

Vivo Energy plc Company Presentation

November 2020



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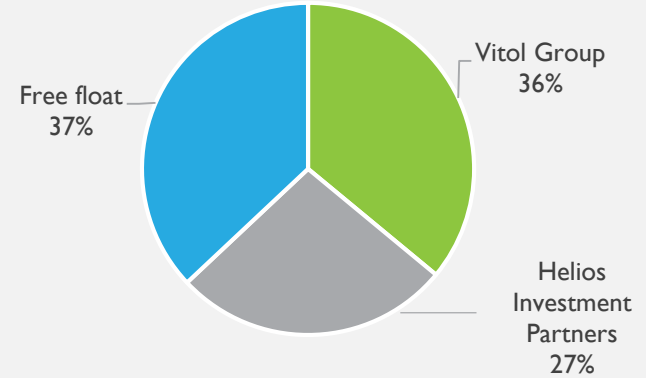
Company and Market Overview

FTSE 250 company with strong governance & experienced management

OVERVIEW

- Completed IPO on the LSE in May 2018 with a simultaneous inward secondary listing on the Johannesburg Stock Exchange
- At the time was the largest African IPO for 10 years
- Market capitalisation: ~£1.0bn (\$1.3bn) as at 1 November 2020
- Member of the FTSE 250 Index and JSE All Share Index
- UK Governance code compliant Board of Directors
- Dividend policy: minimum payout ratio of 30% of net income

SHAREHOLDER STRUCTURE¹



MANAGEMENT TEAM



Christian Chammas
Chief Executive Officer



Johan Depraetere
Chief Financial Officer



Frank Konan-Yahaut
EVP West Africa



Hans Paulsen
EVP East and Southern Africa



Eric Gosse
EVP Business Development, Support and Indian Ocean Islands



Omar Benson
EVP Sales and Marketing

Joined Vivo

2012

2012

2012

2013

2018

2012

Previous experience



SAMSUNG
McKinsey&Company
Morgan Stanley



Source: Company information.
(1) As at 01 November 2020.

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

Footprint in 23 countries



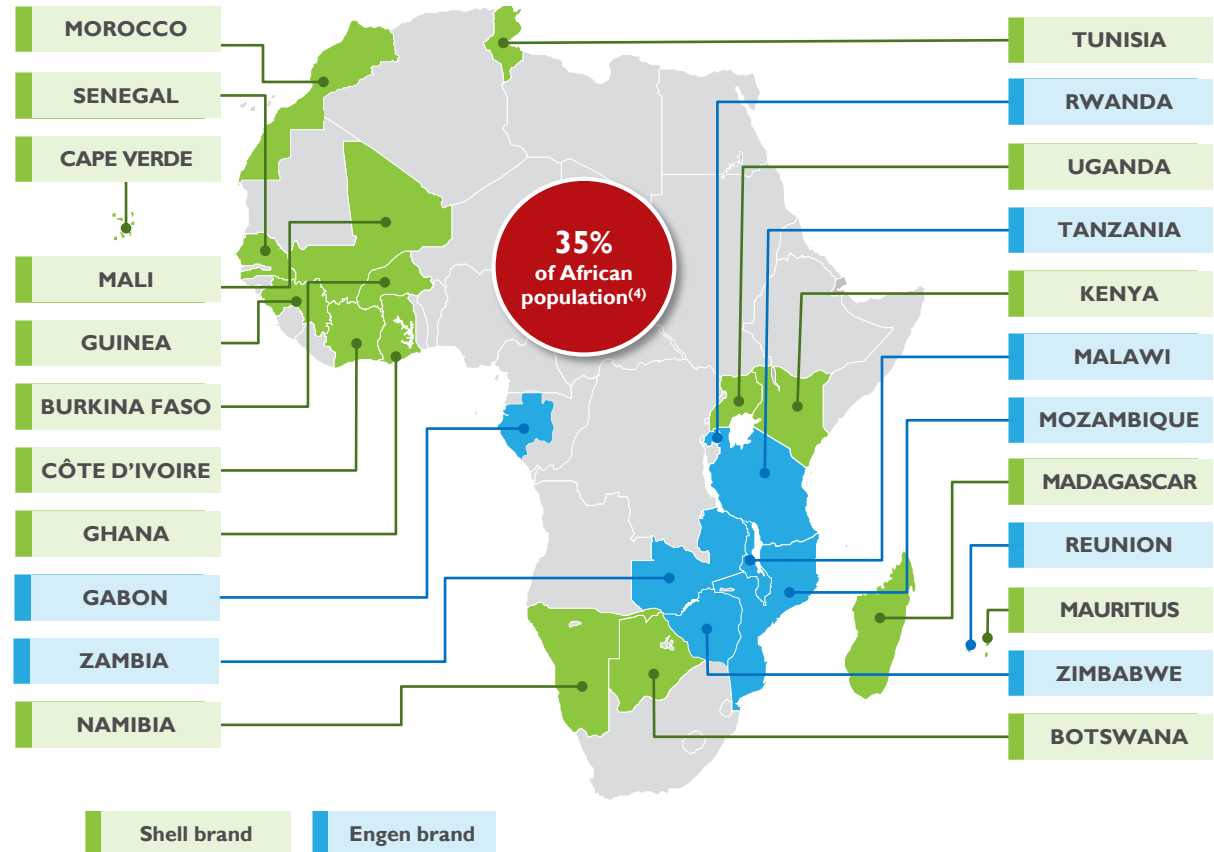
+2,250⁽¹⁾ retail sites

#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 2022 – 2025
- 3.1% contraction in 2020, followed by a 4.5% rebound in 2021



INCREASING CONSUMER SPENDING

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



RAPID VEHICLE GROWTH

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



STRONG INFRASTRUCTURE DEVELOPMENT

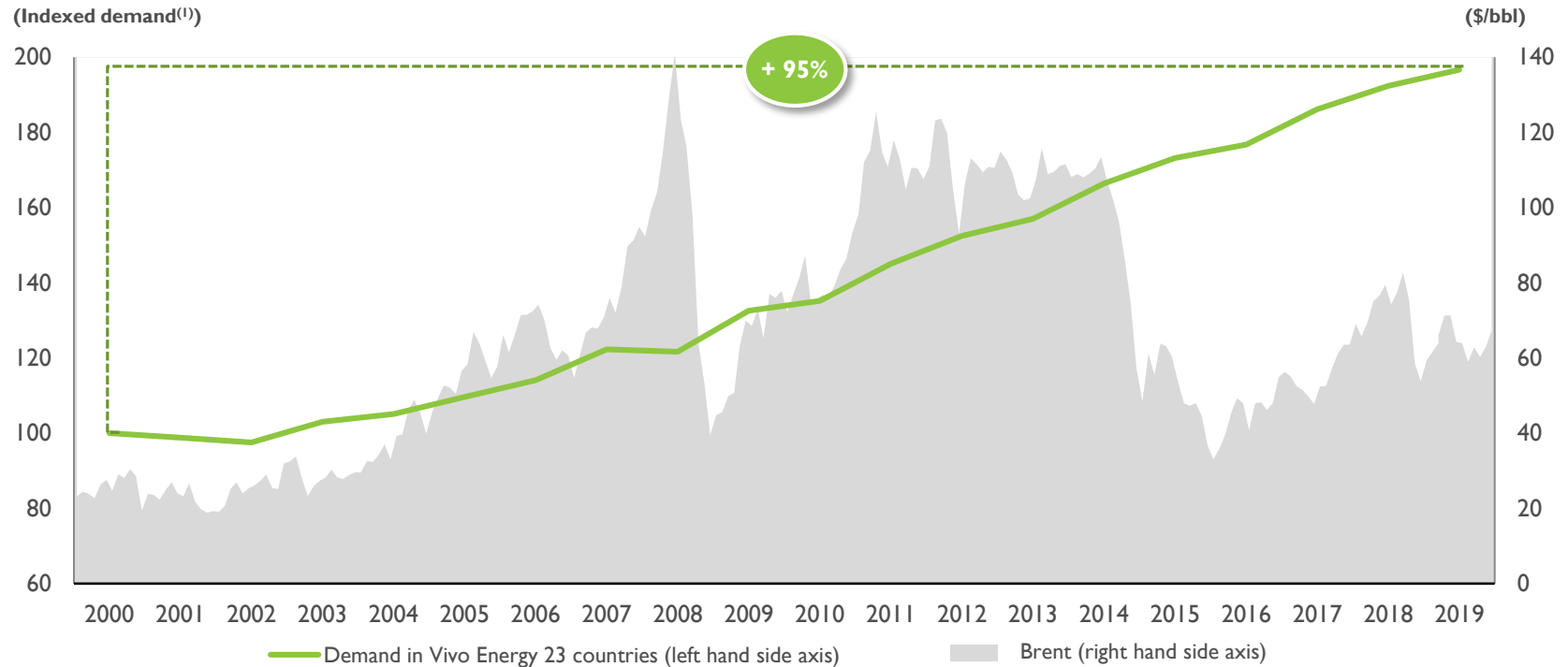
- **\$150bn** of annual infrastructure spending required by 2025

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

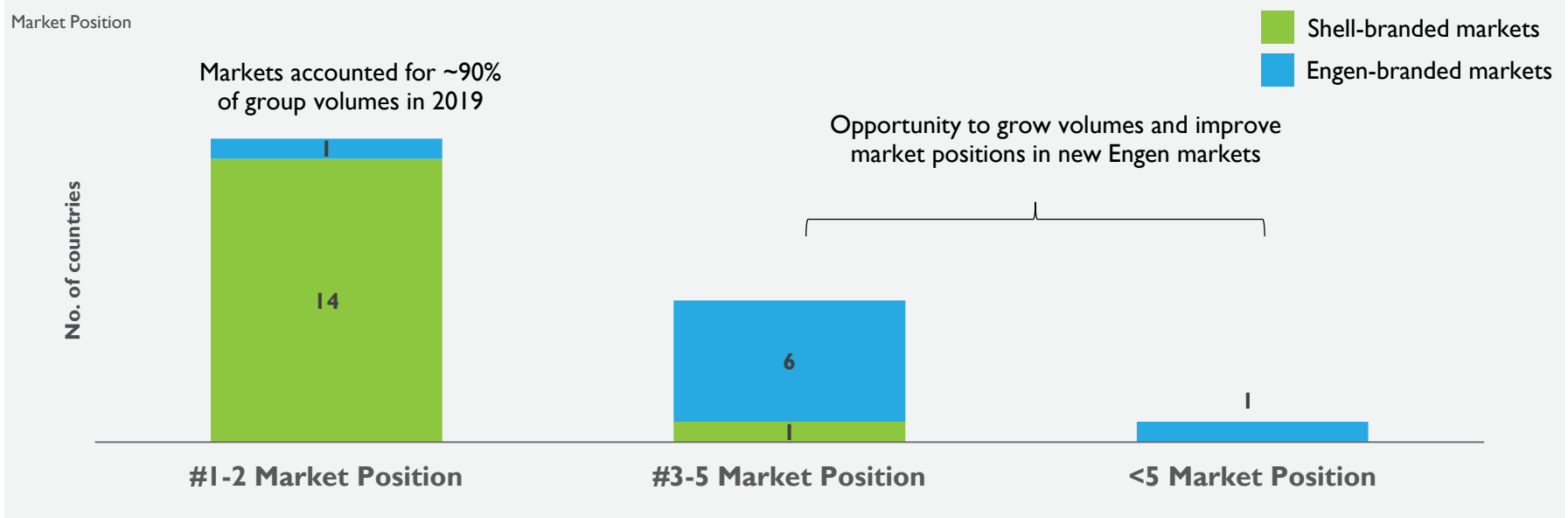
- Fuel is a consumer staple, with few public transport alternatives
- Roads are the primary transport route for goods across the continent
- Growing car parc with vehicles tending to be older and less efficient



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

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⁾)

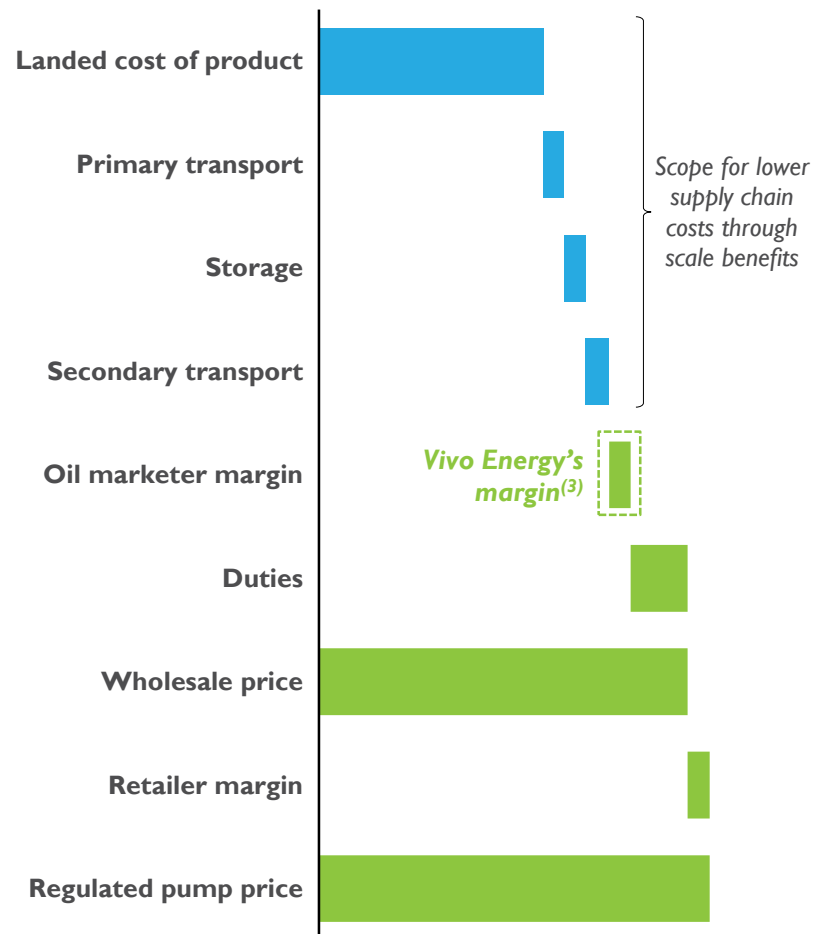
- Regulated markets can also be **Subsidised**, where the pump price is stable and doesn't reflect the oil price
 - Marketing **margins are fixed** per litre

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

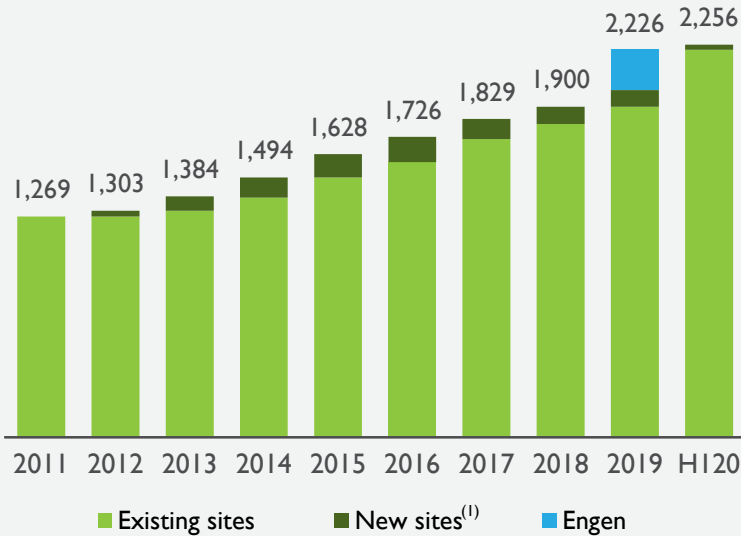
MARGINS IN REGULATED MARKETS ARE COST PLUS



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

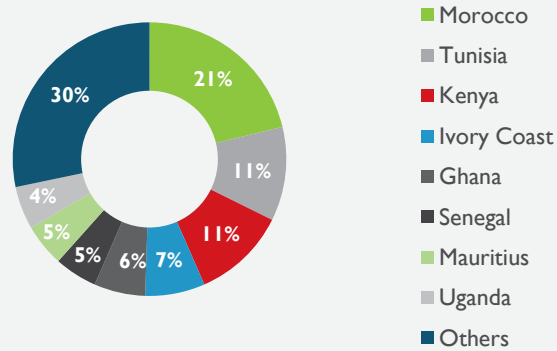
SELECT NON-FUEL RETAIL PARTNER BRANDS



Diversified and resilient operations

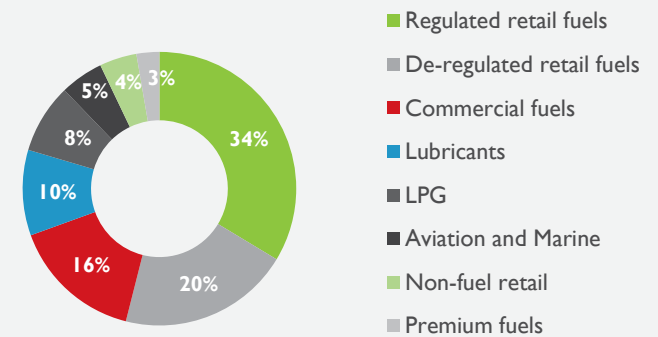
HIGHLY GEOGRAPHICALLY DIVERSE

(2019 Volume by country)



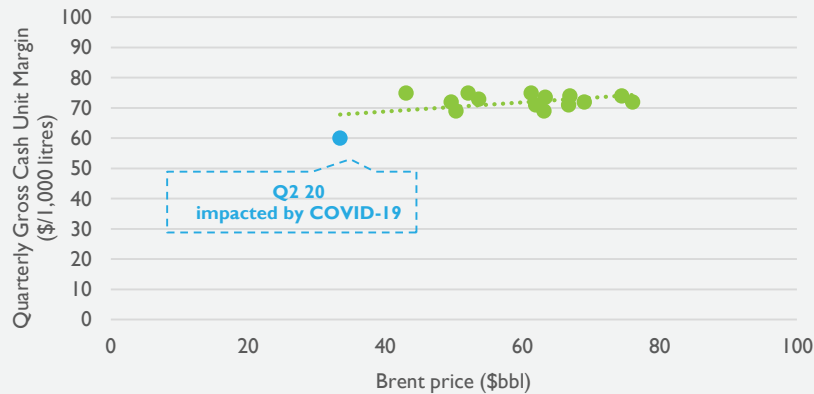
AND OPERATIONALLY DIVERSE

(2019 Gross cash profit contribution by business line)



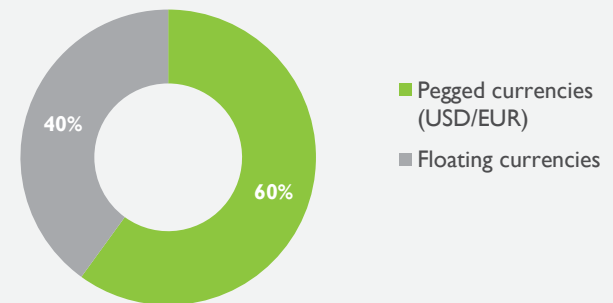
UNIT MARGINS UNCORRELATED TO THE OIL PRICE

(2017-Q3 2020 quarterly unit margins v quarterly oil price)



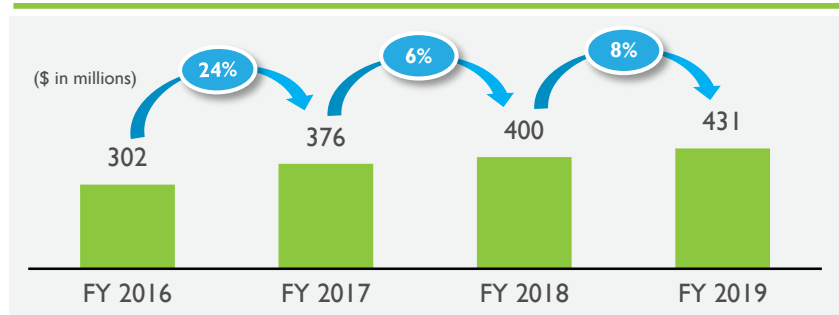
WITH FX RISK MINIMISED DUE TO CURRENCY PEGS

(% of H1 2020 Adjusted EBITDA)

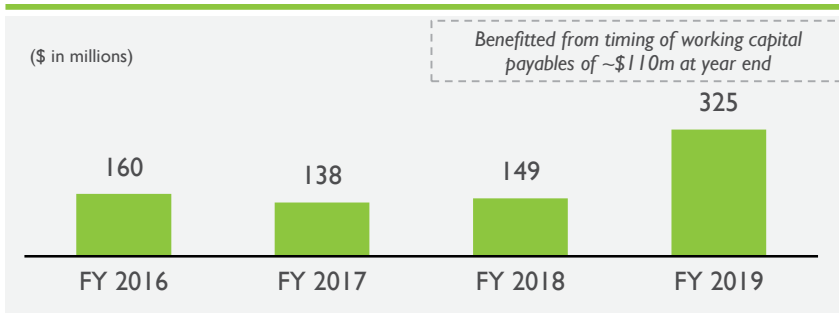


Strong adjusted free cash generation and low leverage

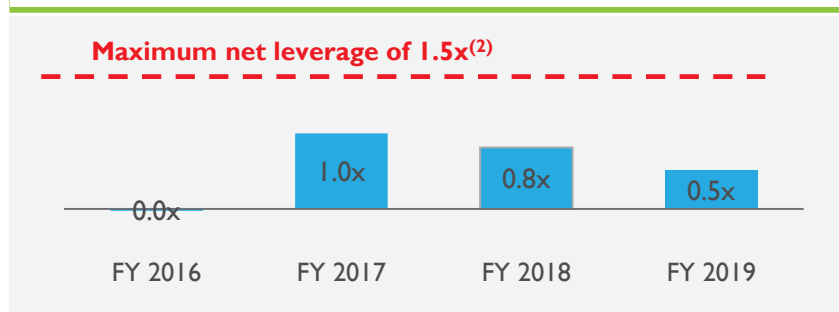
SUSTAINED ADJUSTED EBITDA GROWTH



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

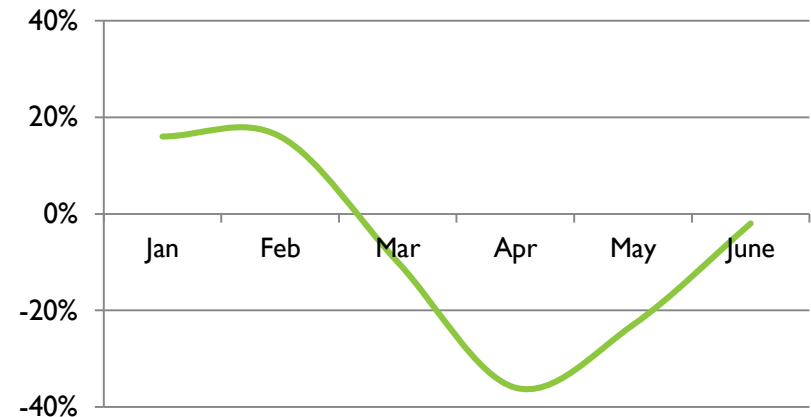
COVID-19 IN OUR MARKETS

- ▶ 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
- ▶ Volumes down ~40% at the peak in April, but recovered rapidly

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 help stakeholders mitigate the impact of the pandemic

VOLUMES RECOVERED QUICKLY FROM APRIL LOWS



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
- ▶ Deferred 2019 final dividend to protect balance sheet

Q3 2020 Performance

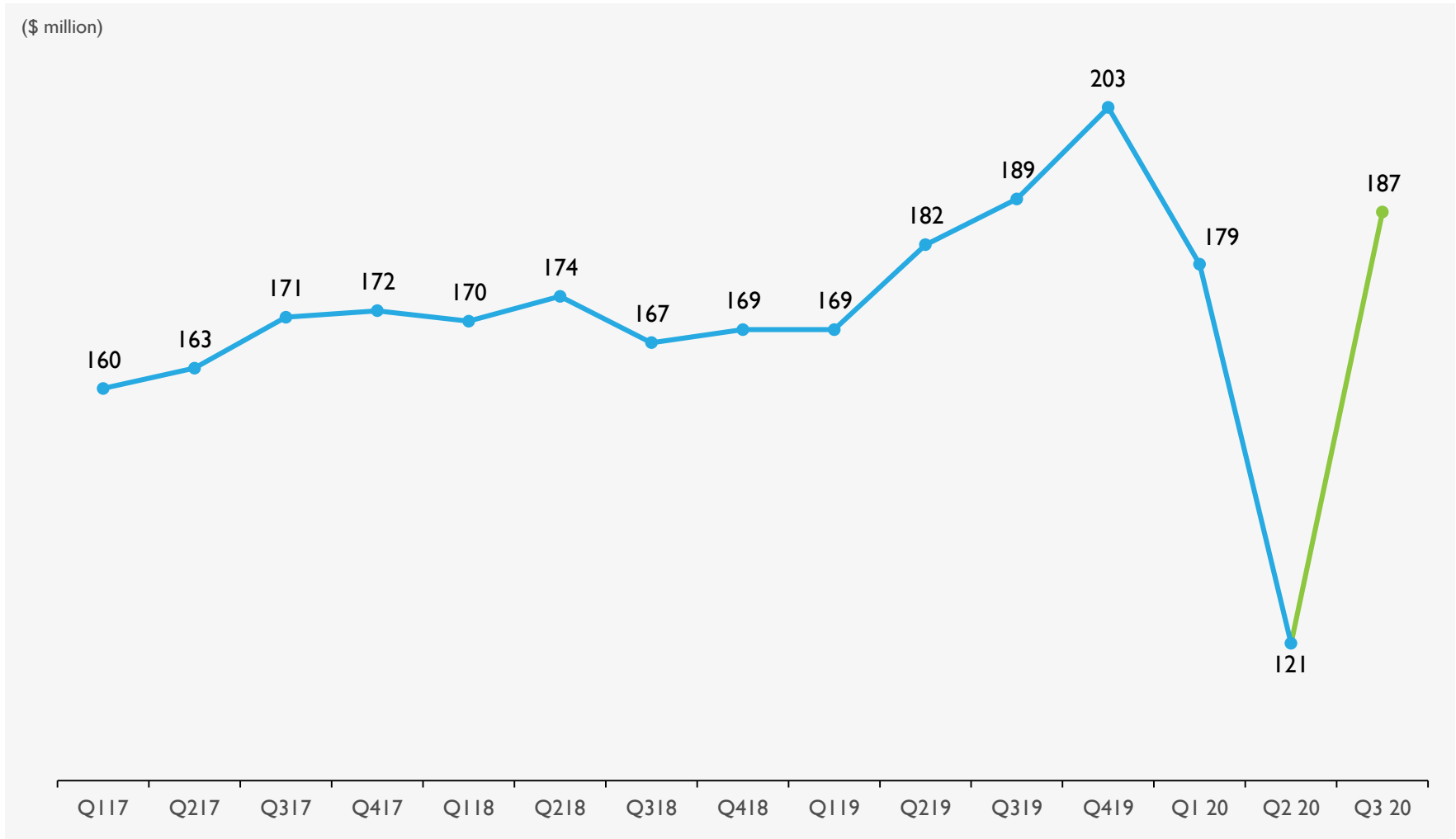
- ▶ Volumes improved significantly from Q2, although behind previous year due to ongoing restrictions
- ▶ Gross cash unit margins benefitted from the mix effect, forex and the current pricing and supply environment
- ▶ Gross cash profit of \$187 million, broadly in line with previous year
- ▶ Priority remains the safety of our people, our customers and our communities

KEY PERFORMANCE INDICATORS

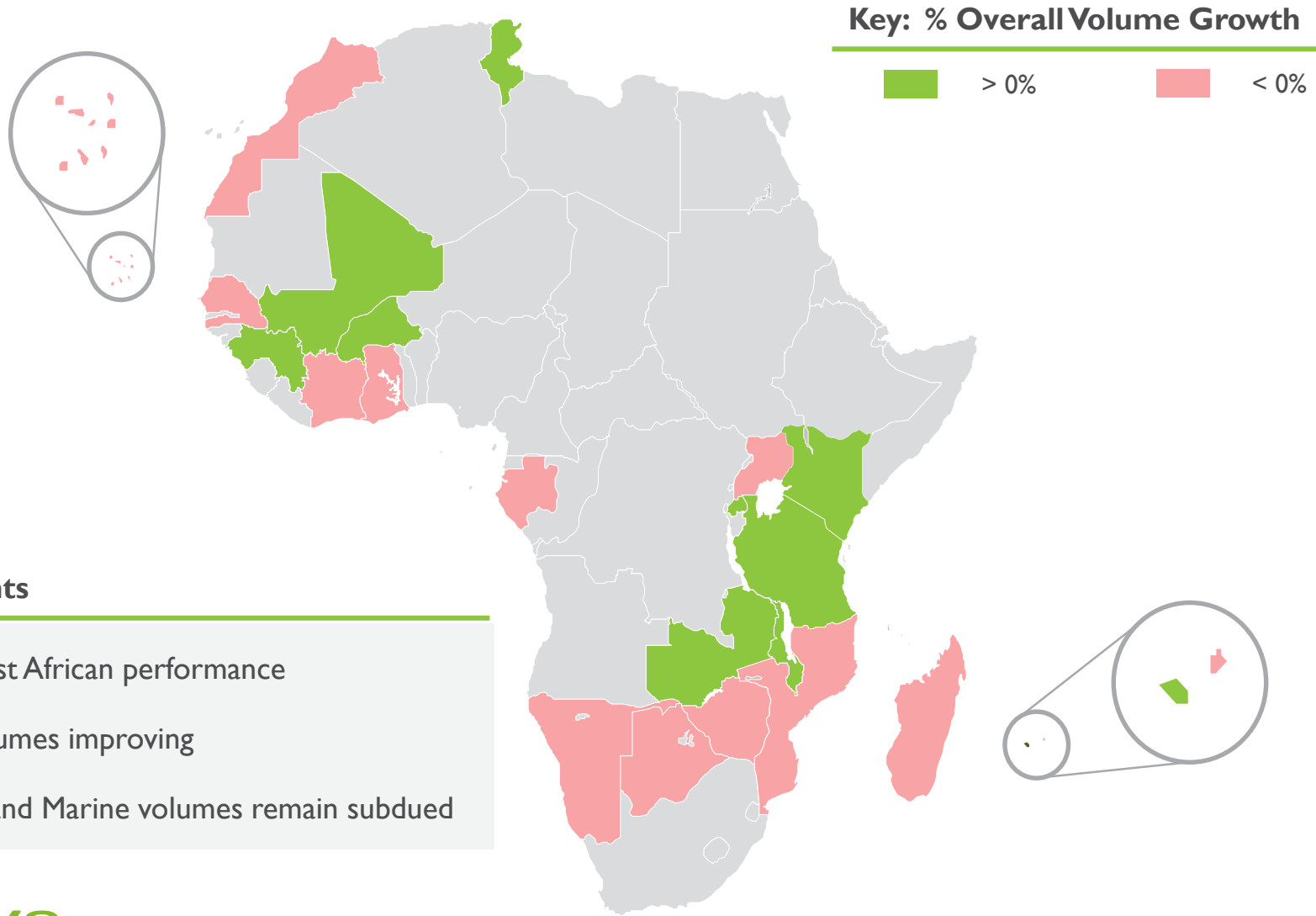
	Three months ended 30 Sept		
	2020	2019	Change
Volumes (million litres)	2,492	2,672	(7)%
Gross Cash Unit Margin (\$/'000 litres)	75	71	6%
Gross Cash Profit (\$ million)	187	189	(1)%

Back to Q3 2019 levels...

QUARTERLY GROSS CASH PROFIT



...with 10 of our markets returning to Y-o-Y growth in Q3



Major Points

- ▶ Strong East African performance
- ▶ Retail volumes improving
- ▶ Aviation and Marine volumes remain subdued

Resumption of dividends

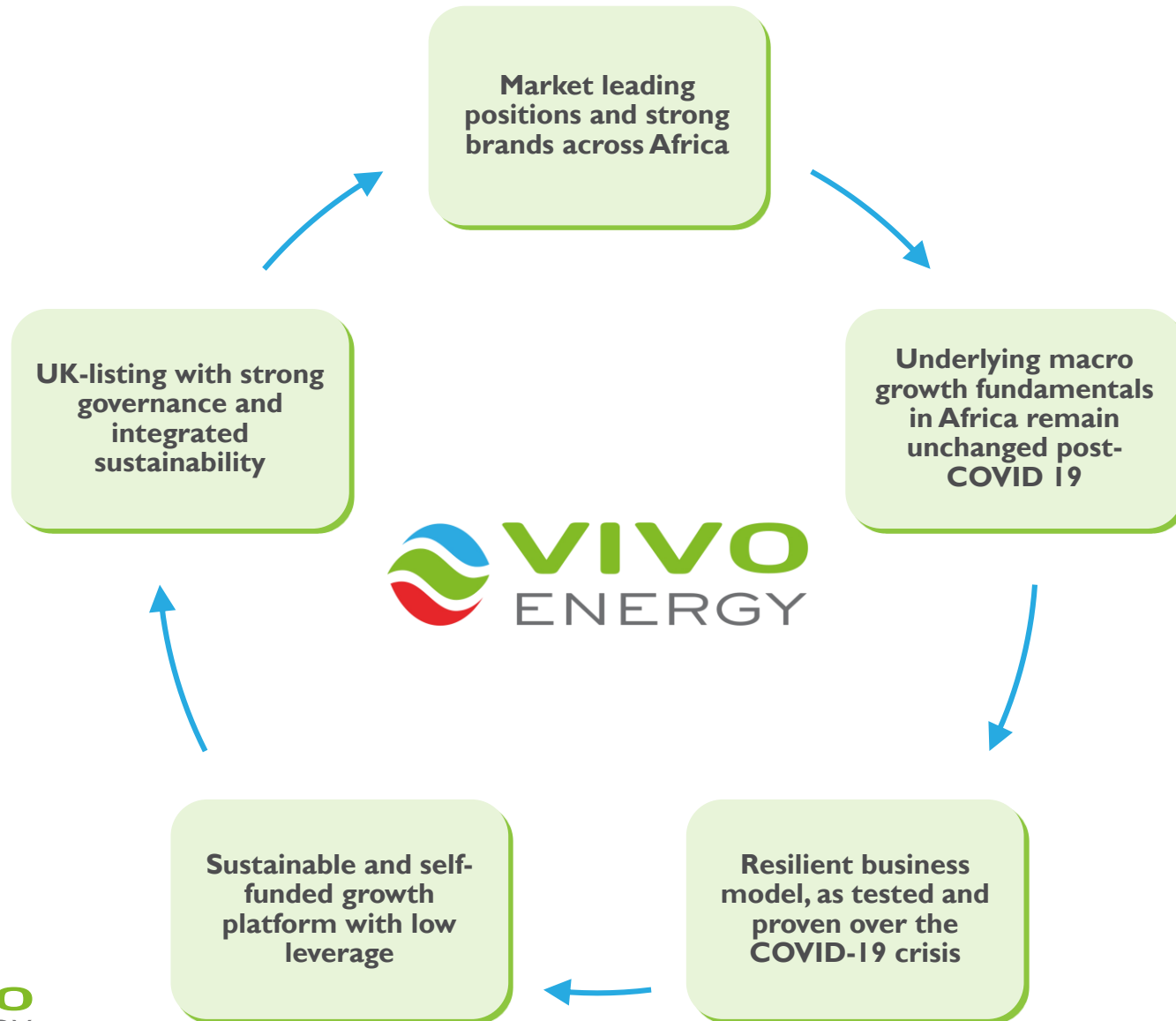
- ▶ In response to COVID-19, the Board withdrew its recommendation to pay the 2019 final dividend
- ▶ Due to actions we took and the resilience of our business, our balance sheet has remained strong
- ▶ As a result, the Board has decided to make a payment of 2.7 cents per share in settlement of the final dividend of 2019
- ▶ Will review the aggregate dividend in respect of performance during 2020 at our full year results



Summary



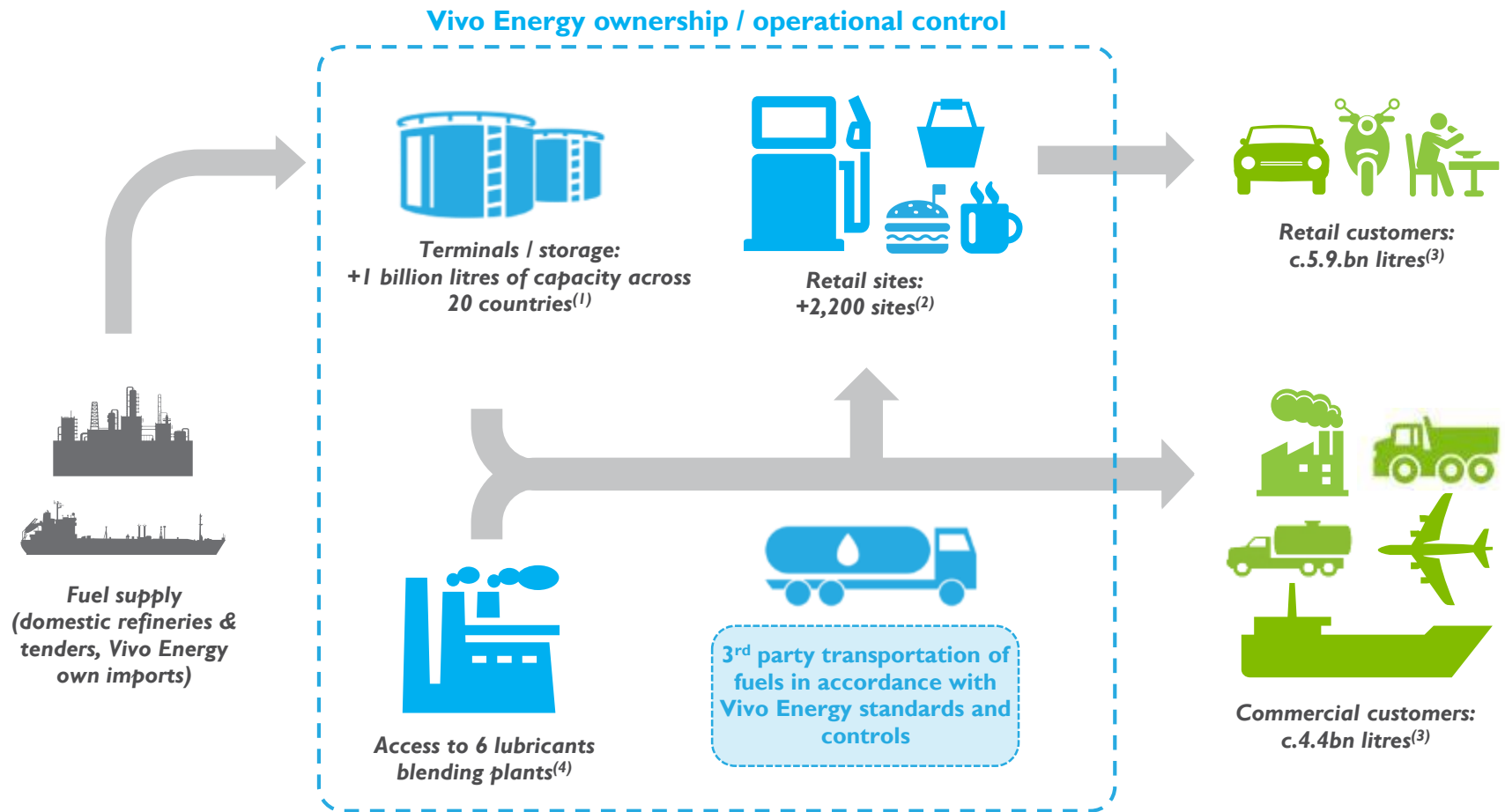
Key takeaways



Appendix

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

Industry Overview

Historic Performance

Key performance indicators

Year ended 31 December

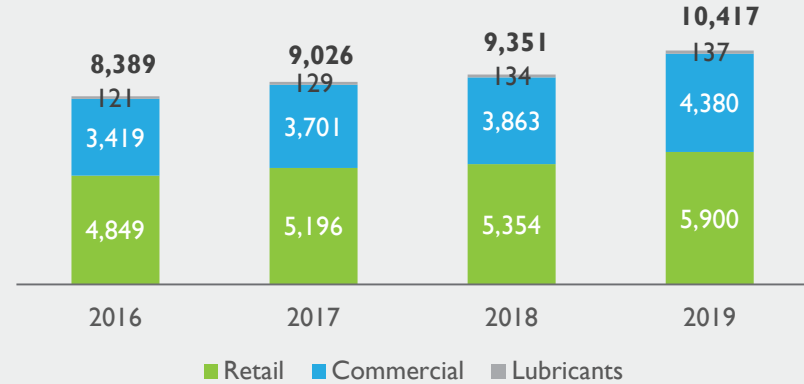
US\$m, unless otherwise indicated	2016	2017	2018	2019
Volumes (million litres)	8,389	9,026	9,351	10,417
Gross profit	533	614	625	675
Gross Cash Unit Margin	69	74	73	71
Gross Cash Profit	580	666	680	743
EBITDA	286	326	366	416
Adjusted EBITDA	302	376	400	431
Adjusted Net Income	109	171	178	162
Adjusted 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

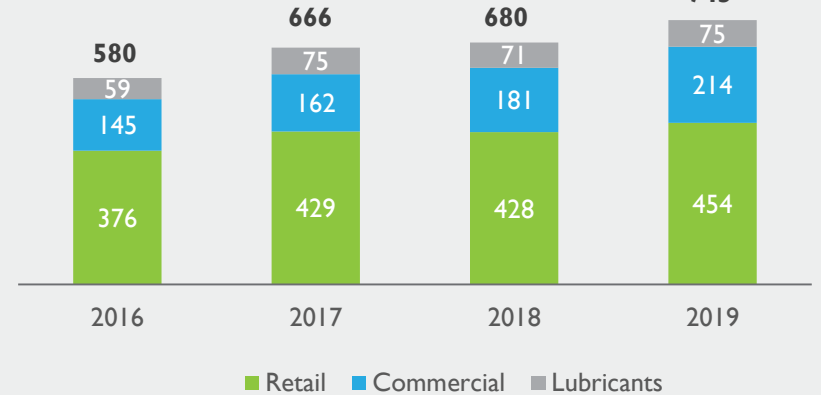
GROUP VOLUMES

(million litres)



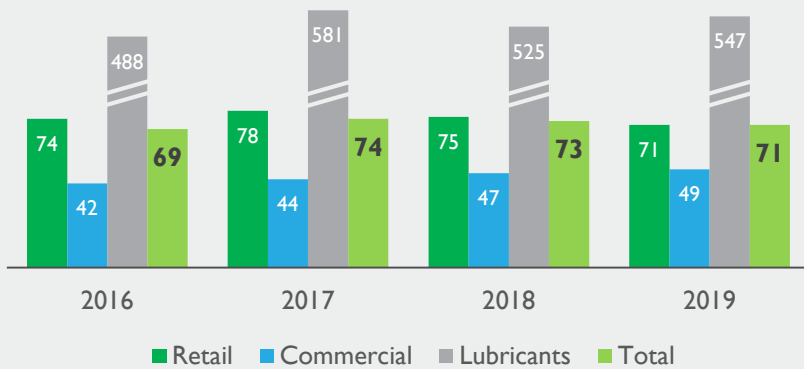
GROSS CASH PROFIT

(\$ million)



GROSS CASH UNIT MARGIN

(\$/'000 litres)



ADJUSTED EBITDA

(\$ million)

