

27 April 2021

## First quarter operational update

Viva Energy Group Limited (the **Company**) today provides an operational update for the three months ended 31 March 2021 (**1Q2021**).

CEO and Managing Director, Scott Wyatt said: “Viva Energy is making strong progress on our business recovery program with encouraging results in all parts of our business during the first quarter. Our Retail business is performing well, with the Alliance reaching above 60 million litres per week in March; and together with network additions in our other channels, the group delivered an overall strong sales performance despite continued impacts from lockdowns and flooding in some markets earlier in the year. Growth in our non-aviation commercial sectors has also contributed to strong diesel sales, and we are beginning to see recovery in domestic aviation sales as domestic travel resumes. Refining remains challenging, but production is strong, and we are continuing discussions with the Federal Government on the long-term Fuel Security Package. We are also making good progress on the transformation of our site at Geelong into a broader energy hub, and we continue to pursue the Gas Terminal Project.”

		1Q2021	1Q2020	Change
Petrol	ML	780	777	0%
Diesel	ML	1,678	1,619	4%
Jet	ML	311	816	(62%)
Other	ML	261	430	(39%)
<b>Total Group</b>	<b>ML</b>	<b>3,030</b>	<b>3,640</b>	<b>(17%)</b>
Premium penetration	%	32%	29%	11%
Weekly Alliance sales	MLpw	58.4	62.4	(6%)

  

Geelong Refining Margin	(US\$/BBL)	5.9	2.7	119%
Refining intake	MBBL	10.5	10.8	(3%)

### Retail Fuels & Marketing

Industry fuel volumes in the period continue to be impacted by short-term lockdowns and border restrictions, with total group sales volumes down 17% on the same period last year.

Alliance sales volumes progressively improved through the quarter, reaching 61 million litres per week in March, and retail fuel margins remain strong despite the sharp rise in oil prices at the beginning of the year. Premium petrol sales are up 11% on the same period last year and now represent approximately 32% of total petrol sales. This is driven by increased consumer demand for premium fuels and the continued rollout of V-Power to the broader Shell branded network. The Company launched the “Fuel the Feeling” campaign in March which supports our premium brand positioning in a sector where we expect further growth.

Network additions in the Liberty Convenience channel during 2020 and Commercial sales growth in Agriculture, Resources and Transport sectors have each contributed to relatively strong Petrol and Diesel sales compared with the quarter ended 31 March 2020 (**1Q2020**). While sales of Jet fuel to the Aviation sector are down 62% compared with the same period last year, sales volumes in 1Q2021 have grown 15% over the quarter ended 31 December 2020 as domestic air travel recovers. The decline in sales of 'Other' products reflects the impact to our Marine business from the temporary cessation of cruise activity in Australia. In 2020 we took steps to stand down barges and substantially reduce costs to offset the impact of these lower Marine sales.

### **Refining**

The actual Geelong Refining Margin (**GRM**)<sup>1</sup> for 1Q2021 was US\$5.9/Barrel (**BBL**), which is consistent with GRM achieved in November and December 2020 once the site returned to full production, but this remains well below long term averages. The refining environment remains challenging, but the Company is working with the Federal Government on the long-term Fuel Security Package. Viva Energy now expects to receive approximately \$19.6 million from the Federal government's Temporary Refinery Production Payment program for 1Q 2021, following the announcement of further refining closures in the sector. The Company has also deferred all non-essential refining capital expenditure to the second half of 2021.

### **Energy Hub**

The Company continues to make meaningful progress towards the development of the Energy Hub. The Gas Terminal Project is progressing through FEED stage and remains on track to move to a Final Investment Decision in the first half of 2022. The project is the best placed in Victoria to address the projected shortfall in gas supply to the South-eastern states, which has been forecast in the recent report by the Australia Energy Market Operator (**AEMO**)<sup>2</sup>. During the quarter, Viva Energy also entered a partnership with HYZON Motors to provide zero-emission vehicles coupled with hydrogen refuelling solutions to customers. An initial scope for a hydrogen refuelling hub in Geelong is underway.

**Authorised for release by:** the Disclosure Committee of Viva Energy Group Limited

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## Notes

1. The Geelong Refining Margin is a non-IFRS measure calculated in the following way: IPP less the COGS, and is expressed in US dollars per barrel (US\$/BBL), where:

IPP: a notional internal sales price which is referable to an import parity price for the relevant refined products, being the relevant Singapore pricing market and relevant quality or market premiums or discounts plus freight and other costs that would be incurred to import the product into Australia

COGS: the actual purchase price of crude oil and other feedstock used to produce finished products

Geelong Refining Margin is a financial measure Viva Energy uses to illustrate and aid in the understanding of the performance of the Geelong Refinery. It involves elements of estimation and is not alone a measure of historical financial performance. In addition, it is only one contributor to the replacement cost Underlying EBITDA of Viva Energy. In its financial reporting, Viva Energy converts GRM into Australian dollars using the prevailing month average exchange rate.
2. AEMO 2021 Gas Statement of Opportunities, released 29 March 2021: <https://aemo.com.au/en/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

## About Viva Energy

Viva Energy (ASX: VEA) is one of Australia's leading energy companies and supplies approximately a quarter of the country's liquid fuel requirements. It is the exclusive supplier of high-quality Shell fuels and lubricants in Australia through an extensive network of more than 1,330 service stations across the country.

Viva Energy owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals and lubricants businesses supported by more than 20 terminals and 55 airports and airfields across the country.

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