ASX Release

21 February 2022

Results: Financial Year ended 31 December 2021

Viva Energy Group Limited (the **Company**) today announced the Group's financial results for the year ended 31 December 2021 (**FY2021**), which are in line with guidance provided to ASX in December 2021.

The underlying financial results presented in this announcement reflect the re-segmentation changes announcement in the Company's financial results for the half year ended 30 June 2021 (**1H2021**). Further information and reconciliation can be found in the FY2021 investor presentation and Appendix 4E.

Key Financials & Highlights:

- Effective response to the pandemic and rising levels of infection in the community, with the business operating safely and reliably throughout the year, without disruption to customers
- Group sales volume up 7% on full year ended 31 December 2020 (**FY2020**) driven by sustainable Retail and Commercial market share gains
- Increased Retail fuel market share to 19% across all retail channels, and continued the refreshment of the Coles Express network together with our partner Coles
- Strong earnings growth in Commercial despite continued impact from border closures on Aviation and Marine segments
- Refining segment returned to profitability during the last quarter, supported by improvements in regional refining margins and strong production performance
- Worked closely with the Federal Government to implement a long-term Fuel Security Package that provides important support to the refining sector. Strong foundation to progress further development of our site at Geelong into an Energy Hub supporting our longer-term aspirations to expand into other forms of energy, such as natural gas, hydrogen and renewable electricity
- Secured Federal Government funding for construction of Diesel storage at Geelong
- Completed Front End Engineering Design for the Gas Terminal Project and commenced regulatory approval phase. Expanded partner group with substantial international experience in LNG regasification terminals
- Set out commitments to reduce the Company's carbon emissions and announced net zero ambition by 2030 for non-refining business and 2050 for the Group
- Signed MOU with WAGA Energy for renewable natural gas recovery from landfill, launched carbon neutral Jet Fuel, and progressing feasibility for construction of a Hydrogen production and refuelling facility at the Geelong Energy Hub, supported by possible behind the meter solar farm
- Delivered FY2021 Group EBITDA (RC) of $484.2M, an improvement of 98% on FY2020 and an improvement of 23% on pre-pandemic performance reported for FY2019
- Strong underlying cash generation, up $174M on FY2020, supporting dividends and capital returns in-line with our capital allocation framework
- Returned remaining $100M to shareholders from the Waypoint REIT divestment via a capital return and a further $18M via an on-market buy back
- Determined a fully franked dividend of 3.2cps ($49.6M), a 60% payout from (i) Retail, Fuels & Marketing 2H2021 and (ii) Refining FY2021 Underlying NPAT (RC)

	FY2021			FY2020	
All financials in $M unless noted otherwise	**Retail, Fuels & Marketing**	**Refining**	**Group**	**Group**	***Change***
Sales Volumes	13.1 BL	-	13.1 BL	12.3 BL	*0.8 BL*
EBITDA (RC)[1]					-
Retail	187.5	-	187.5	235.4	(47.9)
Commercial	*217.3*	-	*217.3*	156.4	*60.9*
Retail, Fuels & Marketing	*404.8*	-	*404.8*	391.8	*13.0*
Refining	-	*103.4*	*103.4*	(127.9)	*231.3*
Corporate	(12.0)	(12.0)	(24.0)	(19.3)	(4.7)
EBITDA (RC)	**392.8**	**91.4**	**484.2**	**244.6**	**239.6**
NPAT (RC)[2]	**173.8**	**17.8**	**191.6**	**33.4**	**158.2**
Capex	81.6	103.5	185.1	157.4	27.7
Underlying FCF (RC)	273.2	(12.1)	261.1	87.1	174.0
Dividend	**104.9**	**10.6**	**115.5**	**15.5**	**100.0**

CEO commentary:

Viva Energy CEO and Managing Director, Scott Wyatt said: “Viva Energy delivered an exceptional performance across all parts of our business during 2021. I am particularly proud of the way we continued to care for our people and successfully minimised the impacts from the pandemic on our operations to maintain safe and reliable supply to our customers through some challenging periods.

“Emerging economic recovery and sustained market share growth across key segments lifted group sales by 7%, with strong earnings underpinned through our Commercial segment’s outperformance. Whilst Retail earnings were impacted from rising oil prices and lower retail fuel margins, the Refining business benefited from strengthening refining margins during the final quarter on the back of strong global demand for energy. Group EBITDA (RC) and Underlying Free Cash Flow (RC) were up $239.6M and $174.0M respectively on last year. The Company maintained a disciplined approach to capital management and retains a strong balance sheet that supports future growth opportunities, which was set out in the Investor Day that was held in November 2021.

“Our strategy is to develop and maximise the value of our three discrete and unique businesses to establish new energy and non-energy pathways. Increasing our exposure to convenience as partnerships conclude will be key for our Retail business, while our Commercial business will continue to supply a range of energy and non-energy products and services to a diverse range of industries. With the future of our Geelong Refinery now secure, we have plans to further develop the site into a broader Energy Hub. We are targeting more than $50M of new earnings over the next 3-5 years from our various businesses.

“I am proud of the commitments we have made in 2021 to progressively reduce emissions and achieve net zero across the group by 2050. These commitments together with the already announced new energy initiatives are our early steps towards creating a decarbonised future.

“The diversity of our earnings has helped to insulate the Company from the impacts of higher levels of oil price volatility and segment specific impacts from lockdowns and border closures. Together with the Fuel Security Package, which provides protection for the Refining business during periods of low regional refining margins, the Company is well positioned to deliver further consistent returns and benefit from a further recovery in our markets during 2022.”

Retail

Achieved strong Retail sales volumes and market share gains, with growth achieved in the predominately regionally focused Liberty Convenience and Dealer Owned channels. Continued investment in the Alliance network with our partner, Coles, has maintained strong brand share and customer preference through this core convenience channel. In-store experience has been improved through the refreshment of 137 Coles Express stores over the last two years, and a further investment is expected during 2022.

The Alliance channel was affected by lockdowns in Victoria and New South Wales during the third quarter of 2021, with weekly fuel sales averaging 55.6 million litres per week through 2021, a slight improvement on the 54.9 million litres per week achieved during 2020. As restrictions were eased during the last quarter of 2021, sales volumes recovered to their highest levels in over 12 months, reaching 65ML across consecutive weeks during December 2021. Diesel sales were particularly strong, reaching the highest level of sales in five years.

Premium petrol penetration[3] improved during the year, increasing from 30% to 31%, while premium diesel penetration increased from 0.8% to 2.2%. The Company continues to invest in our premium brands and has taken steps to increase availability of premium fuel across all our Shell branded networks.

Retail profitability was lower due to rising oil price impacts on retail fuel margins. Margins are expected to stabilise as price increases flow through to the retail price boards. Higher fuel prices may impact demand and margin in the short term.

Commercial

The Commercial business achieved strong earnings uplift across most segments during FY2021, with total underlying EBITDA (RC) of $217.3M, improving by $60.9M over FY2020. Actions taken during 2020 to reduce costs and strategically rebase businesses that were heavily impacted by the pandemic (particularly Aviation and Marine) underpin much of this earnings improvement, and the Company has also benefited from strong sales growth within our specialty businesses. Our exposure to a diverse range of segments provides multiple pathways for growth and this is a unique strength of our Commercial business.

The Commercial business is expected to benefit from continued economic recovery and further sales growth as Aviation and Marine cruise sectors recover. This will likely result in higher supply chain costs as servicing capacity are re-installed ahead of this increase in demand.

Refining

Geelong Refinery achieved crude intake of 41.2MBBLs with operational availability at 94.2% during 2021. Geelong Refining Margin (GRM[4]) increased from US$3.1/BBL in FY2020 to US$7.1/BBL due to increased production, lower crude premia, improved product yields, and strengthening refining margins, particularly during the final quarter of the year. Final Underlying EBITDA (RC) was $103.4M compared with a loss of ($127.9M) in FY2020.

During the year, the Refinery received income of $53.0M under the Federal Government's Temporary Refining Production Payment (**TRPP**) and Federal Security Services Payment (**FSSP**) programs, and $2.5M in JobKeeper support. No payments were received for the last quarter of 2021 due to improved refining margin conditions and a return to profitability. Refining margins in 2022 are expected to be influenced by the recovery in global oil demand and reduction in refinery capacity because of recently announced or completed refinery closures and capacity reductions. Crude premia during early 2022 has increased due to higher global oil demand and particularly for crudes which are processed by Geelong Refinery.

The Company completed major maintenance work that was previously deferred from 2020 and has commenced planning for investment necessary to produce ultra-low sulphur petrol by the end of 2024. The Company has secured a grant of $33.3M from the Federal Government to construct additional 90ML of diesel storage to meet Minimum Stockholding Obligations and support the government's fuel security program and expects to commence construction in the first half of 2022.

Energy Hub

The Company continues to advance a range of projects at our Energy Hub at Geelong, including the Gas Terminal Project in Victoria, and other new energy projects including solar, and a hydrogen re-fuelling offer aimed at heavy vehicles. These projects are expected to progress to FID during 2022.

Dividends and Capital Management

NPAT (RC) was $191.6M, up from $33.4M in FY2020, which supports a final dividend for FY2021 in-line with the revised dividend policy announced as part of the Group's 1H2021 results. The Board has determined to pay a final dividend of 3.2 cents per share, being 2.5 cps generated by Retail, Fuels & Marketing and 0.7 cps from Refining. In conjunction with the interim dividend paid, the full year FY2021 dividend will be 7.3 cps.

During the year, the Company returned the proceeds from the Waypoint REIT divestment through a capital return ($100M) and commenced the associated on-market buy-back, with $18.0M of the proposed $40M completed to date.

Authorised for release by: the Board of Viva Energy Group Limited

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Conference Call details

The results will be presented by Scott Wyatt, Chief Executive Officer, and Jevan Bouzo, Chief Operating and Financial Officer, via webcast and call.

Date: 21 February 2022

Time: 11:00 am (AEDT)

To join the briefing, participants must pre-register by navigating to
https://s1.c-conf.com/diamondpass/10019051-dmwe32.html

You will then receive the webcast link and dial in number via a calendar invite.

Notes:

1. Viva Energy reports its 'Underlying' performance on a "replacement cost" (RC) basis. RC is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of historical cost of inventory. This removes the effect of timing differences and the impact of movements in the oil price.
2. Underlying NPAT (RC) now represents Distributable NPAT (RC) due to the reporting changes implemented
3. Calculated as premium gasoline over total gasoline for retail fuel volumes only
4. 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 referrable 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.

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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 1,345 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 over 50 airports and airfields across the country.

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