulated	All fuel products
Tanzania	Partially regulated	Regulated	None
Senegal	Partially regulated	Regulated	None
Mauritius	Partially regulated	Regulated	LPG only
Gabon	State monopoly	Regulated	None
Burkina Faso	State monopoly	Regulated	LPG only ⁽¹⁾
Côte D'Ivoire	State monopoly	Regulated	LPG only
Tunisia	State monopoly	Regulated	All fuel products ⁽²⁾

Regulated price build up provides an allowed margin with some upside from more efficient supply chain

ILLUSTRATIVE RETAIL PUMP PRICE BUILD-UP



REGULATED MARGIN WITH EFFICIENCY UPSIDE

- Regulators set pump prices using **assumed supply chain costs**
- The regulated price contains an **allowed margin** for oil marketers
- Oil marketer margin generally **5 – 10% of pump price**
- Oil marketing companies can make margins above the regulated marketing margin by **achieving lower supply chain costs** than those in the pump price formula
- Savings are driven by the **reach, scale and efficiency** which can be achieved by large, vertically-integrated players
 - Vivo Energy has a **structural advantage** vs. small independents