



Vivo Energy plc
2020 Half Year Results

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Agenda

Topic

Presenter

1 *CEO Update*

Christian Chammas, Chief Executive Officer

2 *Finance & Operating Review*

Johan Depraetere, Chief Financial Officer

3 *Summary*

Christian Chammas, Chief Executive Officer

4 *Q&A*

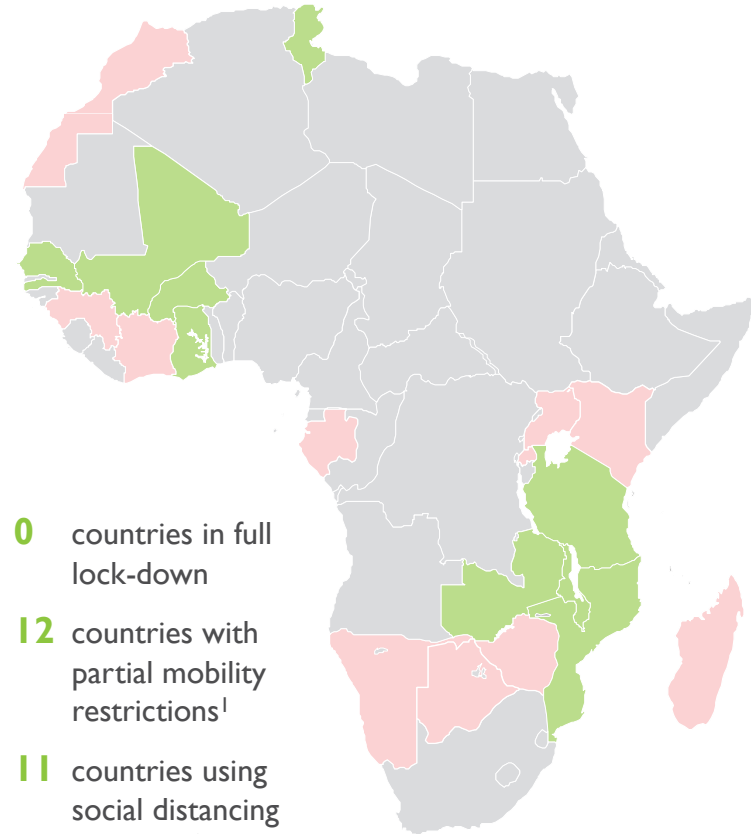
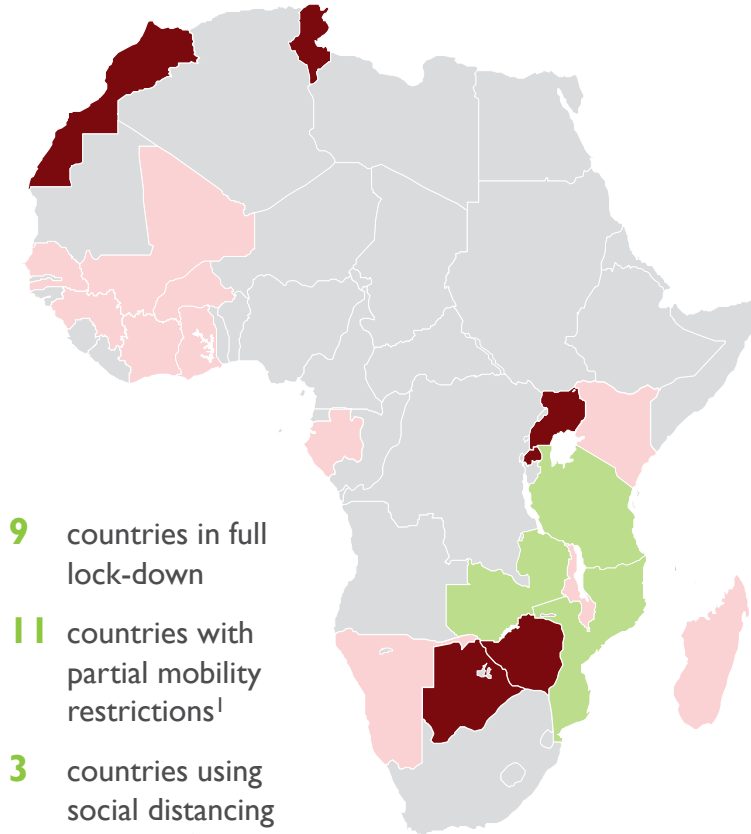
- ▶ Excellent start to 2020 pre-COVID, with improving Shell performance
- ▶ COVID impact wide-ranging across our markets
- ▶ Rapid action taken to protect our stakeholders and the business
- ▶ Strong recovery underway, but remain cautious
- ▶ Business remains resilient with robust balance sheet

- ▶ Competition review of the industry is ongoing
- ▶ Hearing in Morocco last week as part of the review
- ▶ Competition Council will arrive at their conclusions in due course
- ▶ We maintain that we have always conducted our operations in accordance with applicable laws and regulations

Relaxation of restrictions driving volumes

RESTRICTIONS AT THEIR PEAK (APRIL)

RESTRICTIONS AS AT JUNE 30



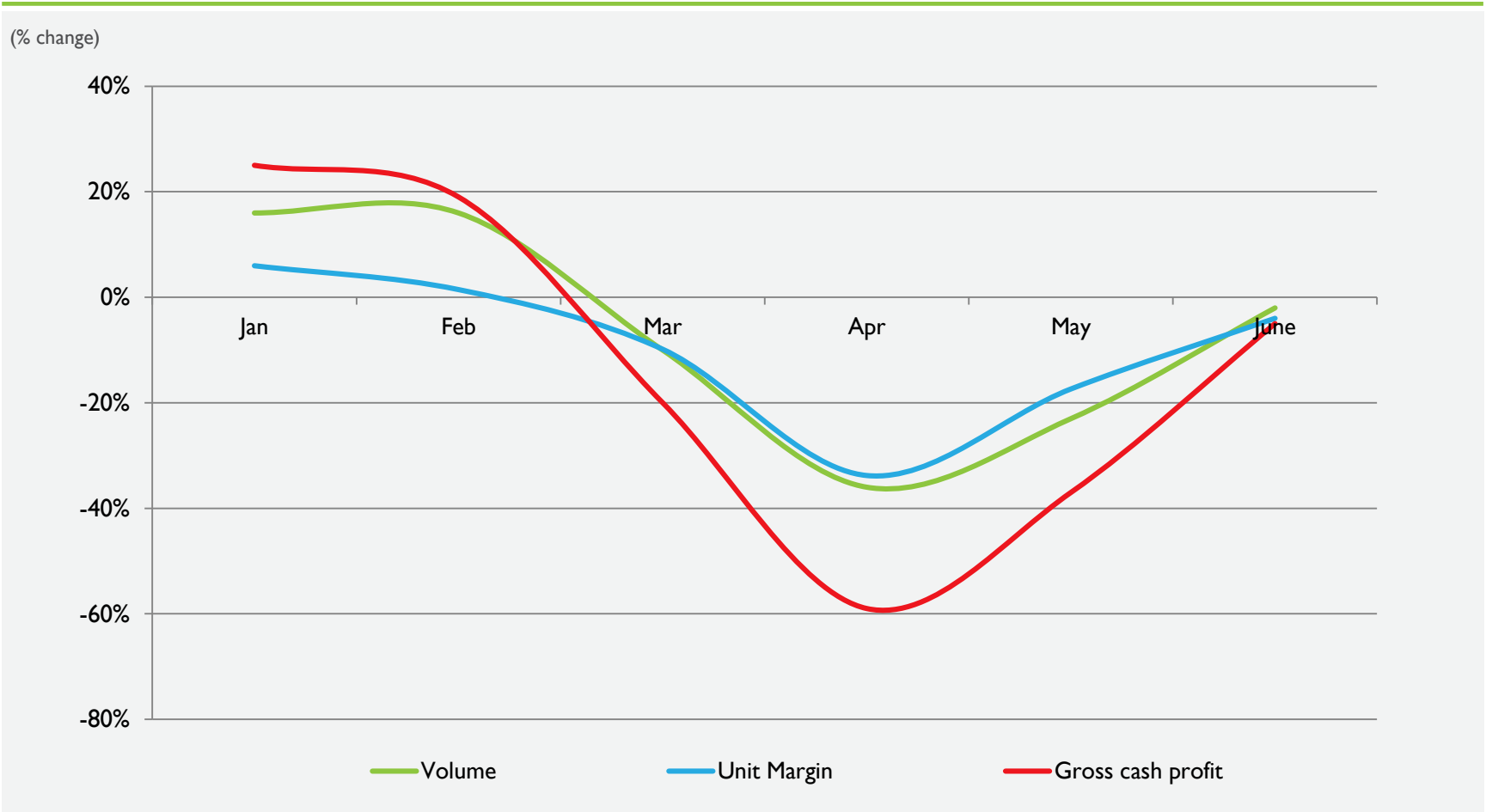
Full lockdown **Partial mobility restrictions** **Social distancing**



Source Country information
 (1) Includes restrictions on movements between cities, curfews or local lockdowns of areas
 (2) Includes a range of measures that vary by country including school and border closures and limitations on group gatherings

Business recovery underway

PERCENTAGE CHANGE IN MONTHLY PERFORMANCE AGAINST HI 2019





Finance & Operating Review

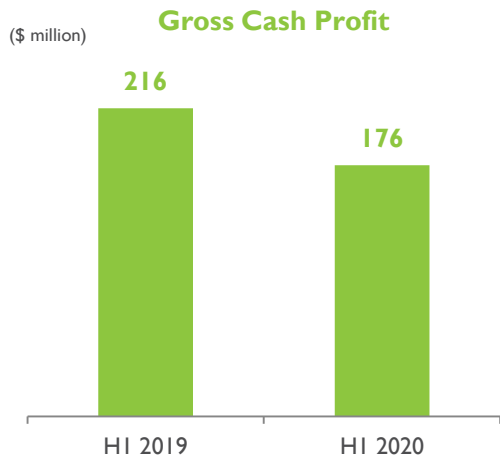
Johan Depraetere

A resilient performance despite the impact of COVID-19

VOLUME Million litres	GROSS CASH UNIT MARGIN US\$/000 litres	GROSS CASH PROFIT \$ million	ADJUSTED EBITDA \$ million
4,618	65	300	140
(7)% vs HI 19	(7)% vs HI 19	(15)% vs HI 19	(34)% vs HI 19

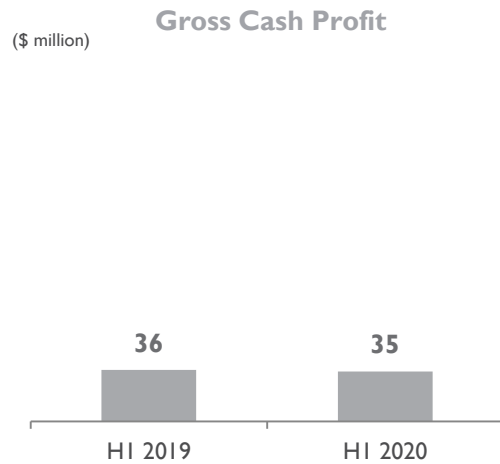
HI 2020 segmental performance

Retail



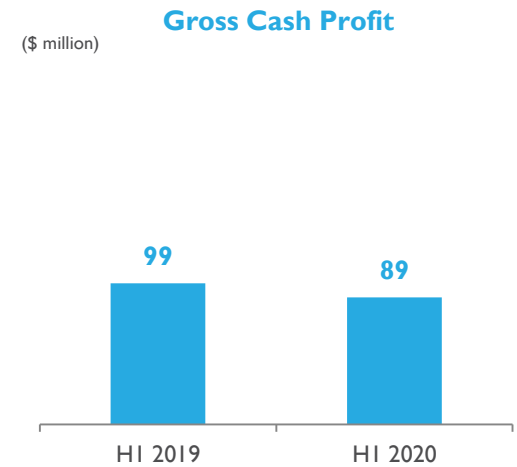
VOLUME: 2.5bn litres (-13%)
UNIT MARGIN: \$66/'000 (-7%)
NFR: \$12m (-20%)

Lubricants



VOLUME: 66m litres (-%)
UNIT MARGIN: \$537/'000 (-%)

Commercial

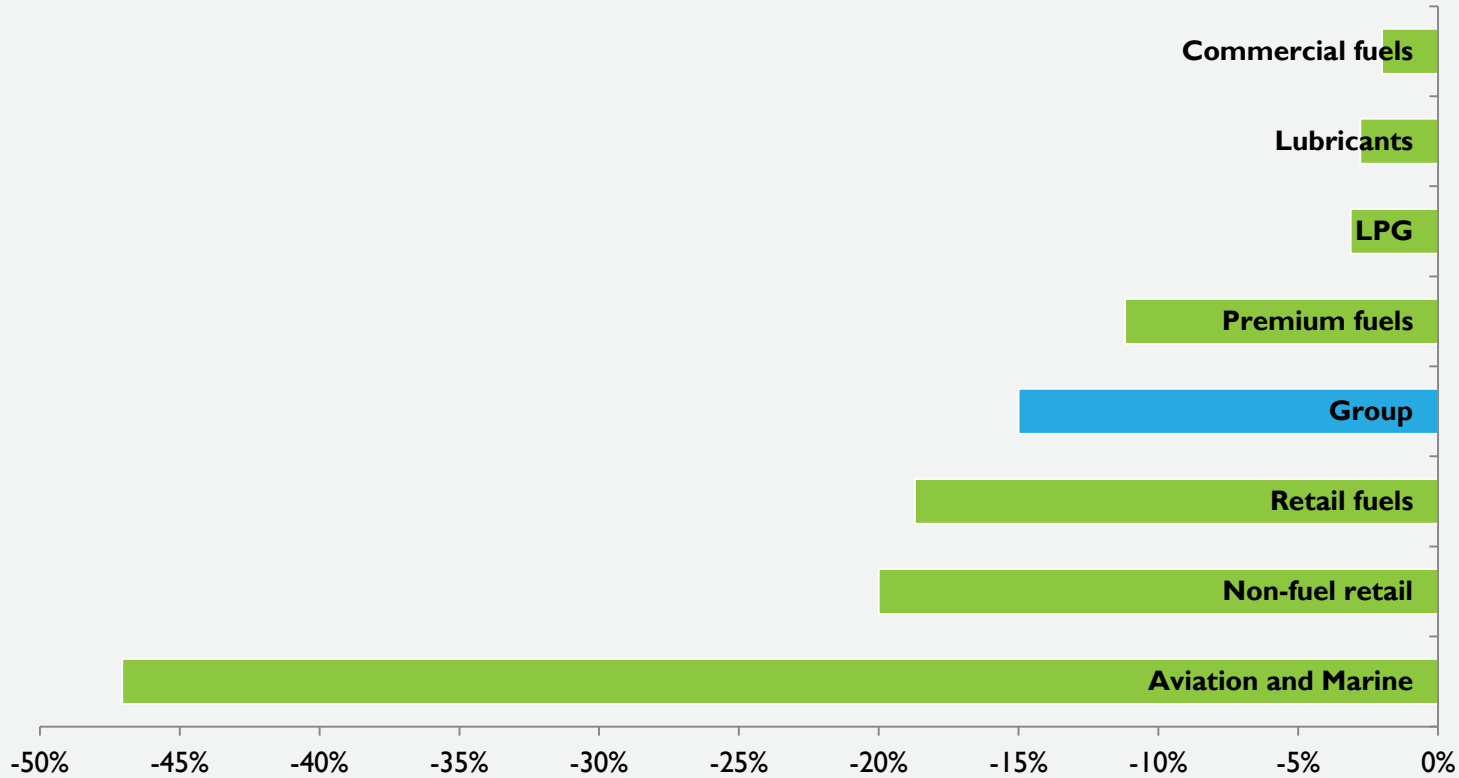


VOLUME: 2.1bn litres (-%)
UNIT MARGIN: \$43/'000 (-9%)

COVID impacted different businesses to different extents

CHANGE IN HI 20 GROSS CASH PROFIT v HI 19

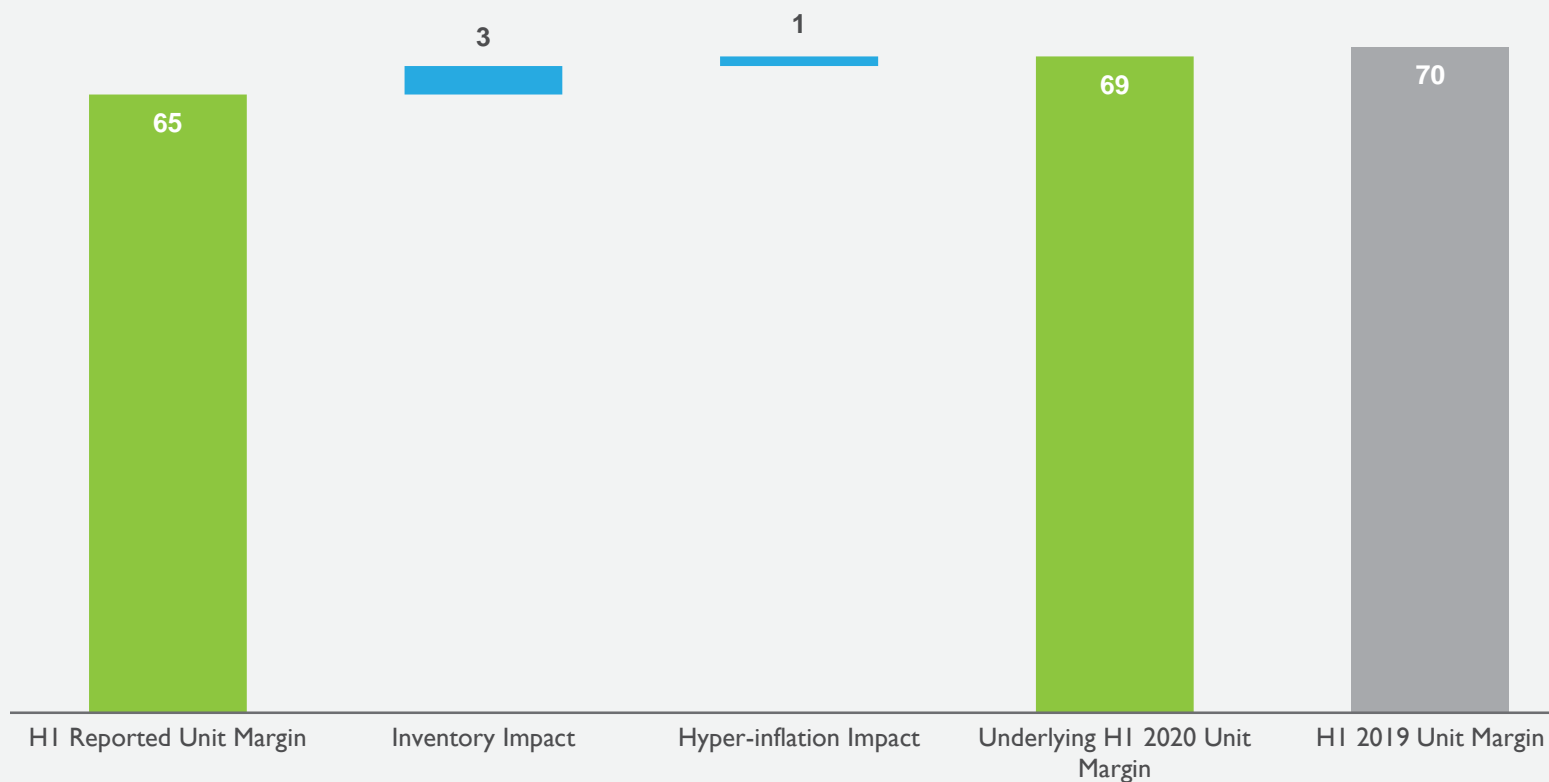
(% change in HI 20 Gross Cash Profit vs HI 19)



Underlying unit margins remain stable

GROSS CASH UNIT MARGINS

(\$ per thousand litres)



Adjusted Net Income impacted by our operating leverage

\$ million	HI 2020	HI 2019	Change	
Gross cash profit	300	351	(15)%	▶ Impacted by lower volume & unit margins
Adjusted EBITDA	140	212	(34)%	▶ Due to lower GCP and slightly higher SG&A due to Engen and COVID-19 relief spending
Depreciation and amortisation	59	50	+18%	▶ Primarily due to Engen acquisition
Net finance expenses	(35)	(32)	+9%	▶ Due to increased use of local facilities
ETR (%)	69%	39%	n/a	▶ Higher relative impact of non P&L related impacts such as withholding taxes and permanent items
Adjusted net income	16	82	(80)%	

As volumes recover, expect to benefit from operational leverage

Cash flow impacted by working capital movements...

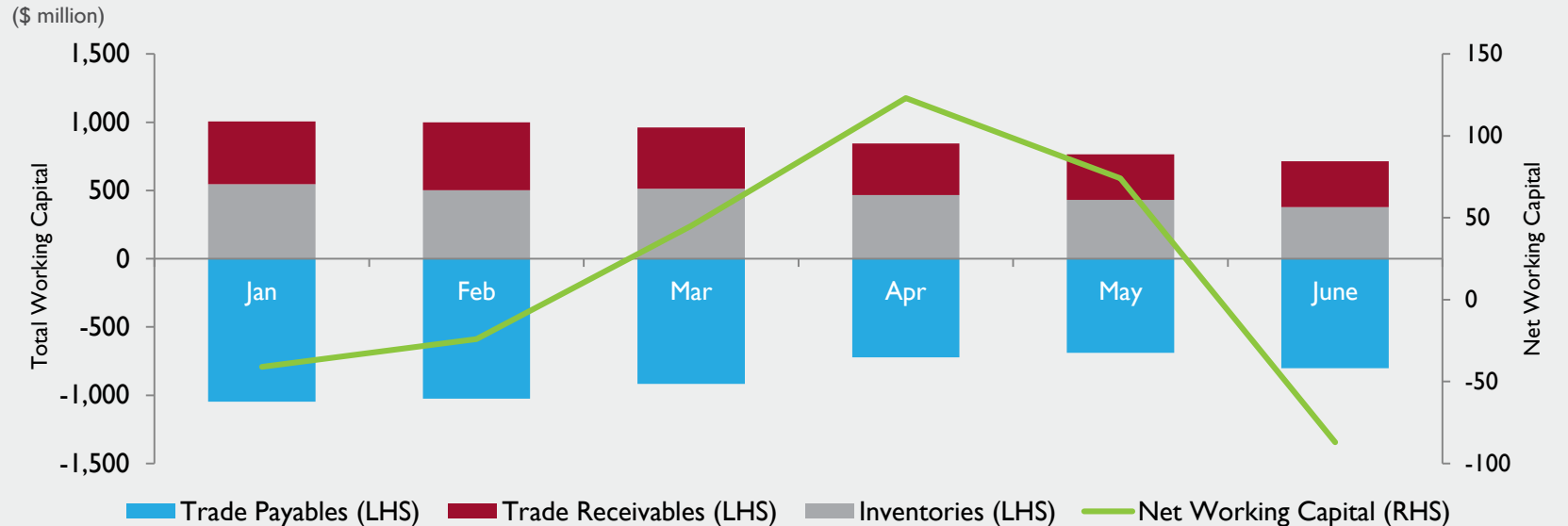
\$ million	HI 2020	HI 2019	Change
Net income	13	72	(82)%
Adjustment for non-cash items / other	83	93	(11)%
Income tax paid	(41)	(38)	(8)%
Net change in operating assets and liabilities and other adjustments	(167)	(105)	(59)%
Cash flow from operating activities	(112)	22	nm
Net additions to PP&E and intangible assets	(44)	(49)	(10)%
Free cash flow	(156)	(27)	nm
Special items	10	12	(17)%
Adjusted free cash flow	(146)	(15)	nm

KEY HIGHLIGHTS

- ▶ Break-even at operating cash flow level, excluding Q1 2020 reversal of c.\$111 million of payables that benefitted 2019 year-end
- ▶ Working capital outflow driven by timing of payments above, together with outflow in payables from reduced purchases of products at lower prices

...but working capital returning to structurally negative position

SIGNIFICANT NET WORKING CAPITAL IMPROVEMENT SINCE APRIL



Driven by:

- ▶ Reducing supply of fuels by 75% in May to balance lower demand
- ▶ Close management of payables and credit exposures

Balance sheet remains strong with low leverage

CAPITAL STRUCTURE OVERVIEW

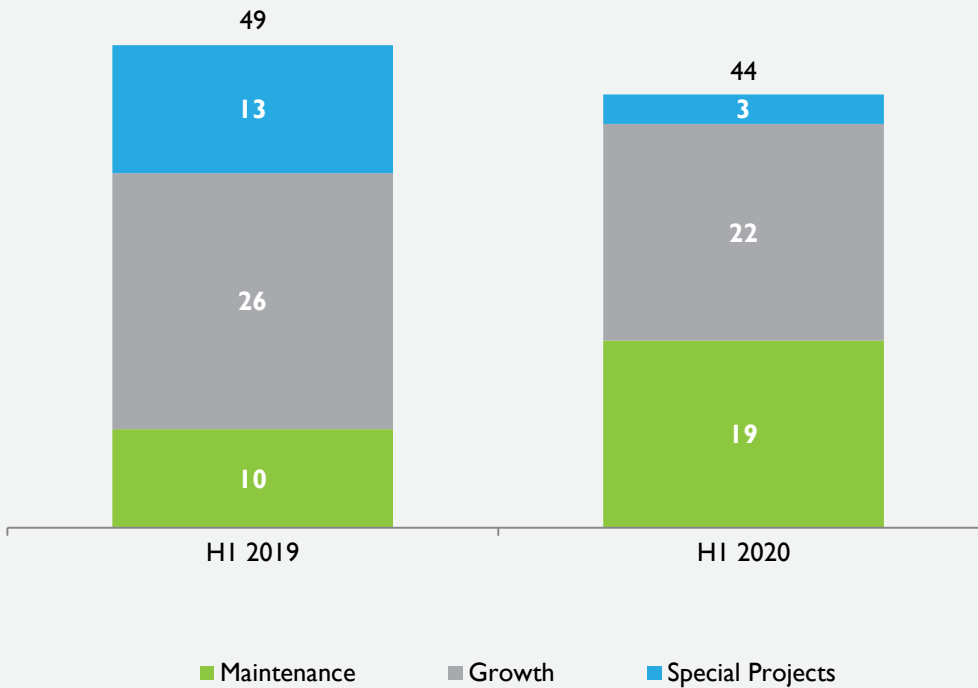
- ▶ Maintained a strong balance sheet through the challenging environment
- ▶ Net debt increased from year-end, but still lower than 12 months ago
- ▶ Increased utilisation of short-term bank borrowing for working capital purposes during pandemic
- ▶ Drew an additional \$110 million on the RCF to ensure flexibility, if required
- ▶ Leverage ratio remains low

(\$ million)	HI 2020	FY 2019
Long-term debt	444	371
Lease liabilities	119	125
Total debt exc. short -term bank borrowings	563	496
Short-term bank borrowings	323	229
Less cash and cash equivalents	(460)	(517)
Net debt	426	208
Net debt to Adj EBITDA¹	1.2x	0.5x

Continuing to invest in our business

BREAKDOWN OF CAPITAL EXPENDITURE

(\$ million)



KEY HIGHLIGHTS

- ▶ Strategically slowed down non-essential capital expenditure
- ▶ Continued to invest in growth projects across our markets
 - ▶ 30 net new retail sites
 - ▶ 23 new QSR / CR offerings
- ▶ Focus on maintaining high standards across the network during crisis
- ▶ “Shining” sites initiative extended across network, over 125 sites shined in HI

Outlook and dividend update

- ▶ Encouraged by improvement in trading in June and July to date
- ▶ Remain cautious as increased infection rates may delay further relaxation of measures
- ▶ Not yet appropriate to provide updated guidance
- ▶ Intend to restart dividend payments later in the year if recovery continues



Summary
Christian Chammas

Proud of our responsible operations

SUSTAINABILITY ROADMAP

- ▶ Vision to be most respected energy company in Africa
- ▶ Ethos embedded in our business and core values
- ▶ Reviewing our sustainability approach during H2 to create a clear plan to guide our future strategy and reporting

LEADING HSSE STANDARDS

- ▶ Industry-leading safety record
- ▶ Strong environmental performance
 - ▶ Solar panels on retail sites in 10 countries
 - ▶ Developing commercial hybrid solution
- ▶ Expanding suite of management systems



Our markets are resilient and our products remain essential

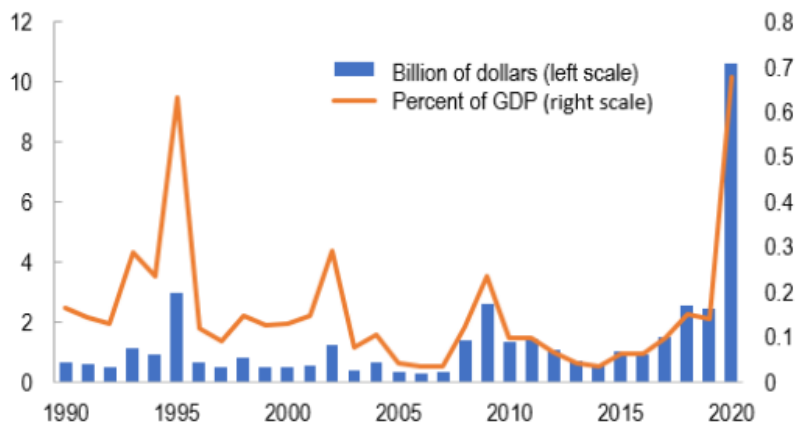
MARKETS EXPECTED TO REBOUND IN 2021

- ▶ Markets have been through tough times before
- ▶ IMF forecast a weighted average 2020 GDP contraction of 2.0%⁽¹⁾ in our 23 markets
- ▶ Forecast to rebound to 4.9%⁽¹⁾ growth in 2021

FUEL REMAINS A CONSUMER STAPLE

- ▶ Macro drivers behind continued fuel demand growth remain unchanged
- ▶ Road network and car parc continue to grow
- ▶ Few public transport alternatives, making roads the primary transport route
- ▶ Fuel demand has almost doubled in our 23 markets over the past 20 years⁽³⁾

RECORD IMF DISBURSEMENTS IN SUB-SAHARAN AFRICA⁽²⁾



Delivering against strategy through the crisis

NETWORK EXPANSION

Opened a net total of 30 new Shell and Engen sites in H1 20



Finalising agreements to acquire several dealer networks in Engen markets¹



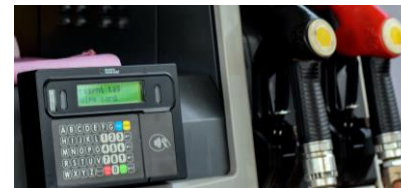
GROWING NON-FUEL RETAIL

JV with KFC Namibia brings 21 restaurants and is the 6th country partnership with KFC¹



JV with leading French fast food chain in Tunisia, aim to grow to 15 sites in next 3 years

DIGITAL INNOVATION



Expanding contactless payments availability across major markets

Trialling LPG and both food and non-fuel retail delivery options



Skilfully navigating current challenges

Proud of our people and their response

- ▶ **De-centralised operating model is agile and accountable**
- ▶ **Our products remain a critical part of our customers lives**
- ▶ **Resilient operations, diversified geographically and by end customer**
- ▶ **Recent investment in IT has enabled informed decision making**
- ▶ **Strong balance sheet has provided flexibility**

Successful business model positioned for sustainable growth





Appendix

Resilient financial performance

\$ million, unless otherwise indicated	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019	Change
Volumes (million litres)	4,618	4,985	(7)%
Gross cash profit	300	351	(15)%
EBITDA	136	200	(32)%
Adjusted EBITDA	140	212	(34)%
ETR (%)	69%	39%	n/a
Net income	13	72	(82)%
Diluted EPS¹ (US cents)	1	5	(88)%
Adjusted net income	16	82	(80)%
Adjusted diluted EPS¹ (US cents)	1	6	(85)%

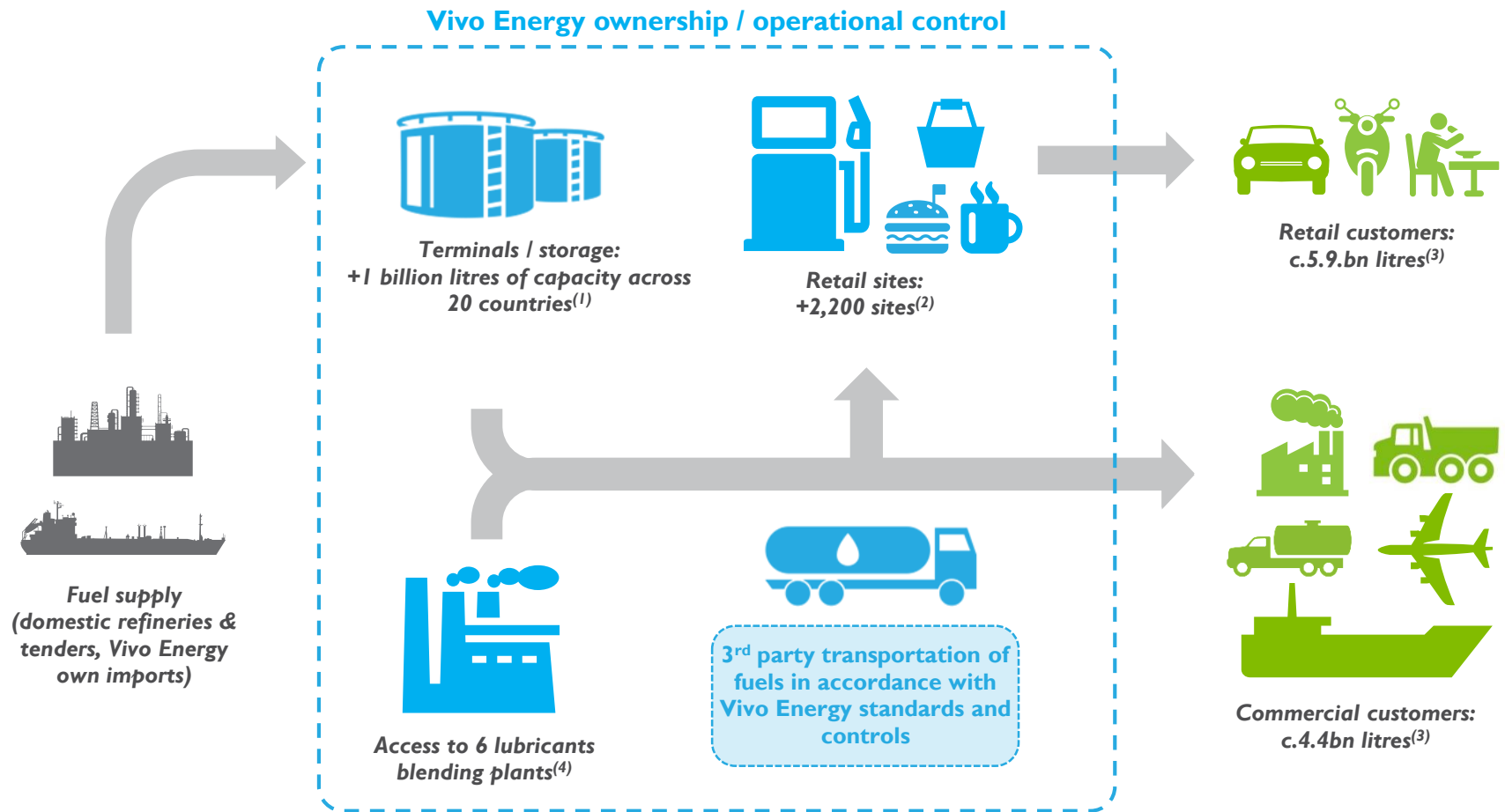
Summary Income Statement

\$ million, unless otherwise indicated	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019	Change
Revenues	3,375	3,903	(14)%
Cost of sales	(3,114)	(3,585)	(13)%
Gross profit	261	318	(18)%
Selling and marketing costs	(105)	(103)	+2%
General and administrative cost	(89)	(77)	+16%
Share of profit of JVs and associates	9	11	(18)%
Other income/(expense)	1	1	-
EBIT	77	150	(49)%
Finance expense - net	(35)	(32)	+9%
EBT	42	118	(64)%
Income taxes	(29)	(46)	(37)%
Net income	13	72	(82)%

Overview of operations by segment

\$ million, unless otherwise indicated	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019	Change
Volumes (million litres)			
Retail	2,481	2,840	(13)%
Commercial	2,071	2,079	0%
Lubricants	66	66	0%
Total	4,618	4,985	(7)%
Gross cash unit margin (\$/000 litres)			
Retail fuel (excluding Non-fuel retail)	66	71	(7)%
Commercial	43	47	(9)%
Lubricants	537	537	0%
Total	65	70	(7)%
Gross cash profit			
Retail (including Non-fuel retail)	176	216	(19)%
Commercial	89	99	(10)%
Lubricants	35	36	(3)%
Total	300	351	(15)%
Adjusted EBITDA			
Retail	69	122	(43)%
Commercial	46	63	(27)%
Lubricants	25	27	(7)%
Total	140	212	(34)%

Our integrated model provides a sustained competitive advantage

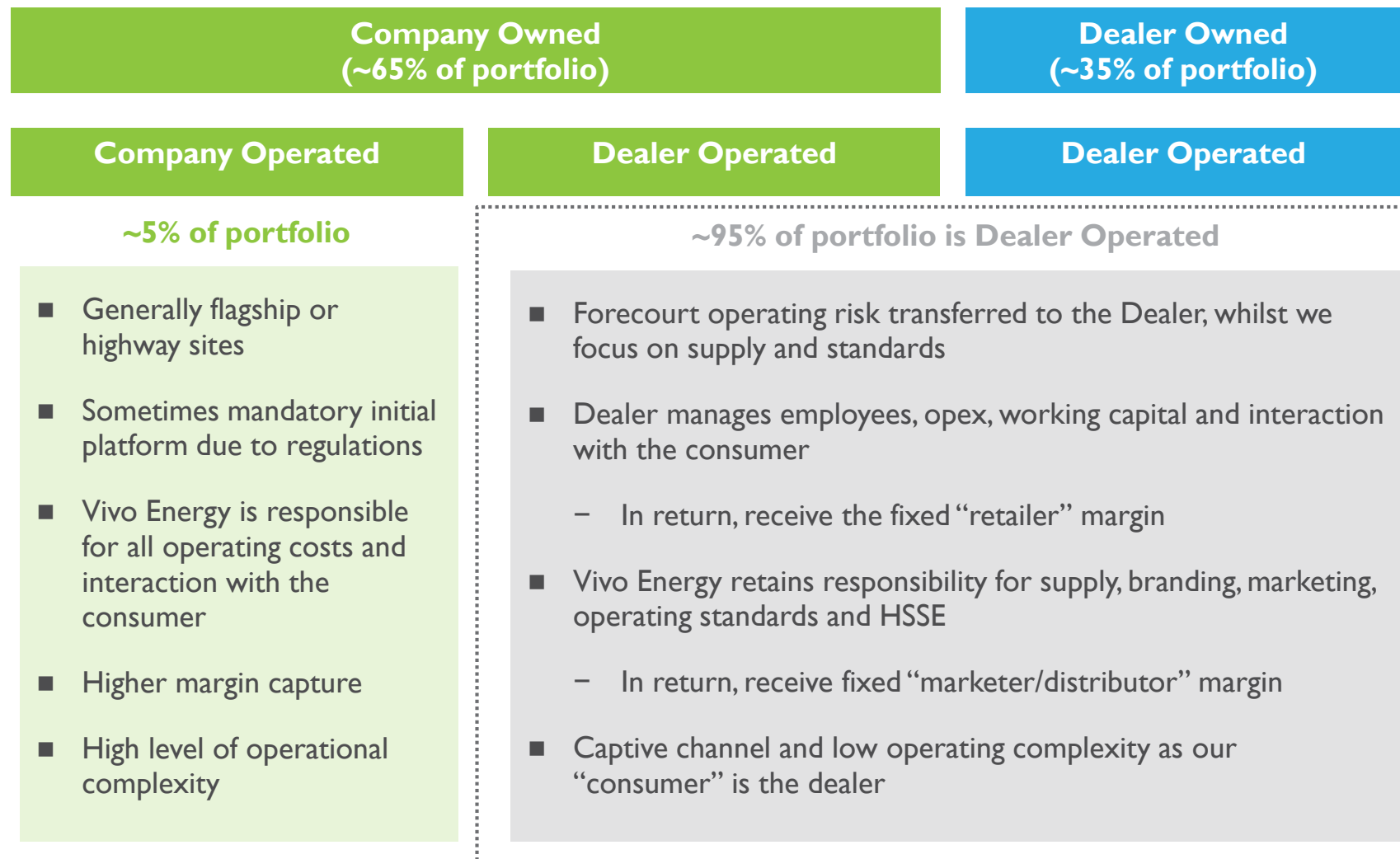


Owning storage assets in Africa is essential to control costs, guarantee supply and manage HSSE and product quality



- (1) Represents fuel storage capacity only and includes equity share of storage capacity in joint ventures, excluding bitumen and LPG. JV storage is included on a pro rata basis based on ownership %, pro-forma for Engen markets
- (2) As at December 2019
- (3) Fuel and lubricants sales in 2019
- (4) Via a combination of direct ownership and the 50% SVL joint venture

De-risking Retail performance through use of Dealer model



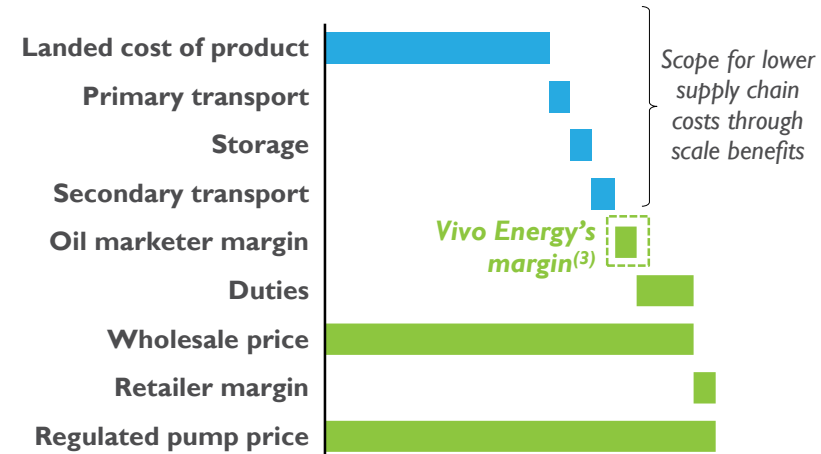
Majority presence in regulated markets provides margin stability

OVERVIEW OF RETAIL PRICE REGULATION IN OUR COUNTRIES

Regulated (no subsidies)	18 countries (52% of volumes ⁽¹⁾)
Regulated (with subsidies ⁽²⁾)	2 countries (15% of volumes ⁽¹⁾)
De-regulated	3 countries (33% of volumes ⁽¹⁾)

- **Regulated** fuel markets are common in emerging markets
 - Government sets the pump price, which changes periodically to reflect the current oil price and input costs
 - Marketing **margins are fixed** per litre
- Regulated markets can be also be **Subsidised**, where the pump price is stable and doesn't reflect the oil price
 - Marketing **margins are fixed** per litre
- **Deregulated** markets are more common in developed economies
 - Pump prices fluctuate frequently due to oil price and competition
 - Marketing **margins are variable** per litre


MARGINS IN REGULATED MARKETS ARE COST PLUS



REGULATED MARGIN WITH EFFICIENCY UPSIDE

- Regulators set pump prices using **assumed supply chain costs**
- The regulated price contains an **allowed margin** for oil marketers, generally **5-10% of pump price**
- Oil marketing companies can make margins above this 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 player

Overview of Regulation in our markets



	Supply	Regular fuel margin	Subsidies
Morocco	Deregulated	Deregulated	Bottled LPG only
Uganda	Deregulated	Deregulated	None
Ghana	Partially regulated	Deregulated	None
Namibia	Deregulated	Regulated	Rural areas only
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
Kenya	Tender	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⁾

Our operating environment

CHALLENGE	MITIGATION
Stocks / oil price	<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
Currency	<ul style="list-style-type: none"> ~60% of H1 2020 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
Credit	<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 around 2% of gross cash profits during H1 2020
Supply	<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 2019
Compliance	<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