

Vivo Energy plc Company Presentation

October 2020



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Company and Market Overview

A leading pan-African distributor and retailer of Shell- and Engen-branded fuels and lubricants

Footprint in 23 countries



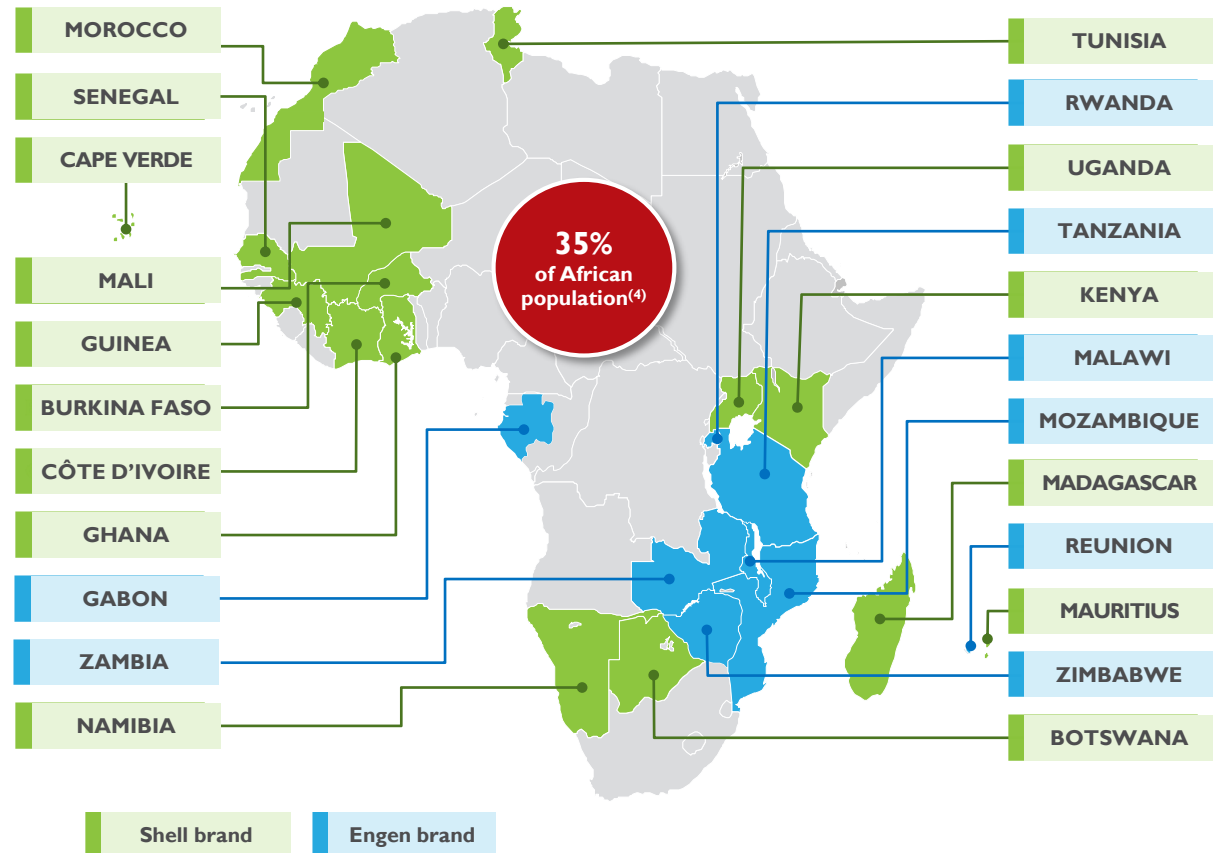
+2,250⁽¹⁾ retail sites

#1 and #2 positions in countries representing ~90% of volumes⁽²⁾

+10 billion litres of fuel sold in 2019

Over 1 billion litres of storage⁽³⁾

+800,000 customers per day visit our sites⁽⁵⁾



(1) Information as at 30 June 2020.
 (2) Overall market position across all business segments as of 31 December 2019 (source CITAC). Based on % of volumes sold in 2019.
 (3) Information as at 31 December 2019.
 (4) United Nations World Population Prospects 2019.
 (5) During 2019 and based on average 20 litres fill per customer.

An integrated business across three core segments

~56%
Adj.
EBITDA

Retail



Second largest retailer in Africa outside South Africa, in terms of site numbers⁽¹⁾

Retail fuels

- Sale of petrol and diesel fuels at +2,250⁽¹⁾ Shell- and Engen-branded service stations across 23 countries

Non-fuel retail

- Multi-branded Convenience Retail and Quick Service Restaurant offering

FY 2019 Adj. EBITDA: \$242m

~13%
Adj.
EBITDA

Lubricants



Integrated manufacturing, distribution and marketing operations

Retail Lubricants

- Providing products to consumers at retail sites, as well as through a network of distributors

Commercial Lubricants

- Supplying specialist lubricants to mining companies, B2B customers and export sales

FY 2019 Adj. EBITDA: \$54m

~31%
Adj.
EBITDA

Commercial



Integrated offering to thousands of customers across long term contracts, tenders and spot sales

Core Commercial

- Supplying mining, construction, transport, power and industrial companies. We also supply LPG, primarily to consumers

Aviation and Marine

- Supplying aviation fuel, plus bunkering for marine traders and other shipping companies

FY 2019 Adj. EBITDA: \$135m

Favourable African macro trends....



STRONG POPULATION GROWTH

- **1.2 billion** more people by **2050**⁽¹⁾
- **58%** of global population growth



YOUNG POPULATION

- **60%** of the population younger than **25 years** vs. 28% in developed regions⁽²⁾



RAPID URBANISATION

- Urban population to grow from **42%** to **60%** from 2015 to 2050



GROWING MIDDLE CLASS

- **376 million** to **582 million** people from 2013 to 2030



STRONG GDP GROWTH IN VIVO ENERGY COUNTRIES

- **5.0%** CAGR 2019 – 2024 (pre-COVID)
- Latest forecasts: **1.0%** contraction in 2020, followed by **4.6%** growth in 2021⁽³⁾



INCREASING CONSUMER SPENDING

- **3.8%** household consumption CAGR 2015 – 2025



RAPID VEHICLE GROWTH

- **4.8%** CAGR 2019 – 2024⁽⁴⁾
- **41** vehicles per 1,000 people vs. **556** in Europe and **805** in the US⁽⁴⁾



STRONG INFRASTRUCTURE DEVELOPMENT

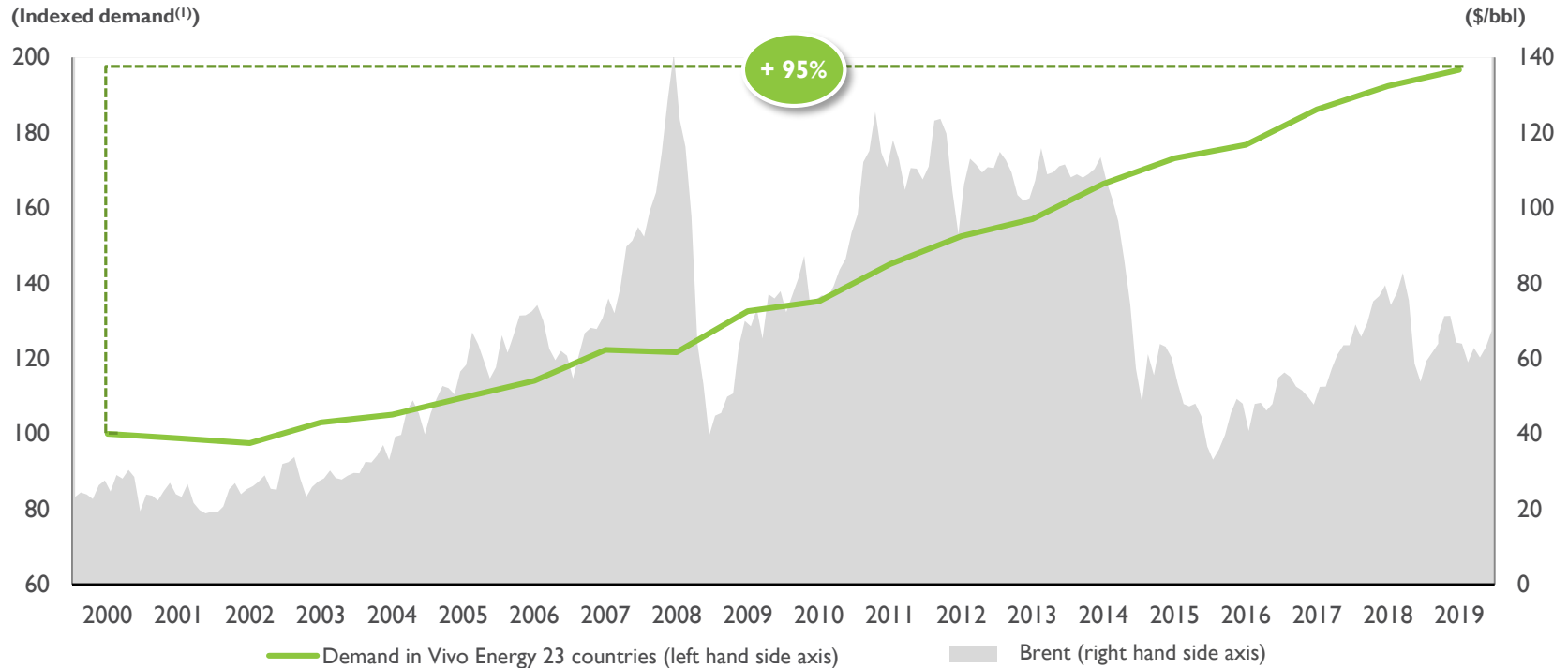
- **\$150bn** of annual infrastructure spending required by 2025

Source: BMI, IMF, WHO, UN World Population Prospects 2019, UN World Urbanization Prospects 2014, McKinsey: "Lions on the move II: realizing the potential of Africa's economies", McKinsey: "Solving Africa's infrastructure paradox", Deloitte: "The Deloitte Consumer Review Africa: A 21st century view".

- (1) As compared to 2019 population.
- (2) As of 1 July 2019.
- (3) As of June 2020.
- (4) Includes motorbikes.

...drive consistent growth in fuel demand

FUEL DEMAND HAS NEARLY DOUBLED IN THE PAST 20 YEARS



AFRICAN FUEL DEMAND CHARACTERISTICS

- Fuel is a consumer staple, with few public transport alternatives
- Roads are the primary transport route for goods across the continent
- Growing car parc with vehicles tending to be older and less efficient

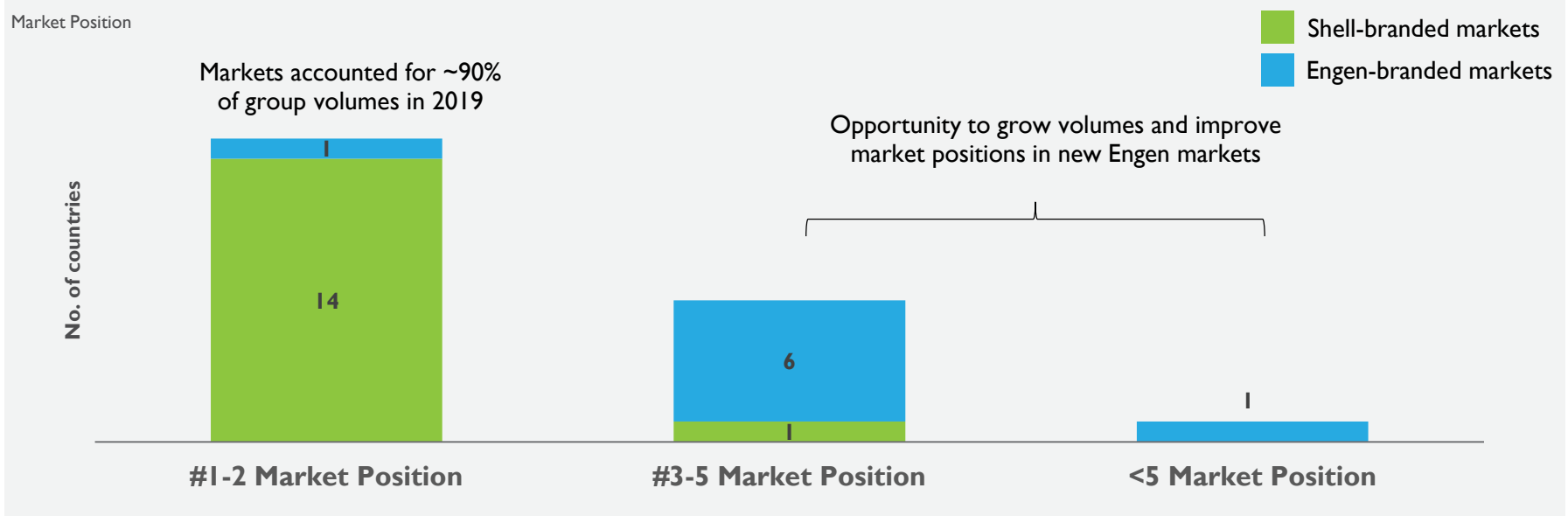


Key Investment Highlights



Leading market positions and strong brands

MAJORITY OF VOLUMES COME FROM MARKETS WITH STRONG MARKET POSITIONS



BRAND REMAINS CRITICAL IN AFRICA...

- Price regulation in most markets
- Fuel is a high share of wallet purchase
- Presence of counterfeit and adulterated products

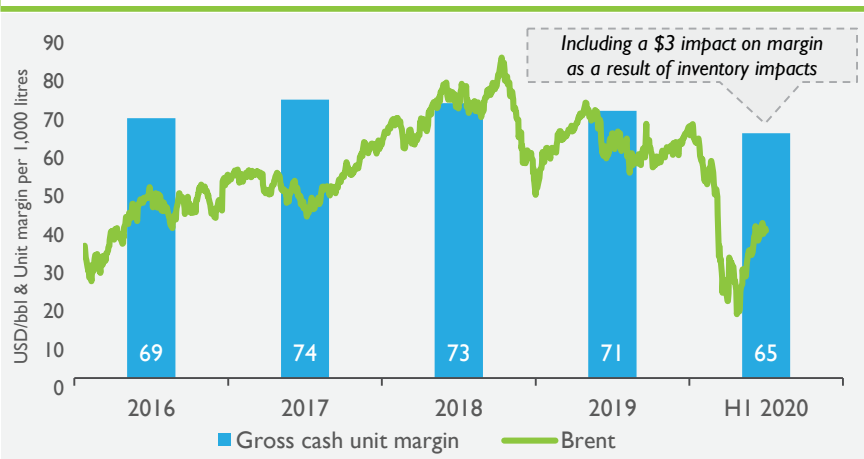
....AND WE HAVE LEADING FUEL BRANDS



Shell is a leading global fuel brand Engen is a leading African brand

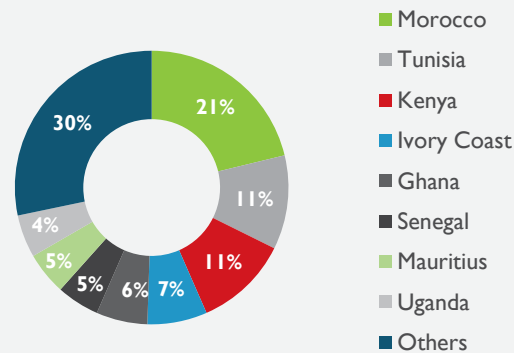
Diversified and resilient operations

MARGINS HAVE LIMITED CORRELATION TO OIL PRICE



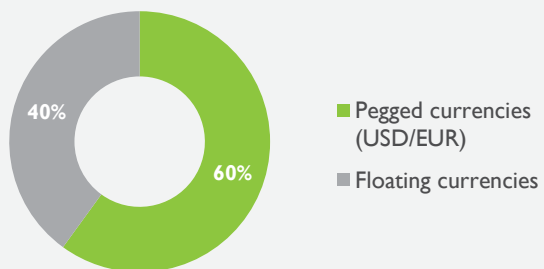
HIGHLY GEOGRAPHICALLY DIVERSE

(Eight largest markets represented ~70% of 2019 group volumes)



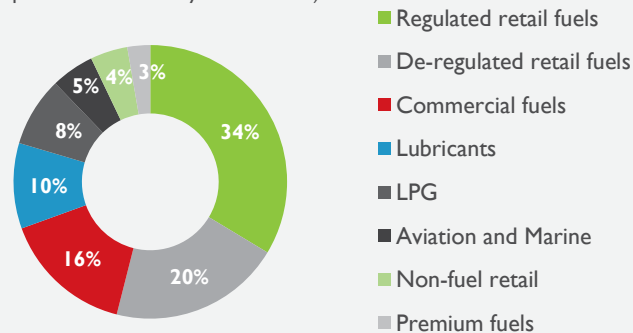
WITH FX RISK MINIMISED DUE TO CURRENCY PEGS

(% of HI 2020 Adjusted EBITDA)



AND OPERATIONALLY DIVERSE

(2019 Gross cash profit contribution by business line)



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** 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
(with subsidies⁽²⁾)

2 countries
(~15% of volumes⁽¹⁾)

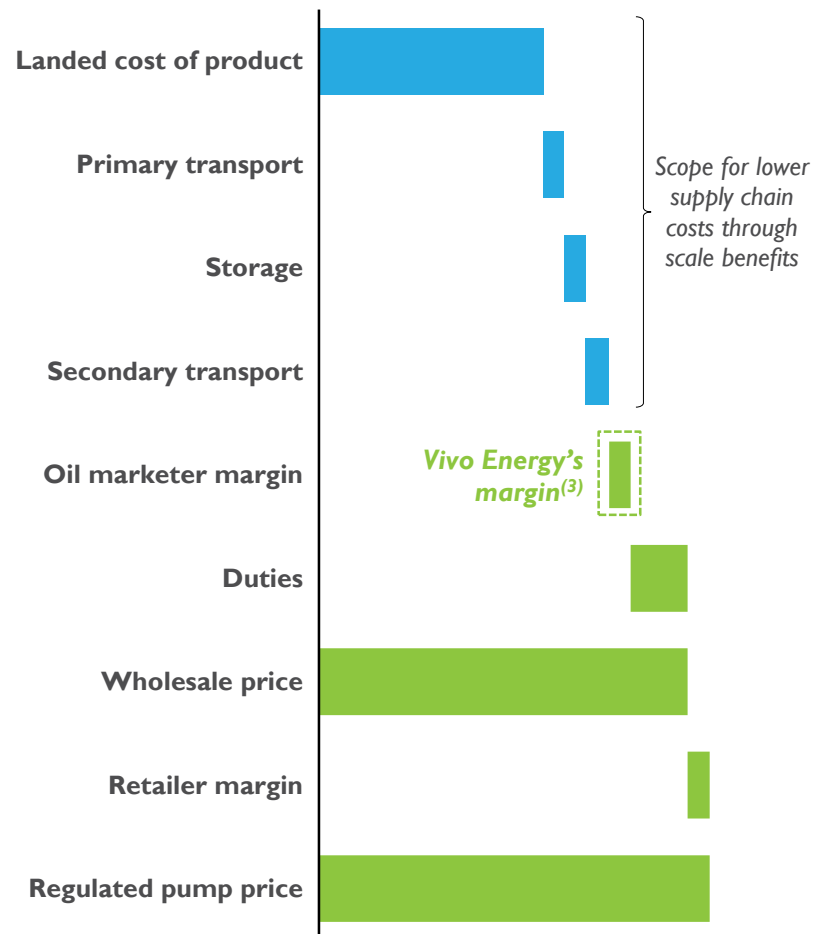
- Regulated markets can also be **Subsidised**, where the pump price is stable and doesn't reflect the oil price
 - Marketing **margins are fixed** per litre

De-regulated

3 countries
(~33% of volumes⁽¹⁾)

- **De-regulated** markets are more common in developed economies
 - Pump prices fluctuate frequently due to oil price and competition
 - Marketing **margins are variable** per litre

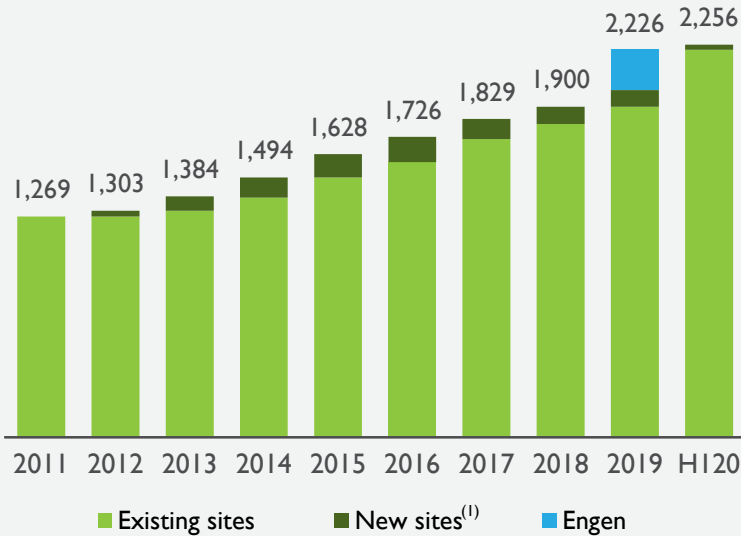
MARGINS IN REGULATED MARKETS ARE COST PLUS



Track record of executing our growth strategy

RETAIL SITE PORTFOLIO GROWTH

(Number of sites)



- Deliver a net new site every 3 days on average⁽²⁾
- Opened 96 net new sites in 2019, and 30 in H1 2020
- Engen acquisition brought over 200 new sites
- Gross cash profit from Non-fuel Retail increased from \$16m in 2016 to \$33m in 2019
- Premium fuels volumes grew 30% year on year in 2019
- Increasing use of technology to drive performance

DELIVERING PROFITABLE GROWTH IN COMMERCIAL

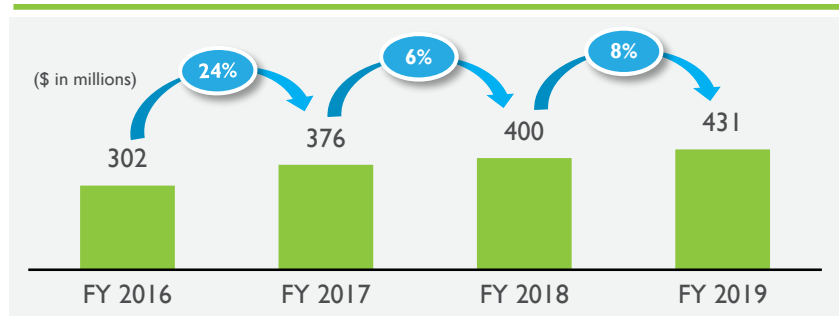
- Diverse customer base of thousands of clients
- Selectively target profitable growth in stable, high margin sectors
- Offer well-developed attractive Customer Value Propositions (CVPs)
- Deliver value through strong technical support
- Strong credit risk management

SELECT NON-FUEL RETAIL PARTNER BRANDS

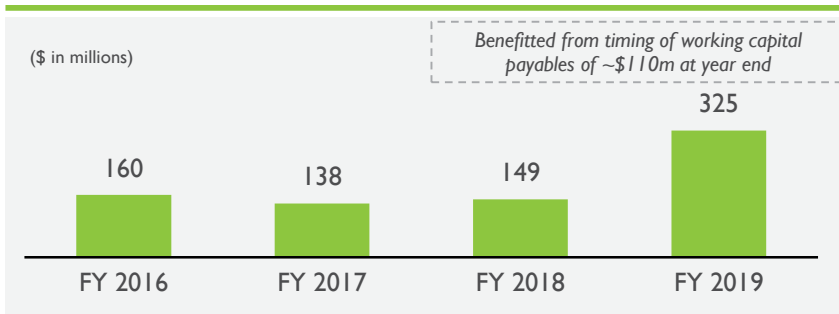


Strong adjusted free cash generation and low leverage

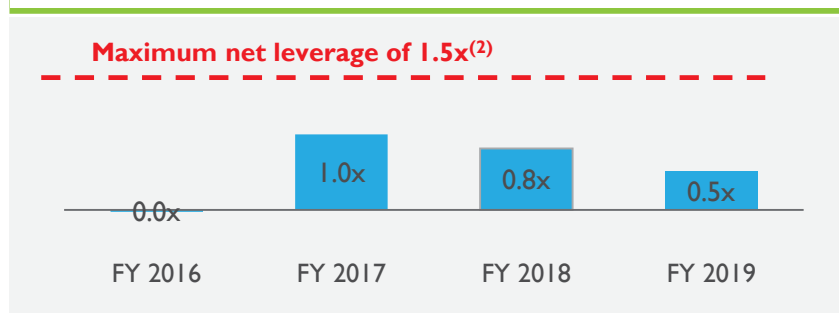
SUSTAINED ADJUSTED EBITDA GROWTH



STRONG ADJUSTED FREE CASH FLOW GENERATION⁽¹⁾



LOW FINANCIAL LEVERAGE



HOW WE DELIVER GROWTH AND HIGH RETURNS

- A Resilient unit margins**
 - Retail margins decoupled from oil prices
- B Significant diversification**
 - Across regions, segments and currency exposure
- C Low financial leverage**
 - Maximum net leverage of 1.5x in the normal course of business⁽²⁾
- D Disciplined capital allocation**
 - Rigorous return requirements, high returns on investment and staff compensation linked to ROACE
- E Strong financial efficiency**
 - Structurally negative working capital with operational leverage

Responsible company with integrated sustainability practices

CORPORATE SOCIAL RESPONSIBILITY



- ▶ Supported over 70 community investment programmes in H1 2020 and allocated our entire community budget for 2020 to COVID-19 response initiatives
- ▶ Our usual community spending focuses on:
 - **Road safety** – working with local communities and NGOs to shift attitudes to road safety
 - **Education** – wide range of initiatives focused on learning for school children
 - **Environment** – educating local communities as well as marketing energy efficient products

ENVIRONMENTAL INITIATIVES



- ▶ Policy to reduce our impact and continually improve our environmental performance and to encourage partners, customers and suppliers to do same
 - c.10% reduction in CO₂e emissions achieved in 2019 vs. 2018 in Shell-branded operating units
- ▶ Range of efficiency measures underway to reduce emissions across the network
- ▶ Solar panels on retail sites in 10 countries
- ▶ Developing commercial hybrid solution

LEADING HSSE STANDARDS



- ▶ Leading HSSE standards:
 - Industry-leading safety record
 - Strong environmental performance
 - Global 24/7 independent whistleblower hotline
 - Significant investment in training and development
- ▶ Expanding suite of ISO certified management systems across Environmental, Health and Safety and Anti-bribery



Recent Developments



COVID-19: Financial / business impact

COVID-19 IN OUR MARKETS

- ▶ Mobility in our markets impacted by COVID-19 restrictions
- ▶ In April, 9 countries had full lockdowns in place, including major markets Morocco, Tunisia and Uganda
- ▶ During May and June these measures were gradually eased
- ▶ As of today, no markets are in full lockdown, but lighter restrictions remain in place across the portfolio
- ▶ Monthly volumes recovering with June and July volumes less than 5% behind previous year

PROTECTING OUR PEOPLE, CUSTOMERS AND COMMUNITIES

- ▶ Range of preventive health and safety measures implemented
- ▶ Supported dealer and transporter network to protect local jobs
- ▶ Rolling out new initiatives for customers such as delivery
- ▶ Supported over 70 projects across our operating countries to stakeholders mitigate the impact of the pandemic

RESILIENT PERFORMANCE DESPITE THE IMPACT OF COVID-19

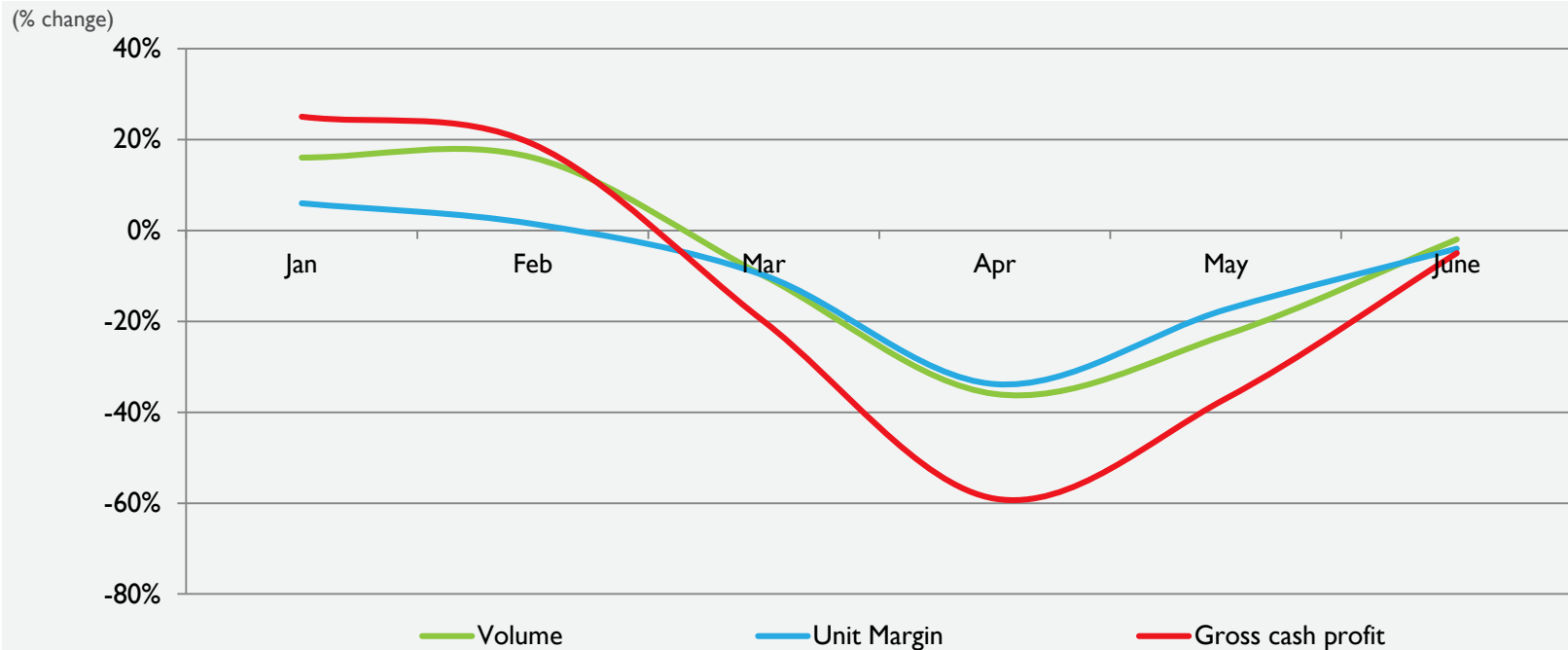
US \$m, unless otherwise indicated	HI 2019 ⁽²⁾	HI 2020	% change
Volumes (million litres)	4,985	4,618	(7)%
Gross Cash Unit Margin (\$ per '000 litres)	70	65	(7)%
Gross Cash Profit	351	300	(15)%
Adjusted EBITDA	212	140	(34)%
Adjusted Free Cash Flow	(15)	(146)	NM ⁽¹⁾
Net Debt	459	426	(7)%
Net Debt / Adjusted EBITDA	1.1x	1.2x	n/a.

DEFENDING OUR BUSINESS

- ▶ Our business model drives a lean cost base
- ▶ Reduced discretionary spend on marketing and capex
- ▶ Reduced supply of fuels by 75% in May to balance lower demand
- ▶ Closely monitoring credit exposures
- ▶ Paused dividend payments until more certainty in our markets

Business recovery underway

PERCENTAGE CHANGE IN MONTHLY PERFORMANCE AGAINST HI 2019

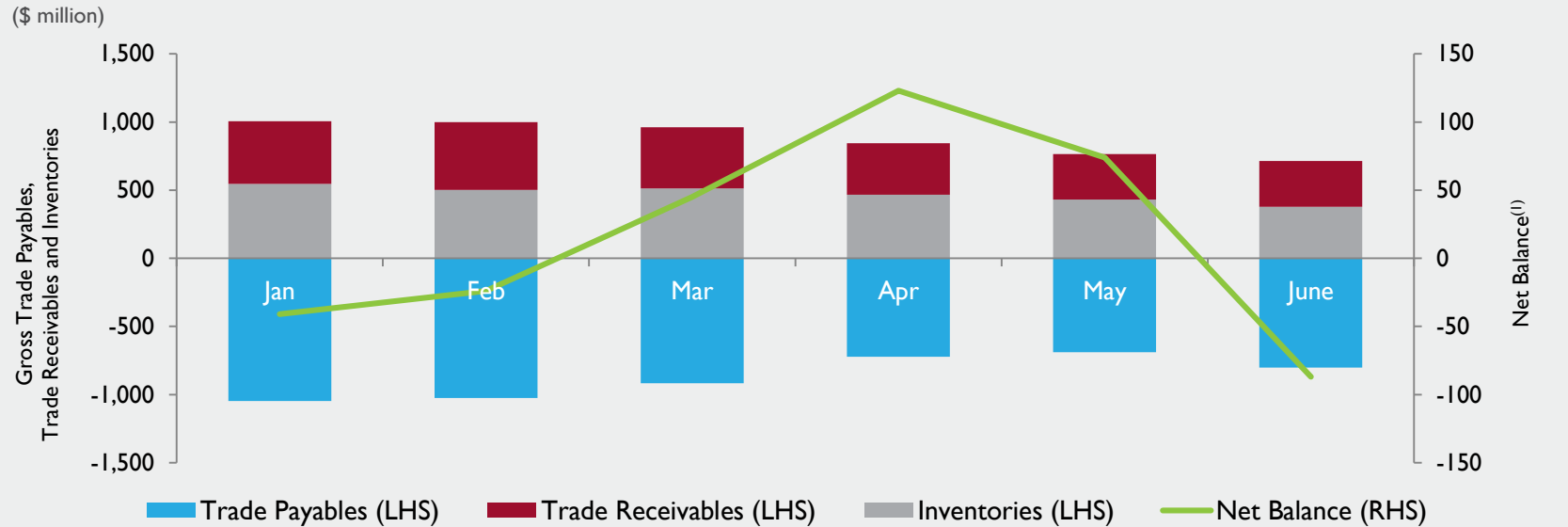


OUTLOOK

- ▶ Encouraged by improvement in trading in June, with recovery continuing into Q3
- ▶ Not yet appropriate to provide updated full-year guidance

Working capital returning to structurally negative position

SIGNIFICANT 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

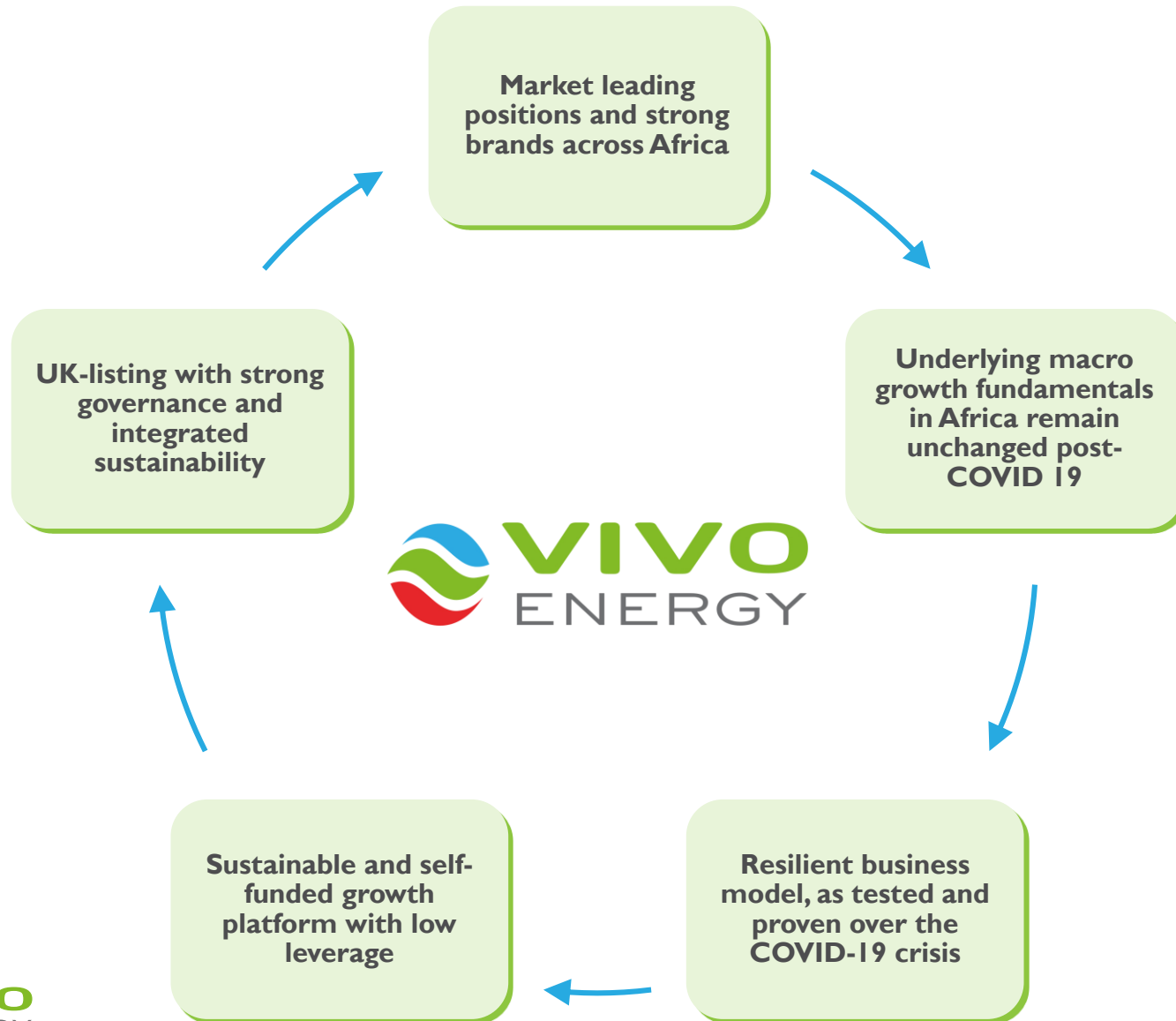
- ▶ Industry wide competition review concluded by Conseil de Concurrence (CdC) in H2 2020
- ▶ Indications that CdC had intended to levy an aggregate fine for each industry participant of 8% of its local Moroccan annual turnover
- ▶ No decision provided to the company to date
- ▶ Moroccan Royal Cabinet has now intervened, forming a new independent commission to review the CdC process following alleged procedural infringements on the part of the CdC
- ▶ We have always conducted our operations in accordance with applicable laws and regulation

Debut Bond Issuance

- ▶ Completed \$350 million debut offering of senior notes in September
 - ▶ Notes pay a coupon of 5.125% with a 7-year term
- ▶ Refinanced amortising term-loan due 2022 and provides funds for general corporate purposes
- ▶ Delivered on strategic objective of optimising our capital structure and significantly extending our debt maturities
- ▶ Demonstrates of the strength of our business in the capital markets



Key takeaways



Appendix

HI Review

Industry Overview

Historic Performance

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

Playing our part in the fight against COVID-19

PROTECTING OUR PEOPLE AND CUSTOMERS



SUPPORTING OUR COMMUNITIES

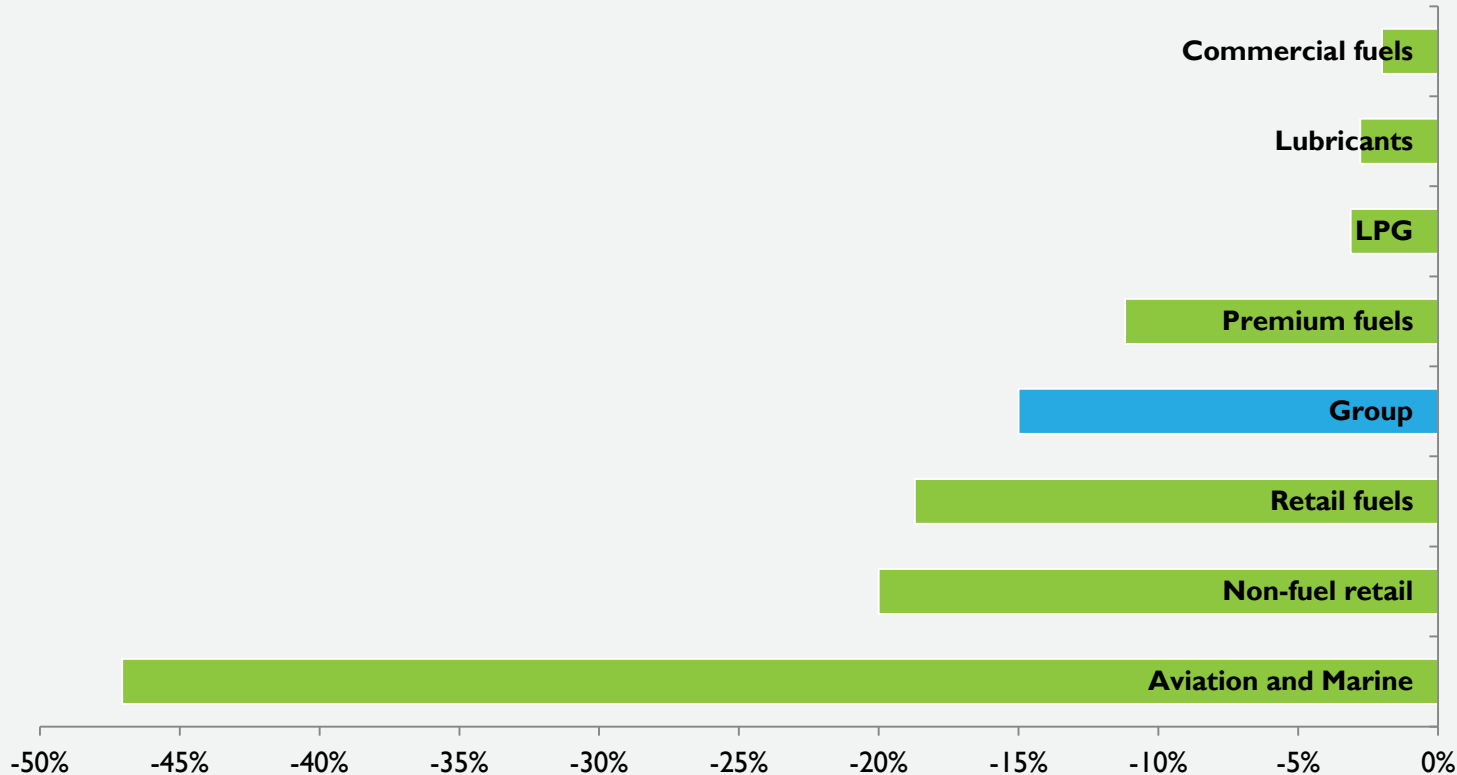


- ▶ Committed our 2020 community budget to initiatives supporting the fight against COVID-19
- ▶ Supported over 70 projects across our operating countries

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)



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

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)	H1 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

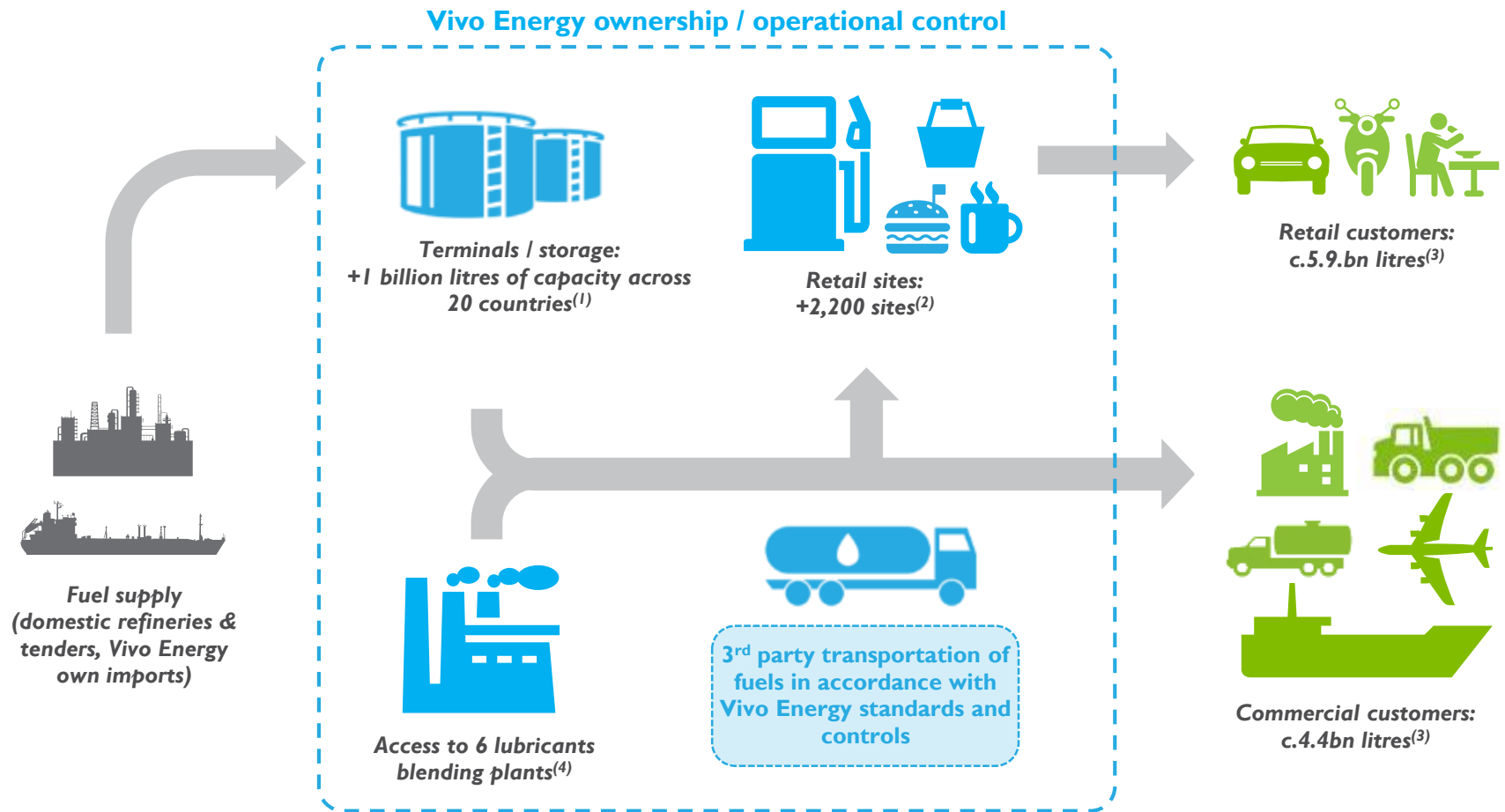
Appendix

HI Review

Industry Overview

Historic Performance

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

Overview of regulated markets

OVERVIEW OF REGULATION

	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⁾



De-risking Retail performance through use of Dealer model

Company Owned
(~65% of portfolio)

Dealer Owned
(~35% of portfolio)

Company Operated

Dealer Operated

Dealer Operated

~5% of portfolio

- Generally flagship or highway sites
- Sometimes mandatory initial platform due to regulations
- We are responsible for all operating costs and interaction with the consumer
- Higher margin capture
- High level of operational complexity

~95% of portfolio is Dealer Operated

- Forecourt operating risk transferred to the Dealer, whilst we focus on supply and standards
- Dealer manages employees, opex, working capital and interaction with the consumer
 - In return, receive the fixed “retailer” margin
- Vivo Energy retains responsibility for supply, branding, marketing, operating standards and HSSE
 - In return, receive fixed “marketer/distributor” margin
- Captive channel and low operating complexity as our “consumer” is the dealer

Appendix

HI Review

Industry Overview

Historic Performance

Key performance indicators

Year ended 31 December

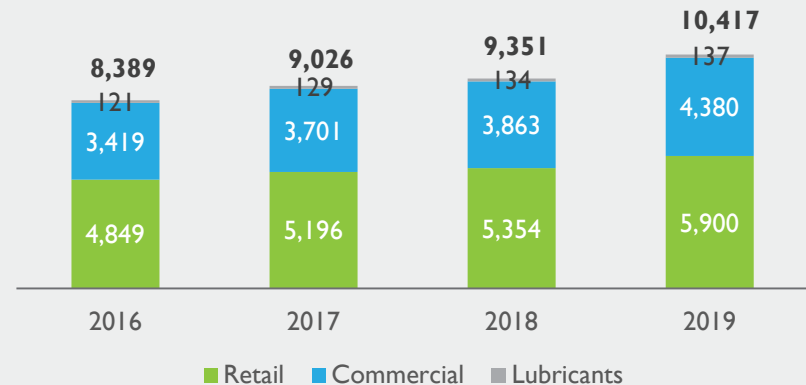
US\$m, unless otherwise indicated	2016	2017	2018	2019
Volumes (million litres)	8,389	9,026	9,351	10,417
Gross profit	533	614	625	675
Gross Cash Unit Margin	69	74	73	71
Gross Cash Profit	580	666	680	743
EBITDA	286	326	366	416
Adjusted EBITDA	302	376	400	431
Adjusted Net Income	109	171	178	162
Adjusted Free Cash Flow	160	138	149	325
ROACE (%)	20%	25%	23%	21%
Net Debt / Adjusted EBITDA	(0.0)x	1.0x	0.8x	0.5x

Source: Company information.

KPIs continue to exhibit positive performance

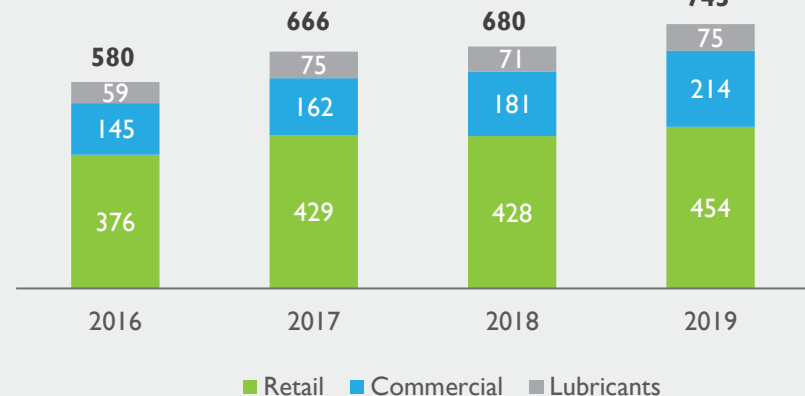
GROUP VOLUMES

(million litres)



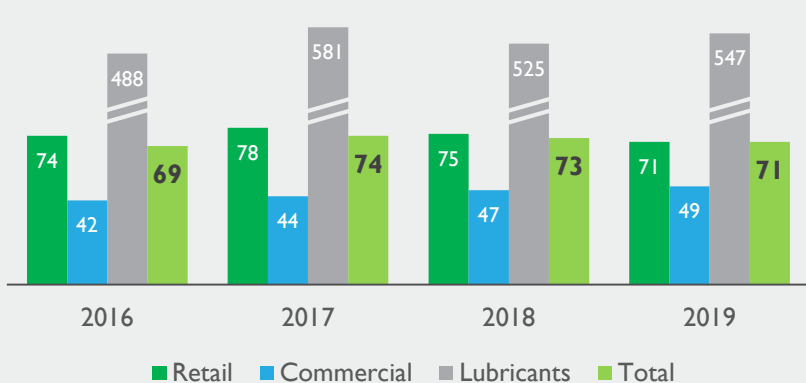
GROSS CASH PROFIT

(\$ million)



GROSS CASH UNIT MARGIN

(\$/'000 litres)



ADJUSTED EBITDA

(\$ million)

