



Vivo Energy plc
(LSE: VVO & JSE: VVO)

Third Quarter 2018 Trading Update

London, United Kingdom, 25 October 2018: Vivo Energy plc, the market leading pan-African fuel retailer and distributor operating under the Shell brand, today provides a trading update regarding the quarter ended 30 September 2018 (“Q3”).

“We have delivered another quarter of growth and with the restructuring of the Engen acquisition are poised to start the exciting next chapter of growth for our business as our presence will expand to 23 African countries, providing access to a potential target market of over 425 million consumers”, said **Christian Chammas, CEO of Vivo Energy**. “We continue to see strong underlying demand growth in our markets and with our differentiated business model and ongoing expansion of our retail network we are well placed to capitalise on this over the long term. For 2018, we are on track to deliver another year of strong financial performance, driven by overall volume growth of around 4% at a gross cash unit margin of around \$73 per thousand litres.”

Highlights

- Q3 volumes of 2,323 million litres, +2% vs Q3 2017, with strong Commercial volume growth being recorded. This was tempered by lower growth in Retail as a result of primarily short-term external supply constraints in several markets
- Gross cash unit margin in Q3 of \$72 per thousand litres, -4% vs Q3 2017, primarily due to lower Retail margins in Morocco
- Lower Retail fuel margins led to gross cash profit of \$167 million, -2% vs Q3 2017
- Strong Non-fuel retail gross cash profit growth of 24% in Q3
- In Q3 announced agreement to restructure the Engen transaction which will bring over 225 retail sites, and add eight new countries to Vivo Energy’s footprint from 1 March 2019, for total consideration of \$203.9 million

KEY PERFORMANCE INDICATORS

| US \$ millions, unless otherwise indicated | Three-month period ended 30 September | | | Nine-month period ended 30 September | | |
|---|--|--------------|------------|---|--------------|------------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Volumes (million litres) | | | | | | |
| Retail | 1,358 | 1,350 | +1% | 3,993 | 3,864 | +3% |
| Commercial | 932 | 893 | +4% | 2,858 | 2,776 | +3% |
| Lubricants | 33 | 32 | +4% | 100 | 97 | +3% |
| Total | 2,323 | 2,275 | +2% | 6,951 | 6,737 | +3% |
| Gross Cash Unit Margin (\$/000 litres) | | | | | | |
| Retail Fuel (excluding Non-fuel retail) | 74 | 80 | -8% | 77 | 78 | -1% |
| Commercial | 46 | 45 | +2% | 47 | 44 | +7% |
| Lubricants | 513 | 564 | -9% | 529 | 577 | -8% |
| Total | 72 | 75 | -4% | 74 | 73 | +1% |
| Gross Cash Profit | | | | | | |
| Retail (including Non-fuel retail) | 107 | 113 | -5% | 324 | 315 | +3% |
| Commercial | 43 | 40 | +8% | 135 | 123 | +10% |
| Lubricants | 17 | 18 | -6% | 53 | 56 | -6% |
| Total | 167 | 171 | -2% | 512 | 494 | +4% |



Retail

In the third quarter we delivered our highest ever Retail volumes of 1,358 million litres, beating the previous record set in Q3 2017. However, volume growth was constrained to 1% year-on-year, primarily due to external factors leading to short-term supply disruptions in Kenya, Uganda and Côte d'Ivoire. Despite these external events, which are largely resolved, Q3 volume performance was still 2% ahead of Q2 2018, mainly as a result of our continued network development activities. On a year-to-date basis the Retail segment has delivered volume growth of 3% compared to the same period last year and we remain confident in the growth potential within our markets with underlying demand trends remaining unchanged.

Q3 Retail fuel unit margin decreased to \$74 from \$80 per thousand litres in Q3 2017. Unit margins were primarily impacted by market conditions in Morocco. The year-to-date unit margin of \$77 per thousand litres is marginally below the same period in 2017 as a result of the lower margins in Q3 2018.

Non-fuel retail gross cash profit was up 24% year-on-year in the third quarter and on a year-to-date basis was up by 22%. This strong performance is due to our continued focused investment activities in the convenience retail market across all countries where we operate.

Commercial

Commercial volumes continued to be driven by strong performance in Aviation, Marine and LPG, and were up 4% in Q3 at 932 million litres (3% higher on a year-to-date basis). In Aviation and Marine, year-on-year growth was driven by several new aviation contracts, successful Marine tenders and spot sales. In Core commercial, a strong performance in LPG, which delivered record sales in July and August as a result of securing new customers, was partially offset by lower Commercial fuel volumes, primarily due to the closing of mining operations and delayed government construction projects in some countries.

Commercial unit margin increased by 2% to \$46 per thousand litres in Q3, driven by efficient supply and distribution and by actively targeting profitable growth in higher margin sectors. Spot sales and increasing oil prices resulted in higher Aviation unit margins.

Lubricants

Lubricants volumes were up 4% during Q3 at 33 million litres and are up 3% year-to-date, driven by successful marketing campaigns with stronger underlying growth offset by the closing of mining operations by some clients. As indicated at the half year results, there is a lag before we are able to pass on increases in base oil prices, which continued to rise through Q3, and as such unit margins were 9% lower than Q3 2017 although broadly in line with Q2 2018. This is a result of holding required stocks on hand for the manufacturing of lubricants through our Shell and Vivo Lubricants joint venture.

EVO Acquisition

In September, we reached agreement with Engen Holdings (Pty) Limited to restructure the acquisition of Engen International Holdings (Mauritius) Limited (EIHL). The transaction will now add over 225 Engen-branded service stations to our network in eight new countries, as well as in Kenya where Vivo Energy already has a presence, taking our total presence to over 2,000 service stations, across 23 African markets. The transaction no longer includes EIHL's operations in the Democratic Republic of Congo. The consideration in respect of the transfer of EIHL is \$203.9 million, comprising an issue by Vivo Energy of 63.2 million new shares valued at Vivo Energy's IPO Offer Price of 165 pence per share and \$62.1 million in cash, funded by a draw down on Vivo Energy's multi-currency facility. The revised transaction is on track to complete on 1 March 2019.



Outlook

During the year we continued to drive the expansion of our business across Africa in order to deliver long term growth. We now expect to exceed our target of opening 80 retail stations in 2018 and once we complete the restructured acquisition of over 225 retail stations from Engen in Q1 2019, we will have grown our retail network by over 15% from the beginning of 2018. For 2018, we are on track to deliver another year of strong financial performance driven by overall volume growth of around 4% at a gross cash unit margin of around \$73 per thousand litres.

Conference Call

Vivo Energy will host a conference call for investors and analysts this morning at 09:00 UK time. Access details for the call are below:

Dial-in: +44 20 3936 2999
Passcode: 124028

A recording of the call will be available shortly after the event at: <https://investors.vivoenergy.com>

Ends

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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 1,800 service stations in 15 countries and exports lubricants to a number of other African countries. Its retail offering includes fuels, lubricants, card services, shops and other non-fuel services (e.g. oil change and car wash). 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 at 23 airports under the Vitol Aviation brand.

The Company employs around 2,360 people and has access to approximately 943,000 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 at plants in six countries (Ghana, Guinea, Ivory Coast, Kenya, Morocco, and Tunisia).

This announcement is available on the Company's website: <http://investors.vivoenergy.com>

This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Vivo Energy plc or any of its affiliates in any jurisdiction or an inducement to enter into investment activity.

**Forward looking-statements**

This announcement 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 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.